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Claire McCaskill

Missouri State Auditor

December 2006

Clinton County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2006

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Clinton, that do not have a county auditor. In addition to a financial audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

Documentation to support travel and training expenditures was not always adequate and county travel policies were not always followed. Expenditure review procedures are not sufficient to prevent duplicate payments.

Written agreements with individuals or other entities were not always entered into as appropriate. Also, documentation showing overall costs and benefits related to a written agreement with a developer was not available, and potential building permit fee revenues as compared to contractual obligations were not adequately considered. It appears likely that permit fee monies will fall short and costs will have to be paid from county funds.

Mileage logs are not maintained for county vehicles, and records of fuel usage for county vehicles and road and bridge equipment need improvement and are not adequately monitored.

The County Clerk does not maintain centralized records of leave and compensatory time for Sheriff's office employees, and final payments to some employees did not have sufficient support. Some time sheets are not signed by the employee and their supervisor. In addition, salary increases approved for some officials did not appear to comply with various statutory provisions.

Assessor's office receipting and transmittal procedures are inadequate and provide little assurance that all monies collected are properly handled and accounted for.

Controls and procedures of the Sheriff's office need improvement. Accounting duties are not adequately segregated and oversight is lacking. Some monies collected by the office are not recorded or deposited timely, and receipt records are lacking or do not always contain proper details. Month-end reconciliation procedures are not satisfactory. Weaknesses were also noted regarding commissary activities, board of prisoner billings and jail food costs.

The County Collector does not perform month-end reconciliation procedures to ensure the bank account balances are in agreement with partial pay records and other identified

YELLOW SHEET

liabilities. Contracts with various cities for collection of city property taxes need clarification regarding fees and penalties assessed. In addition, the County Clerk needs to improve procedures related to verification of the back tax books.

The Senate Bill 40 Board's contracts with various agencies do not contain sufficient details regarding funding or documentation requirements. The board's approval of disbursements is not adequately documented and board minutes are not signed.

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CLINTON COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

To the County Commission
and
Officeholders of Clinton County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Clinton County, Missouri, as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Clinton County, Missouri, as of December 31, 2005 and 2004, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Clinton County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2005 and 2004, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated November 16, 2006, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Clinton County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

November 16, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Eartha Taylor
	Karla Swift
	Sara Pottebaum



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Clinton County, Missouri

We have audited the financial statements of various funds of Clinton County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated November 16, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Clinton County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Clinton County, Missouri, are free of material misstatement, we performed tests of the

county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Clinton County, Missouri, and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

November 16, 2006 (fieldwork completion date)

Financial Statements

Exhibit A-1

CLINTON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2005

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 58,367	2,077,885	2,032,078	104,174
Special Road and Bridge	176,904	1,577,849	1,543,234	211,519
Assessment	1	243,713	243,713	1
Law Enforcement Training	15,827	7,388	6,244	16,971
Prosecuting Attorney Training	747	1,701	1,245	1,203
Capital Improvement	708,286	588,017	513,134	783,169
Prosecuting Attorney Child Support	2,127	109,333	106,706	4,754
Mapping Improvement	49,514	39,349	16,644	72,219
Prosecuting Attorney Bad Check	3,599	20,834	13,506	10,927
Recorder's User Fees	379	26,102	24,832	1,649
Emergency	1,387	53	0	1,440
Local Emergency Planning	1,395	3,990	2,033	3,352
Peace Officers Standards Training	7,054	3,393	6,881	3,566
Sheriff Civil Fees	19,626	30,642	21,143	29,125
A.C.C.D. 911 Mapping Improvement	13,264	598	2,715	11,147
Investigative Squad	6,625	67,025	55,335	18,315
Election Services	20,824	10,005	8,030	22,799
Local Law Enforcement Block Grant	672	31	0	703
PA Victims of Crime Advocate	5,284	32,242	33,466	4,060
Subdivision	5,019	191	0	5,210
Victims of Domestic Violence	0	1,817	1,817	0
Youth Building Memorial	10,169	469	0	10,638
Road & Bridge Escrow	12,500	13,118	7,500	18,118
Clinton Estates Escrow	4,724	5,863	0	10,587
Health Center	197,148	674,204	642,746	228,606
Senate Bill 40 Board	130,383	192,862	169,235	154,010
Alexander Trust	16,708	331	3,340	13,699
Associate Division Interest	976	708	1,684	0
Circuit Clerk Interest	329	5,872	3,170	3,031
Law Library	8,889	7,935	3,370	13,454
Tax Maintenance	16,441	36,184	23,558	29,067
Prosecuting Attorney Delinquent Tax	0	63	0	63
Circuit Clerk Drug Testing	476	0	476	0
Circuit Clerk Time Payment	50	206	101	155
Total	\$ 1,495,694	5,779,973	5,487,936	1,787,731

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

CLINTON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 4	2,129,816	2,071,453	58,367
Special Road and Bridge	0	1,517,825	1,340,921	176,904
Assessment	1	189,857	189,857	1
Law Enforcement Training	10,413	6,515	1,101	15,827
Prosecuting Attorney Training	633	1,534	1,420	747
Capital Improvement	539,681	663,849	495,244	708,286
Prosecuting Attorney Child Support	214	92,812	90,899	2,127
Mapping Improvement	41,716	12,647	4,849	49,514
Prosecuting Attorney Bad Check	4,482	16,278	17,161	3,599
Drug Abuse Resistance Education	628	3	631	0
Recorder's User Fees	579	26,929	27,129	379
Emergency	76,066	321	75,000	1,387
Local Emergency Planning	4,138	4,026	6,769	1,395
Peace Officers Standards Training	8,444	2,086	3,476	7,054
Sheriff Civil Fees	23,972	24,307	28,653	19,626
A.C.C.D. 911 Mapping Improvement	19,298	411	6,445	13,264
Sheriff's Canine Training	2,029	1,022	3,051	0
Investigative Squad	21,310	38,763	53,448	6,625
Election Services	5,507	17,570	2,253	20,824
Local Law Enforcement Block Grant	653	19	0	672
PA Victims of Crime Advocate	7,153	36,109	37,978	5,284
Subdivision	5,745	127	853	5,019
Victims of Domestic Violence	0	1,889	1,889	0
Youth Building Memorial	0	10,169	0	10,169
Road & Bridge Escrow	20,848	432	8,780	12,500
Clinton Estates Escrow	2,181	2,543	0	4,724
Health Center	198,430	578,409	579,691	197,148
Senate Bill 40 Board	146,140	179,475	195,232	130,383
Alexander Trust	16,316	542	150	16,708
Associate Division Interest	736	245	5	976
Circuit Clerk Interest	384	1,949	2,004	329
Law Library	1,864	7,830	805	8,889
Tax Maintenance	21,306	31,317	36,182	16,441
Circuit Clerk Drug Testing	284	207	15	476
Circuit Clerk Time Payment	0	50	0	50
Total	\$ 1,181,155	5,597,883	5,283,344	1,495,694

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

CLINTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 5,549,574	5,779,704	230,130	5,347,684	5,597,626	249,942
DISBURSEMENTS	6,400,812	5,487,359	913,453	6,212,106	5,283,329	928,777
RECEIPTS OVER (UNDER) DISBURSEMENTS	(851,238)	292,345	1,143,583	(864,422)	314,297	1,178,719
CASH, JANUARY 1	1,494,646	1,495,168	522	1,180,271	1,180,871	600
CASH, DECEMBER 31	643,408	1,787,513	1,144,105	315,849	1,495,168	1,179,319
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	509,986	465,780	(44,206)	451,881	446,809	(5,072)
Sales taxes	625,000	660,704	35,704	586,000	632,812	46,812
Intergovernmental	207,975	280,249	72,274	201,009	310,708	109,699
Charges for services	479,642	531,267	51,625	476,602	508,043	31,441
Interest	5,300	9,411	4,111	3,000	5,158	2,158
Other	65,026	41,916	(23,110)	58,829	62,826	3,997
Transfers in	85,582	88,558	2,976	134,460	163,460	29,000
Total Receipts	1,978,511	2,077,885	99,374	1,911,781	2,129,816	218,035
DISBURSEMENTS						
County Commissioner	89,047	88,737	310	88,427	125,503	(37,076)
County Clerk	86,695	87,315	(620)	65,737	66,510	(773)
Elections	67,852	24,437	43,415	61,619	63,406	(1,787)
Buildings and grounds	166,320	129,768	36,552	170,115	158,013	12,102
Employee fringe benefit	294,200	286,546	7,654	280,230	264,385	15,845
County Treasurer	54,560	53,642	918	51,900	51,369	531
County Collector	87,073	71,745	15,328	86,097	71,016	15,081
Ex Officio Recorder of Deed	52,132	45,265	6,867	45,200	39,418	5,782
Circuit Clerk	4,300	4,117	183	4,475	3,926	549
Associate Circuit (Probate)	10,320	6,945	3,375	9,020	7,248	1,772
Court administration	26,050	2,681	23,369	12,750	4,229	8,521
Public Administrator	30,750	30,147	603	23,100	22,452	648
Sheriff	558,665	564,614	(5,949)	541,285	539,021	2,264
Jail	188,756	230,661	(41,905)	178,588	169,975	8,613
Prosecuting Attorney	136,589	122,383	14,206	125,548	132,937	(7,389)
Juvenile Officer	23,042	13,802	9,240	22,814	11,746	11,068
County Coroner	25,908	27,910	(2,002)	24,471	21,654	2,817
Property insurance and bond	41,500	42,663	(1,163)	47,000	37,317	9,683
Publication costs	7,500	1,510	5,990	7,500	6,617	883
University Extension	32,156	29,476	2,680	32,342	32,263	79
Emergency Management	10,550	9,195	1,355	8,300	9,821	(1,521)
Hazardous materials	12,760	10,860	1,900	0	0	0
Zoning	60,278	48,161	12,117	60,066	53,556	6,510
911 Coordinator	400	249	151	10,408	10,267	141
Other	123,300	76,399	46,901	116,000	58,131	57,869
Transfers out	18,000	22,850	(4,850)	106,680	110,673	(3,993)
Emergency Fund	58,960	0	58,960	55,000	0	55,000
Total Disbursements	2,267,663	2,032,078	235,585	2,234,672	2,071,453	163,219
RECEIPTS OVER (UNDER) DISBURSEMENTS	(289,152)	45,807	334,959	(322,891)	58,363	381,254
CASH, JANUARY 1	58,367	58,367	0	4	4	0
CASH, DECEMBER 31	(230,785)	104,174	334,959	(322,887)	58,367	381,254

Exhibit B

CLINTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	838,000	858,509	20,509	776,083	793,183	17,100
Intergovernmental	678,157	674,125	(4,032)	652,334	675,615	23,281
Interest	10,000	28,792	18,792	2,000	13,951	11,951
Other	34,000	11,423	(22,577)	35,000	33,536	(1,464)
Transfers in	6,600	5,000	(1,600)	16,000	1,540	(14,460)
Total Receipts	1,566,757	1,577,849	11,092	1,481,417	1,517,825	36,408
DISBURSEMENTS						
Salaries	530,000	400,708	129,292	500,000	438,064	61,936
Employee fringe benefit	163,800	134,401	29,399	174,350	141,091	33,259
Supplies	142,500	162,593	(20,093)	127,000	112,472	14,528
Insurance	28,000	24,455	3,545	30,000	25,530	4,470
Road and bridge materials	525,000	450,129	74,871	460,000	379,525	80,475
Equipment repairs	75,000	58,717	16,283	65,000	65,829	(829)
Rentals	3,000	1,500	1,500	3,000	0	3,000
Equipment purchases	166,667	210,819	(44,152)	195,000	67,417	127,583
Construction, repair, and maintenance	11,000	2,460	8,540	18,000	3,203	14,797
Other	72,800	45,922	26,878	73,800	45,392	28,408
Transfers out	51,530	51,530	0	56,404	62,398	(5,994)
Total Disbursements	1,769,297	1,543,234	226,063	1,702,554	1,340,921	361,633
RECEIPTS OVER (UNDER) DISBURSEMENTS	(202,540)	34,615	237,155	(221,137)	176,904	398,041
CASH, JANUARY 1	176,904	176,904	0	0	0	0
CASH, DECEMBER 31	(25,636)	211,519	237,155	(221,137)	176,904	398,041
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	196,850	224,686	27,836	178,665	187,694	9,029
Interest	390	1,787	1,397	150	1,050	900
Other	1,780	1,240	(540)	3,650	1,113	(2,537)
Transfers in	16,000	16,000	0	0	0	0
Total Receipts	215,020	243,713	28,693	182,465	189,857	7,392
DISBURSEMENTS						
Assessor	215,020	206,136	8,884	188,233	178,383	9,850
Transfers out	0	37,577	(37,577)	0	11,474	(11,474)
Total Disbursements	215,020	243,713	(28,693)	188,233	189,857	(1,624)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(5,768)	0	5,768
CASH, JANUARY 1	1	1	0	1	1	0
CASH, DECEMBER 31	1	1	0	(5,767)	1	5,768

Exhibit B

CLINTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	5,000	6,638	1,638	4,500	6,126	1,626
Interest	400	750	350	50	389	339
Total Receipts	5,400	7,388	1,988	4,550	6,515	1,965
DISBURSEMENTS						
Sheriff	21,000	6,244	14,756	12,500	1,101	11,399
Total Disbursements	21,000	6,244	14,756	12,500	1,101	11,399
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,600)	1,144	16,744	(7,950)	5,414	13,364
CASH, JANUARY 1	15,827	15,827	0	10,413	10,413	0
CASH, DECEMBER 31	227	16,971	16,744	2,463	15,827	13,364
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	1,500	1,665	165	1,500	1,514	14
Interest	10	36	26	0	20	20
Total Receipts	1,510	1,701	191	1,500	1,534	34
DISBURSEMENTS						
Prosecuting Attorney	1,500	1,245	255	1,500	1,420	80
Total Disbursements	1,500	1,245	255	1,500	1,420	80
RECEIPTS OVER (UNDER) DISBURSEMENTS	10	456	446	0	114	114
CASH, JANUARY 1	747	747	0	633	633	0
CASH, DECEMBER 31	757	1,203	446	633	747	114
<u>CAPITAL IMPROVEMENT FUND</u>						
RECEIPTS						
Sales taxes	525,000	553,560	28,560	500,000	529,401	29,401
Interest	20,000	34,457	14,457	5,000	21,480	16,480
Other	200	0	(200)	500	250	(250)
Transfers in	0	0	0	112,718	112,718	0
Total Receipts	545,200	588,017	42,817	618,218	663,849	45,631
DISBURSEMENTS						
Special Road Districts	230,000	221,424	8,576	220,000	194,591	25,409
Equipment repairs	5,000	890	4,110	5,000	3,000	2,000
Equipment purchases	120,000	76,510	43,490	120,000	13,499	106,501
Mileage	400	0	400	400	0	400
Construction, repair, and maintenance	275,000	184,100	90,900	275,000	243,286	31,714
Engineering	25,000	10,032	14,968	10,000	21,779	(11,779)
BRO projects	10,000	0	10,000	0	0	0
Miscellaneous	3,000	126	2,874	3,000	489	2,511
Transfers out	20,052	20,052	0	10,600	18,600	(8,000)
Total Disbursements	688,452	513,134	175,318	644,000	495,244	148,756
RECEIPTS OVER (UNDER) DISBURSEMENTS	(143,252)	74,883	218,135	(25,782)	168,605	194,387
CASH, JANUARY 1	708,286	708,286	0	539,681	539,681	0
CASH, DECEMBER 31	565,034	783,169	218,135	513,899	708,286	194,387

Exhibit B

CLINTON COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY CHILD SUPPORT FUND</u>						
RECEIPTS						
Intergovernmental	115,920	108,778	(7,142)	103,320	91,223	(12,097)
Interest	100	245	145	75	89	14
Other	0	310	310	0	0	0
Transfers in	0	0	0	0	1,500	1,500
Total Receipts	116,020	109,333	(6,687)	103,395	92,812	(10,583)
DISBURSEMENTS						
Office supplies	23,264	22,852	412	17,356	16,390	966
Salaries	61,490	61,490	0	59,193	56,589	2,604
Employee fringe benefit	18,322	16,384	1,938	16,771	15,949	822
Seminars and training	3,000	3,977	(977)	2,000	1,971	29
Equipment/extradition	0	2,003	(2,003)	7,500	0	7,500
Special prosecutions miscellaneous	500	0	500	500	0	500
Total Disbursements	106,576	106,706	(130)	103,320	90,899	12,421
RECEIPTS OVER (UNDER) DISBURSEMENTS	9,444	2,627	(6,817)	75	1,913	1,838
CASH, JANUARY 1	2,127	2,127	0	214	214	0
CASH, DECEMBER 31	11,571	4,754	(6,817)	289	2,127	1,838
<u>MAPPING IMPROVEMENT FUND</u>						
RECEIPTS						
Interest	1,000	1,772	772	600	1,173	573
Transfers in	0	37,577	37,577	0	11,474	11,474
Total Receipts	1,000	39,349	38,349	600	12,647	12,047
DISBURSEMENTS						
Mapping	50,000	16,644	33,356	41,700	4,849	36,851
Total Disbursements	50,000	16,644	33,356	41,700	4,849	36,851
RECEIPTS OVER (UNDER) DISBURSEMENTS	(49,000)	22,705	71,705	(41,100)	7,798	48,898
CASH, JANUARY 1	49,514	49,514	0	41,716	41,716	0
CASH, DECEMBER 31	514	72,219	71,705	616	49,514	48,898
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	17,000	17,650	650	17,000	16,069	(931)
Interest	300	334	34	300	209	(91)
Transfers in	0	2,850	2,850	0	0	0
Total Receipts	17,300	20,834	3,534	17,300	16,278	(1,022)
DISBURSEMENTS						
Prosecuting Attorney	15,000	7,006	7,994	21,700	12,161	9,539
Transfers out	0	6,500	(6,500)	0	5,000	(5,000)
Total Disbursements	15,000	13,506	1,494	21,700	17,161	4,539
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,300	7,328	5,028	(4,400)	(883)	3,517
CASH, JANUARY 1	3,599	3,599	0	4,482	4,482	0
CASH, DECEMBER 31	5,899	10,927	5,028	82	3,599	3,517

Exhibit B

CLINTON COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DRUG ABUSE RESISTANCE EDUCATION FUND</u>						
RECEIPTS						
Interest				8	3	(5)
Total Receipts				8	3	(5)
DISBURSEMENTS						
Sheriff				600	631	(31)
Total Disbursements				600	631	(31)
RECEIPTS OVER (UNDER) DISBURSEMENTS				(592)	(628)	(36)
CASH, JANUARY 1				628	628	0
CASH, DECEMBER 31				36	0	(36)
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for services	22,600	22,048	(552)	27,000	22,923	(4,077)
Interest	30	54	24	30	13	(17)
Transfers in	4,400	4,000	(400)	0	3,993	3,993
Total Receipts	27,030	26,102	(928)	27,030	26,929	(101)
DISBURSEMENTS						
Ex Officio Recorder of Deed	27,000	24,832	2,168	27,000	27,129	(129)
Total Disbursements	27,000	24,832	2,168	27,000	27,129	(129)
RECEIPTS OVER (UNDER) DISBURSEMENTS	30	1,270	1,240	30	(200)	(230)
CASH, JANUARY 1	379	379	0	579	579	0
CASH, DECEMBER 31	409	1,649	1,240	609	379	(230)
<u>EMERGENCY FUND</u>						
RECEIPTS						
Interest	400	53	(347)	35	321	286
Total Receipts	400	53	(347)	35	321	286
DISBURSEMENTS						
Transfers out	0	0	0	75,000	75,000	0
Total Disbursements	0	0	0	75,000	75,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	400	53	(347)	(74,965)	(74,679)	286
CASH, JANUARY 1	1,387	1,387	0	76,066	76,066	0
CASH, DECEMBER 31	1,787	1,440	(347)	1,101	1,387	286

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CLINTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LOCAL EMERGENCY PLANNING FUND</u>						
RECEIPTS						
Intergovernmental	3,850	3,866	16	5,694	2,607	(3,087)
Interest	100	124	24	50	79	29
Other	0	0	0	0	1,340	1,340
Total Receipts	3,950	3,990	40	5,744	4,026	(1,718)
DISBURSEMENTS						
Seminars and training	2,000	1,781	219	2,000	1,909	91
Travel	500	0	500	0	750	(750)
Equipment	1,000	0	1,000	500	0	500
Office expense:	350	252	98	3,800	4,110	(310)
Staff time	0	0	0	1,625	0	1,625
Total Disbursements	3,850	2,033	1,817	7,925	6,769	1,156
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	1,957	1,857	(2,181)	(2,743)	(562)
CASH, JANUARY 1	1,395	1,395	0	4,138	4,138	0
CASH, DECEMBER 31	1,495	3,352	1,857	1,957	1,395	(562)
<u>PEACE OFFICERS STANDARDS FUND</u>						
RECEIPTS						
Intergovernmental	1,847	2,914	1,067	4,000	1,847	(2,153)
Interest	238	239	1	100	239	139
Other	0	240	240	0	0	0
Total Receipts	2,085	3,393	1,308	4,100	2,086	(2,014)
DISBURSEMENTS						
Sheriff	8,939	6,881	2,058	12,000	3,476	8,524
Total Disbursements	8,939	6,881	2,058	12,000	3,476	8,524
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,854)	(3,488)	3,366	(7,900)	(1,390)	6,510
CASH, JANUARY 1	7,054	7,054	0	8,444	8,444	0
CASH, DECEMBER 31	200	3,566	3,366	544	7,054	6,510
<u>SHERIFF CIVIL FEES FUND</u>						
RECEIPTS						
Charges for service:	21,065	29,450	8,385	20,000	23,704	3,704
Interest	603	1,192	589	300	603	303
Total Receipts	21,668	30,642	8,974	20,300	24,307	4,007
DISBURSEMENTS						
Equipment	32,668	15,652	17,016	43,650	22,653	20,997
Computer lease	6,000	5,491	509	0	6,000	(6,000)
Total Disbursements	38,668	21,143	17,525	43,650	28,653	14,997
RECEIPTS OVER (UNDER) DISBURSEMENTS	(17,000)	9,499	26,499	(23,350)	(4,346)	19,004
CASH, JANUARY 1	19,626	19,626	0	23,972	23,972	0
CASH, DECEMBER 31	2,626	29,125	26,499	622	19,626	19,004

Exhibit B

CLINTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>A.C.C.D. 911 MAPPING IMPROVEMENT FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	40,000	0	(40,000)
Interest	400	598	198	200	411	211
Total Receipts	400	598	198	40,200	411	(39,789)
DISBURSEMENTS						
Mapping	13,600	2,715	10,885	40,000	6,445	33,555
Total Disbursements	13,600	2,715	10,885	40,000	6,445	33,555
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,200)	(2,117)	11,083	200	(6,034)	(6,234)
CASH, JANUARY 1	13,264	13,264	0	19,298	19,298	0
CASH, DECEMBER 31	64	11,147	11,083	19,498	13,264	(6,234)
<u>SHERIFF'S CANINE TRAINING FUND</u>						
RECEIPTS						
Interest				10	22	12
Other				1,000	1,000	0
Total Receipts				1,010	1,022	12
DISBURSEMENTS						
Sheriff				2,000	3,051	(1,051)
Total Disbursements				2,000	3,051	(1,051)
RECEIPTS OVER (UNDER) DISBURSEMENTS				(990)	(2,029)	(1,039)
CASH, JANUARY 1				2,029	2,029	0
CASH, DECEMBER 31				1,039	0	(1,039)
<u>INVESTIGATIVE SQUAD FUND</u>						
RECEIPTS						
Intergovernmental	26,000	42,949	16,949	32,000	17,778	(14,222)
Interest	600	682	82	250	606	356
Other	22,700	23,394	694	21,081	20,379	(702)
Transfers in	2,000	0	(2,000)	0	0	0
Total Receipts	51,300	67,025	15,725	53,331	38,763	(14,568)
DISBURSEMENTS						
Salary	25,258	29,756	(4,498)	25,000	23,946	1,054
Employee fringe benefit	7,645	4,688	2,957	8,140	3,710	4,430
Supplies	15,000	17,952	(2,952)	23,000	14,031	8,969
Mileage/fuel	2,000	2,939	(939)	7,000	348	6,652
Transfer to Buchanan County	8,000	0	8,000	11,500	11,413	87
Total Disbursements	57,903	55,335	2,568	74,640	53,448	21,192
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,603)	11,690	18,293	(21,309)	(14,685)	6,624
CASH, JANUARY 1	6,625	6,625	0	21,310	21,310	0
CASH, DECEMBER 31	22	18,315	18,293	1	6,625	6,624

Exhibit B

CLINTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	7,000	8,985	1,985	0	17,267	17,267
Interest	400	1,020	620	100	203	103
Other	0	0	0	1,500	100	(1,400)
Total Receipts	7,400	10,005	2,605	1,600	17,570	15,970
DISBURSEMENTS						
Voter machines	28,000	8,030	19,970	7,000	2,253	4,747
Total Disbursements	28,000	8,030	19,970	7,000	2,253	4,747
RECEIPTS OVER (UNDER) DISBURSEMENTS	(20,600)	1,975	22,575	(5,400)	15,317	20,717
CASH, JANUARY 1	20,824	20,824	0	5,507	5,507	0
CASH, DECEMBER 31	224	22,799	22,575	107	20,824	20,717
<u>LOCAL LAW ENFORCEMENT BLOCK GRANT FUND</u>						
RECEIPTS						
Interest	10	31	21	0	19	19
Total Receipts	10	31	21	0	19	19
DISBURSEMENTS						
Sheriff	682	0	682	653	0	653
Total Disbursements	682	0	682	653	0	653
RECEIPTS OVER (UNDER) DISBURSEMENTS	(672)	31	703	(653)	19	672
CASH, JANUARY 1	672	672	0	653	653	0
CASH, DECEMBER 31	0	703	703	0	672	672
<u>PA VICTIMS OF CRIME ADVOCATE FUND</u>						
RECEIPTS						
Intergovernmental	42,145	27,088	(15,057)	44,146	30,969	(13,177)
Interest	175	154	(21)	50	140	90
Transfers in	5,579	5,000	(579)	7,284	5,000	(2,284)
Total Receipts	47,899	32,242	(15,657)	51,480	36,109	(15,371)
DISBURSEMENTS						
Salaries	28,600	28,006	594	27,500	27,774	(274)
Fringe benefits	8,010	4,808	3,202	10,376	7,439	2,937
Seminars & training	2,400	21	2,379	3,100	2,214	886
Office expenses	5,000	631	4,369	5,000	551	4,449
Total Disbursements	44,010	33,466	10,544	45,976	37,978	7,998
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,889	(1,224)	(5,113)	5,504	(1,869)	(7,373)
CASH, JANUARY 1	5,284	5,284	0	7,153	7,153	0
CASH, DECEMBER 31	9,173	4,060	(5,113)	12,657	5,284	(7,373)

Exhibit B

CLINTON COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SUBDIVISION FUND</u>						
RECEIPTS						
Interest	100	191	91	400	127	(273)
Total Receipts	100	191	91	400	127	(273)
DISBURSEMENTS						
Road improvements	5,100	0	5,100	6,100	0	6,100
Transfers out	0	0	0	0	853	(853)
Total Disbursements	5,100	0	5,100	6,100	853	5,247
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,000)	191	5,191	(5,700)	(726)	4,974
CASH, JANUARY 1	5,019	5,019	0	5,745	5,745	0
CASH, DECEMBER 31	19	5,210	5,191	45	5,019	4,974
<u>VICTIMS OF DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for service:	1,895	1,810	(85)	1,500	1,884	384
Interest	5	7	2	3	5	2
Total Receipts	1,900	1,817	(83)	1,503	1,889	386
DISBURSEMENTS						
YWCA Shelter	1,900	1,817	83	1,503	1,889	(386)
Total Disbursements	1,900	1,817	83	1,503	1,889	(386)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>YOUTH BUILDING MEMORIAL FUND</u>						
RECEIPTS						
Interest	200	469	269	0	169	169
Other	0	0	0	10,000	10,000	0
Total Receipts	200	469	269	10,000	10,169	169
DISBURSEMENTS						
Building upkeep	0	0	0	10,000	0	10,000
Total Disbursements	0	0	0	10,000	0	10,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	469	269	0	10,169	10,169
CASH, JANUARY 1	10,169	10,169	0	0	0	0
CASH, DECEMBER 31	10,369	10,638	269	0	10,169	10,169

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CLINTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ROAD & BRIDGE ESCROW FUND</u>						
RECEIPTS						
Interest	500	618	118	200	432	232
Other	7,500	12,500	5,000	7,500	0	(7,500)
Total Receipts	8,000	13,118	5,118	7,700	432	(7,268)
DISBURSEMENTS						
Refunds	7,500	2,500	5,000	13,000	8,093	4,907
Transfers out	0	5,000	(5,000)	0	687	(687)
Total Disbursements	7,500	7,500	0	13,000	8,780	4,220
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	5,618	5,118	(5,300)	(8,348)	(3,048)
CASH, JANUARY 1	12,500	12,500	0	20,848	20,848	0
CASH, DECEMBER 31	13,000	18,118	5,118	15,548	12,500	(3,048)
<u>CLINTON ESTATES ESCROW FUND</u>						
RECEIPTS						
Interest	100	271	171	0	74	74
Other	5,000	5,592	592	5,000	2,469	(2,531)
Total Receipts	5,100	5,863	763	5,000	2,543	(2,457)
DISBURSEMENTS						
Road improvements	7,000	0	7,000	7,000	0	7,000
Total Disbursements	7,000	0	7,000	7,000	0	7,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,900)	5,863	7,763	(2,000)	2,543	4,543
CASH, JANUARY 1	4,724	4,724	0	2,181	2,181	0
CASH, DECEMBER 31	2,824	10,587	7,763	181	4,724	4,543
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	185,000	192,004	7,004	170,000	178,493	8,493
Intergovernmental	392,680	383,411	(9,269)	329,800	314,794	(15,006)
Charges for services	70,700	70,868	168	57,750	59,647	1,897
Interest	4,500	4,850	350	4,700	4,367	(333)
Other	46,540	23,071	(23,469)	25,500	21,108	(4,392)
Total Receipts	699,420	674,204	(25,216)	587,750	578,409	(9,341)
DISBURSEMENTS						
Salaries	531,647	517,202	14,445	488,100	491,061	(2,961)
Office expenditures	40,950	40,085	865	30,850	32,423	(1,573)
Equipment	16,050	8,715	7,335	12,800	8,284	4,516
Travel	31,500	27,603	3,897	28,100	27,061	1,039
Building operations	45,405	15,522	29,883	14,230	10,822	3,408
Professional service:	8,200	0	8,200	0	0	0
Other	60,500	33,619	26,881	10,000	10,040	(40)
Total Disbursements	734,252	642,746	91,506	584,080	579,691	4,389
RECEIPTS OVER (UNDER) DISBURSEMENTS	(34,832)	31,458	66,290	3,670	(1,282)	(4,952)
CASH, JANUARY 1	197,148	197,148	0	198,420	198,430	10
CASH, DECEMBER 31	162,316	228,606	66,290	202,090	197,148	(4,942)

Exhibit B

CLINTON COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	182,244	190,408	8,164	170,394	177,275	6,881
Interest	2,200	2,454	254	2,173	2,200	27
Total Receipts	184,444	192,862	8,418	172,567	179,475	6,908
DISBURSEMENTS						
Administrative expense:	10,000	8,271	1,729	8,000	7,162	838
Programs	225,000	160,964	64,036	258,000	188,070	69,930
Total Disbursements	235,000	169,235	65,765	266,000	195,232	70,768
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50,556)	23,627	74,183	(93,433)	(15,757)	77,676
CASH, JANUARY 1	130,101	130,383	282	146,140	146,140	0
CASH, DECEMBER 31	79,545	154,010	74,465	52,707	130,383	77,676
<u>ALEXANDER TRUST FUND</u>						
RECEIPTS						
Interest	550	331	(219)	375	542	167
Total Receipts	550	331	(219)	375	542	167
DISBURSEMENTS						
Assistance program:	3,000	3,340	(340)	0	150	(150)
Total Disbursements	3,000	3,340	(340)	0	150	(150)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,450)	(3,009)	(559)	375	392	17
CASH, JANUARY 1	16,708	16,708	0	16,316	16,316	0
CASH, DECEMBER 31	14,258	13,699	(559)	16,691	16,708	17
<u>ASSOCIATE DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	500	708	208	125	245	120
Total Receipts	500	708	208	125	245	120
DISBURSEMENTS						
Associate Circuit Court	1,200	12	1,188	700	5	695
Transfers out	0	1,672	(1,672)	0	0	0
Total Disbursements	1,200	1,684	(484)	700	5	695
RECEIPTS OVER (UNDER) DISBURSEMENTS	(700)	(976)	(276)	(575)	240	815
CASH, JANUARY 1	736	976	240	736	736	0
CASH, DECEMBER 31	36	0	(36)	161	976	815

Exhibit B

CLINTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	1,900	4,200	2,300	700	1,949	1,249
Transfers in	0	1,672	1,672	0	0	0
Total Receipts	1,900	5,872	3,972	700	1,949	1,249
DISBURSEMENTS						
Circuit Clerk	1,200	3,170	(1,970)	600	2,004	(1,404)
Total Disbursements	1,200	3,170	(1,970)	600	2,004	(1,404)
RECEIPTS OVER (UNDER) DISBURSEMENTS	700	2,702	2,002	100	(55)	(155)
CASH, JANUARY 1	329	329	0	384	384	0
CASH, DECEMBER 31	1,029	3,031	2,002	484	329	(155)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	7,800	7,935	135	6,500	7,830	1,330
Total Receipts	7,800	7,935	135	6,500	7,830	1,330
DISBURSEMENTS						
Law library	10,000	3,370	6,630	6,500	805	5,695
Total Disbursements	10,000	3,370	6,630	6,500	805	5,695
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,200)	4,565	6,765	0	7,025	7,025
CASH, JANUARY 1	8,889	8,889	0	1,274	1,864	590
CASH, DECEMBER 31	6,689	13,454	6,765	1,274	8,889	7,615
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	30,000	34,783	4,783	28,800	30,487	1,687
Interest	800	1,365	565	200	830	630
Other	0	36	36	0	0	0
Total Receipts	30,800	36,184	5,384	29,000	31,317	2,317
DISBURSEMENTS						
County Collector	25,000	8,558	16,442	30,000	21,182	8,818
Transfers out	12,500	15,000	(2,500)	0	15,000	(15,000)
Total Disbursements	37,500	23,558	13,942	30,000	36,182	(6,182)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,700)	12,626	19,326	(1,000)	(4,865)	(3,865)
CASH, JANUARY 1	16,441	16,441	0	21,306	21,306	0
CASH, DECEMBER 31	9,741	29,067	19,326	20,306	16,441	(3,865)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

CLINTON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Clinton County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Senate Bill 40 Board, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Delinquent Tax Fund	2005
Circuit Clerk Drug Testing Fund	2005 and 2004
Circuit Clerk Time Payment Fund	2005 and 2004

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
-------------	---------------------------------

Assessment Fund	2005 and 2004
Prosecuting Attorney Child Support Fund	2005
Drug Abuse Resistance Education Fund	2004
Recorder's User Fees Fund	2004
Sheriff's Canine Training Fund	2004
Victims of Domestic Violence Fund	2004
Alexander Trust Fund	2005 and 2004
Associate Division Interest Fund	2005
Circuit Clerk Interest Fund	2005 and 2004
Tax Maintenance Fund	2004

Deficit budget balances are presented for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue Fund	2005 and 2004
Special Road and Bridge Fund	2005 and 2004
Assessment Fund	2004

However, the budgets of those funds also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes and withholdings not received before December 31. Such resources were sufficient to offset the deficit budget balances presented.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Local Law Enforcement Block Grant Fund	2005
Victims of Domestic Violence Fund	2004
Associate Division Interest Fund	2005 and 2004
Circuit Clerk Interest Fund	2004
Circuit Clerk Drug Testing Fund	2005 and 2004
Circuit Clerk Time Payment Fund	2005 and 2004
In addition, the Health Center Board published its financial statements separately	

from the county's statements for the year ended December 31, 2004.

2. Cash

Disclosures are provided below to comply with Statement No. 40 of the Governmental Accounting Standards Board, *Deposit and Investment Risk Disclosures*. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit. To protect the safety of county deposits, Section 110.020, RSMo, requires depositories to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities must be of the types specified by Section 30.270, RSMo, for the collateralization of state funds and held by either the county or a financial institution other than the depository bank. Section 67.085, RSMo, also requires certificates of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depository bank fails, Clinton County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The county's and Health Center Board's deposits at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

The Senate Bill 40 Board's deposits at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance.

Investments

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. At December 31, 2005 and 2004, the county had no such investments. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

Schedule

CLINTON COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEARS ENDED DECEMBER 31, 2005 AND 2004

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

CLINTON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

CLINTON COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Clinton County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated November 16, 2006.

In addition, to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years, we have audited the operations of elected officials with funds other than those presented in the financial statements. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Responses. These MAR findings resulted from our audit of the financial statements of Clinton County but do not meet the criteria for inclusion in the written report on internal control over financial reporting and on compliance and other matters that is required for an audit performed in accordance with *Government Auditing Standards*.

1. County Expenditures and Procedures

Improvements are needed in the controls and procedures over county expenditures. Documentation to support travel expenditures was not always adequate and meal reimbursements were not always in compliance with county policy. A contract is needed with the Emergency Management Director, considerations for entering into a written agreement were not well documented, and expenditure review procedures are not sufficient to prevent duplicate payments.

A. The county frequently did not have adequate supporting documentation for travel related expenditures. There were also instances where the county's maximum meal allowance was exceeded. Examples of problems noted include the following:

- Lodging expenses for two deputies, totaling approximately \$503, were paid from the Law Enforcement Training Fund in September 2005. The hotel bill which supported this payment showed total charges only. It did not provide room rates, dates of lodging, or other details needed to ensure the overall billing was appropriate.
- In June 2004 registration fees of \$545 were paid in advance from the Assessment Fund for a September training session. The county's support for this expenditure was a handwritten memo identifying details needed to issue a payment. No registration or training agenda was provided and no vendor invoices were subsequently provided.
- Meal reimbursement documentation did not always provide sufficient details to ensure the cost was appropriate. The Sheriff was reimbursed \$63 from the Peace Officers Training Fund in April 2005 for lunch costs for himself and six other individuals; however, there is no indication who the other 6 people were or the purpose associated with the lunch.
- County policy limits the daily meal allowance to a maximum of \$24. However, instances were noted during 2004 and 2005 where meal reimbursements paid to the Prosecuting Attorney from the Prosecuting Attorney Training Fund exceeded the maximum daily reimbursement allowed by county policy.

Although the county's travel policies do not require employees to submit copies of agendas for training conferences, consideration should be given to requiring these be submitted for any training related disbursements. Agendas would provide information to the county regarding the dates of training sessions, meals or other costs covered by the registration fees, or other pertinent details that would assist the county in verifying the propriety of the expenditure.

Travel and training related expenditures or reimbursements should be supported by paid receipts or vendor-provided invoices, training agendas, and/or other detailed documentation needed to support the cost and allow for effective review. Such documentation is necessary to ensure purchases are valid and necessary expenditures of county funds. The County Clerk and County Commission need to ensure that supporting documentation is both reviewed and retained in the county's expenditure files. In addition, the County Commission should ensure the policy for reimbursement of meal costs is followed by all county employees and officials.

- B. The county did not enter into a formal written contract with the Emergency Management Director. The Emergency Management Director was appointed effective April 2004 and is paid \$500 a month as an independent contractor. He is also a full time employee of the Clinton County Health Center. According to the County Commission, the hours the director spends on emergency management duties are performed outside his normal working hours for the Health Center and on weekends. The county does not require the director to submit any documentation of hours/days worked and tasks performed prior to approving monthly payments.

Section 432.070, RSMo, prohibits a county from making a contract unless it is in writing. In addition to being required by statute, written contracts are necessary to document the duties, rights, and responsibilities of each party and should establish performance criteria which must be met prior to payment for work completed. Further, the county should require adequate supporting documentation be provided by the independent contractor. This documentation should be used when approving monthly payments and to periodically reevaluate the arrangement and related compensation.

A similar issue was noted in the prior audit report.

- C. The Clinton County Estates Escrow Fund is used to handle a portion of the permit fees required for building in a particular subdivision. The county entered into a contract with the developer in 2003, requiring him to construct the hard surface roadways in the subdivision. In return, the county agreed to do the earth work and prepare the road bases. Upon satisfactory completion of the project, the county is obligated to pay the developer \$42,000. Contract terms indicate the county plans to pay this obligation with permit fees deposited into the escrow fund. While the County Commission indicated various information was reviewed prior to entering into this agreement, no documentation was available showing overall costs and benefits, and potential permit fee revenues as compared to contractual obligations. According to a November 2005 analysis of fund receipts to date and remaining potential permit revenues, the Planning and Zoning administrator estimated the escrow fund balance might fall short by approximately \$18,000 and the remainder of the amount due to the developer will need to be paid from another county fund. It appears the county did not adequately evaluate the potential revenues that could be generated by permit fees. When entering into similar arrangements in the future, the County Commission needs to ensure that decisions are adequately documented, an

analysis of costs and benefits is prepared, and funding sources are sufficient to meet planned obligations.

- D. The county's accounts payable process does not provide adequate controls to prevent duplicate payments. Bills are often paid based on a statement and original invoices are not reconciled to the billing statement. The review of previous payments is not sufficient to ensure payment has not already been made. Our review of expenditures did identify some duplicate payments which were subsequently resolved.

To ensure against duplicate payment of bills, payments should be based on original invoices which are marked paid when a check has been issued by the county and the expenditure system and documents should be reviewed for previous payments.

WE RECOMMEND the County Commission:

- A. Require county officials and employees to submit a copy of the training agenda or registration form and the actual detailed hotel bill to provide adequate supporting documentation for expenses relating to training conferences, lodging, and mileage. In addition, the County Commission should require compliance with the county travel reimbursement policy.
- B. Enter into a written agreement with the Emergency Management Director and require adequate supporting documentation showing hours/days worked and tasks performed.
- C. Ensure future decisions related to written agreements are sufficiently documented and properly consider costs and benefits to the county.
- D. Ensure all payments are based on original invoices. In addition, the County Clerk should check the expenditure system and documents to ensure payment has not already been made.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. *A memo has already been sent to all county departments requiring that training agendas will be required prior to paying for training expenses. In addition, the County Commission indicated they will be more diligent in requiring detailed information regarding travel expenses and ensuring compliance with county policy.*
- B-D. *They will implement these recommendations.*

2. Monitoring Vehicle/Equipment Usage and Operating Costs

Mileage logs are not maintained for county vehicles and records of fuel usage for county vehicles and road and bridge equipment are not adequately monitored. The county owns 32 road and bridge department vehicles (including pick up trucks, dump trucks, graders, tractors, and loaders), 15 Sheriff's department vehicles, 1 Assessor's office vehicle, and 1 Planning and Zoning office vehicle.

- A. While information is maintained to support the fuel usage of most county owned vehicles (see Part B), the county does not require mileage logs to be prepared for any county-owned vehicles.

Without adequate mileage logs, the county cannot effectively monitor that vehicles are used for official business only, that maintenance costs for vehicles are reasonable, and that maintenance billings to the county represent legitimate and appropriate charges. In addition, without details regarding overall mileage and costs incurred for the various county vehicles, the county cannot evaluate 1) whether alternative methods for providing transportation (such as reimbursing mileage for use of a personal vehicle) might result in lower costs, 2) the optimal number of county vehicles needed, 3) when vehicles need to be replaced, etc.

Vehicle mileage logs should include trip information (i.e. employee, dates used, beginning and ending odometer readings, destination, and purpose) and operating costs information. These logs should be reviewed by a supervisor to ensure vehicles are used only for county business and evaluate operating costs.

- B. Although both the road and bridge department and Sheriff's department maintain various fuel usage records, these records are not fully utilized by these departments or other county officials to evaluate fuel use and costs, or verify vendor billings to the county. During the two years ended December 31, 2005, the county disbursed approximately \$213,000 for fuel for the bulk tanks used by the Road and Bridge Department and approximately \$69,000 for gasoline used by the Sheriff's department. The Road and Bridge Department has two bulk fuel pumps which are used to dispense the fuel into the vehicles and equipment. Fuel is purchased by Sheriff's department employees at local vendors where the county has accounts.

Road and bridge employees record pertinent information on a fuel log sheet each time fuel is dispensed from one of the county's bulk tanks. Information from these logs is then entered into a specialized computer program by the road and bridge record keeper. In comparing the two records, we noted some errors in transferring data from the original paper logs to the computer system. Information from the vendor billings for fuel is also entered into the computer program. While various reports can be generated from the computer system, this is generally not done and available information is not used to evaluate overall fuel usage or verify vendor billings. In addition, an inventory record of bulk fuel showing purchases, usage, and

fuel on hand is not maintained and no procedure is performed to periodically test the amount of fuel on hand.

Beginning in 2005, department policy requires Sheriff's office employees to call a dispatcher when fueling a vehicle and provide pertinent data for entry into a computer spreadsheet. In addition, employees are required to submit fuel tickets to the bookkeeper. While the Sheriff's office bookkeeper compares these tickets to the spreadsheet details, there is no comparison of this information to vendor billings to the county. Also, the effectiveness of this spreadsheet information is limited because it is not sorted by vehicle and provides no details regarding destination or purpose of use, and odometer readings were deleted from the report at year end.

The failure to compare fuel usage records to vendor billings and analyze vehicle mileage as compared to fuel usage, increases the possibility the county may pay improper billing amounts and theft or misuse of fuel could occur and may not be detected.

WE RECOMMEND the County Commission:

- A. Require the preparation of mileage logs for all county vehicles, and ensure proper reviews are performed.
- B. Ensure fuel usage records are periodically reviewed for completeness and reasonableness of usage, and used to verify vendor billings. In addition, the County Commission should ensure inventory records of bulk fuel tanks are maintained.

AUDITEE'S RESPONSE

A&B. The County Commission indicated they will evaluate records currently being prepared and will work toward implementing these recommendations.

3. Payroll Procedures and Shared Costs

The County Clerk does not maintain centralized records of leave and compensatory time for Sheriff's office employees, and final payments to some employees did not have sufficient support. There are no written agreements and records are not maintained to support annual subsidies received for 911 coordination and dispatching services. In addition, some time sheets are not signed by the employee and their supervisor.

- A.1. While the County Clerk's office does receive timesheets for Sheriff's office employees, the time and leave information is not used to maintain records of vacation leave, sick leave or compensatory time earned, taken, or accumulated. Rather, the Sheriff's office maintains its own records. We noted two instances where final amounts paid to employees terminating in early 2004 were not supported by the leave and time records available in either the County Clerk's or Sheriff's office.

While the County Commission discussed and approved the amount paid to one of these individuals, there was no documentation explaining how the amount was derived or why it was not consistent with the available records. A review of timesheets and leave records for the other individual showed that the final payment represented two months' salary; however, hours worked and leave balances were not sufficient to cover the entire time period. Again, there was no documentation showing how the amount was derived and why it differed from the available records. Without centralized records, the County Commission cannot ensure that employees' leave and compensatory time usage and balances are accurate. Centralized records also aid in determining final compensation for employees leaving county employment.

2. Both of these employees had been on leave of absence or on administrative leave prior to leaving the county's employment. Neither the county's personnel policy manual nor the amendment to the personnel policy manual for Sheriff's office employees address the issues of leave of absence or administrative leave. It is unclear if the employees were required to use their accumulated leave for all or some of the missed days of work and if they would continue to earn leave during this time. The county's personnel policies should be amended to address the issues of leave of absence or administrative leave.
- B. There are no written agreements and records are not maintained to support annual subsidies or reimbursements for costs related to 911 coordination and dispatching services.

A deputy clerk in the County Clerk's office performs tasks related to general county government and 911 coordination, and is paid approximately \$19,000 from the General Revenue Fund. Sheriff's office dispatchers handle both emergency (911) and non-emergency calls. The county spends approximately \$150,000 annually for dispatching salaries from the General Revenue Fund. Each year the county receives \$10,000 and \$25,000 from the ACCD 911 board to help offset costs of employing a 911 coordinator and dispatchers, respectively. The county also received more than \$45,000 annually from various cities for providing dispatching services. However, the county does not use payroll records or dispatching call records to track costs and time associated with the different tasks performed by county employees. Such records are needed to evaluate the reasonableness of subsidies and/or contract payments received.

The County Commission should ensure the deputy clerk's timesheets provide details regarding tasks performed (general county versus 911) and dispatching call records differentiate between emergency and non-emergency calls, and city and county activities. The County Commission should periodically evaluate this information and ensure the subsidies and reimbursement amounts are reasonable. Furthermore, Section 432.070, RSMo, requires county contracts to be in writing. A similar condition was noted in our prior report.

- C.1. Some employees and their supervisors are not signing time sheets submitted. Time sheets should be signed by the employee and the employee's supervisor to indicate their agreement to the actual time reported each month.
- 2. While the county pays the salaries for employees working at the regional child support enforcement office, those employees do not submit copies of their time sheets to the County Clerk's office. These payroll costs are included on reimbursement claims to the state and the county is fully reimbursed from the U.S. Department of Health and Human Services through the Missouri Department of Social Services Title IV-D Program. Because of this, the county did not perceive a review of time sheets as an important procedure. However, county officials have an obligation to ensure reimbursements from any source (local, state, or federal) are for valid costs with adequate support.

WE RECOMMEND the County Commission:

- A. Ensure centralized leave records for the Sheriff's office employees are maintained by the County Clerk and amend the personnel policies to address leaves of absences and administrative leave. Also, the County Commission should ensure that future final paychecks are supported by proper documentation.
- B. Require that detailed time and cost records related to 911 and dispatching tasks be maintained and periodically reevaluate whether subsidies and/or reimbursements from other entities are sufficient to cover the county's costs. Also, the county should enter into written agreements with the ACCD 911 board and cities as appropriate.
- C. Ensure all time sheets have been signed by both the employee and the employee's supervisor, and obtain timesheets from the regional child support enforcement office employees.

AUDITEE'S RESPONSE

A-C. The County Commission indicated they will work toward implementing these recommendations.

4.	County Officials' Compensation
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Salary increases approved for some officials did not appear to comply with various statutory provisions.

- A. The County Collector and County Assessor received raises, effective January 1, 2005, which should not have taken effect until March 1 and September 1, 2005, respectively, the date of these officeholders' incumbency. The raises were based on an increase in the county's assessed valuation. Section 50.333.8, RSMo, provides for salaries to be adjusted each year on the official's year of incumbency for assessed

valuation changes that affect the maximum allowable compensation for that office.

This issue was also noted in our prior report. While the County Commission responded that they would request a written legal opinion from the Prosecuting Attorney, a formal opinion was neither requested nor provided. Rather, the Prosecuting Attorney drafted a letter and suggested that each officeholder could discuss their individual questions with him.

- B. The County Treasurer's salary was increased \$9,446 annually, effective with the start of a new term of office on January 1, 2003. A salary commission meeting held in October 2002 approved this increase. A September 2002 memo from the Prosecuting Attorney to the County Commission concluded that no salary commission meeting could be held in 2002. Despite this information, a meeting was held rather than waiting until 2003. Salary commission meeting minutes indicate consideration was given to having another meeting in 2003 to satisfy the statutory requirement that meetings be held in odd years, but members decided it was not necessary.

House Bill 2137, effective August 28, 2002, provided for an increase in the compensation paid to the county treasurer. It established an alternative, higher salary schedule and stated the salary commission may authorize the use of the alternative salary schedule. However, Section 50.333, RSMo, appears to authorize salary commissions to meet only in odd-numbered years.

As a result, it is unclear whether the salary increase provided to the County Treasurer is in accordance with state law.

WE RECOMMEND the County Commission:

- A. And the Salary Commission re-evaluate the timing of these salary increases as compared to statutory provisions, seeking legal counsel if necessary. If overpayments are determined, the county should pursue repayments or offset amounts against future salary payments as appropriate.
- B. And the Salary Commission consult with legal counsel and review the situation to ensure the actions taken were in accordance with state law.

AUDITEE'S RESPONSE

A&B. The County Commission indicated they will give consideration to these recommendations and will address them with the county's newly elected Prosecuting Attorney in 2007.

5.**Assessor's Controls and Procedures**

Receipting and transmittal procedures are inadequate and provide little assurance that all monies collected by the Assessor's office are properly handled and accounted for.

Individuals can obtain copies and aerial maps from the Assessor's office. Assessor's office personnel indicated their usual procedure is not to accept monies but to require the customer to first pay the County Treasurer for the requested copies or maps, and then they will release the items to the customer upon proof of payment (presentation of treasurer receipt slip). However, we determined that this office does collect monies. A review of the receipts records and procedures identified various problems and discrepancies.

There was only one transmittal made to the Treasurer during the audit period. It consisted of \$150 in cash transmitted on May 20, 2005, which appeared to relate to one transaction and was not recorded in the Assessor's office receipt records. A November 2, 2006, cash count identified approximately \$77 in cash on hand, but these monies could not be agreed to receipt slip details. The receipt slip books indicated that only approximately \$66 was receipted by the Assessor's office from November 2004 through June 2006. Receipt slips are not issued for all monies received and the method of payment was not always noted on the receipt slips. Because of these various problems, there is uncertainty as to total monies actually received and their proper handling.

To better protect monies collected, the Assessor should continue the procedure of requiring payments to be made to the County Treasurer prior to releasing maps or copies.

WE RECOMMEND the Assessor continue to require customers to make payment to the County Treasurer prior to releasing requested maps and/or copies.

AUDITEE'S RESPONSE

The County Assessor indicated that his office will continue to require customers to make payment to the County Treasurer prior to releasing maps and/or copies to them. If the County Treasurer's office is closed, customers will be sent to the County Clerk's office to make payment.

6.**Sheriff's Controls and Procedures**

Controls and procedures of the Sheriff's office need improvement. Accounting duties are not adequately segregated and oversight is lacking. Some monies collected by the office are not recorded or deposited timely, and receipt records are lacking or do not always contain proper details. Month-end reconciliation procedures are not satisfactory. Weaknesses were also noted regarding commissary activities, board of prisoner billings and jail food costs.

- A. Accounting duties are not adequately segregated. The office manager maintains the fee account and the jail administrator maintains the inmate account. Each is primarily responsible for receiving, recording, depositing and disbursing monies, and reconciling the bank accounts. Supervisory reviews are not performed.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the Sheriff.

- B. The Sheriff's office maintains a fee bank account which is used to process various receipts generated from serving court papers, gun permits, telephone commissions, board of prisoner billings, bonds, and sheriff's sale proceeds. For the years ended December 31, 2005 and 2004, receipts of this account totaled approximately \$337,000 and \$137,000, respectively.

Receipts from court paper service fees are not recorded until they are deposited and are not deposited timely or intact. Monies are normally collected each business day for serving court papers. However, the monies are held by the Sheriff's office and not recorded or deposited until the related papers are served. These monies are not kept in a secure location and access to the monies is not limited. A cash count performed on August 1, 2006, showed undeposited checks for court paper service fees totaling approximately \$1,700. Some of these monies were not deposited until a month later.

Other monies deposited into this account also are not always being deposited timely. Deposits are generally made once a week. In addition, the method of payment received (cash, check, money order, etc.) is not always noted on the receipt slips and checks are not restrictively endorsed immediately upon receipt.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, monies should be maintained in a secure location until deposited and individuals with access to the funds should be limited, receipt slips with method of payment noted should be issued immediately, and deposits should be made intact on a timely basis. In addition, checks and money orders should be restrictively endorsed immediately upon receipt.

- C. The Sheriff also maintains a separate inmate checking account which is used to handle personal inmate monies and operate a commissary for inmates. For the years ended December 31, 2005 and 2004, receipts of this account totaled approximately \$10,000 and \$8,000, respectively.

The Sheriff's office uses a specialized computer program to maintain the records for this account. Inmates order various personal items from the commissary and the

money is deducted from their account. Any remaining personal monies are paid to the inmate upon release. The amounts of monies received, commissary purchases made, and the available cash balance for each inmate are recorded on a computer system. Sheriff's office employees did not generate or utilize computer system reports to perform needed reconciliations. This and other concerns were noted regarding this account.

- 1) Prenumbered receipt slips are not issued for monies received. To properly safeguard cash receipts and reduce the risk of loss, theft, or misuse of funds, prenumbered receipt slips should be issued for all monies received, the numerical sequence of receipt slips should be accounted for, and the composition of receipts should be reconciled to the composition of deposits.
- 2) Bank reconciliations are not performed monthly and a book balance is not maintained. In addition, no report of the cash balance is generated from the computer system which could be reconciled to the cash balance in the bank account. As of December 31, 2005, the bank account balance was approximately \$2,800.

Without maintaining a cumulative book balance and preparing monthly bank reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded or that bank or book errors will be detected and corrected in a timely manner.

- 3) The inmate account balance is not reconciled to the total of the individual inmate balances and any remaining commissary proceeds. Inmate balances are maintained on computer files, but the balances have not been reconciled to the total in the bank account. To reconcile accounting records to the bank account balance, the Sheriff's department needs to maintain records which account for the commissary activity (sales, purchases, and any residual profit).

Reconciliation between receipts, disbursements, and individual inmate balances are necessary to ensure all monies received are accounted for properly and errors in recording amounts in inmate and commissary accounts are detected.

- 4) The Sheriff does not have a system for tracking the profit and loss from the sales of commissary items and all monies earned from the sale of commissary items are retained in the commissary account. The Sheriff currently uses an independent vendor for purchasing commissary items for inmates. Sheriff's department employees indicated there is a profit from commissary sales but had no records to show the amount and could provide no estimate. To adequately account for the commissary account, records should be maintained in a manner to allow for the tracking of profit and loss on all sales from the commissary. The profits from the commissary account should be

deposited into the county treasury. Section 50.370, RSMo, requires every county official who receives any fees or other remuneration for official services to pay such money to the county treasury.

- 5) Disbursement records for this account were not available for part of the audit period. As discussed below, some carbon copies of checks written on the inmate account could not be located. Because supporting documentation (such as vendor invoices and inmate acknowledgement of receipt of personal monies upon release) for checks is attached to the carbon copy, the propriety and reasonableness of some disbursements cannot be determined.

- D. The Sheriff's office houses prisoners for other political subdivisions. The county received approximately \$28,000 and \$23,000 from board of prisoner billings during the years ended December 31, 2005 and 2004, respectively. Billings are filed in individual inmate files, and no overall record of amounts billed, payments received, and accounts receivable is maintained. Monies received are not compared to amounts billed and there is no effort to identify and follow up on any unpaid amounts.

The Sheriff should maintain an overall record of amounts billed to and collected from the various political subdivisions to track amounts due and to ensure all outstanding amounts are received in a timely manner.

- E. Various financial records could not be located. The bank statements and canceled checks for January through March 2004 for the current fee account and for January through June 2004 for a fee account which has since been closed could not be located. Bank statements and canceled checks for January through May 2004; and February, March, May, and June 2005, for the inmate account could not be located. At our request, the Sheriff's Office did obtain copies of these bank statements. In addition, they were unable to locate the carbon copies of some checks issued from the inmate account. Because these are not filed in any particular order (ie; numeric sequence or by date) the number of carbon copies missing or for what time periods was not determined.

Record retention is necessary to ensure the validity of transactions and provide an audit trail. In addition, Section 109.270, RSMo, states that all records made or received by an official in the course of their public duties are public property and are not to be disposed of except as provided by law.

- F. During the two years ended December 31, 2005 and 2004, the county spent approximately \$30,000 and \$29,000, respectively, on food costs for the jail. Although the Sheriff's office maintains attendance records of prisoners housed in the county jail and retains documentation of the related food purchases from local vendors, the Sheriff's office does not calculate the average cost of meals served to prisoners.

The average cost of meals served to prisoners should be calculated periodically to ensure county assets are not misused and that expenditures for prisoner meals are reasonable. In addition, Section 221.105, RSMo, requires the governing body of any county to fix the amount to be expended for the cost of incarceration of prisoners confined in the jail.

Conditions similar to A. B, and C.2. were noted in our prior audit.

WE RECOMMEND the Sheriff:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Issue receipt slips, which indicate method of payment, immediately upon receipt, maintain monies in a secure location until deposited, and deposit all monies intact on a timely basis. In addition, checks and money orders should be restrictively endorsed immediately upon receipt.
- C.1. Issue prenumbered receipt slips for all monies received and account for the numerical sequence of receipt slips issued. In addition, reconcile the composition of receipts to the composition of deposits.
- 2. Prepare monthly bank reconciliation and maintain a book balance.
- 3. Maintain records for the commissary account and reconcile the individual prisoner and commissary balances to the total of the monies in the bank account on a monthly basis.
- 4. Develop records to adequately track profits and losses on the commissary operations and turn all profits over to the County Treasurer as accountable fees.
- 5. Ensure supporting documentation is retained for all disbursements.
- D. Maintain an overall record of board of prisoner billings and implement procedures to identify and follow up on any unpaid amounts.
- E. Retain financial records in a secure location to prevent misplacement or loss.
- F. Calculate the average cost of prisoner meals periodically.

AUDITEE'S RESPONSE

The Sheriff indicated some of these recommendations have already been implemented and he will work toward ensuring that all recommendations are implemented.

7.

Investigative Squad Fund

Records and procedures for Investigative Squad Fund receipts are not sufficient.

The county employs an investigator in the sheriff's office. Salary and other costs related to investigations are funded through federal grant reimbursements from Buchanan County, fundraising activities, and donations. The county submits reimbursement claims to Buchanan County. While the investigator handles the monies from the fundraising activities and donations, the only records he maintains are photocopies of donation checks. According to the county budget document, donations total approximately \$12,000 each year.

The main fundraising activity is an annual rodeo held by the Sheriff's office. The rodeo receipts reflected on the Investigative Squad Fund budget totaled approximately \$11,900 and \$7,600 during 2005 and 2004, respectively. The investigator turns the proceeds over to the County Treasurer who deposits them into the Investigative Squad Fund. Unnumbered tickets are printed by the Sheriff's office and taken to local businesses to sell in advance of the rodeo. Tickets are also sold at the gate. However, no record is maintained to account for the total number of tickets printed, tickets sold by local businesses or at the gate, and tickets returned unsold. Because tickets are not numbered and accounted for, the county cannot perform a reconciliation between the ticket proceeds and the number of tickets sold.

To ensure accountability over tickets and the related receipts, the county should ensure that tickets are prenumbered, records of tickets are maintained, and should reconcile receipts to ticket sales and remaining tickets on hand. Without proper records and reconciliation procedures, there is less assurance that ticket sales proceeds are properly accounted for and transmitted to the County Treasurer.

WE RECOMMEND the Sheriff and the County Commission ensure rodeo tickets are prenumbered and that proper recordkeeping and reconciliation procedures are in place.

AUDITEE'S RESPONSE

The Sheriff indicated he agrees with this recommendation and will make changes as needed.

The County Commission indicated this recommendation will be implemented.

8.**Property Tax Controls and City Tax Collections**

The County Collector does not perform month-end reconciliation procedures to ensure the bank account balances are in agreement with partial pay records and other identified liabilities. Contracts with various cities for collection of city property taxes need clarification regarding fees and penalties assessed. In addition, the County Clerk needs to improve procedures related to verification of the back tax books.

The County Collector is responsible for collecting and distributing property taxes for most political subdivisions within the county. During the years ended February 28, 2006 and 2005, property taxes and other monies totaling approximately \$14,580,000 and \$13,081,000 million, respectively, were collected and distributed.

A. Monthly liability listings are not prepared and reconciled with cash balances.

- 1) A separate bank account is maintained for partial payments received. The Collector does not perform a reconciliation between the partial payment ledger and the reconciled bank balance. The February 28, 2006, bank account balance was \$25,616 of which approximately \$12,000 has been held since at least July 2003. The Collector does not apply partial payments to unpaid taxes unless specifically requested by the taxpayer and does not periodically review partial pays held to determine if refunds or other disposition is appropriate. Whether these partial payments represent recent transactions or those dating back a number of years, it is the responsibility of the Collector to resolve any overpayment or old accounts, and make a continued effort to ensure partial payment accounts are properly closed on a timely basis.
- 2) The County Collector does not prepare monthly listings of liabilities, and as a result liabilities are not reconciled to the cash balance in the regular tax account. Upon request, the County Collector prepared a listing of liabilities to reconcile to the cash balance for February 28, 2006. The bank account was short approximately \$25 when compared to the listing of liabilities.

Monthly reconciliations of the cash balance to liabilities and accounting records are necessary to ensure the cash balances are sufficient to cover liabilities. Without the preparation of such reconciliations, there is less assurance that cash receipts and disbursements have been properly handled and recorded. In addition, the Collector should follow up on old partial pay amounts and determine if refunds or some other disposition is appropriate.

B. The county entered into written contracts which provide for the county to bill and collect property taxes for several cities in the county. The contracts provide for the County Collector to receive a fee of 3 percent withheld from all taxes collected

(approximately \$15,000 a year), and to receive penalties as prescribed by law which are collected from the taxpayers (approximately \$6,000 a year). These fees are retained personally by the County Collector. In addition, the county assesses a fee of 2 percent withheld from all taxes collected for providing the use of county employees and equipment and preparation of appropriate property tax records. This fee is divided with 1 percent deposited into the county's General Revenue Fund (approximately \$5,000 a year) and the other 1 percent retained personally by the County Clerk (approximately \$5,000 a year).

According to discussions with the County Collector and some of the cities involved, it does not appear the 3 percent fee is based on state law or city ordinance. Also, while the 7 percent penalty on delinquent city taxes is being assessed as provided for by state law, it is not being distributed as outlined by state law.

Section 50.332, RSMo, allows county officials, with the approval of the County Commission, to perform services for cities that they normally provide to the county for additional compensation. However, fees and add on penalties assessed to city taxpayers should be based on state law or city ordinance. The contracts with the cities should clearly define the amount of fees and penalties to be assessed, describe how all amounts should be distributed, and provide a basis for the amounts and handling.

- C. The County Collector generates the back tax books and compares the entries to the delinquent tax bills. The County Clerk performs a reconciliation of charges, additions and abatement, and collections to the delinquent tax book total, but does not sum the tax book charges or verify individual entries in the back tax books.

Section 140.050, RSMo, requires the County Clerk to prepare the back tax books. The procedures outlined in the statutes for the preparation of the tax books provide for the separation of duties and acts as a form of checks and balances. Although the reconciliation performed by the County Clerk provides some control, a review of individual entries on a test basis and summing the tax book would reduce the risk of errors and irregularities going undetected.

WE RECOMMEND:

- A.1. The County Collector ensure the partial payment ledger is reconciled to the bank balance periodically and proper records are maintained. In addition, the County Collector should take action to pay out or otherwise resolve all the old partial payment accounts.
- 2. The County Collector prepare a monthly listing of liabilities, reconcile this listing to the reconciled bank balance, investigate any unreconciled differences, and make the appropriate adjustments to correct any differences noted.

- B. The County Commission and other county officials re-evaluate and amend the contracts to clarify the basis for fees and penalties assessed and their subsequent distribution.
- C. The County Clerk perform and document additional verification of the back tax books.

AUDITEE'S RESPONSE

- A.1. *The County Collector indicated she plans to follow up on old partial pay amounts and dispose of as appropriate. In addition, she plans to stop accepting partial payments.*
- 2. *The County Collector indicated neither she nor the previous collector was aware of the need to identify and reconcile liabilities to the bank account balances. However, this procedure will be implemented as soon as time permits.*
- B. *The County Collector indicated she will re-evaluate the city contracts to ensure terms clearly describe fees and commissions to be assessed and their handling.*

The County Commission indicated these contracts will be re-evaluated for clarity and reasonableness.

- C. *The County Clerk indicated this recommendation will be implemented.*

9. Senate Bill 40 Board Policies and Procedures

The Senate Bill 40 (SB40) Board's contracts with various agencies do not contain sufficient details regarding funding or documentation requirements. The board's approval of disbursements is not adequately documented. Also, the board minutes are not signed.

- A. As discussed in our prior audit report, the SB40 Board has entered into contracts and provides services to three not-for-profit (NFP) organizations. However, the contract terms are general and do not provide information regarding maximum funding levels, specific periodic funding amounts, or documentation required to be submitted for board review prior to providing funding or reimbursements. Terms for two of the three contracts indicate the board agrees to "disburse funds (amounts varying)", list the types of uses planned by the NFP, and indicate the NFP agrees that the monies will be used for the benefit of Clinton County residents. The other contract provided a set monthly amount to be provided for a specific purpose. However, none of the contracts addressed documentation or reporting requirements.

While it appeared disbursements by the board were consistent with planned use outlined in the contracts, the board made these payments without requiring adequate supporting documentation or vendor provided invoices when appropriate.

The contracts with the NFPs should be more specific and clearly establish the responsibilities and duties of each party and outline procedures and/or penalties for failure by either party to meet contractual terms. Also, to ensure the validity and propriety of expenditures, adequate supporting documentation should be obtained for all payments to vendors and contracts should be sufficiently detailed to allow the SB40 Board a basis for adequately monitoring the services received and determining whether the amount paid was reasonable.

- B. The SB40 bookkeeper provides a disbursement report listing vendor names and amounts for board approval at each meeting. While the board minutes indicate bills were approved, these reports are not signed or initialed to document the board's approval. Also, bank reconciliations, bank statements, and canceled checks are not reviewed by the board.

Indicating board approval on the listing of disbursements provides specific and clear documentation of all disbursements approved. To safeguard against possible loss or misuse of funds, ensure that proper reconciliation procedures are in place, and ensure that disbursement transactions are in agreement with board approvals, the board should perform reviews of bank information and canceled checks.

- C. The SB40 bookkeeper is paid approximately \$6,000 annually. The board determines the salary amount each year during the budget process. Timesheets are not prepared by the SB40 bookkeeper. Timesheets are necessary to document the hours worked, support payroll expenditures, and provide the board with a method to monitor hours worked and evaluate the reasonableness of the salary amount.
- D. The SB40 Board minutes are not signed to attest to their completeness and accuracy. The board minutes should be signed by the board secretary as preparer and the board chairman upon approval to show that the minutes accurately reflect the discussions held and actions taken in a previous meeting.

WE RECOMMEND the Senate Bill 40 Board:

- A. Improve contract terms regarding funding levels and required documentation or reporting.
- B. Signify approval of disbursements on the monthly report and review bank information and canceled checks.
- C. Require a timesheet from the bookkeeper and use to evaluate the annual salary amount.
- D. Ensure the board minutes are properly signed to attest to their accuracy.

AUDITEE'S RESPONSE

A-D. Senate Bill 40 Board members indicated these recommendations will be given consideration and implemented as appropriate.

Follow-Up on Prior Audit Findings

CLINTON COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Clinton County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2001. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Bidding and Contracts

- A. Bids were not always solicited, nor was bid documentation always retained for various purchases made by the county.
- B. The county did not enter into formal written agreements for ACCD 911 system mapping services and for funding provided to the Clinton County domestic violence shelter.

Recommendation:

The County Commission:

- A. Solicit bids for all items in accordance with Section 50.660, RSMo 2000. Documentation of bids solicited and justification for bid awards should be retained by the County Clerk.
- B. Ensure that contracts are obtained and entered into for services received.

Status:

- A. Partially implemented. Improvements were noted in the county's bidding procedures. For most purchases reviewed, bids were received and bid awards were documented in the commission minutes; however, sole source procurements were not always documented. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Partially implemented. The county does have a contract for funding to the Clinton County domestic violence shelter. However, in 2004 the county hired an Emergency Management Coordinator who is paid as an independent contractor without a formal written agreement. See MAR finding number 1.

2. Closed Meeting Minutes

Minutes were not always prepared to document the matters discussed in closed meetings. In addition, open meeting minutes did not always document the related vote to close the

meeting, reasons for closing the meeting, or the final disposition of matters discussed in closed meetings.

Recommendation:

The County Commission ensure minutes are prepared, approved, and retained for all closed meetings, reasons for closing a meeting are documented, and the final disposition of matters discussed in closed meetings is made public as required by state law.

Status:

Partially implemented. Minutes for the two closed meetings held during the two years ended December 31, 2005 could not be located. However, reasons for closing the meetings were documented. A final disposition of matters discussed in closed meetings was documented for only one of the meetings. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Multi-County (ACCD) 911 System

The county received \$236,010 from DeKalb County for 911 mapping expenditures, but provided documentation for only \$203,675.

Recommendation:

The County Commission review supporting documentation for mapping expenditures and refund any advances not used for allowable mapping expenditures.

Status:

Implemented. The county used the remaining monies to pay for mapping expenses.

4. Officials' Salaries

- A. The Associate County Commissioners each received mid-term salary increases totaling approximately \$7,400 yearly. A subsequent Missouri Supreme Court decision held the statute unconstitutional.
- B. The County Collector and County Assessor received raises, effective January 1, 2000, which was prior to their dates of incumbency which were March 1 and September 1, respectively. In addition, the salary commission used the current year's assessed valuation rather than the preceding year's assessed valuation to determine the maximum allowable salaries for all officials in 2000.

Recommendation:

The County Commission and the salary commission:

- A. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Request a written opinion from the Prosecuting Attorney as to the legality of the salary increases that went into effect on January 1, 2000, and proceed accordingly.

Status:

- A. Not implemented. The County Commission responded in the prior report that the raises were approved based on existing state law and they did not plan to request repayment. In addition, commission minutes indicate this issue was discussed with legal counsel in July 2004, but no written opinion was obtained. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Not implemented. See MAR finding number 4.

5. Payroll

During the years ended December 31, 2001 and 2000, approximately 24 percent and 29 percent, respectively, of the salary paid to the 911 Coordinator from the Special Road and Bridge Fund was reimbursed by the 911 Fund. However, the county did not maintain documentation to support this nor were detailed timesheets for the employee maintained.

Recommendation:

The County Commission require detailed timesheets from the 911 Coordinator to ensure appropriate amounts are paid from the 911 Fund, Special Road and Bridge Fund and General Revenue Fund.

Status:

Not implemented. See MAR finding number 3.

6. County Clerk

The County Clerk did not maintain a complete account book with the County Collector.

Recommendation:

The County Clerk establish and maintain an account book of the County Collector's transactions, and the County Commission make use of this account book to verify the County Collector's annual settlements.

Status:

Implemented.

7. Associate Division Accounting Controls

- A. Formal bank reconciliations for the bond account were not prepared.
- B. Monthly listings of open items for the bond account were prepared, but the listings were not reconciled to the cash balances.
- C. There were checks which had been outstanding for a considerable length of time.

Recommendation:

The Associate Division:

- A. Prepare and document bank reconciliations for the bond account on a monthly basis and reconcile to the accounting records. Ensure documented periodic reviews of receipts to deposits and bank reconciliations are performed.
- B. Ensure a complete and accurate open items list is maintained and reconciled to the cash balance monthly. Any discrepancies should be promptly investigated and resolved.
- C. Reissue old outstanding checks where the payee can be located. Any unclaimed amounts should be turned over to the state's Unclaimed Property Section in accordance with state law.

Status:

The Associate Division along with the Probate Division combined with the Circuit Division in October 2005. All monies held by the Associate Division have been turned over to the Circuit Clerk's Office.

8. Sheriff Accounting Controls

- A. The duties of cash custody and record-keeping had not been adequately segregated.
- B.1. Receipts were not deposited on a timely basis.

2. Receipts were not posted to the cash control ledger when written and the method of payment was not always indicated on receipt slips.
- C. Bank reconciliations were not performed for the commissary account. In addition, an open items listing was not prepared monthly and reconciled with the account balance.

Recommendation:

The Sheriff:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Sheriff should perform documented reviews of the accounting records.
- B.1. Deposit daily or when accumulated receipts exceed \$100.
2. Post all receipts to the cash control ledger on a timely basis. In addition, ensure method of payment is indicated on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- C. Prepare bank reconciliations for the commissary account and reconcile the cash balance to the open items listing on a monthly basis. In addition, the excess cash balance which represents profit should be remitted periodically to the county treasury.

Status:

A-C. Not implemented. See MAR finding number 6.

9. Health Center

- A. The Health Center did not have a depository agreement with the bank and collateral securities were not pledged by the Health Center Board's depository bank for deposits in excess of the Federal Deposit Insurance Corporation (FDIC) coverage.
- B. Receipt slips were not issued for some monies received.

Recommendation:

The Health Center Board:

- A. Obtain a bank depository agreement and ensure adequate collateral securities are pledged for all deposits in excess of FDIC coverage.

- B. Require that prenumbered receipt slips be issued for all monies received. In addition, the method of payment should be indicated on all receipts and the composition of receipts should be reconciled to deposits.

Status:

- A. Implemented.
- B. Not implemented. Receipt slips are being issued for all monies except those direct deposited into the health center's bank account. Although not repeated in the current MAR, our recommendations remain as stated above.

10. Senate Bill 40 Board

- A.1. The board did not enter into a formal written agreement with the Cameron Children's Development Center.
- 2. The contract with Clinco (sheltered workshop provider) was not up to date.
- B. The board had not established a written policy for the review and approval of requests for funds by citizens.
- C. The board made payments to vendors without requiring or retaining adequate supporting documentation and approval of expenditures was not adequately documented.

Recommendation:

The Senate Bill 40 Board:

- A. Enter into written agreements for all services and up date all contracts. The written agreement should detail all duties to be performed and the compensation to be paid under the agreement.
- B. Establish a written policy detailing the requirements for requesting funds.
- C. Ensure adequate documentation is received and maintained to support all expenditures. In addition, review and approve all expenditures of Senate Bill 40 funds.

Status:

- A. Partially implemented. While the Senate Bill 40 Board has entered into written agreements, the agreements do not include all necessary details. See MAR finding number 9.

- B. Implemented.
- C. Partially implemented. While the supporting documentation for disbursements made on the behalf of citizens has improved, the supporting documentation for disbursements paid under contracts with various agencies is still lacking. In addition, the board is reviewing all invoices; however, their approval is not always adequately documented. See MAR finding number 9.

STATISTICAL SECTION

History, Organization, and
Statistical Information

CLINTON COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1833, the county of Clinton was named after DeWitt Clinton, an American Statesman. Clinton County is a county-organized, third-class county and is part of the 43rd Judicial Circuit. The county seat is Plattsburg.

Clinton County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 517 miles of county roads and 102 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 15,916 in 1980 and 18,979 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2005	2004	2003	2002	1985* 1980**
		(in millions)				
Real estate	\$	161.0	148.3	143.4	129.8	57.9 39.1
Personal property		49.8	46.9	45.7	43.7	12.8 9.2
Railroad and utilities		10.0	10.4	9.9	9.8	12.6 9.2
Total	\$	220.8	205.6	199.0	183.3	83.3 57.5

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Clinton County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2005	2004	2003	2002
General Revenue Fund	\$	.2395	.2050	.2150	.2121
Special Road and Bridge Fund *		.3500	.3500	.3500	.3500
Health Center Fund		.0887	.0887	.0887	.0910
Senate Bill 40 Board Fund		.0887	.0887	.0887	.0910

* The county retains all tax proceeds from areas not within road districts. The county has two road districts that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2006	2005	2004	2003
State of Missouri	\$ 67,610	62,428	60,232	55,387
General Revenue Fund	532,098	444,926	433,510	374,683
Special Road and Bridge Fund	885,232	823,946	788,450	726,945
Assessment Fund	207,537	131,643	120,308	112,220
Health Center Fund	198,070	182,920	176,980	165,937
Senate Bill 40 Board Fund	196,802	181,694	175,762	164,762
School districts	9,965,884	8,894,638	8,133,335	7,490,693
Ambulance districts	452,885	414,981	309,190	304,218
Fire protection districts	637,574	569,589	536,935	500,020
Watershed district	1,765	1,803	1,876	1,695
Special road districts	483,116	441,594	431,551	406,544
Cities	557,369	535,427	534,994	524,809
Tax Maintenance Fund	33,977	32,550	29,607	14,468
Refunds and miscellaneous	7,447	10,795	10,404	12,550
Tax sale surplus	515	32,195	0	0
County Clerk	1,042	1,192	1,101	1,118
County Employees' Retirement	86,831	78,646	71,320	69,822
Commissions and fees:				
Collector	22,091	21,865	21,674	20,078
County Clerk	5,302	5,086	5,087	4,975
General Revenue Fund	237,120	212,805	198,316	189,748

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2006	2005	2004	2003
Real estate	93.1	92.8	92.3	92.2 %
Personal property	87.1	86.7	84.9	85.9
Railroad and utilities	99.1	100.0	99.6	99.1

Clinton County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Capital improvements	.0050	2007	0	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2006	2005	2004	2003	2002
County-Paid Officials:	\$				
Mark Hoover, Presiding Commissioner		30,565	30,222	30,222	30,222
James T. Crenshaw, Associate Commissioner		28,486	28,142	28,142	28,142
Larry King, Associate Commissioner		28,486			
E.W. Dixon, Associate Commissioner			28,142	28,142	28,142
Mary Blanton, County Clerk (1)		48,487	47,699	47,748	47,535
Mitch Elliott, Prosecuting Attorney		53,040	50,960	50,960	50,960
K. Porter Hensen, Sheriff (2)		47,840	7,262		
Dan Jones, Sheriff (3)			7,664	46,800	46,800
Grace Daniels, County Treasurer		43,160	41,000	41,000	31,554
Randall Relford, County Coroner		14,560			
Robert Angle, County Coroner			13,520	13,520	13,520
Nancy D. Wingate, Public Administrator		26,000			
John Denis O'Connor, Public Administrator			20,800	20,800	20,800
Sharon Cockrum, County Collector (4), year ended February 28 (29),	65,251	64,591	64,314	62,718	
Jerry Howard, County Assessor (5), year ended August 31,		43,674	43,405	43,540	43,567

(1) Includes \$5,327, \$5,059, \$5,108, and \$4,894, respectively, of commissions earned for collecting city property taxes.

(2) Elected sheriff in November 2004 and took office immediately.

(3) Sheriff Jones died in February 2004. Gary McCrea served as interim sheriff from March 3, 2004, until the November 2004 election and was paid \$31,917.

(4) Includes \$22,091, \$21,865, \$21,674 and \$20,078, respectively, of commissions earned for collecting city property taxes.

(5) Includes \$688, \$765, \$900, and \$900 annual compensation received from the state in 2005, 2004, 2003, and 2002, respectively.

State-Paid Officials:

Molly Livingston, Circuit Clerk and Ex Officio Recorder of Deeds	48,643	47,900	45,741	2,059
Betty Mallen, Circuit Clerk and Ex Officio Recorder of Deeds			1,971	47,300
Paul Luckenbill, Associate Circuit Judge	96,000	96,000	96,000	96,000



Claire McCaskill

Missouri State Auditor

December 2006

Review of 2006 Property Tax Rates



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2006

The following report contains certification information on taxing authorities throughout Missouri.

State law requires the Missouri State Auditor to annually check all taxing jurisdictions throughout Missouri as to their compliance with the tax limitation provisions of Missouri's Hancock Amendment and with Section 137.073, RSMo. The following report shows whether or not a taxing jurisdiction has met its constitutional and statutory obligation to set an overall tax rate at a level approved by voters and within the bounds of limits set by Missouri's Constitution and the State Legislature.

IMPORTANT: The State Auditor's Office has no authority to determine or review individual tax assessments. Chapter 138, RSMo governs the appeals process for assessed valuations as they pertain to individual taxpayers.

All individual tax assessment matters are the responsibility of each county assessor and board of equalization. Appeals to the state on tax assessment matters are handled by the Missouri State Tax Commission.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

2006 PROPERTY TAX RATES

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the General Assembly
Jefferson City, MO 65102

The State Auditor's Office is required to annually review local property tax rates of all taxing authorities in the state. The primary objectives of this review were to determine whether local governing boards have levied taxes in accordance with state law, and in particular, to determine whether local property tax rates have been adjusted to ensure that property reassessments are revenue neutral. Reassessments of existing property are not intended to increase property tax revenue but to equitably reallocate the existing tax burden based on the relative value of property owned by taxpayers.

For 2006, we received substantiating data and issued a finding on 4,837 property tax rates of 2,722 taxing authorities. Twelve taxing authorities levied in excess of the tax rate certified resulting in approximately \$41,606 in excess tax levies.

Property taxes are often the main source of revenue for many of Missouri's special purpose political subdivisions and county boards. The bulk of property taxes, however, fund our public schools. General acceptance of these taxes is dependent on fair and equitable assessment practices and public understanding and input regarding the setting of rates. If the tax burden is increased without voter approval, confidence in the fairness and assessment practices is often eroded.

Claire McCaskill
State Auditor

December 27, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Tax Rate Supervisor: Becky Webb, CPA
Tax Rate Analyst: Nicki E. Russell, CPA
Susan L. Fifer, CPA

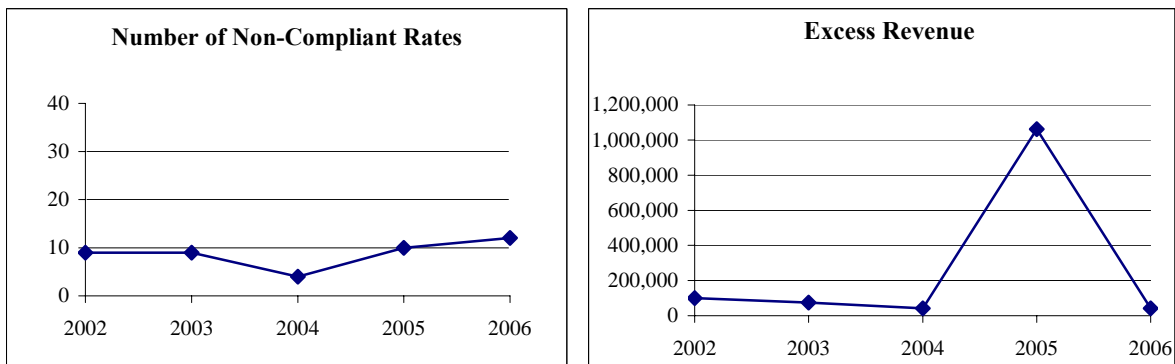
RESULTS

RESULTS

Taxing Authorities Generally Complied with State Property Tax Laws

The State Auditor received substantiating data and reviewed 4,837 property tax rates for 2,722 taxing authorities. Of the rates reviewed, 527 were debt service levies, 104 were new property tax rates approved by voters and, 50 were for existing property tax rates that were increased by voter approval. The remaining 4,156 levies reviewed are general types of levies. Twelve taxing authorities (less than one half of a percent of all taxing authorities) levied a non-compliant tax rate. While varying factors contributed to these violations, increased awareness of Missouri law should help alleviate them. See Table 1.2 below for a listing of the non-compliant tax rates levied.

The following graphs illustrate the 5 year history of non-compliant rates and revenue.



Background

The State Auditor's Office and county officials assist local government officials in determining the data necessary to complete the tax rate computations. Taxing authorities are required to file data supporting the proposed property tax rates with the county, using forms prescribed by the Auditor. The data is reviewed and a finding is returned to both the county and the taxing authority advising whether the proposed rates comply with Missouri law.

Review methodology

The 2006 tax rate ceilings were determined based on the requirements of Section 137.073, RSMo, and Article X, Section 22 of the Missouri Constitution (commonly referred to as the Hancock Amendment). The tax rate ceiling is determined annually and is adjusted to ensure revenue neutrality. The review of the tax rate ceiling is based on the assessed valuation for the entire political subdivision and is not calculated on an individual taxpayer basis.

To ensure taxing authorities do not receive a windfall from reassessment, our review of property tax rates begins with the prior year allowed revenue. This is the maximum amount of revenue a taxing authority would have received in the prior year. Current year tax levies must be set to yield the same gross revenue as allowed in the prior year, in addition, an adjustment is made for additional revenue permitted for assessment growth that is the lower of, (1) the actual growth rate or, (2) the inflation rate, or (3) five percent. Factors such as new construction and improvements, newly added territory, newly separated territory, and changes from locally assessed to state assessed property also have an

effect on the tax rate ceiling calculation. The county uses this rate to collect taxes on all property including new construction and improvements.

Voters may authorize increases beyond the set limits. Voter-approved increases are reviewed for compliance with applicable laws and stated ballot restrictions. The State Auditor's Office also reviews debt service tax rates. A tax levied to meet the annual debt service requirement is generally viewed as reasonable if the revenue to be generated plus the existing fund balance does not exceed the current payment requirements plus a reserve for the following year's payments.

The total assessed valuation of a taxing authority that is submitted by the County Clerk or a representative of the political subdivision is used in the State Auditor's Office review of property taxes. The State Auditor's Office does not review the assessed valuation of individual pieces of property, as Section 138, RSMo governs the appeals process for assessed valuations. Citizens may appeal their individual assessed valuations calculated by the County Assessor to the local Board of Equalization. Citizens not satisfied with the resolution by the Board of Equalization may appeal the decision to the Missouri State Tax Commission. Any decision of the Missouri State Tax Commission may be reviewed by a court of law.

As assessed valuations increase, tax rate ceilings generally decrease depending on the amount of the increase to produce substantially the same amount of revenue as allowed in the prior year. See *Appendixes IA & IB* for a more detailed summary of the changes in assessed valuation, by type of taxing authority and see *Appendixes IIA & IIB* for a more detailed summary of changes in tax rate ceilings, by type of taxing authority.

In addition, *Appendix III* is a map that provides a statewide geographical perspective of county valuation growth due to new construction growth and reassessment from 2005 to 2006. And *Appendix IV*, is a map that reflects the inflationary change in each county's valuation from the previous year. A significant inflationary change generally indicates a major reassessment occurred.

Organization of Report Content

Taxing authorities are listed by primary county and categorized by type of taxing authority. The counties are listed alphabetically (Adair through Wright, followed by the City of St. Louis). When a taxing authority is located in more than one county, it is listed under the primary county only.

The assessed valuations presented for taxing authorities, except school districts, include all taxable locally assessed and state assessed property. The assessed valuations presented for the school districts include only taxable locally assessed property. The abated portions of property valuations that are not taxable under various economic development programs are omitted from the taxable assessed valuations used to compute the annual tax rate ceiling.

Sales tax rollbacks required by law for some county levies were not reviewed as part of this report. Sales tax (Proposition C) rollbacks for school levies were subjected to a limited review where it appeared the district waived all or part of the rollback without voter approval to generate additional local revenues. A majority of school districts have obtained voter approved waivers of the required sales tax rollback of their property tax. *Appendix XII* lists the 472 schools with full or partial waivers of Proposition C (sales tax) reductions. These school districts obtained voter approval to not

roll back part or all of the required amount for Proposition C. The list includes 50 schools with partial Proposition C waivers and 422 schools with full Proposition C waivers. The remaining 56 school districts have not obtained voter approved waivers of the sales tax rollback and therefore are required to rollback their property tax rate.

Notable Issues in 2006

No changes in legislation or procedures occurred during 2006, however, there was a small increase in non-compliant rates this year. While varying factors contributed to these violations, increased awareness of Missouri law should help alleviate them. See Table 1.2 below for a listing of the non-compliant tax rates levied.

There were 12 taxing authorities that recalculated and recouped lost revenues for 15 levies for the prior three years as allowed by the statutes. The majority of recoupment rates stem from a large protest of taxes from St. Louis area commercial property tax payers, which affected most taxing authorities in that county. The legislation implementing the four-rate system has not addressed the recalculation and recoupment of property tax rates that are allowed.

Taxing Authorities wholly in St. Louis County were required to use the four-rate system of levying a separate rate for each subclass of property. Uncertainty with the implementation of the four-rate system originates from a lack of statutory guidance on the handling of elections, recoupments, voluntary reductions, and debt service levies which were not addressed by the legislation implementing the four-rate system. Questions remain in St. Louis County with the utilizing the four-rate system of levying a separate tax rate for each subclass of property. Political subdivisions in St. Louis County are continuing to learn the four-rate system which was implemented in 2003 by legislation. Questions with the four-rate system include: handling of elections, recoupments, voluntary reductions and debt service. In the absence of statutory guidance specifically addressing ballots posed under the four-rate system, the State Auditor's Office has reviewed all ballots under the assumption that all elections apply to all property.

Table 1.1 summarizes voluntary reductions taken under the four-rate system. Although the majority of levies imposed under the four-rate system did not voluntarily reduce their levy, under current statutory guidance available any and all voluntary reductions are allowable.

Table 1.1 Summary of Voluntary Reductions Taken Under the Four-Rate System

Description	# of Levies	Percentage
Voluntarily Rolled Back Each Subclass to Zero	8	3%
Voluntarily Rolled Back to Levy a Single Rate on All Property	45	18%
Voluntarily Rolled Back But Did Not Levy a Single Rate on All Property	47	18%
No Voluntary Reduction Taken on Any Subclass of Property	155	61%
Total	255	100%

Source: Tax Rate Computational Forms Submitted by Taxing Entities

Tax Rates Levied in Excess of the Tax Rate Certified

Table 1.2 lists 12 taxing authorities that levied 12 tax rates in excess of the legally permissible tax levy as provided by state law. Excess revenues collected totaled \$41,606.

Table 1.2: Listing of Taxing Authorities Levying an Excess Tax Rate

County	Political Subdivision	Levy Purpose	Assessed Valuation	(1) Certified Rate	Actual Rate Levied	Excess Revenue
Butler	Butler County	Senior Services	463,729,437	0.0466	0.0467	464
Caldwell	City of Polo	Debt Service	3,887,638	0.3612	0.3800	731
Carter	Carter County	Road & Bridge	43,917,309	0.2331	0.2399	2,986
Crawford	Steelville Ambulance	General Revenue	57,088,460	0.3108	0.3500	22,379 (2)
Daviess	Village of Winston	General Revenue	1,124,009	0.4386	0.5000	690
Holt	City of Oregon	General Revenue	6,103,026	0.9392	1.0000	3,711 (3)
McDonald	City of Anderson	General Revenue	9,975,050	0.2267	0.2700	4,319
St. Louis	Village of Hanley Hills	General Revenue				
	Commercial Real Estate		623,147	0.2610	0.4380	1,103
St. Louis	Village of Hillsdale	General Revenue				
	Residential Real Estate		2,409,570	0.4210	0.5000	1,904
	Commercial Real Estate		2,523,547	0.4840	0.5000	404
St. Louis	Village of Velda Village Hills	General Revenue				
	Residential Real Estate		4,227,150	0.3380	0.3550	719
	Commercial Real Estate		235,739	0.3590	0.5000	332
Schuyler	City of Downing	General Revenue	1,761,792	1.0000	1.0007	12
Wayne	Village of Mill Spring	General Revenue	425,503	0.6848	1.1200	1,852
Total						\$41,606 (4)

Source: Tax Rate Computational Forms Submitted by Taxing Entities

- (1) The Certified Rate column represents the rates determined to be legally permissible based on the information submitted by the taxing authority. The excess tax revenue is computed by multiplying the excess tax rate (actual rate levied – certified rate) by the assessed valuation and dividing by 100.
- (2) Also levied an excessive tax rate in 2001 - 2006.
- (3) Also levied an excessive tax rate in 1997 – 2006.
- (4) Five taxing authorities levied a non-compliant rate due to a dispute in ballot interpretation. Each had a ballot approving a rate equal to a fraction of a cent instead of one approved in whole cents.
 - (4a) The ballot passed by Lincoln Township in Caldwell County Special Road & Bridge stated, .33 cents and levied 33 cents resulting in excess revenues of \$17,281.
 - (4b) The ballot passed by New York Township in Caldwell County Special Road & Bridge stated, .30 cents and levied 30 cents resulting in excess revenues of \$11,780.
 - (4c) The ballot passed by the Christian County Senior Services stated, .05 cents and levied 5 cents in 2001. In 2002, the tax rate ceiling was revised to reflect the amount of \$0.0005 allowed by the ballot language. The correct interpretation of the ballot language is being disputed by the district. The district levied \$0.0462 in 2006 which resulted in additional revenues of \$362,959.
 - (4d) The ballot passed by Henry County Senior Services stated, .05 cents and levied 5 cents resulting in excess revenues of \$132,569.
 - (4e) The ballot passed by Dover Township in Vernon County Special Road & Bridge stated, .34 cents and levied 34 cents, resulting in excess revenues of \$17,337.

APPENDIXES

SUMMARY OF CHANGES IN ASSESSED VALUATION FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Type of Taxing Authority	Number of Taxing Authorities	Number of Tax Rates	Number of Tax Rates		With No Change In Assessed Valuation	Other (1)
			With Increases In Assessed Valuation	With Decreases In Assessed Valuation		
Ambulance Districts	107	113	107	3	1	2
Hospitals and Health Centers	13	13	13	0	0	0
Nursing Home Districts	28	30	27	1	0	2
Public Water Supply Districts	1	1	1	0	0	0
Soil and Water Conservation Subdistricts	27	27	18	4	4	1
Drainage and Levee Districts	2	2	1	0	1	0
Special Road Districts	223	292	228	29	0	35
Municipalities	763	1,334	991	217	0	126
Tax Supported Public Libraries	79	86	77	4	0	5
Townships	312	822	704	89	0	29
Fire Protection Districts	328	407	347	19	0	41
Sewer Districts	8	9	9	0	0	0
Miscellaneous	29	33	25	5	0	3
Regional Recreational District	1	1	1	0	0	0
Community Improvement Districts	1	1	1	0	0	0
Special Road District Subdistricts	1	1	0	0	0	1
Transportation Development Districts	1	1	1	0	0	0
Junior Colleges	12	16	13	0	0	3
School Districts	500	847	498	27	0	322
Special School Districts	2	3	1	1	0	1
Counties	114	489	450	26	0	13
Totals	2,552	4,528	3,513	425	6	584

(1) This column includes those levies for which only the current year's assessed valuation was used in the computation of the 2006 tax rate (i.e. debt service levies, newly voted levies, and levies voted to replace expired levies), and dissolving levies. Debt service levies are included in this column because they are not subject to the Hancock limitations and therefore are not included in the analysis of levies that are subject to Hancock.

SUMMARY OF CHANGES IN ASSESSED VALUATION FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Type of Taxing Authority	Number of Taxing Authorities	Number of Tax Rates	Number of Tax Rates												Other (1)
			With Increases In Assessed Valuation				With Decreases In Assessed Valuation				With No Change In Assessed Valuation				
			Res.	Ag.	Com.	PP.	Res.	Ag.	Com.	PP.	Res.	Ag.	Com.	PP.	
Municipalities	82	123	83	1	59	80	18	8	45	14	3	95	0	10	19
Tax Supported Public Libraries	4	5	4	0	3	4	0	1	1	0	0	3	0	0	1
Fire Protection Districts	22	95	69	12	61	76	11	29	21	6	2	41	0	0	13
Sewer Districts	23	23	19	0	17	20	4	5	6	3	0	18	0	0	0
Street Light Maintenance Districts	5	5	4	0	4	5	1	0	0	0	0	5	1	0	0
Miscellaneous	10	10	3	0	7	1	1	1	2	0	6	9	1	9	0
Community Improvement Districts	1	1	0	0	1	0	1	0	0	0	0	1	0	1	0
School Districts	22	42	20	1	16	21	2	6	6	1	0	15	0	0	20
Counties	1	5	4	0	4	4	0	4	0	0	0	0	0	0	1
Totals	170	309	206	14	172	211	38	54	81	24	11	187	2	20	54

(1) This column includes those levies for which only the current year's assessed valuation was used in the computation of the 2006 tax rate (i.e. debt service levies, newly voted levies, and levies voted to replace expired levies), and dissolving levies. Debt service levies are included in this column because they are not subject to the Hancock limitations and therefore are not included in the analysis of levies that are subject to Hancock.

SUMMARY OF CHANGES IN TAX RATE CEILINGS FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

Type of Taxing Authority	Number of Taxing Authorities	Number of Tax Rates	Ceilings Same as Prior Year	Ceilings Revised Upward	Ceilings Revised Downward	Revised Due to An Election (1)	Other (2)	Debt Service Levies (3)
Ambulance Districts	107	113	86	18	3	4	1	1
Hospitals and Health Centers	13	13	11	2	0	0	0	0
Nursing Home Districts	28	30	24	3	0	1	0	2
Public Water Supply Districts	1	1	1	0	0	0	0	0
Soil and Water Conservation Subdistrict	27	27	17	6	3	0	1	0
Drainage and Levee Districts	2	2	2	0	0	0	0	0
Special Road Districts	223	292	190	57	11	0	32	2
Municipalities	763	1,334	625	493	89	3	27	97
Tax Supported Public Libraries	79	86	60	19	1	1	0	5
Townships	312	822	642	133	14	0	21	12
Fire Protection Districts	328	407	262	75	16	13	12	29
Sewer Districts	8	9	4	4	1	0	0	0
Miscellaneous	29	33	19	12	1	1	0	0
Regional Recreational District	1	1	0	1	0	0	0	0
Community Improvement Districts	1	1	0	1	0	0	0	0
Special Road District Subdistricts	1	1	0	0	0	0	1	0
Transportation Development Districts	1	1	1	0	0	0	0	0
Junior Colleges	12	16	10	2	0	1	0	3
School Districts	500	847	69	227	131	98	2	320
Special School Districts	2	3	0	2	0	0	0	1
Counties	114	489	342	122	9	3	10	3
Totals	2,552	4,528	2,365	1,177	279	125	107	475

(1) This column includes levies that existed in prior years and were revised due to an election, see Appendix XI. This column also includes school levies that increased due to the school board's election to implement Missouri Constitutional Amendment No. 2 approved by voters on November 3, 1998 which allows school districts to levy a minimum of \$2.7500 by school board action alone.

(2) This column includes all newly voted levies which adjustments were made based on information received from the taxing authorities (see Appendix X) or to rename levies for consistency purposes.

(3) See Appendix IX for a listing of taxing authorities levying a property tax rate to pay the annual debt service requirements for general obligation bonds outstanding.

SUMMARY OF CHANGES IN TAX RATE CEILINGS FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

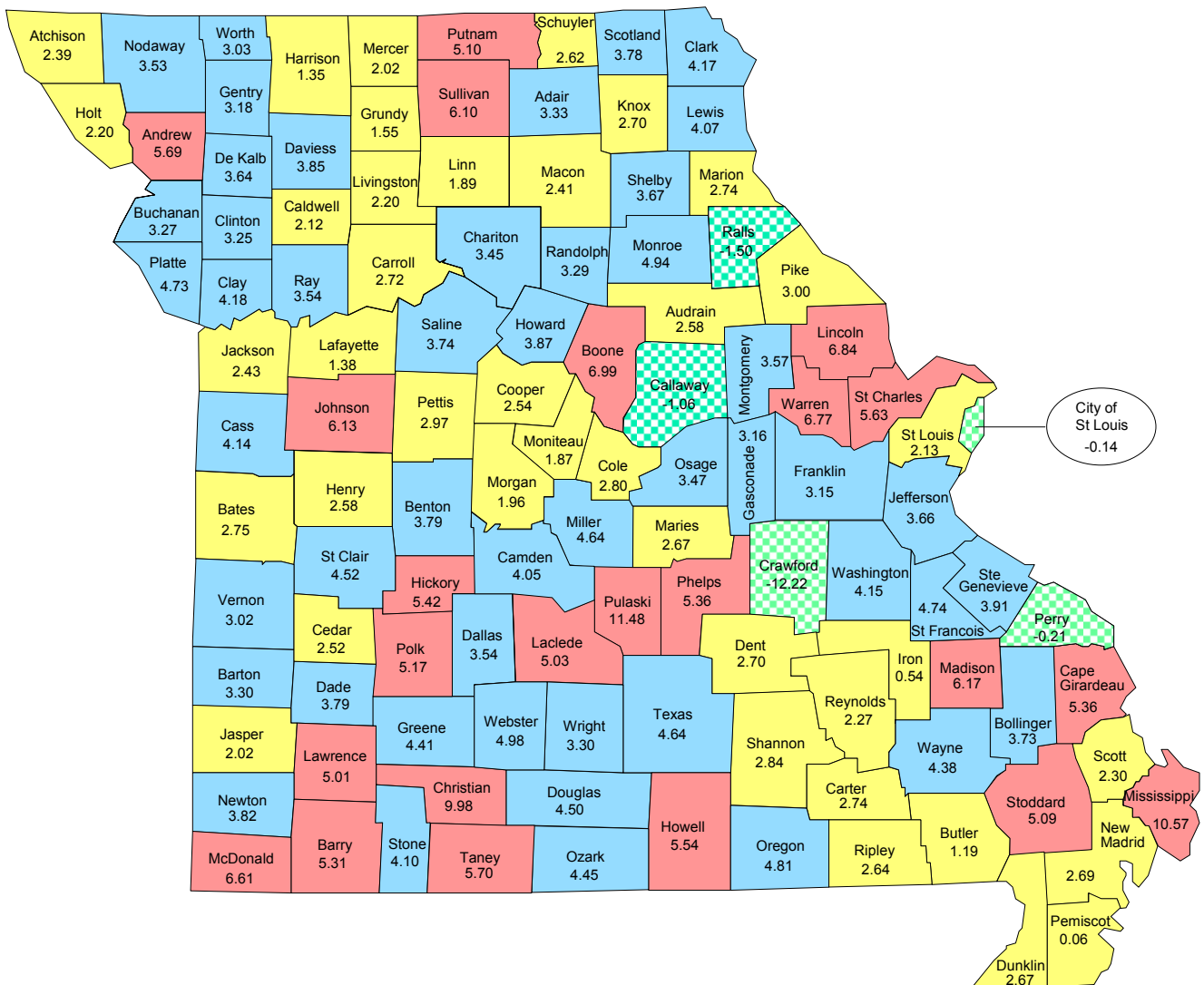
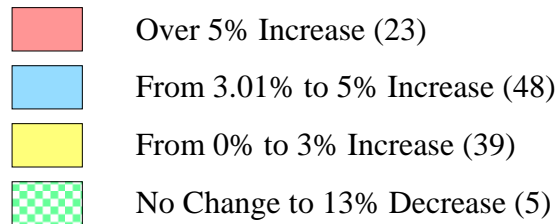
Type of Taxing Authority	Number of Taxing Authorities	Number of Tax Rates	Ceilings Same as Prior Year				Ceilings Revised Upward				Ceilings Revised Downward				Revised Due to An Election (1)				Other (2)	Debt Service Levies (3)
			Res.	Ag.	Com.	PP.	Res.	Ag.	Com.	PP.	Res.	Ag.	Com.	PP.	Res.	Ag.	Com.	PP.		
Municipalities	82	123	45	90	34	99	37	9	50	0	22	5	20	5	1	1	1	1	1	17
Tax Supported Public Libraries	4	5	3	2	2	3	0	1	1	0	0	0	0	0	1	1	1	1	0	1
Fire Protection Districts	22	95	38	51	31	79	20	25	37	0	21	3	11	0	3	3	3	3	0	13
Sewer Districts	23	23	14	18	14	23	7	3	7	0	2	2	2	0	0	0	0	0	0	0
Street Light Maintenance Districts	5	5	3	5	2	5	1	0	0	0	1	0	3	0	0	0	0	0	0	0
Miscellaneous	10	10	8	9	6	10	1	1	3	0	1	0	1	0	0	0	0	0	0	0
Community Improvement Districts	1	1	0	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0
School Districts	22	42	2	12	2	20	9	4	14	0	8	4	4	0	3	2	2	2	0	20
Counties	1	5	2	0	0	4	0	4	4	0	2	0	0	0	0	0	0	0	0	1
Totals	170	309	115	188	92	244	76	47	116		57	14	41	5	8	7	7	7	1	52

(1) This column includes levies that existed in prior years and were revised due to an election, see Appendix XI. This column also includes school levies that increased due to the school board's election to implement Missouri Constitutional Amendment No. 2 approved by voters on November 3, 1998 which allows school districts to levy a minimum of \$2.7500 by school board action alone.

(2) This column includes all newly voted levies which adjustments were made based on information received from the taxing authorities (see Appendix X) or to rename levies for consistency purposes.

(3) See Appendix IX for a listing of taxing authorities levying a property tax rate to pay the annual debt service requirements for general obligation bonds outstanding.

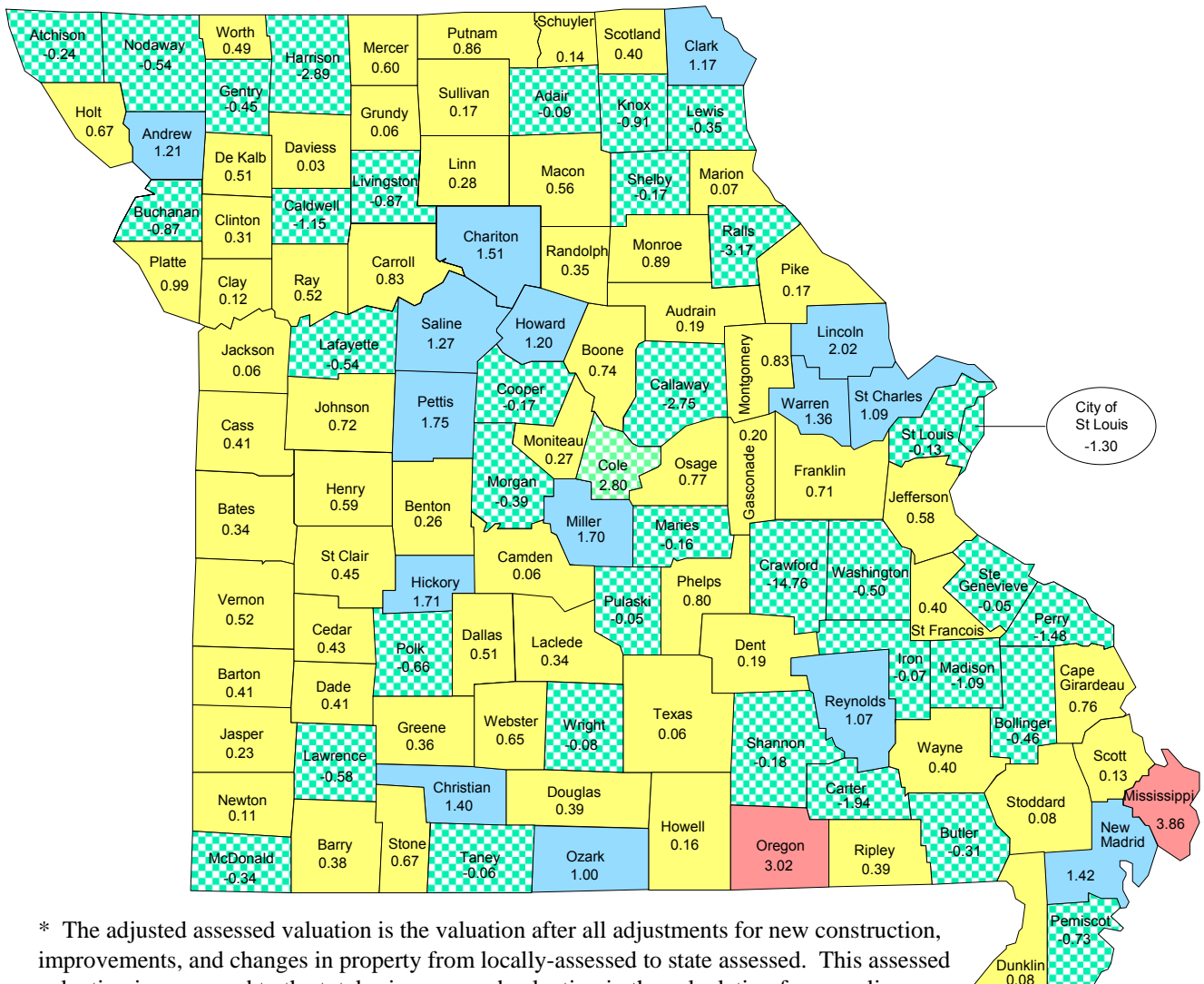
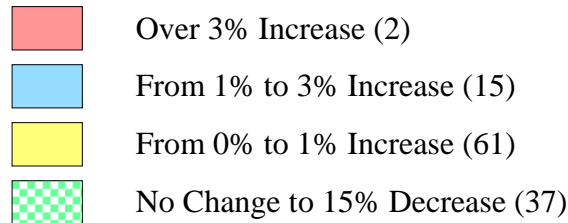
2005 – 2006 PERCENTAGE CHANGE IN TOTAL ASSESSED VALUATIONS
OVERALL COUNTY VALUATION CHANGES PRIOR TO ADJUSTMENTS



High County: Pulaski 11.48

Low County: Crawford -12.22

2005 – 2006 PERCENTAGE CHANGE IN ADJUSTED ASSESSED VALUATIONS*



* The adjusted assessed valuation is the valuation after all adjustments for new construction, improvements, and changes in property from locally-assessed to state assessed. This assessed valuation is compared to the total prior assessed valuation in the calculation for compliance with the Hancock Amendment.

High County: Mississippi 3.86

Low County: Crawford -14.76

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Adair	Adair County Ambulance District	General Revenue	211,491,430	0.2000	0.2000	199,250,923	0.2000	0.2000	229,073,364	0.2000	0.2000
	Twin Pines Adult Care Center	General Revenue	207,530,967	0.1500	0.1500	196,524,625	0.1500	0.1500	224,836,092	0.1500	0.1500
	City of Brashear	Fire	1,151,299	0.3000	0.3000	974,638	0.3000	0.3000 A	1,183,968	0.3000	0.3000
		General Revenue-Temp	1,151,299	1.3800	1.3800 A	974,638	1.3800	1.3800	1,183,968	1.3800	1.3800
	City of Kirksville	General Revenue	133,300,901	0.6459	0.6459	132,940,369	0.6840	0.6840	146,096,502	0.6499	0.6496
		Debt Service	133,300,901	0.1653	0.1653	**	**	**	**	**	**
	City of Novinger	General Revenue	1,685,429	0.4593	0.4593	1,387,063	0.5612	0.4593	1,772,260	0.4599	0.4599
		General Revenue-Temp	1,685,429	0.3500	0.3500 A	1,387,063	0.3500	0.3500	1,772,260	0.3500	0.3500
	Village of Gibbs Village	General Revenue	396,449	0.8655	0.8655	191,554	1.0000	0.8655	409,426	0.8676	0.8676
	Adair County Public Library	General Revenue	211,491,430	0.1500	0.1500	199,250,923	0.1500	0.1500	229,073,364	0.1500	0.1500
	Adair Co. R-I School District	Operating Funds-Schools	11,124,330	3.7500	3.7500	11,632,685	3.7040	3.7040	11,979,475	3.7500	3.7500
		Debt Service	11,124,330	0.4577	0.2815	11,632,685	0.4543	0.3914	11,979,475	0.4518	0.3914
	Kirksville R-III School District	Operating Funds-Schools	166,815,546	3.3466	3.3466	175,318,797	3.3180	3.3179	181,946,035	3.3063	3.3063
		Debt Service	166,815,546	1.3323	0.8100	175,318,797	1.6159	0.8100	181,946,035	1.1716	0.8100
	Adair Co. R-II School District	Operating Funds-Schools	9,667,247	3.6477	3.5900	10,038,962	3.6169	3.6169	10,316,098	3.6596	3.6596
		Debt Service	9,667,247	1.1495	0.5900	10,038,962	0.6508	0.5631	10,316,098	1.0686	0.5204
	Adair County	General Revenue	211,491,430	0.3606	0.0000	199,250,923	0.3945	0.0000	229,073,364	0.3618	0.0000
		Road & Bridge	211,491,430	0.2679	0.2600	199,250,923	0.2931	0.2600	229,073,364	0.2688	0.2600
		Health	211,491,430	0.2000	0.2000	199,250,923	0.2000	0.2000	229,073,364	0.2000	0.2000
		Developmentally Disabled	**	**	**	199,250,923	0.1500	0.1500 A	229,073,364	0.1500	0.1500
Andrew	Andrew County Ambulance District	General Revenue	161,849,868	0.2740	0.2740	164,198,259	0.2752	0.2752	173,472,341	0.2752	0.2752
	Andrew County Nursing Home District	General Revenue	169,426,729	0.0912	0.0300	171,318,465	0.0918	0.0300	181,062,665	0.0918	0.0300
	City of Bolckow	General Revenue	722,676	0.8087	0.8087	711,472	0.8518	0.8518	752,976	0.8518	0.8518
	Village of Cosby	General Revenue	690,788	0.4496	0.4496	623,297	0.4983	0.4983	612,183	0.5074	0.5074
	Village of Country Club	General Revenue	18,554,718	0.3911	0.3911	18,289,127	0.3986	0.3986	18,856,616	0.3986	0.3986
	City of Fillmore	General Revenue	722,532	0.6891	0.6891	726,934	0.7067	0.7067	733,587	0.7135	0.7135
		Debt Service	722,532	0.5225	0.5225	726,934	0.5028	0.5028	733,587	0.6765	0.6765
	Village of Rea	General Revenue	313,832	0.3135	0.3135	307,090	0.3204	0.3204	313,584	0.3237	0.3237
	Village of Rosendale	General Revenue	531,127	0.9024	0.9024	344,805	1.0000	1.0000	503,811	0.9751	0.9751
	City of Savannah	General Revenue	38,499,749	0.4894	0.4894	38,539,722	0.4947	0.4947	40,365,678	0.4947	0.4947
		Parks & Recreation	38,499,749	0.3123	0.3123	38,539,722	0.3157	0.3157	40,365,678	0.3157	0.3157
		Debt Service	38,499,749	0.1652	0.1652	38,539,722	0.1784	0.1784	40,365,678	0.1620	0.1620
	City of Amazonia	General Revenue	1,225,760	0.6949	0.6873	1,125,946	0.7632	0.7632	1,209,634	0.7649	0.7649
	Bolckow Fire District	General Revenue	5,832,198	0.2946	0.2946	5,888,152	0.2999	0.2999	5,946,531	0.3000	0.3000
	Rosendale Fire District	General Revenue	9,539,004	0.3500	0.3500	9,742,058	0.3500	0.3500	9,744,291	0.3500	0.3500
	Fillmore Fire Protection District	General Revenue	6,215,177	0.4500	0.4500	6,223,867	0.4500	0.4500	6,407,727	0.4500	0.4500
	Savannah Fire Protection District	General Revenue	70,298,164	0.5609	0.5609	70,864,475	0.5710	0.5710	77,276,304	0.5710	0.5710
	Village of Country Club FPD	General Revenue	17,700,748	1.0278	1.0278	17,435,157	1.0464	1.0278	17,806,056	1.0464	0.6600

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Andrew	Cosby-Helena Fire Protection Dist	General Revenue	**	**	**	**	**	**	15,584,116	0.3000	0.3000 A
	North Andrew Co. R-VI School Dist	Operating Funds-Schools	15,173,040	4.7044	4.6044 B	15,704,730	4.7064	4.6044	16,078,625	4.8191	4.5044
	Avenue City R-IX School District	Operating Funds-Schools	12,271,277	3.3060	3.3060	12,875,724	3.8060	3.8060 B	13,849,773	3.8157	3.8157
		Debt Service	12,271,277	0.9517	0.9500	12,875,724	1.1887	0.9500	13,849,773	0.9716	0.9500
		Operating Funds-Schools	121,930,463	3.0912	3.0912	124,736,296	3.1002	3.1002	132,711,868	3.1706	3.1706
	Savannah R-III School District	Operating Funds-Schools	121,930,463	3.0912	3.0912	124,736,296	3.1002	3.1002	132,711,868	3.1706	3.1706
	Andrew County	General Revenue	169,426,729	0.3290	0.2000	171,318,465	0.3310	0.1903	181,062,665	0.3310	0.1912
		Johnson Grass	169,426,729	0.0274	0.0200	171,318,465	0.0276	0.0250	181,062,665	0.0276	0.0250
		Road & Bridge	169,426,729	0.2559	0.2500	171,318,465	0.2575	0.2500	181,062,665	0.2575	0.2575
		Special Road and Bridge	169,426,729	0.2417	0.2417	171,318,465	0.2500	0.2500 A	181,062,665	0.2500	0.2500
		Health	169,426,729	0.0912	0.0912	171,318,465	0.0918	0.0918	181,062,665	0.0918	0.0918
		Developmentally Disabled	169,426,729	0.0821	0.0821	171,318,465	0.0826	0.0826	181,062,665	0.0826	0.0826
		Senior Services	169,426,729	0.0290	0.0290	171,318,465	0.0292	0.0292	181,062,665	0.0292	0.0292
		General Revenue	154,062,043	0.3000	0.3000	160,405,446	0.3000	0.3000	162,996,825	0.3000	0.3000
		Special Road and Bridge	2,170,414	0.3500	0.3500	12,242,772	0.3500	0.3500 A	2,734,708	0.3500	0.3500
		Special Road and Bridge	17,016,569	0.3500	0.3500	17,024,766	0.3500	0.3500	17,214,797	0.3500	0.3500
		Special Road and Bridge	3,466,294	0.3500	0.2000	3,524,903	0.3500	0.2000 A	3,611,013	0.3500	0.1500
		Special Road and Bridge	52,751,753	0.3500	0.3500	53,629,942	0.3500	0.3500	54,725,734	0.3500	0.3500
Atchison	City of Fairfax	General Revenue	3,450,580	0.7794	0.7794	3,479,908	0.7884	0.7884	3,578,016	0.7914	0.7914
		Parks & Recreation	3,450,580	0.1925	0.1925	3,479,908	0.1947	0.1947	3,578,016	0.1954	0.1954
		Street Lights	3,450,580	0.2329	0.2329	3,479,908	0.2356	0.2356	3,578,016	0.2365	0.2365
		General Revenue	11,445,882	0.7244	0.7244	8,049,097	1.0000	1.0000	8,038,272	1.0000	1.0000
	City of Rock Port	Parks & Recreation	11,445,882	0.3622	0.3622	8,049,097	0.4000	0.4000	8,038,272	0.4000	0.4000
		General Revenue	11,392,342	0.7609	0.7609	11,179,351	0.7885	0.7885	11,460,527	0.7915	0.7915
	City of Tarkio	Parks & Recreation	11,392,342	0.2944	0.2944	11,179,351	0.3051	0.3051	11,460,527	0.3063	0.3063
		Lights	11,392,342	0.6277	0.6277	11,179,351	0.6505	0.6505	11,460,527	0.6530	0.6530
		Debt Service	11,392,342	0.8346	0.8346	11,179,351	0.6259	0.6259	11,460,527	0.6460	0.6460
	Village of Watson	General Revenue	424,349	0.5000	0.5000	424,812	0.5000	0.5000	446,582	0.4999	0.4999
		General Revenue-Temp	424,349	0.3000	0.3000	424,812	0.3000	0.3000 A	446,582	0.2999	0.2999
	City of Westboro	General Revenue	762,759	1.0000	1.0000	792,052	1.0000	1.0000	799,247	1.0000	1.0000
		Lights	762,759	0.2500	0.0000	792,052	0.2500	0.0000	799,247	0.2500	0.0000
		Streets	762,759	0.9000	0.9000	792,052	0.9000	0.9000	799,247	0.9000	0.9000
		Debt Service	762,759	2.1291	2.1291	792,052	1.4241	1.4241	799,247	1.1048	1.1048
	Atchison County Library	General Revenue	78,785,269	0.3000	0.3000	80,251,767	0.3000	0.3000	82,166,047	0.3000	0.3000
	Fairfax Rural Fire District	General Revenue	11,411,683	0.2500	0.2500	11,376,745	0.2500	0.2500	11,809,123	0.4000	0.4000
	Tarkio Rural Fire District	General Revenue	10,272,912	0.2484	0.2484	10,414,162	0.2500	0.2500	10,467,779	0.4000	0.4000
	West Atchison Rural Fire Prot Dist	General Revenue	19,672,146	0.2500	0.2500	20,319,060	0.2500	0.2500	21,141,716	0.2500	0.2500
	Westboro Fire Protection District	General Revenue	7,312,582	0.3341	0.3341	7,414,914	0.3389	0.3389	7,466,622	0.3391	0.3391
	Tarkio R-I School District	Operating Funds-Schools	26,181,935	3.5444	3.5444	26,729,363	3.8158	3.8158	27,128,117	3.7229	3.7229

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Atchison	Rock Port R-II School District	Operating Funds-Schools	29,971,722	3.6230	3.6230	31,461,333	3.6662	3.6662	32,232,215	3.6446	3.6446
	Fairfax R-III School District	Operating Funds-Schools	13,017,738	3.6372	3.6372	13,274,382	3.6984	3.6984	13,825,487	3.6729	3.6729
		Operating Funds-Temp	13,017,738	0.6500	0.6500 A	13,274,382	0.6500	0.6500	13,825,487	0.6500	0.6500
		Debt Service	13,017,738	0.5166	0.5166	13,274,382	0.3809	0.3809	**	**	**
	Atchison County	General Revenue	78,785,269	0.4959	0.4959	80,251,767	0.5000	0.5000	82,166,047	0.5000	0.5000
		Solid Waste Landfill	78,785,269	0.1000	0.0000	80,251,767	0.1000	0.0000	82,166,047	0.1000	0.0000
		Road & Bridge	78,785,269	0.4959	0.4959	80,251,767	0.5000	0.5000	82,166,047	0.5000	0.5000
		Health	78,785,269	0.0500	0.0500	80,251,767	0.0500	0.0500	82,166,047	0.0500	0.0500
		Senate Bill 40	78,785,269	0.1000	0.1000	80,251,767	0.1000	0.1000	82,166,047	0.1000	0.1000
		Senior Services	**	**	**	80,251,767	0.0500	0.0500 A	82,166,047	0.0500	0.0500
Audrain	Van-Far Ambulance District	General Revenue	38,347,230	0.3000	0.3000	39,733,734	0.3000	0.3000	39,249,384	0.3000	0.3000
	Tri County Nursing Home District	General Revenue	41,917,886	0.2500	0.2500	43,468,322	0.2500	0.2500	42,980,075	0.2500	0.2500
	Laddonia Farber Spec Rd Audrain Co	Special Road and Bridge	13,144,038	0.3500	0.3500	13,486,585	0.3500	0.3500	34,783,656	0.3500	0.3500 A
	Saling Spec Rd Dist #2 Audrain Co	Special Road and Bridge	6,183,815	0.3500	0.3500	6,565,263	0.3500	0.3500	6,986,082	0.3500	0.3500
	Vandalia Special Rd Dist Audrain Co	Special Road and Bridge	6,183,815	0.3500	0.3500 A	31,578,410	0.3500	0.3500	30,920,235	0.3500	0.3500
	Village of Benton City	General Revenue	656,364	0.3952	0.3952	691,090	0.3952	0.3952	709,208	0.3951	0.3951
	City of Farber	General Revenue	2,034,609	0.6800	0.6800	1,979,036	0.6800	0.6800	1,991,849	0.6800	0.6800
		Lights	2,034,609	0.3200	0.3200	1,979,036	0.3200	0.3200	1,991,849	0.3200	0.3200
	City of Laddonia	General Revenue	3,512,506	0.7165	0.7165	3,660,735	0.7165	0.7165	3,710,688	0.7165	0.7165
		Lights	3,512,506	0.4257	0.2500	3,660,735	0.4257	0.2500	3,710,688	0.4257	0.2500
	City of Martinsburg	General Revenue	2,962,213	0.5275	0.5275	3,008,285	0.5275	0.5275	3,131,398	0.5275	0.5275
	City of Mexico	General Revenue	110,186,918	0.4053	0.4053	113,195,361	0.4053	0.4006	116,693,619	0.4081	0.4006
		Parks & Recreation	110,186,918	0.1971	0.1971	113,195,361	0.1971	0.1947	116,693,619	0.1985	0.1947
		Health	110,186,918	0.1971	0.1971	113,195,361	0.1971	0.1947	116,693,619	0.1985	0.1947
	Village of Rush Hill	General Revenue	529,410	0.4082	0.4082	525,105	0.4115	0.4115	538,898	0.4125	0.4125
	City of Vandalia	General Revenue	16,567,489	0.7123	0.7123	17,244,922	0.7123	0.7123	17,395,688	0.7132	0.7132
		Parks & Recreation	16,567,489	0.1659	0.1659	17,244,922	0.1659	0.1659	17,395,688	0.1661	0.1661
	Village of Vandiver	General Revenue	2,326,537	0.4817	0.2900	2,570,322	0.4817	0.2900	2,446,306	0.5000	0.2900
	Mexico Audrain County Library Dist	General Revenue	255,955,208	0.2115	0.2115	264,572,656	0.2115	0.2115	271,402,590	0.2115	0.2115
	Little Dixie Fire District	General Revenue	72,130,875	0.3707	0.3707	75,050,827	0.3707	0.3707	78,119,537	0.3744	0.3744
	Martinsburg Area Fire Prot Dist	Fire	12,213,161	0.2000	0.2000	12,623,127	0.2000	0.2000	13,085,132	0.2000	0.2000
	Community R-VI School District	Operating Funds-Schools	23,311,695	3.6341	3.3400	24,201,163	3.6371	3.6060	24,461,534	3.5748	3.4500
		Debt Service	23,311,695	0.6815	0.4500	24,201,163	0.5132	0.4500	24,461,534	0.5714	0.4500
	Van-Far R-I School District	Operating Funds-Schools	36,275,451	3.5820	3.5782	37,772,845	3.5414	3.5414	37,313,310	3.5630	3.5630
		Debt Service	**	**	**	**	**	**	37,313,310	0.6689	0.4000
	Mexico 59 School District	Operating Funds-Schools	148,222,180	3.5145	2.8000	152,381,359	3.4768	2.8201	158,000,724	3.4501	2.8584
		Debt Service	148,222,180	1.1008	0.5000	152,381,359	0.7733	0.4799	158,000,724	0.6928	0.5000
	Audrain County	General Revenue	255,958,208	0.3838	0.1811	264,572,656	0.3838	0.1894	271,402,590	0.3838	0.1646

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Audrain	Audrain County	Road & Bridge	255,958,208	0.2878	0.2878	264,572,656	0.2878	0.2878	271,402,590	0.2878	0.2878
		Common Road District	66,423,017	0.3500	0.3500	68,963,926	0.3500	0.3500 A	70,689,997	0.3500	0.3500
		Hospital	255,958,208	0.1812	0.1812	264,572,656	0.1812	0.1812	271,402,590	0.1812	0.1812
		Senate Bill 40	255,958,208	0.2100	0.2100	264,572,656	0.2100	0.2100	271,402,590	0.2100	0.2100
Barry	Barry-Lawrence Co Ambulance Dist	General Revenue	179,243,211	0.1230	0.1230	198,976,088	0.1207	0.1207	203,787,334	0.1225	0.1225
	South Barry County Ambulance Dist	General Revenue	195,801,235	0.0805	0.0800	215,719,301	0.0798	0.0700	230,036,153	0.0798	0.0700
	South Barry Co Memorial Hospital	General Revenue	190,449,975	0.0906	0.0906	209,927,382	0.0898	0.0898	223,761,204	0.0898	0.0898
	Ash Special Road Dist Barry Co	Road & Bridge	3,485,041	0.1642	0.1642	3,836,797	0.1594	0.1594	3,942,809	0.1610	0.1610
		Special Road and Bridge	3,485,041	0.1300	0.1300 A	3,836,797	0.1263	0.1263	3,942,809	0.1276	0.1276
	Butterfield Sp Rd Dist Barry Co	Road & Bridge	11,522,747	0.1544	0.1544	12,466,204	0.1544	0.1544	15,272,578	0.1632	0.1632
		Special Road and Bridge	11,522,747	0.1300	0.1300 A	12,466,204	0.1300	0.1300	15,272,578	0.1300	0.1300
	Capps Creek Sp Rd Dist Barry Co	Road & Bridge	6,060,426	0.2820	0.2820	6,436,153	0.2810	0.2810	6,627,803	0.2810	0.2810
	Corsicana Special Rd Dist Barry Co	Road & Bridge	3,257,029	0.1838	0.1833	3,669,812	0.1798	0.1798	3,703,142	0.1847	0.1847
		Special Road and Bridge	3,257,029	0.1300	0.1300 A	3,669,812	0.1272	0.1272	3,703,142	0.1300	0.1300
	Crane Creek Spec Rd Dist Barry Co	Road & Bridge	5,108,382	0.2041	0.2041	5,869,204	0.2006	0.2006	6,120,023	0.2006	0.2006
	Exeter Spec Rd Dist Barry Co	Road & Bridge	13,098,773	0.1844	0.1844	14,207,558	0.1834	0.1834	14,690,083	0.1834	0.1834
		Special Road and Bridge	13,098,773	0.1300	0.1300	14,207,558	0.1300	0.1300 A	14,690,083	0.1300	0.1300
	Flat Creek Spec Rd Dist Barry Co	Road & Bridge	53,351,720	0.1446	0.1446	59,324,326	0.1446	0.1446	62,485,267	0.1446	0.1446
		Special Road and Bridge	53,351,720	0.1300	0.1300 A	59,324,326	0.1300	0.1300	62,485,267	0.1300	0.1300
	Greasy Creek Sp Rd Dist 35 Barry Co	Road & Bridge	1,655,733	0.1715	0.1715	1,791,458	0.1715	0.1715	1,911,297	0.1715	0.1715
		Special Road and Bridge	1,655,733	0.3500	0.3500 A	1,791,458	0.3500	0.3500	1,911,297	0.3500	0.3500
	Jenkins Spec Road Dist 20 Barry Co	Road & Bridge	3,503,755	0.1407	0.1407	3,624,255	0.1407	0.1407	3,788,904	0.1407	0.1407
	Kings Prairie Sp Rd Dist Barry Co	Road & Bridge	7,287,281	0.1998	0.1998	7,726,430	0.1990	0.1990	8,225,720	0.1990	0.1990
		Special Road and Bridge	7,287,281	0.1300	0.1300 A	7,726,430	0.1295	0.1295	8,225,720	0.1295	0.1295
	Liberty Common Rd Dist 34 Barry Co	Road & Bridge	637,098	0.1165	0.1115	703,774	0.1107	0.1107	696,579	0.1164	0.1107
	McDonald Sp Rd Dist 19 Barry Co	Road & Bridge	3,129,073	0.1541	0.1541	3,290,760	0.1541	0.1541	3,359,319	0.1541	0.1541
	Mineral Spgs Sp Rd Dist 10 Barry Co	Road & Bridge	6,124,804	0.1713	0.1713	6,596,868	0.1695	0.1695	7,025,213	0.1695	0.1695
		Special Road and Bridge	6,124,804	0.1300	0.1300 A	6,596,868	0.1287	0.1287	7,025,213	0.1287	0.1287
	Mountain Special Road District #22	Road & Bridge	2,105,150	0.1782	0.1782	2,414,684	0.1766	0.1766	2,560,592	0.1766	0.1766
	Ozark Special Road Dist Barry Co	Road & Bridge	5,998,757	0.1327	0.1327	6,810,699	0.1304	0.1304	7,125,872	0.1304	0.1304
		Special Road and Bridge	5,998,757	0.1300	0.1300 A	6,810,699	0.1277	0.1277	7,125,872	0.1277	0.1277
	Pioneer Special Rd Dist 31 Barry Co	Road & Bridge	1,507,962	0.1869	0.1869	1,629,424	0.1867	0.1867	1,689,038	0.1867	0.1867
		Special Road and Bridge	1,507,962	0.1300	0.1300 A	1,629,424	0.1299	0.1299	1,689,038	0.1299	0.1299
	Pleasant Ridge Sp Rd 25 Barry Co	Road & Bridge	4,009,110	0.1501	0.1501	4,296,753	0.1491	0.1491	4,564,325	0.1491	0.1491
		Special Road and Bridge	4,009,110	0.1300	0.1300 A	4,296,753	0.1291	0.1291	4,564,325	0.1291	0.1291
	Purdy Spec Rd Dist 28 Barry Co	Road & Bridge	15,038,159	0.1901	0.1901	16,111,772	0.1889	0.1889	16,756,045	0.1893	0.1893
		Special Road and Bridge	15,038,159	0.1300	0.1300 A	16,111,772	0.1292	0.1292	16,756,045	0.1295	0.1295
	Roaring River Sp Rd Dist 2 Barry Co	Road & Bridge	16,334,058	0.1400	0.1400	18,133,373	0.1367	0.1367	18,851,477	0.1367	0.1367

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Barry	Shell Knob Sp Rd Dist 9 Barry Co	Road & Bridge	19,763,630	0.1628	0.1628	21,663,367	0.1612	0.1612	22,694,641	0.1612	0.1612
	Sugar Creek Sp Rd Dist 3 Barry Co	Road & Bridge	9,135,466	0.1414	0.1414	9,886,911	0.1411	0.1411	11,329,124	0.1411	0.1411
		Special Road and Bridge	9,135,466	0.1300	0.1300	9,886,911	0.1300	0.1300 A	11,329,124	0.1300	0.1300
	Viola Sp Rd Dist 21 Barry Co	Road & Bridge	21,398,166	0.1300	0.1300	23,883,560	0.1253	0.1253	24,772,549	0.1253	0.1253
	Washburn Sp Rd Dist 4 Barry Co	Road & Bridge	8,098,723	0.1856	0.1856	8,731,565	0.1854	0.1854	9,182,885	0.1854	0.1854
		Special Road and Bridge	8,098,723	0.1300	0.1300	8,731,565	0.1298	0.1298	9,182,885	0.1300	0.1300 A
	Wheaton Sp Rd Dist 29 Barry Co	Road & Bridge	9,951,556	0.1813	0.1813	10,808,888	0.1787	0.1787	11,276,369	0.1796	0.1796
		Special Road and Bridge	9,951,556	0.1300	0.1300 A	10,808,888	0.1281	0.1281	11,276,369	0.1288	0.1288
	White River Sp Rd Dist 7 Barry Co	Road & Bridge	17,453,406	0.1314	0.1314	19,545,449	0.1300	0.1300	21,391,304	0.1300	0.1300
	Monett Special Road District	Road & Bridge	89,182,005	0.1652	0.1652	97,032,325	0.1652	0.1652	100,116,728	0.1652	0.1652
	Village of Butterfield	General Revenue	1,278,523	0.4665	0.4665	1,383,536	0.4665	0.4665	1,392,222	0.4782	0.4782
	City of Cassville	General Revenue	28,855,265	0.3804	0.0000	31,001,149	0.3804	0.0000	32,917,765	0.3804	0.0000
	City of Exeter	General Revenue	3,551,457	0.4048	0.4048	3,628,257	0.4048	0.4048	3,910,800	0.3973	0.3973
	City of Purdy	General Revenue	3,722,331	0.4003	0.4003	3,931,128	0.3967	0.3967	3,883,990	0.4017	0.4017
	City of Seligman	General Revenue	2,971,279	0.2670	0.2670	3,117,608	0.2670	0.2670	3,397,544	0.2640	0.2640
		Streets	2,971,279	0.1642	0.1642	3,117,608	0.1642	0.1642	3,397,544	0.1623	0.1623
	City of Washburn	General Revenue	2,193,992	0.3534	0.3534	2,329,765	0.3522	0.3522	2,456,629	0.3522	0.3522
	City of Wheaton	General Revenue	3,134,563	0.4456	0.4456	3,322,249	0.4456	0.4456	3,442,740	0.4456	0.4456
	Barry Lawrence Con Library District	General Revenue	649,308,442	0.1784	0.1784	715,708,929	0.1749	0.1749	752,651,915	0.1750	0.1750
	Eagle Rock, Golden & Mano Fire Dist	General Revenue	33,478,376	0.3000	0.3000	37,681,039	0.2917	0.2917	40,233,268	0.2917	0.2917
	Central Crossing Fire Prot Dist	General Revenue	56,775,330	0.2802	0.2802	62,944,658	0.2733	0.2733	65,426,518	0.2733	0.2733
	Cassville Fire Protection District	General Revenue	**	**	**	58,162,812	0.3000	0.3000 A	62,519,167	0.3000	0.3000
	Wheaton R-III School District	Operating Funds-Schools	14,184,262	3.8139	2.7500	15,332,627	3.8154	3.4300	16,160,579	3.8086	3.4300
		Debt Service	14,184,262	0.5340	0.5300	15,332,627	0.0000	0.0000	16,160,579	0.0000	0.0000
	Southwest Barry Co R-V School Dist	Operating Funds-Schools	24,766,041	2.7500	2.7500	27,238,536	2.7500	2.7500	29,358,288	2.7500	2.7500
		Debt Service	24,766,041	1.4999	0.5115	27,238,536	1.4354	0.8500	29,358,288	1.4786	0.8500
	Exeter R-VI School District	Operating Funds-Schools	10,877,934	3.7058	3.1500	11,719,206	3.6839	3.1500	12,161,628	3.7279	3.4300
	Cassville R-IV School District	Operating Funds-Schools	114,654,183	2.7500	2.7500	127,456,323	2.7500	2.7500	137,119,121	2.9500	2.9500 B
		Debt Service	114,654,183	0.5436	0.5200	127,456,323	0.5176	0.5176	137,119,121	0.4524	0.3200
	Purdy R-II School District	Operating Funds-Schools	20,135,239	2.7500	2.7500	21,870,894	2.7500	2.7500	22,896,835	2.7500	2.7500
		Debt Service	20,135,239	0.7054	0.6855	21,870,894	0.6768	0.6768	22,896,835	0.6947	0.6947
	Shell Knob 78 School District	Operating Funds-Schools	40,613,101	2.7768	2.7500	44,851,037	2.7500	2.7500	46,719,320	3.4300	3.4300 B
		Debt Service	40,613,101	0.5361	0.3600	44,851,037	0.4862	0.3600	46,719,320	0.0000	0.0000
	Monett R-I School District	Operating Funds-Schools	82,226,544	3.0600	3.0600 B	132,996,659	3.0646	3.0646	138,766,429	3.0642	3.0642
		Debt Service	120,627,965	0.6027	0.5600	132,996,659	0.5857	0.5600	138,766,429	0.7815	0.5600
	Barry County	General Revenue	338,193,809	0.2214	0.0000	370,490,275	0.2201	0.0000	390,149,446	0.2201	0.0000
		Health	338,193,809	0.0705	0.0705	370,490,275	0.0701	0.0701	390,149,446	0.0701	0.0701
		Developmentally Disabled	338,193,809	0.0705	0.0700	370,490,275	0.0701	0.0700	390,149,446	0.0701	0.0700

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Barry	Barry County	Senior Services	**	**	**	370,490,275	0.0500	0.0500 A	390,149,446	0.0500	0.0500
Barton	Barton County Ambulance District	General Revenue	138,618,925	0.1089	0.0000	153,670,177	0.1089	0.0000	158,760,900	0.1089	0.0000
		Equipment & Maintenance	138,618,925	0.0492	0.0000	**	**	**	**	**	**
	City of Golden City	General Revenue	4,969,456	0.5303	0.5303	5,325,062	0.5303	0.5303	5,477,730	0.5305	0.5305
		Parks & Recreation	4,969,456	0.1201	0.1201	5,325,062	0.1201	0.1201	5,477,730	0.1201	0.1201
		Ambulance	4,969,456	0.1501	0.1501	5,325,062	0.1501	0.1501	5,477,730	0.1502	0.1502
	City of Lamar	General Revenue	45,479,039	0.4348	0.4348	53,232,495	0.4348	0.4348	56,587,227	0.4348	0.4348
		Parks & Recreation	45,479,039	0.1353	0.1353	53,232,495	0.1353	0.1353	56,587,227	0.1353	0.1353
		Memorial Fund	45,479,039	0.1353	0.1353	53,232,495	0.1353	0.1353	56,587,227	0.1353	0.1353
	City of Liberal	General Revenue	3,318,775	0.5414	0.5414	3,453,301	0.5414	0.5414	3,593,071	0.5414	0.5414
	City of Mindenmines	Debt Service	1,052,452	1.2363	1.2363	1,076,513	1.2086	1.2086	1,104,025	1.0879	1.0879
	Town of Burgess	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	**	**	**
	Barton County Library	General Revenue	143,588,380	0.0693	0.0693	158,995,239	0.0693	0.0693	164,238,623	0.0693	0.0693
		Library	143,588,380	0.0792	0.0792	158,995,239	0.0792	0.0792	164,238,623	0.0792	0.0792
	Barton City Township of Barton Co	General Revenue	3,081,156	0.0999	0.0999	3,224,480	0.0999	0.0999	3,276,068	0.1000	0.1000
		Road & Bridge	3,081,156	0.2555	0.2555	3,224,480	0.2555	0.2555	3,276,068	0.2560	0.2560
		Special Road and Bridge	3,081,156	0.2498	0.2498	3,224,480	0.2498	0.2498	3,276,068	0.2500	0.2500 A
	Central Township of Barton County	General Revenue	8,169,913	0.0913	0.0900	8,288,857	0.0913	0.0900	8,595,840	0.0913	0.0900
		Road & Bridge	8,169,913	0.3554	0.3500	8,288,857	0.3554	0.3500	8,595,840	0.3554	0.3500
		Special Road and Bridge	8,169,913	0.4700	0.4700	8,288,857	0.4700	0.4700 A	8,595,840	0.4700	0.4700
	City Township of Barton County	General Revenue	44,963,254	0.0853	0.0500	50,353,955	0.0853	0.0500	53,759,037	0.0853	0.0500
		Road & Bridge	44,963,254	0.1912	0.1700	50,353,955	0.1912	0.1700	53,759,037	0.1912	0.1700
	Doylesport Township of Barton Co	General Revenue	3,768,366	0.1000	0.1000	3,989,545	0.1000	0.1000	3,999,044	0.1000	0.1000
		Road & Bridge	3,768,366	0.2755	0.2755	3,989,545	0.2755	0.2755	3,999,044	0.2772	0.2772
		special road and Bridge	3,768,366	0.2500	0.2500	3,989,545	0.2500	0.2500 A	3,999,044	0.2500	0.2500
	Golden City Township of Barton Co	General Revenue	10,049,876	0.0899	0.0899	10,535,672	0.0899	0.0899	10,845,331	0.0900	0.0899
		Road & Bridge	10,049,876	0.2316	0.2316	10,535,672	0.2316	0.2316	10,845,331	0.2323	0.2316
	Lamar Township of Barton County	General Revenue	30,439,420	0.0901	0.0900	38,077,299	0.0901	0.0900	37,689,603	0.0919	0.0900
		Road & Bridge	30,439,420	0.3204	0.3200	38,077,299	0.3204	0.3200	37,689,603	0.3268	0.3200
	Leroy Township of Barton County	General Revenue	3,885,070	0.1000	0.1000	4,051,921	0.1000	0.1000	4,081,594	0.1000	0.1000
		Road & Bridge	3,885,070	0.3603	0.3603	4,051,921	0.3656	0.3656	4,081,594	0.3686	0.3686
		Special Road and Bridge	3,885,070	0.3500	0.3500 A	4,051,921	0.3500	0.3500	4,081,594	0.3500	0.3500
	Milford Township of Barton County	General Revenue	2,713,867	0.1000	0.0800	2,834,370	0.1000	0.0800	2,856,040	0.1000	0.0800
		Road & Bridge	2,713,867	0.2606	0.2200	2,834,370	0.2606	0.2200	2,856,040	0.2619	0.2200
	Nashville Township of Barton County	General Revenue	5,134,344	0.1000	0.0950	5,310,448	0.1000	0.0950	5,466,927	0.1000	0.0950
		Road & Bridge	5,134,344	0.3717	0.3436	5,310,448	0.3717	0.3436	5,466,927	0.3717	0.3436
		Special Road and Bridge	5,134,344	0.3700	0.3514	5,310,448	0.3700	0.3700 A	5,466,927	0.3700	0.3700
	Newport Township of Barton County	General Revenue	3,546,616	0.1000	0.1000	3,654,080	0.1000	0.1000	3,824,169	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Barton	Newport Township of Barton County	Road & Bridge	3,546,616	0.2516	0.2516	3,654,080	0.2516	0.2516	3,824,169	0.2516	0.2516
		Special Road and Bridge	3,546,616	0.1000	0.1000	3,654,080	0.1000	0.1000	3,824,169	0.1000	0.1000
	North Fork Township of Barton Co	General Revenue	3,496,678	0.1000	0.1000	3,609,076	0.1000	0.1000	3,600,455	0.1000	0.1000
		Road & Bridge	3,496,678	0.3019	0.2900	3,609,076	0.3019	0.2900	3,600,455	0.3035	0.2900
		Special Road and Bridge	3,496,678	0.2000	0.2000	3,609,076	0.2000	0.2000 A	3,600,455	0.2000	0.2000
		General Revenue	6,751,042	0.0935	0.0600	7,125,352	0.0935	0.0600	7,340,313	0.0935	0.0600
	Ozark Township of Barton County	Road & Bridge	6,751,042	0.2390	0.2000	7,125,352	0.2390	0.2000	7,340,313	0.2390	0.2000
		General Revenue	7,535,432	0.1000	0.1000	7,582,801	0.1000	0.1000	8,075,320	0.1000	0.1000
	Richland Township of Barton County	Road & Bridge	7,535,432	0.4287	0.4100	7,582,801	0.4287	0.4100	8,075,320	0.4287	0.4100
		Special Road and Bridge	7,535,432	0.3900	0.3900	7,582,801	0.3900	0.3900	8,075,320	0.3900	0.3900 A
	South West Township of Barton Co	General Revenue	5,870,450	0.1000	0.1000	6,020,156	0.1000	0.1000	6,231,794	0.1000	0.1000
		Road & Bridge	5,870,450	0.3500	0.3500	6,020,156	0.3500	0.3500	6,231,794	0.3500	0.3500
	Union Township of Barton County	General Revenue	4,182,896	0.1000	0.0988	4,337,227	0.1000	0.1000	4,597,088	0.1000	0.1000
		Road & Bridge	4,182,896	0.4193	0.3900	4,337,227	0.4193	0.4193	4,597,088	0.4193	0.4193
		Special Road and Bridge	4,182,896	0.3500	0.3400	4,337,227	0.3500	0.3500	**	**	**
		General Revenue	17,836,880	0.0961	0.0961	16,865,223	0.1000	0.1000	17,408,447	0.1000	0.1000
	Liberal R-II School District	Operating Funds-Schools	24,049,300	3.2623	2.9000	25,302,134	3.2729	3.0500	26,009,150	3.2750	3.0500
		Debt Service	24,049,300	0.3849	0.3849	25,302,134	0.3550	0.2849	26,009,150	0.3412	0.2849
	Golden City R-III School District	Operating Funds-Schools	14,892,140	3.3903	3.3903	15,448,980	3.3576	3.3576	16,121,310	3.6176	3.4300 B
		Debt Service	14,892,140	0.5016	0.2297	15,448,980	0.2846	0.2624	**	**	**
	Lamar R-I School District	Operating Funds-Schools	86,508,850	2.9820	2.9820	100,441,250	3.1320	3.1320 B	104,028,753	3.1323	3.1320
		Debt Service	86,508,850	0.5028	0.5000	100,441,250	0.3521	0.3500	104,028,753	0.4574	0.3500
	Barton County	General Revenue	143,588,380	0.2871	0.0500	158,995,239	0.2871	0.0500	164,238,623	0.2871	0.0500
		Health	143,588,380	0.1477	0.1000	158,995,239	0.1477	0.1200	164,238,623	0.1477	0.1300
		Hospital	143,588,380	0.0890	0.0890	158,995,239	0.0890	0.0890	164,238,623	0.0890	0.0890
Bates	Cornland Sp Rd Dist Bates Co	Road & Bridge	730,700	0.3371	0.3371	707,589	0.3481	0.3481	742,621	0.3481	0.3481
		Special Road and Bridge	730,700	0.1764	0.1764 A	707,589	0.1764	0.1764	742,621	0.1764	0.1764
	South Hudson Sp Rd Dist Bates Co	Road & Bridge	925,028	0.3500	0.3500	958,174	0.3500	0.3500	942,904	0.3500	0.3500
		Special Road and Bridge	925,028	0.2200	0.2200	958,174	0.2199	0.2199	942,904	0.2200	0.2200
	City of Adrian	General Revenue	10,480,313	0.5470	0.5470	11,117,207	0.5470	0.5470	11,574,624	0.5470	0.5470
		Parks & Recreation	10,480,313	0.0485	0.0485	11,117,207	0.0485	0.0485	11,574,624	0.0485	0.0485
	City of Amoret	General Revenue	698,070	0.4322	0.4322	679,021	0.4443	0.4443	740,186	0.4443	0.4443
	City of Amsterdam	General Revenue	1,230,956	1.1039	1.1039	1,208,779	1.0000	1.0000	1,267,756	1.0000	1.0000
	City of Butler	General Revenue	38,445,123	0.5821	0.5821	39,862,562	0.5821	0.5821	39,578,047	0.5903	0.5903
		Parks & Recreation	38,445,123	0.0345	0.0345	39,862,562	0.0345	0.0345	39,578,047	0.0350	0.0350
		Lake	38,445,123	0.0147	0.0147	39,862,562	0.0147	0.0147	39,578,047	0.0149	0.0149
	City of Hume	General Revenue	1,451,006	0.9801	0.9801	1,476,223	0.9924	0.9924	1,452,823	1.0000	1.0000
		Lights	1,451,006	0.3304	0.3304	1,476,223	0.3346	0.3346	1,452,823	0.3410	0.3410

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Bates	City of Hume	Water	1,451,006	0.4185	0.4185	1,476,223	0.4237	0.4237	1,452,823	0.4319	0.4319
	Village of Merwin	General Revenue	262,061	0.5113	0.5113	235,476	0.5500	0.5500	238,667	0.5500	0.5500
	Village of Passaic	General Revenue	174,038	1.0000	1.0000	168,426	1.0000	1.0000	165,342	1.0000	1.0000
	City of Rich Hill	General Revenue	5,930,724	0.6275	0.6275	5,972,929	0.6314	0.6314	6,107,936	0.6386	0.6386
		Parks & Recreation	5,930,724	0.2530	0.2530	5,972,929	0.2546	0.2546	6,107,936	0.2575	0.2575
		Library	5,930,724	0.2500	0.2500	5,972,929	0.2500	0.2500	6,107,936	0.2500	0.2500
		Health	5,930,724	0.1316	0.1316	5,972,929	0.1324	0.1324	6,107,936	0.1339	0.1339
	City of Rockville	General Revenue	985,015	0.7884	0.7884	907,878	0.8613	0.8613	934,148	0.8614	0.8614
		Streets	985,015	0.3830	0.3830	907,878	0.4000	0.4000	934,148	0.4000	0.4000
	Village of Foster	General Revenue	504,715	0.5227	0.5227	502,745	0.5399	0.5399	488,867	0.5552	0.5552
	Charlotte Township of Bates County	General Revenue	4,172,793	0.1000	0.1000	4,408,128	0.1000	0.1000	4,586,514	0.1000	0.1000
		Road & Bridge	4,172,793	0.2844	0.2844	4,408,128	0.2844	0.2844	4,586,514	0.2844	0.2844
		Special Road and Bridge	4,172,793	0.2200	0.2200	4,408,128	0.2200	0.2200 A	4,586,514	0.2200	0.2200
	Deepwater Township of Bates County	General Revenue	3,318,398	0.0906	0.0906	3,477,936	0.0906	0.0906	3,605,719	0.0906	0.0906
		Road & Bridge	3,318,398	0.2212	0.2212	3,477,936	0.2212	0.2212	3,605,719	0.2212	0.2212
		Special Road and Bridge	3,318,398	0.3500	0.3500	3,477,936	0.3500	0.3500	3,605,719	0.3500	0.3500
	Deer Creek Township of Bates Co	General Revenue	16,234,113	0.0692	0.0692	17,148,621	0.0692	0.0692	18,400,363	0.0692	0.0692
		Road & Bridge	16,234,113	0.2277	0.2277	17,148,621	0.2277	0.2277	18,400,363	0.2277	0.2277
	East Boone Township of Bates Co	General Revenue	5,075,207	0.0818	0.0818	5,499,495	0.0818	0.0818	5,724,071	0.0818	0.0818
		Road & Bridge	5,075,207	0.2251	0.2251	5,499,495	0.2251	0.2251	5,724,071	0.2251	0.2251
		Special Road and Bridge	5,075,207	0.3500	0.3500	5,499,495	0.3500	0.3500	5,724,071	0.3500	0.3500
	Elkhart Township of Bates County	General Revenue	3,803,749	0.0822	0.0822	3,897,790	0.0822	0.0822	3,997,140	0.0822	0.0822
		Road & Bridge	3,803,749	0.2260	0.2260	3,897,790	0.2260	0.2260	3,997,140	0.2260	0.2260
		Special Road and Bridge	3,803,749	0.1900	0.1900	3,897,790	0.2200	0.2200 A	3,997,140	0.2200	0.2200
	Grand River Township of Bates Co	General Revenue	2,744,801	0.0994	0.0994	2,909,031	0.0994	0.0994	3,154,744	0.0994	0.0994
		Road & Bridge	2,744,801	0.2585	0.2585	2,909,031	0.2585	0.2585	3,154,744	0.2585	0.2585
		Special Road and Bridge	2,744,801	0.2485	0.2485	2,909,031	0.2485	0.2485 A	3,154,744	0.2485	0.2485
	Homer Township of Bates County	General Revenue	4,046,243	0.1000	0.1000	3,992,428	0.1000	0.1000	4,191,741	0.1000	0.1000
		Road & Bridge	4,046,243	0.3258	0.3258	3,992,428	0.3311	0.3311	4,191,741	0.3311	0.3311
	Howard Township of Bates County	General Revenue	4,548,518	0.1000	0.1000	4,683,223	0.1000	0.1000	4,848,540	0.1000	0.1000
		Road & Bridge	4,548,518	0.3214	0.3214	4,683,223	0.3224	0.3224	4,848,540	0.3224	0.3224
		Special Road and Bridge	4,548,518	0.3500	0.3500 A	4,683,223	0.3500	0.3500	4,848,540	0.3500	0.3500
	Hudson Township of Bates County	General Revenue	4,229,856	0.1000	0.1000	4,032,056	0.1000	0.1000	4,319,736	0.1000	0.1000
		Road & Bridge	4,229,856	0.2649	0.2649	4,032,056	0.2798	0.2798	4,319,736	0.2798	0.2798
		Special Road and Bridge	4,229,856	0.3500	0.3500	4,032,056	0.3500	0.3500 A	4,319,736	0.3500	0.3500
	Lone Oak Township of Bates County	General Revenue	3,701,289	0.0884	0.0884	4,094,099	0.0884	0.0884	4,111,205	0.0884	0.0884
		Road & Bridge	3,701,289	0.2541	0.2541	4,094,099	0.2541	0.2541	4,111,205	0.2541	0.2541
		Special Road and Bridge	**	**	**	**	**	**	4,111,205	0.2500	0.2500 A

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Bates	Mingo Township of Bates County	General Revenue	3,025,234	0.0935	0.0935	3,159,405	0.0935	0.0935	3,286,308	0.0935	0.0935
		Road & Bridge	3,025,234	0.2544	0.2544	3,159,405	0.2544	0.2544	3,286,308	0.2544	0.2544
		Special Road and Bridge	3,025,234	0.2150	0.2150	3,159,405	0.2150	0.2150 A	3,286,308	0.2150	0.2150
	Mound Township of Bates County	General Revenue	8,775,002	0.0834	0.0834	9,581,335	0.0834	0.0834	9,900,383	0.0834	0.0834
		Road & Bridge	8,775,002	0.2294	0.2294	9,581,335	0.2294	0.2294	9,900,383	0.2294	0.2294
		Special Road and Bridge	8,775,002	0.1900	0.1900	9,581,335	0.1900	0.1900	9,900,383	0.1900	0.1900
	Mount Pleasant Township of Bates Co	General Revenue	49,371,125	0.0917	0.0917	51,490,863	0.0917	0.0917	51,967,555	0.0918	0.0918
		Road & Bridge	49,371,125	0.2037	0.2037	51,490,863	0.2037	0.2037	51,967,555	0.2040	0.2040
	New Home Township of Bates County	General Revenue	3,596,634	0.1000	0.1000	3,308,666	0.1000	0.1000	3,306,511	0.1000	0.1000
		Road & Bridge	3,596,634	0.2408	0.2408	3,308,666	0.2664	0.2264	3,306,511	0.2666	0.2666
		Special Road and Bridge	3,596,634	0.1800	0.1800	**	**	**	**	**	**
	Osage Township of Bates County	General Revenue	9,718,394	0.1000	0.1000	9,962,585	0.1000	0.1000	10,242,868	0.1000	0.1000
		Road & Bridge	9,718,394	0.2624	0.2624	9,962,585	0.2624	0.2624	10,242,868	0.2633	0.2633
	Pleasant Gap Township of Bates Co	General Revenue	3,843,127	0.1000	0.1000	4,078,626	0.1000	0.1000	3,994,368	0.1000	0.1000
		Road & Bridge	3,843,127	0.2707	0.2707	4,078,626	0.2707	0.2707	3,994,368	0.2795	0.2795
		Special Road and Bridge	3,843,127	0.3500	0.3500	4,078,626	0.3500	0.3500	3,994,368	0.3500	0.3500
	Rockville Township of Bates County	General Revenue	2,864,351	0.1000	0.1000	2,848,604	0.1000	0.1000	2,915,942	0.1000	0.1000
		Road & Bridge	2,864,351	0.2687	0.2687	2,848,604	0.2731	0.2731	2,915,942	0.2731	0.2731
	Spruce Township of Bates County	General Revenue	3,532,198	0.0726	0.0726	3,738,876	0.0726	0.0726	3,784,652	0.0739	0.0739
		Road & Bridge	3,532,198	0.2178	0.2178	3,738,876	0.2178	0.2178	3,784,652	0.2216	0.2216
	Summit Township of Bates County	General Revenue	3,620,899	0.0705	0.0705	3,686,953	0.0705	0.0705	3,806,300	0.0705	0.0705
		Road & Bridge	3,620,899	0.2419	0.2419	3,686,953	0.2419	0.2419	3,806,300	0.2419	0.2419
		Special Road and Bridge	3,620,899	0.3500	0.3500	3,686,953	0.3500	0.3500	3,806,300	0.3500	0.3500
	Walnut Township of Bates County	General Revenue	4,258,269	0.1000	0.1000	4,750,167	0.1000	0.1000	4,626,723	0.1000	0.1000
		Road & Bridge	4,258,269	0.2762	0.2762	4,750,167	0.2792	0.2792	4,626,723	0.2918	0.2918
		Special Road and Bridge	4,258,269	0.1900	0.1900 A	4,750,167	0.1900	0.1900	4,626,723	0.1900	0.1900
	West Boone Township of Bates Co	General Revenue	6,264,298	0.0772	0.0772	6,498,722	0.0774	0.0774	6,757,734	0.0774	0.0774
		Road & Bridge	6,264,298	0.2427	0.2427	6,498,722	0.2432	0.2432	6,757,734	0.2432	0.2432
		Special Road and Bridge	6,264,298	0.2100	0.2100	**	**	**	6,757,734	0.3000	0.3000 A
	West Point Township of Bates Co	General Revenue	5,514,049	0.1000	0.1000	5,618,167	0.1000	0.1000	5,932,836	0.1000	0.1000
		Road & Bridge	5,514,049	0.3035	0.3035	5,618,167	0.3051	0.3051	5,932,836	0.3051	0.3051
		Special Road and Bridge	5,514,049	0.2200	0.2200	5,618,167	0.2200	0.2200	5,932,836	0.2200	0.2200
	Prairie Township of Bates County	General Revenue	1,597,765	0.0999	0.0999	1,670,748	0.0999	0.0999	1,671,311	0.1000	0.1000
		Road & Bridge	1,597,765	0.2806	0.2806	1,670,748	0.2806	0.2806	1,671,311	0.2814	0.2814
		Special Road and Bridge	1,597,765	0.2300	0.2300 A	1,670,748	0.2300	0.2300	1,671,311	0.2300	0.2300
	Shawnee Township of Bates County	General Revenue	3,280,842	0.1000	0.1000	3,556,966	0.1000	0.1000	3,580,225	0.1000	0.1000
		Road & Bridge	3,280,842	0.2800	0.2800	3,556,966	0.2800	0.2800	3,580,225	0.2818	0.2818
		Special Road and Bridge	3,280,842	0.3500	0.3500	3,556,966	0.3500	0.3500	3,580,225	0.3500	0.3500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Bates	Miami R-I School District	Operating Funds-Schools	11,342,118	3.9000	3.9000	11,870,547	3.9000	3.9000	12,530,892	3.9000	3.9000
	Ballard R-II School District	Operating Funds-Schools	7,656,439	4.2985	4.2985	8,186,662	4.2871	4.2871	8,390,792	4.3801	4.3801
		Debt Service	7,656,439	1.3920	0.7500	8,186,662	0.9975	0.7500	8,390,792	0.8725	0.7500
	Adrian R-III School District	Operating Funds-Schools	28,566,923	3.4539	3.4539	30,828,191	3.4401	3.4401	32,747,357	3.4554	3.4554
		Debt Service	28,566,923	0.4765	0.3461	30,828,191	0.6709	0.3599	32,747,357	1.8440	0.9346
	Rich Hill R-IV School District	Operating Funds-Schools	18,679,690	3.5299	2.7500	19,063,820	3.5219	2.7500	19,458,127	3.5730	2.7500
		Debt Service	18,679,690	0.7618	0.7618	19,063,820	0.8816	0.7616	19,458,127	0.3252	0.3252
	Hume R-VIII School District	Operating Funds-Schools	6,594,001	4.1522	3.9000	7,330,320	4.1672	4.1655	7,289,057	4.2592	4.2592
		Debt Service	6,594,001	1.3078	1.0000	7,330,320	0.8070	0.7345	7,289,057	0.6805	0.0300
	Hudson R-IX School District	Operating Funds-Schools	5,724,046	3.8901	3.7800	5,763,521	3.8856	3.7800	6,193,906	3.8965	3.7800
	Butler R-V School District	Operating Funds-Schools	62,473,697	3.5000	3.5000	65,670,472	3.5000	3.5000	66,399,190	3.5000	3.5000
		Debt Service	**	**	**	**	**	**	66,399,190	0.5700	0.5700
	Bates County	General Revenue	161,137,154	0.2627	0.2627	168,093,490	0.2627	0.2627	172,713,489	0.2627	0.2627
		Health	161,137,154	0.0808	0.0808	168,093,490	0.0808	0.0808	172,713,489	0.0808	0.0808
		Developmentally Disabled	161,137,154	0.0700	0.0700	168,093,490	0.0700	0.0700	172,713,489	0.0700	0.0700
Benton	Warsaw-Lincoln Ambulance District	General Revenue	137,108,155	0.1900	0.1900	150,679,988	0.1882	0.0000	156,498,417	0.1882	0.0000
	Cole Camp Ambulance District	General Revenue	40,660,544	0.1794	0.1794	42,960,837	0.2994	0.2994	44,449,999	0.2994	0.2994
	Lincoln Community Nursing Home Dis	Maintenance	39,069,877	0.2000	0.2000	42,521,366	0.2000	0.2000	44,322,230	0.2000	0.2000
	Good Samaritan Nursing Home Dist	General Revenue	49,384,607	0.1115	0.1115	52,645,282	0.1115	0.1115	54,537,505	0.1115	0.1115
	Brandon Special Road Dist Benton Co	Road & Bridge	1,334,992	0.3500	0.3500	1,298,858	0.3500	0.3500	1,283,341	0.3500	0.3500
	Cole Camp Sp Rd Dist Benton Co	Road & Bridge	10,145,195	0.1984	0.1984	10,772,409	0.1966	0.1966	11,144,106	0.1966	0.1966
	Ionia Special Rd Dist Benton Co	Road & Bridge	2,485,227	0.3500	0.3500	2,527,039	0.3500	0.3500	2,544,603	0.3500	0.3500
	City of Cole Camp	General Revenue	5,925,220	0.5103	0.5103	6,452,486	0.4961	0.4961	7,094,634	0.4791	0.4791
	Village of Ionia	General Revenue	498,847	0.7286	0.7286	568,931	0.7216	0.7216	544,119	0.7713	0.7713
	City of Lincoln	General Revenue	7,008,053	0.7960	0.7960	7,547,103	0.7835	0.7835	7,779,203	0.7835	0.7835
		Parks & Recreation	7,008,053	0.1530	0.1530	7,547,103	0.1506	0.1506	7,779,203	0.1506	0.1506
	City of Warsaw	General Revenue	18,984,913	0.4516	0.4194	21,389,515	0.4397	0.4397	22,040,851	0.4467	0.4397
		Parks & Recreation	18,984,913	0.1211	0.1125	21,389,515	0.1179	0.1179	22,040,851	0.1198	0.1179
	Lincoln Community Fire Prot Dist	General Revenue	32,937,313	0.2496	0.2496	35,770,416	0.2496	0.2496	36,842,504	0.2496	0.2496
	Deer Creek Fire Protection District	General Revenue	14,482,372	0.3000	0.3000	15,438,037	0.3000	0.3000	15,624,837	0.3000	0.3000
	Warsaw Fire Protection District	General Revenue	79,472,696	0.3000	0.3000	88,123,650	0.2952	0.2952	92,680,323	0.2952	0.2952
	Lakeview Heights Fire Prot Dist	General Revenue	9,788,065	0.3000	0.3000	10,476,236	0.3000	0.3000	10,738,257	0.3000	0.3000
	Osage Valley Fire Protection Dist	General Revenue	7,837,612	0.3000	0.3000	8,698,955	0.2947	0.2947	8,866,657	0.2971	0.2971
	Cole Camp & Rural Fire Prot Dist	General Revenue	22,898,461	0.3000	0.3000	24,159,811	0.3000	0.3000	25,120,387	0.3000	0.3000
	Lincoln R-II School District	Operating Funds-Schools	30,058,331	2.7500	2.7500	33,330,337	2.7500	2.7500	34,250,399	2.7500	2.7500
		Debt Service	30,058,331	0.7531	0.5000	33,330,337	0.6598	0.5000	34,250,399	1.0596	0.5000
	Warsaw R-IX School District	Operating Funds-Schools	101,980,111	2.7500	2.7500	111,765,415	2.7500	2.7500	116,773,032	2.7500	2.7500
		Debt Service	101,980,111	0.8387	0.4500	111,765,415	0.6533	0.4500	116,773,032	0.4877	0.4500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

			2004			2005			2006		
County	Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Benton	Cole Camp R-I School District	Operating Funds-Schools	37,071,282	2.7500	2.7500	40,058,929	2.7500	2.7500	41,483,011	2.7500	2.7500
		Debt Service	37,071,282	0.4930	0.4930	40,058,929	0.4592	0.4592	41,483,011	0.6257	0.5000
	Benton County	General Revenue	173,076,592	0.3346	0.1400	188,476,681	0.3327	0.1400	195,626,017	0.3327	0.1450
		Common Road District	159,291,131	0.2126	0.2100	173,878,374	0.2113	0.2100	180,653,964	0.2113	0.2100
		Health	173,076,592	0.4000	0.4000	188,476,681	0.3978	0.3978	195,626,017	0.3978	0.3978
Bollinger	Village of Glen Allen	General Revenue	658,854	0.3769	0.3769	683,379	0.3869	0.3869	683,348	0.3883	0.3883
	City of Marble Hill	General Revenue	12,307,825	0.4848	0.4848	12,451,857	0.4848	0.4848	12,787,456	0.4849	0.4849
		Parks & Recreation	12,307,825	0.1212	0.1212	12,451,857	0.1212	0.1212	12,787,456	0.1212	0.1212
	Village of Sedgwickville	General Revenue	994,540	0.4703	0.4703	992,798	0.4722	0.4722	1,051,247	0.4722	0.4722
	Village of Zalma	General Revenue	466,190	1.1141	1.0000	481,426	1.0000	1.0000	462,609	1.0000	1.0000
	Glen Allen Fire Protection District	General Revenue	12,336,997	0.2861	0.2861	12,722,500	0.2866	0.2866	12,989,464	0.2866	0.2866
	Sedgewickville Fire Protection Dist	General Revenue	13,571,872	0.2024	0.2024	14,172,879	0.2034	0.2034	14,768,397	0.2034	0.2034
	North County Fire Protection Dist	General Revenue	**	**	**	21,345,125	0.2800	0.2800	27,069,934	0.2631	0.2631
	Meadow Heights R-II School District	Operating Funds-Schools	25,469,170	2.7500	2.7500	26,601,495	2.7500	2.7500	27,617,590	2.7500	2.7500
		Debt Service	25,469,170	0.3500	0.3500	26,601,495	0.3587	0.3500	27,617,590	0.4700	0.3500
	Leopold R-III School District	Operating Funds-Schools	6,237,590	3.2500	3.0500	6,595,605	3.2898	3.2898	6,656,300	3.3495	2.8500
	Zalma R-V School District	Operating Funds-Schools	9,839,930	2.7500	2.7500	10,022,105	2.7500	2.7500	10,153,170	2.7500	2.7500
	Woodland R-IV School District	Operating Funds-Schools	41,323,085	2.7500	2.7500	42,077,255	2.7500	2.7500	44,535,245	2.7500	2.7500
	Bollinger County	General Revenue	97,346,124	0.3413	0.1000	100,565,436	0.3413	0.0500	104,314,764	0.3429	0.0550
		Library	97,346,124	0.0975	0.0975	100,565,436	0.0975	0.0975	104,314,764	0.2000	0.2000
		Road & Bridge	97,346,124	0.2438	0.2438	100,565,436	0.2438	0.2438	104,314,764	0.2449	0.2449
		Health	97,346,124	0.2341	0.2341	100,565,436	0.2341	0.2341	104,314,764	0.2352	0.2352
		Ambulance	97,346,124	0.1950	0.1950	100,565,436	0.1950	0.1950	104,314,764	0.1959	0.1959
		Senate Bill 40	97,346,124	0.0975	0.0975	100,565,436	0.0975	0.0975	104,314,764	0.0980	0.0980
		General Revenue	12,183,955	0.2724	0.0900	14,631,505	0.2490	0.0900	15,336,219	0.2490	0.0900
City of Ashland		General Revenue	25,154,058	0.2906	0.2906	31,213,791	0.2654	0.2654	35,189,986	0.2654	0.2654
Boone	City of Ashland	Debt Service	25,154,058	0.4081	0.3900	31,213,791	0.0524	0.0524	35,189,986	0.0374	0.0374
		General Revenue	34,931,427	0.6628	0.6628	38,426,741	0.6415	0.6415	40,249,119	0.6415	0.6415
	City of Centralia	Parks & Recreation	34,931,427	0.2968	0.2968	38,426,741	0.2873	0.2873	40,249,119	0.2873	0.2873
		Library	33,829,354	0.2988	0.2988	**	**	**	**	**	**
		Debt Service	33,829,354	0.0957	0.0900	36,862,401	0.0882	0.0882	**	**	**
	City of Columbia	General Revenue	1,158,639,285	0.4491	0.4100	1,356,830,109	0.4171	0.4100	1,466,090,151	0.4171	0.4100
	City of Hallsville	General Revenue	8,261,248	0.6567	0.0657	10,852,338	0.5764	0.5764	12,852,929	0.5764	0.5764
		Debt Service	8,261,248	0.8776	0.2900	10,852,338	0.9583	0.2900	12,852,929	0.5306	0.2900
	Town of Harrisburg	General Revenue	1,386,729	0.3479	0.3479	1,781,356	0.3259	0.3259	1,857,144	0.3259	0.3259
	Village of Hartsburg	General Revenue	739,601	0.4495	0.4495	876,754	0.4292	0.4292	1,011,225	0.4292	0.4292
City of Rocheport	General Revenue	1,719,941	0.3086	0.3086	2,222,086	0.2550	0.2550	2,385,215	0.2554	0.2554	
City of Sturgeon	General Revenue	5,522,946	0.6417	0.6417	6,162,317	0.6009	0.4900	6,285,510	0.6009	0.4900	

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Boone	City of Sturgeon	Debt Service	5,522,946	0.3061	0.3061	6,162,317	0.2328	0.0000	**	**	**
	Centralia Public Library	General Revenue	**	**	**	36,862,401	0.2893	0.2893	38,205,268	0.2893	0.2893
		Debt Service	**	**	**	**	**	**	38,205,268	0.0843	0.0843
	Boone County Library	General Revenue	1,073,035,201	0.3200	0.3200	1,262,420,946	0.2986	0.2986	1,376,250,029	0.2986	0.2986
	Columbia Public Library	General Revenue	567,051,206	0.3200	0.3200	650,475,406	0.2970	0.2970	671,521,968	0.2970	0.2970
		Debt Service	567,051,206	0.3149	0.3141	650,475,406	0.2996	0.2750	671,521,968	0.2437	0.2300
	Boone County Fire Prot Dist	General Revenue	399,633,461	0.6277	0.6000	459,104,545	0.5929	0.5929	477,313,870	0.5929	0.5929
		Dispatch	399,633,461	0.0300	0.0295	459,104,545	0.0283	0.0283	477,313,870	0.0283	0.0283
		Debt Service	399,633,461	0.1936	0.1936	459,104,545	0.1936	0.1936	477,313,870	0.0804	0.0804
	Southern Boone Co Fire Prot Dist	General Revenue	81,921,782	0.2274	0.2274	95,989,181	0.2130	0.2130	102,758,951	0.2130	0.2130
		Dispatch	81,921,782	0.0300	0.0300	95,989,181	0.0281	0.0281	102,758,951	0.0281	0.0281
		Debt Service	81,921,782	0.1967	0.1967	95,989,181	0.1992	0.1992	102,758,951	0.1918	0.1918
	Columbia Special Business District	General Revenue	24,681,786	0.5248	0.4900	28,325,419	0.4781	0.4781	28,396,613	0.4834	0.4834
	Southern Boone Co. R-I School Dist	Operating Funds-Schools	68,327,806	3.3214	3.3214	81,722,136	3.0858	3.0858	88,058,036	3.2358	3.2358 B
		Debt Service	68,327,806	1.5985	1.2800	81,722,136	1.3293	1.2800	88,058,036	2.2150	1.2800
	Boone Co. R-IV School District	Operating Funds-Schools	47,848,804	3.3664	3.3664	56,213,041	3.1496	3.1496	61,318,795	3.1668	3.1496
		Debt Service	47,848,804	1.7487	0.7536	56,213,041	1.8589	0.7536	61,318,795	1.8319	0.7536
	Sturgeon R-V School District	Operating Funds-Schools	24,319,969	3.5301	3.4800	26,760,151	3.4288	3.4288	27,984,873	3.4138	3.4138
		Debt Service	24,319,969	1.8583	1.2700	26,760,151	1.8823	1.2700	27,984,873	1.4445	1.2700
	Centralia R-VI School District	Operating Funds-Schools	68,164,906	3.0711	3.0711	74,144,679	3.0100	3.0100	77,424,854	3.0194	3.0194
		Debt Service	68,164,906	0.9107	0.4900	74,144,679	0.5348	0.4900	77,424,854	0.5042	0.4900
	Harrisburg R-VIII School District	Operating Funds-Schools	24,705,394	3.4443	3.2443	28,314,048	3.3583	3.2246	29,745,155	3.3418	3.2072
		Debt Service	24,705,394	1.2193	1.1500	28,314,048	1.2631	1.1500	29,745,155	1.4734	1.1500
	Columbia 93 School District	Operating Funds-Schools	1,434,004,449	4.5356	4.1425	1,676,904,875	4.2112	3.8844	1,797,045,494	4.2263	3.8687
		Debt Service	1,434,004,449	0.9275	0.8019	1,676,904,875	1.1299	0.8019	1,797,045,494	1.2905	0.8019
	Boone County	General Revenue	1,674,442,313	0.3289	0.1300	1,949,568,386	0.3065	0.1200	2,085,778,106	0.3065	0.1200
		Road & Bridge	1,674,442,313	0.2791	0.0500	1,949,568,386	0.2601	0.0475	2,085,778,106	0.2601	0.0475
		Hospital	1,674,442,313	0.1395	0.0000	1,949,568,386	0.1300	0.0000	2,085,778,106	0.1300	0.0000
		Sheltered Workshop	1,674,442,313	0.1195	0.1195	1,949,568,386	0.1114	0.1114	2,085,778,106	0.1114	0.1114
Buchanan	Village of Agency	General Revenue	4,560,193	0.6450	0.6450	6,590,932	0.6118	0.6118	5,213,432	0.6143	0.6143
	Village of DeKalb	General Revenue	1,115,693	0.8160	0.8160	1,278,582	0.7370	0.7370	1,299,700	0.7414	0.7414
	City of Easton	General Revenue	1,008,211	0.4573	0.4573	1,126,395	0.4293	0.4293	1,177,592	0.4310	0.4310
	Village of Lewis & Clark	General Revenue	762,610	0.4118	0.4118	1,128,340	0.2920	0.2920	1,146,340	0.2928	0.2928
		General Revenue-Temp	762,610	0.3000	0.3000 A	1,128,340	0.2127	0.2127	1,146,340	0.2132	0.2132
	Village of Rushville	General Revenue	1,124,288	0.5000	0.5000	1,264,484	0.4624	0.4624	1,281,644	0.4625	0.4625
	City of St. Joseph	General Revenue	772,143,874	0.7203	0.7203	839,641,091	0.6931	0.6931	866,124,428	0.6999	0.6999
		Parks & Recreation	772,143,874	0.2000	0.2000	839,641,091	0.1924	0.1924	866,124,428	0.1943	0.1943
		Library	552,394,405	0.4200	0.4200	604,344,066	0.3996	0.3996	608,132,610	0.4032	0.4032

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Buchanan	City of St. Joseph	Museum	772,143,874	0.0500	0.0500	839,641,091	0.0481	0.0481	866,124,428	0.0486	0.0486
		Special Business District	6,037,080	0.8500	0.8500 A	5,398,460	0.8500	0.8500	5,899,880	0.8050	0.8050
		Health	772,143,874	0.2150	0.2150	839,641,091	0.2069	0.2069	866,124,428	0.2089	0.2089
	Rolling Hills Consolidated Library	General Revenue	531,317,617	0.3100	0.3100	562,943,646	0.3092	0.3092	601,420,714	0.3099	0.3099
	Colony Hills Fire Protection Dist	General Revenue	7,085,923	0.9600	0.9600	8,203,936	0.8760	0.8760	8,217,669	0.8760	0.8760
	Lake Contrary Fire Protection Dist	General Revenue	3,997,600	0.8400	0.8400	4,279,284	0.8400	0.8400	4,400,204	0.8400	0.8400
		Fire	3,997,600	0.2000	0.1900	4,279,284	0.2000	0.2000	4,400,204	0.2000	0.2000
	Maxwell Heights Fire Prot Dist	General Revenue	12,609,915	1.0200	1.0200	12,448,791	1.0200	1.0200	12,448,678	1.0200	1.0200
	Sugar Lake Fire Protection District	General Revenue	7,182,955	0.4400	0.4383	7,802,651	0.4255	0.4255	7,850,398	0.4255	0.4255
	S Central Buchanan Fire Prot Dist	General Revenue	50,566,544	0.2839	0.2827	57,015,820	0.2709	0.2709	59,150,478	0.2715	0.2715
	San Antonio Fire Protection Dist	General Revenue	**	**	**	**	**	**	12,686,526	0.3000	0.3000 A
	DeKalb Fire Protection District	General Revenue	14,132,173	0.2989	0.2989	15,817,180	0.2892	0.2892	16,294,870	0.2916	0.2916
	Rushville Fire Protection District	General Revenue	5,371,736	0.4500	0.4500	5,812,732	0.4402	0.4402	5,947,954	0.4402	0.4402
	Easton Fire Protection District	General Revenue	8,748,586	0.2526	0.2526	9,226,695	0.2526	0.2526	9,400,201	0.2526	0.2526
	East Buchanan Co. C-1 School Dist	Operating Funds-Schools	39,740,910	5.2625	4.5825 B	44,014,124	5.1467	4.8000	45,710,011	5.1609	4.5000
	Mid-Buchanan Co R-V School Dist	Operating Funds-Schools	42,588,397	3.4545	3.4462	48,788,234	3.9845	3.9720 B	50,682,317	3.9845	3.9720
		Debt Service	42,588,397	1.7693	0.9000	48,788,234	0.8004	0.8000	50,682,317	0.6969	0.6969
	Buchanan County R-IV School Dist	Operating Funds-Schools	14,557,683	4.5276	4.3500	17,230,284	4.1131	4.1131	17,701,871	4.1502	4.1502
		Debt Service	14,557,683	0.9505	0.5500	17,230,284	1.0197	0.7869	17,701,871	0.9233	0.7498
	St. Joseph School District	Operating Funds-Schools	804,133,162	3.6571	3.1210	862,867,617	3.6104	3.1025	908,051,035	3.5978	3.0581
		Operating Funds-Temp	804,133,162	0.6300	0.6300 A	862,867,617	0.6183	0.6183	908,051,035	0.6085	0.6085
		Debt Service	804,133,162	0.3569	0.2990	862,867,617	0.7185	0.3092	908,051,035	0.5187	0.3134
	Buchanan County	General Revenue	914,285,292	0.3500	0.0729	995,971,055	0.3366	0.0720	1,028,490,657	0.3396	0.0720
		Road & Bridge	914,285,292	0.2853	0.2853	995,971,055	0.2744	0.2744	1,028,490,657	0.2768	0.2744
		Senate Bill 40	914,285,292	0.1000	0.1000	995,971,055	0.0962	0.0962	1,028,490,657	0.0970	0.0970
Butler	Naylor-Neelyville Ambulance Dist	General Revenue	33,747,509	0.3000	0.3000	35,451,883	0.3000	0.3000	36,075,805	0.3000	0.3000
	City of Fisk	General Revenue	1,668,313	0.7575	0.7575	1,854,895	0.7452	0.7452	1,882,566	0.7472	0.7472
	City of Neelyville	General Revenue	1,545,871	0.5949	0.5949	1,706,785	0.5763	0.5763	1,831,456	0.6152	0.6152
	City of Poplar Bluff	General Revenue	181,075,123	0.4855	0.4855	209,975,734	0.4622	0.4622	210,268,241	0.4690	0.4690
		Parks & Recreation	181,075,123	0.1428	0.1428	209,975,734	0.1360	0.1360	**	**	**
		Library	181,075,123	0.1428	0.1428	209,975,734	0.1360	0.1360	210,268,241	0.1380	0.1380
		Pension	181,075,123	0.0952	0.0952	209,975,734	0.0906	0.0906	210,268,241	0.0919	0.0919
	City of Qulin	General Revenue	1,787,716	0.4814	0.4814	1,996,198	0.4624	0.4624	2,037,407	0.4793	0.4793
	Butler County Fire Protection Dist	General Revenue	208,784,663	0.2533	0.2533	233,417,009	0.2439	0.2439	238,681,225	0.2439	0.2439
	Qulin Community Fire Prot Dist	General Revenue	14,467,223	0.1565	0.1565	15,367,275	0.1565	0.1565	15,286,359	0.1580	0.1580
	Three Rivers Community College	General Revenue	606,945,003	0.2385	0.2384	674,564,872	0.2327	0.2326	687,996,647	0.2327	0.2326
	Neelyville R-IV School District	Operating Funds-Schools	23,645,684	2.8183	2.8183	26,301,274	2.7500	2.7500	27,271,325	2.7500	2.7500
	Poplar Bluff R-I School District	Operating Funds-Schools	296,817,411	2.7500	2.7500	345,482,827	2.7500	2.7500	349,366,554	2.7500	2.7500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Butler	Poplar Bluff R-I School District	Debt Service	296,817,411	0.3706	0.1600	345,482,827	0.1801	0.1800	349,366,554	0.1960	0.1800
	Twin Rivers R-X School District	Operating Funds-Schools	44,997,693	2.2258	2.1758	49,322,369	2.1255	2.1255	49,583,353	2.1325	2.1325
		Operating Funds-Temp	44,997,693	0.9100	0.9100	49,322,369	0.8778	0.8778	49,583,353	0.8778	0.8778
		Debt Service	44,997,693	0.1839	0.1839	49,322,369	0.1679	0.1679	49,583,353	0.1670	0.1670
	Butler County	General Revenue	400,824,993	0.2925	0.1100	458,258,479	0.2795	0.0995	463,729,437	0.2804	0.0995
		Road & Bridge	400,824,993	0.2242	0.0400	458,258,479	0.2142	0.0342	463,729,437	0.2149	0.0342
		Health	400,824,993	0.0975	0.0975	458,258,479	0.0932	0.0932	463,729,437	0.0935	0.0935
		Senate Bill 40	400,824,993	0.0975	0.0975	458,258,479	0.0932	0.0932	463,729,437	0.0935	0.0935
		Senior Services	400,824,993	0.0487	0.0487	458,258,479	0.0465	0.0465	463,729,437	0.0466	0.0467 D
Caldwell	Caldwell County Ambulance	General Revenue	82,207,490	0.1930	0.0752	91,447,254	0.1899	0.0768	93,388,574	0.1921	0.0100
	Golden Age Nursing Home District	General Revenue	18,053,718	0.1500	0.1500	18,526,774	0.1500	0.1500	19,433,783	0.1500	0.1500
	City of Braymer	General Revenue	4,935,670	0.7167	0.7167	5,333,098	0.7167	0.7167	5,396,170	0.7192	0.7192
	City of Breckenridge	General Revenue	2,063,753	0.8902	0.7700	2,108,879	0.8902	0.7700	2,100,450	0.9028	0.7700
		Lights	2,063,753	0.0924	0.0800	2,108,879	0.0924	0.0800	2,100,450	0.0937	0.0800
		Library	2,063,753	0.0462	0.0400	2,108,879	0.0462	0.0400	2,100,450	0.0468	0.0400
		Police	2,063,753	0.0924	0.0800	2,108,879	0.0924	0.0800	2,100,450	0.0937	0.0800
		Fire	2,063,753	0.1387	0.1200	2,108,879	0.1387	0.1200	2,100,450	0.1407	0.1200
	City of Cowgill	General Revenue	895,256	0.8488	0.7900	983,557	0.8124	0.7900	963,342	0.8296	0.8296
	City of Hamilton	General Revenue	10,702,817	0.7501	0.7501	11,972,288	0.7194	0.7194	12,389,241	0.7194	0.7194
		Parks & Recreation	10,702,817	0.2609	0.2609	11,972,288	0.2502	0.2502	12,389,241	0.2502	0.2502
		Lights	10,702,817	0.2175	0.2175	11,972,288	0.2086	0.2086	12,389,241	0.2086	0.2086
		Library	10,702,817	0.3153	0.3153	11,972,288	0.3024	0.3024	12,389,241	0.3024	0.3024
		Debt Service	10,702,817	0.5517	0.5516	11,972,288	0.5101	0.5100	12,389,241	0.4866	0.4866
	City of Kidder	General Revenue	1,636,655	0.7753	0.7753	1,808,975	0.7753	0.7753	2,090,927	0.7800	0.7700
		Debt Service	1,636,655	0.8230	0.0000	1,808,975	0.7080	0.7080	2,090,927	0.5038	0.5000
	City of Kingston	General Revenue	1,382,449	0.8312	0.8003	2,802,633	0.8139	0.8139	1,529,214	1.0000	0.8139
	City of Polo	General Revenue	3,427,195	0.7524	0.7524	3,899,673	0.7013	0.7013	3,887,638	0.7083	0.7083
		Debt Service	3,427,195	0.3081	0.3081	3,899,673	0.2708	0.2708	3,887,638	0.3612	0.3800 D
	Breckenridge Township, Caldwell Co	General Revenue	5,196,851	0.0997	0.0956	5,446,074	0.0996	0.0956	5,380,103	0.1000	0.0956
		Road & Bridge	5,196,851	0.4987	0.4400	5,446,074	0.4982	0.4400	5,380,103	0.5000	0.4400
		Special Road and Bridge	5,196,851	0.3191	0.3059	5,446,074	0.3059	0.3059 A	5,380,103	0.3059	0.3059
	Davis Township of Caldwell Co	General Revenue	8,902,027	0.0944	0.0900	9,562,391	0.0944	0.0900	9,724,718	0.0944	0.0900
		Road & Bridge	8,902,027	0.4407	0.4300	9,562,391	0.4407	0.4300	9,724,718	0.4407	0.4300
		Special Road and Bridge	8,902,027	0.1700	0.1700 A	9,562,391	0.1700	0.1700	9,724,718	0.1700	0.1700
	Fairview Township of Caldwell Co	General Revenue	2,701,447	0.1000	0.1000	2,835,255	0.1000	0.1000	2,927,561	0.1000	0.1000
		Road & Bridge	2,701,447	0.5000	0.4600	2,835,255	0.5000	0.4600	2,927,561	0.5000	0.4600
		Special Road and Bridge	2,701,447	0.3300	0.3200	2,835,255	0.3200	0.3200 A	2,927,561	0.3200	0.3200
	Gomer Township of Caldwell County	General Revenue	4,515,987	0.0998	0.0900	4,904,699	0.0998	0.0998	4,915,467	0.1000	0.0900

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Caldwell	Gomer Township of Caldwell County	Road & Bridge	4,515,987	0.4749	0.4500	4,904,699	0.4749	0.4500	4,915,467	0.4787	0.4500
		Special Road and Bridge	4,515,987	0.3494	0.3494	4,904,699	0.3493	0.3493 A	4,915,467	0.3493	0.3493
	Grant Township of Caldwell County	General Revenue	12,682,135	0.0987	0.0987	14,255,106	0.0958	0.0958	14,833,863	0.0958	0.0958
		Road & Bridge	12,682,135	0.4030	0.4030	14,255,106	0.3911	0.3911	14,833,863	0.3911	0.3911
		Special Road and Bridge	12,682,135	0.2368	0.2368	14,255,106	0.2298	0.2298	14,833,863	0.2298	0.2298
	Hamilton Township of Caldwell Co	General Revenue	16,410,725	0.0956	0.0800	18,358,261	0.0921	0.0700	18,886,578	0.0921	0.0700
		Road & Bridge	16,410,725	0.3829	0.3400	18,358,261	0.3690	0.3100	18,886,578	0.3690	0.3100
	Kidder Township of Caldwell Co	General Revenue	8,306,281	0.0904	0.0904	9,416,695	0.0884	0.0884	10,153,853	0.0889	0.0889
		Road & Bridge	8,306,281	0.3712	0.3712	9,416,695	0.3628	0.3628	10,153,853	0.3648	0.3648
		Special Road & Bridge	**	**	**	**	**	**	10,153,853	0.0030	0.0030
	Kingston Township of Caldwell Co	General Revenue	5,080,181	0.1000	0.1000	6,382,100	0.1000	0.1000	5,652,041	0.1000	0.1000
		Road & Bridge	5,080,181	0.4579	0.4517	6,382,100	0.4651	0.4517	5,652,041	0.5000	0.5000
		Special Road & Bridge	**	**	**	**	**	**	5,652,041	0.0035	0.0035
	Lincoln Township of Caldwell Co	General Revenue	4,797,855	0.1000	0.0900	5,172,804	0.0989	0.0989	5,289,685	0.0989	0.0989
		Road & Bridge	4,797,855	0.4376	0.4100	5,172,804	0.4328	0.0000	5,289,685	0.4328	0.4328
		Special Road & Bridge	**	**	**	**	**	**	5,289,685	0.0033	0.3300 E
	Mirabile Township of Caldwell Co	General Revenue	4,243,176	0.1000	0.1000	4,731,106	0.0982	0.0982	4,842,605	0.0985	0.0985
		Road & Bridge	4,243,176	0.4558	0.4400	4,731,106	0.4476	0.4400	4,842,605	0.4491	0.4491
		Special Road and Bridge	4,243,176	0.3300	0.3300	4,731,106	0.3300	0.0000 A	4,842,605	0.3300	0.3300
	New York Township of Caldwell Co	General Revenue	3,614,853	0.0868	0.0868	3,766,604	0.0868	0.0868	3,920,134	0.0868	0.0868
		Road & Bridge	3,614,853	0.4149	0.4149	3,766,604	0.4149	0.4149	3,920,134	0.4149	0.4149
		Special Road & Bridge	**	**	**	**	**	**	3,920,134	0.0030	0.3035 E
	Rockford Township of Caldwell Co	General Revenue	5,755,955	0.0980	0.0980	6,620,761	0.0942	0.0942	6,861,966	0.0942	0.0942
		Road & Bridge	5,755,955	0.4356	0.4356	6,620,761	0.4187	0.4187	6,861,966	0.4187	0.4187
		Special Road and Bridge	5,755,955	0.3500	0.3500	6,620,761	0.3500	0.3500 A	6,861,966	0.3500	0.3500
	Hamilton Rural Fire Protection Dist	General Revenue	23,088,666	0.2000	0.2000	27,896,708	0.1821	0.1821	28,796,458	0.1821	0.1821
	Breckenridge R-I School District	Operating Funds-Schools	4,692,940	5.5000	4.7826	4,878,177	5.4459	4.4448	4,904,770	5.4745	4.7524
	Hamilton R-II School District	Operating Funds-Schools	26,682,588	3.4110	3.4110	30,006,319	3.2310	3.2310	31,084,921	3.2104	3.2104
		Debt Service	26,682,588	0.7194	0.5125	30,006,319	0.7264	0.6500	31,084,921	0.4067	0.4067
	New York R-IV School District	Operating Funds-Schools	2,736,023	5.6834	4.8272	2,957,160	5.6369	4.8272	3,100,330	5.6936	5.0000
	Cowgill R-VI School District	Operating Funds-Schools	3,188,435	4.1424	4.1424	3,318,640	4.1353	4.1353	3,524,870	4.2397	4.2397
	Polo R-VII School District	Operating Funds-Schools	17,046,073	3.4519	3.4519	19,133,578	3.9519	3.9519 B	19,935,505	3.9519	3.9519
		Debt Service	17,046,073	0.5644	0.5644	19,133,578	1.1207	0.5644	19,935,505	1.0186	0.5644
	Mirabile C-1 School District	Operating Funds-Schools	3,291,566	4.7171	4.7171	3,752,159	4.3329	4.3329	3,910,800	4.3044	4.3044
		Debt Service	3,291,566	0.6750	0.6750	3,752,159	0.5259	0.5259	3,910,800	0.2450	0.2450
	Braymer C-4 School District	Operating Funds-Schools	14,297,706	3.8262	2.9821	15,216,402	3.5527	2.7592	15,463,976	3.7268	2.9374
		Debt Service	14,297,706	0.2674	0.2674	15,216,402	0.6780	0.6780	15,463,976	0.3760	0.3760
	Kingston 42 School District	Operating Funds-Schools	3,342,892	4.7500	4.7500	3,214,229	4.7500	4.7500	3,747,900	4.7500	4.7500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Caldwell	Caldwell County	General Revenue	82,207,490	0.3754	0.2300	91,447,254	0.3693	0.2200	93,388,574	0.3736	0.2300
		Health	82,207,490	0.2500	0.2500	91,447,254	0.2459	0.2459	93,388,574	0.2488	0.2488
Callaway	Callaway County Ambulance District	General Revenue	586,814,404	0.1200	0.1200	614,863,478	0.1200	0.1200	608,333,103	0.1200	0.1200
	City of Auxvasse	General Revenue	6,567,760	0.6112	0.6112	6,799,594	0.6158	0.6158	7,088,876	0.6158	0.6158
	City of Fulton	General Revenue	83,482,115	0.4710	0.4200	87,034,329	0.4762	0.4200	87,305,562	0.4854	0.4854
	Village of Kingdom City	General Revenue	7,478,679	0.2098	0.2098	7,565,615	0.2098	0.2098	7,124,855	0.2229	0.2098
	City of Mokane	General Revenue	942,448	0.7782	0.7782	938,178	0.7933	0.7933	941,498	0.8070	0.8070
	City of New Bloomfield	General Revenue	4,003,375	0.3348	0.3348	4,025,052	0.3354	0.3354	4,987,181	0.3084	0.3084
		Debt Service	4,003,375	1.1756	1.1756	4,025,052	0.6341	0.6341	4,987,181	0.8973	0.8973
	Town of Lake Mykee	General Revenue	3,478,905	0.5230	0.5230	3,472,619	0.5272	0.5272	3,568,438	0.5272	0.5272
	Callaway County Library	General Revenue	586,610,814	0.2000	0.2000	614,863,478	0.2000	0.2000	608,333,103	0.2000	0.2000
	Millersburg Fire Protection Dist	General Revenue	23,405,945	0.4737	0.4600	24,334,344	0.4740	0.4600	25,646,320	0.4787	0.4787
	Central Callaway Fire Prot Dist	General Revenue	46,799,744	0.4500	0.4500	48,413,792	0.4500	0.4500	49,903,527	0.4500	0.4500
	Holts Summit Fire Protection Dist	General Revenue	73,093,439	0.2687	0.2687	76,952,607	0.2687	0.2687	81,058,943	0.2687	0.2687
	South Callaway Fire Protection Dist	General Revenue	253,869,514	0.2005	0.2000	267,806,773	0.2005	0.2000	249,617,145	0.2005	0.2000
	North Callaway Fire Protection Dist	General Revenue	61,411,712	0.2850	0.2850	63,753,401	0.2871	0.2871	64,877,824	0.2892	0.2892
	New Bloomfield Fire Protection Dist	General Revenue	26,762,420	0.2853	0.2853	27,929,543	0.2853	0.2853	29,294,355	0.2853	0.2853
	North Callaway Co R-I School Dist	Operating Funds-Schools	66,410,591	3.0898	3.0800	69,028,734	3.1045	3.1045	70,435,411	3.1231	3.1231
		Debt Service	66,410,591	1.0163	0.5300	69,028,734	0.9023	0.5055	70,435,411	0.6967	0.4869
	New Bloomfield R-III School Dist	Operating Funds-Schools	32,277,877	3.0947	3.0508	34,271,666	3.1002	3.0508	35,704,503	3.0599	3.0599
		Debt Service	32,277,877	1.7872	1.0200	34,271,666	2.0470	1.0200	35,704,503	1.9198	1.0200
	Fulton 58 School District	Operating Funds-Schools	131,483,556	3.3868	3.3868	136,155,052	3.4220	3.4220	139,160,230	3.4337	3.4337
		Debt Service	131,483,556	0.6165	0.5800	136,155,052	0.8315	0.5800	139,160,230	1.2064	0.5800
	South Callaway Co R-II School Dist	Operating Funds-Schools	252,052,637	2.7500	2.7500	266,386,231	2.7500	2.7500	249,028,732	2.7500	2.7500
	Callaway County	General Revenue	586,814,404	0.3165	0.3165	614,863,478	0.3165	0.3165	608,333,103	0.3254	0.3254
		Road & Bridge	586,814,404	0.2450	0.2450	614,863,478	0.2450	0.2450	608,333,103	0.2519	0.2519
		Senate Bill 40	586,814,404	0.1000	0.1000	614,863,478	0.1000	0.1000	608,333,103	0.1000	0.1000
Camden	CAM-MO Ambulance District	General Revenue	392,349,308	0.1218	0.1218	458,298,563	0.1143	0.0640	472,205,452	0.1143	0.0000
	Camden Ambulance District	General Revenue	438,744,097	0.3000	0.3000	438,429,340	0.3000	0.3000	456,133,315	0.3000	0.3000
	Horseshoe Bend Sp Rd 1 Camden Co	General Revenue	**	**	**	230,220,150	0.3500	0.3500 A	239,200,505	0.3500	0.3500
		Special Road and Bridge	205,851,691	0.3466	0.3466	**	**	**	**	**	**
	Village of Climax Springs	General Revenue	324,300	0.5176	0.5176	327,951	0.5185	0.5185	337,432	0.5184	0.5184
	City of Linn Creek	General Revenue	4,117,802	0.1625	0.0000	4,849,495	0.1588	0.0000	3,947,073	0.1982	0.0000
	City of Macks Creek	General Revenue	1,147,880	0.2787	0.2300	1,157,910	0.2787	0.2300	1,170,227	0.2788	0.2300
	City of Stoutland	General Revenue	773,477	0.7221	0.7092	767,530	0.7277	0.6900	801,350	0.7276	0.6900
	City of Sunrise Beach	General Revenue	9,037,854	0.1456	0.1400	10,793,663	0.1345	0.1300	10,909,567	0.1346	0.1300
	Camden County Library	General Revenue	1,056,659,391	0.1014	0.1014	1,194,072,324	0.0988	0.0988	1,242,459,667	0.0988	0.0988
	Osage Beach Fire Protection Dist	General Revenue	317,862,697	0.5078	0.5078	359,546,831	0.4912	0.4912	375,448,445	0.4934	0.4934

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Camden	Osage Beach Fire Protection Dist	Debt Service	317,862,697	0.1157	0.1022	359,546,831	0.0891	0.0888	375,448,445	0.1047	0.1047
	Sunrise Beach Fire Protection Dist	General Revenue	196,999,785	0.4005	0.4005	228,493,984	0.3834	0.3834	236,040,242	0.3846	0.3846
		Debt Service	196,999,785	0.0911	0.0911	228,493,984	0.0609	0.0609	236,040,242	0.0782	0.0782
	Mid County Fire Protection District	General Revenue	182,726,851	0.2933	0.2933	208,945,689	0.2887	0.2887	221,321,360	0.2887	0.2887
		Debt Service	182,726,851	0.2572	0.2572	208,945,689	0.2442	0.2442	221,321,360	0.2144	0.2144
	Northwest Fire Protection District	General Revenue	43,601,497	0.2828	0.2828	48,271,228	0.2781	0.2781	49,455,461	0.2781	0.2781
	Southwest Camden Co Fire Prot Dist	General Revenue	18,036,053	0.3000	0.3000	19,999,037	0.2962	0.2962	20,798,518	0.2962	0.2962
	Camden Co. R-II School District	Operating Funds-Schools	17,819,080	3.4775	2.7500	18,819,910	3.4325	2.7500	19,954,069	3.4194	2.7500
	Camdenton R-III School District	Operating Funds-Schools	711,519,547	2.7200	2.7200	811,380,213	2.6600	2.6600	845,690,591	2.6600	2.6600
		Debt Service	711,519,547	0.2254	0.1500	811,380,213	0.2768	0.2100	845,690,591	0.2529	0.2100
	Climax Springs R-IV School District	Operating Funds-Schools	61,969,690	2.7500	2.7500	69,132,775	2.7500	2.7500	70,815,954	2.7500	2.7500
	Macks Creek R-V School District	Operating Funds-Schools	20,889,492	3.1700	3.1000	23,431,035	3.1196	3.1000	24,341,266	3.4568	3.4300 B
		Debt Service	20,889,492	1.5782	0.8000	23,431,035	1.4197	0.8000	24,341,266	1.4805	0.4700
	Camden County	General Revenue	1,056,659,391	0.2232	0.0900	1,194,072,324	0.2175	0.1000	1,242,459,667	0.2175	0.1000
		Road & Bridge	1,056,659,391	0.1522	0.0900	1,194,072,324	0.1483	0.1000	1,242,459,667	0.1483	0.1000
		Senate Bill 40	1,056,659,391	0.0608	0.0608	1,194,072,324	0.0592	0.0592	1,242,459,667	0.0592	0.0592
		Senior Services	1,056,659,391	0.0483	0.0483	1,194,072,324	0.0471	0.0471	1,242,459,667	0.0471	0.0471
	Cape Girardeau Cape Special Road District	Road & Bridge	511,955,237	0.2681	0.2681	542,367,536	0.2681	0.2681	574,416,831	0.2681	0.2681
	City of Cape Girardeau	General Revenue	424,897,495	0.3135	0.3135	447,290,527	0.3135	0.3135	472,103,084	0.3135	0.3135
		Health	424,897,495	0.0587	0.0587	447,290,527	0.0587	0.0587	472,103,084	0.0587	0.0587
Cape Girardeau	City of Delta	General Revenue	2,512,490	0.6326	0.6326	2,627,995	0.6326	0.6300	2,607,453	0.6495	0.6300
	Village of Gordonville	General Revenue	3,776,362	0.4780	0.4780	4,169,440	0.4602	0.4310	4,124,590	0.4665	0.4370
	City of Jackson	General Revenue	145,654,850	0.6055	0.6000	156,079,599	0.6032	0.6032	161,086,029	0.6032	0.6032
		Parks & Recreation	145,654,850	0.1270	0.1270	156,079,599	0.1265	0.1265	161,086,029	0.1265	0.1265
		Library	145,654,850	0.1270	0.1270	156,079,599	0.1265	0.1265	161,086,029	0.1265	0.1265
		Band	145,654,850	0.0781	0.0700	156,079,599	0.0778	0.0700	161,086,029	0.0778	0.0778
		Cemetery	145,654,850	0.0781	0.0700	156,079,599	0.0778	0.0700	161,086,029	0.0778	0.0778
	Village of Oak Ridge	General Revenue	1,128,904	0.2813	0.2681	1,274,622	0.2814	0.2813	1,096,788	0.3353	0.2813
	Village of Pocahontas	General Revenue	546,205	0.5348	0.5200	563,763	0.5348	0.5200	571,453	0.5348	0.5200
	Village of Whitewater	General Revenue	514,034	0.6873	0.6873	543,791	0.6873	0.6873	544,491	0.6872	0.6872
	Village of Old Appleton	General Revenue	606,743	0.3070	0.3070	730,173	0.3070	0.3070	690,883	0.3245	0.3245
	Town of Allenville	General Revenue	301,695	0.3888	0.3888	304,008	0.3888	0.3888	299,898	0.3941	0.3941
	Town of Dutchtown	General Revenue	555,613	0.3175	0.3175	583,462	0.3169	0.3169	588,482	0.3169	0.3169
	Cape Girardeau Public Library	General Revenue	387,875,586	0.1665	0.1665	407,513,015	0.1665	0.1665	423,492,386	0.1665	0.1665
	Cape Girardeau County Library	General Revenue	387,129,210	0.0832	0.0832	419,362,017	0.0830	0.0830	448,249,734	0.0830	0.0830
	East County Area Fire Prot District	General Revenue	63,212,076	0.3000	0.3000	68,504,542	0.2996	0.2996	74,299,048	0.2996	0.2996
	Delta Fire Protection District	General Revenue	12,306,821	0.2977	0.2977	12,681,686	0.2977	0.2977	12,813,428	0.2977	0.2977
	Fruitland Area Fire Protection Dist	General Revenue	63,080,785	0.2972	0.2100	69,931,024	0.2946	0.2400	74,650,667	0.2946	0.2600

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Cape Girardeau	North Cape Co Rural Fire Prot Dist	General Revenue	20,080,213	0.3000	0.2500	21,539,189	0.2996	0.2500	22,782,731	0.2996	0.2500
	Gordonville Fire Protection Dist	General Revenue	47,028,978	0.2886	0.2886	52,011,910	0.2857	0.2857	56,331,190	0.2857	0.2857
	Millersville Fire Protection Dist	General Revenue	30,465,599	0.2981	0.2981	32,772,401	0.2978	0.2978	34,516,765	0.2978	0.2978
	Whitewater Fire Protection Dist	General Revenue	10,611,502	0.3890	0.3890	11,008,924	0.3890	0.3890	11,344,229	0.3890	0.3890
	Cape Girardeau Spec Business Dist	General Revenue	2,531,230	0.7576	0.7576	2,607,010	0.7576	0.7576	2,685,340	0.7576	0.7576
	Jackson R-II School District	Operating Funds-Schools	281,798,893	3.1217	3.1217	306,585,584	3.6079	3.6079	324,693,088	3.6079	3.6079
		Debt Service	281,798,893	0.5668	0.1883	306,585,584	0.5210	0.1921	324,693,088	0.5160	0.1921
	Delta R-V School District	Operating Funds-Schools	17,095,455	3.2653	3.2623	17,588,906	3.2544	3.2544	18,093,061	3.2534	3.2534
		Debt Service	17,095,455	1.0275	0.3800	17,588,906	1.0234	0.3800	18,093,061	0.9970	0.3800
	Oak Ridge R-VI School District	Operating Funds-Schools	12,299,818	3.4122	2.7500	18,527,645	3.4221	3.4221	19,459,220	3.4128	2.7500
		Debt Service	17,160,136	1.7791	0.9000	18,527,645	1.4719	0.9000	19,459,220	1.4557	0.9000
	Cape Girardeau 63 School District	Operating Funds-Schools	441,123,279	3.6049	3.6000	464,780,561	3.6051	3.6000	491,487,315	3.5979	3.5967
		Debt Service	441,123,279	0.7518	0.5600	464,780,561	0.8701	0.5600	491,487,315	0.9020	0.5600
	Nell Holcomb R-IV School District	Operating Funds-Schools	35,713,865	3.6000	3.1334	38,629,882	3.6000	3.1539	40,127,229	3.5985	3.1623
	Cape Girardeau County	General Revenue	839,820,391	0.3500	0.0000	894,742,824	0.3500	0.0000	942,677,657	0.3500	0.0000
		Road & Bridge	327,865,154	0.2369	0.2369	352,375,286	0.2369	0.2369	368,260,826	0.2369	0.2369
		Health	839,820,391	0.1000	0.1000	894,742,824	0.1000	0.1000	942,677,657	0.1000	0.1000
		Mental Health	839,820,391	0.0805	0.0805	894,742,824	0.0805	0.0805	942,677,657	0.0805	0.0805
		Senate Bill 40	839,820,391	0.0805	0.0805	894,742,824	0.0805	0.0805	942,677,657	0.0805	0.0805
		Senior Services	839,820,391	0.0500	0.0500	894,742,824	0.0500	0.0500	942,677,657	0.0500	0.0500
Carroll	Carroll County Ambulance District	General Revenue	126,642,831	0.2855	0.2832	128,745,417	0.2855	0.2855	132,250,806	0.2855	0.2855
	Big Creek Watershed Sub Dist	General Revenue	13,779,678	0.3348	0.1000	14,024,767	0.3348	0.1000	14,195,339	0.3356	0.1000
	City of Bogard	General Revenue	848,901	0.9131	0.9000	864,923	0.9131	0.9100	1,033,455	0.8258	0.8200
	City of Bosworth	General Revenue	1,531,530	0.8473	0.8473	1,486,236	0.8731	0.8731	1,522,410	0.8731	0.8731
	Town of Carrollton	General Revenue	26,372,880	0.6964	0.6964	26,492,634	0.7037	0.7037	26,791,568	0.7049	0.7049
		Parks & Recreation	26,372,880	0.2637	0.2637	26,492,634	0.2665	0.2665	26,791,568	0.2669	0.2669
		Library	26,372,880	0.2744	0.2744	26,492,634	0.2773	0.2773	26,791,568	0.2778	0.2778
	City of De Witt	General Revenue	434,588	0.8687	0.8687	457,136	0.8685	0.8685	467,828	0.8857	0.8857
	City of Hale	General Revenue	1,915,119	0.3576	0.3576	1,949,712	0.3576	0.3576	1,949,738	0.3610	0.3610
		Lights	1,915,119	0.2818	0.2818	1,949,712	0.2818	0.2818	1,949,738	0.2844	0.2844
		Streets	1,915,119	0.1625	0.1625	1,949,712	0.1625	0.1625	1,949,738	0.1640	0.1640
		Debt Service	1,915,119	0.4054	0.4054	1,949,712	0.4501	0.4501	1,949,738	0.3565	0.3565
	City of Norborne	General Revenue	5,411,171	0.7299	0.7299	5,438,249	0.7299	0.7299	5,573,837	0.7326	0.7326
		Parks & Recreation	5,411,171	0.1773	0.1773	5,438,249	0.1773	0.1773	5,573,837	0.1780	0.1780
		Library	5,411,171	0.1355	0.1355	5,438,249	0.1355	0.1355	5,573,837	0.1360	0.1360
	Village of Tina	General Revenue	889,772	1.0000	1.0000	875,848	1.0000	1.0000	957,909	1.0000	1.0000
	Carrollton Township of Carroll Co	General Revenue	36,989,647	0.0935	0.0600	37,205,704	0.0940	0.0940	37,560,737	0.0953	0.0953
		Road & Bridge	36,989,647	0.3944	0.3200	37,205,704	0.3967	0.3967	37,560,737	0.4020	0.4020

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Carroll	Cherry Valley Twsp of Carroll Co	General Revenue	1,112,128	0.1000	0.1000	1,115,678	0.1000	0.1000	1,136,487	0.1000	0.1000
		Road & Bridge	1,112,128	0.5000	0.5000	1,115,678	0.5000	0.5000	1,136,487	0.5000	0.5000
		Special Road and Bridge	1,112,128	0.3500	0.3500	1,115,678	0.3500	0.3500	1,136,487	0.3500	0.3500
	De Witt Township of Carroll Co	General Revenue	7,309,071	0.0994	0.0994	7,529,684	0.0994	0.0994	7,799,271	0.0994	0.0994
		Road & Bridge	7,309,071	0.4272	0.4272	7,529,684	0.4272	0.4272	7,799,271	0.4272	0.4272
		Special Road and Bridge	7,309,071	0.3500	0.3500	7,529,684	0.3500	0.3500	7,799,271	0.3500	0.3500 A
	Egypt Township of Carroll Co	General Revenue	10,168,313	0.0961	0.0919	10,340,079	0.0961	0.0919	10,726,347	0.0961	0.0919
		Road & Bridge	10,168,313	0.3524	0.3369	10,340,079	0.3524	0.3369	10,726,347	0.3524	0.3369
	Eugene Township of Carroll Co	General Revenue	6,345,833	0.1000	0.1000	6,613,415	0.1000	0.1000	6,928,131	0.0995	0.0995
		Road & Bridge	6,345,833	0.5000	0.5000	6,613,415	0.5000	0.5000	6,928,131	0.4976	0.4976
		Special Road and Bridge	6,345,833	0.3500	0.3500	6,613,415	0.3500	0.3500	6,928,131	0.3483	0.3483
	Fairfield Township of Carroll Co	General Revenue	2,610,606	0.0838	0.0838	2,668,796	0.0838	0.0838	2,679,442	0.0841	0.0841
		Road & Bridge	2,610,606	0.4089	0.4089	2,668,796	0.4089	0.4089	2,679,442	0.4102	0.4102
		Special Road and Bridge	2,610,606	0.3500	0.3500 A	2,668,796	0.3500	0.3500	2,679,442	0.3500	0.3500
	Hill Township of Carroll Co	General Revenue	3,629,534	0.0916	0.0916	3,748,427	0.0916	0.0916	3,985,603	0.0916	0.0916
		Road & Bridge	3,629,534	0.4581	0.4581	3,748,427	0.4581	0.4581	3,985,603	0.4581	0.4581
		Special Road and Bridge	3,629,534	0.3434	0.3434	3,748,427	0.3434	0.3434	3,985,603	0.3434	0.3434
	Hurricane Township of Carroll Co	General Revenue	6,294,779	0.0928	0.0928	6,453,505	0.0928	0.0928	6,676,055	0.0928	0.0928
		Road & Bridge	6,294,779	0.4125	0.4125	6,453,505	0.4125	0.4125	6,676,055	0.4125	0.4125
		Special Road and Bridge	6,294,779	0.3500	0.3500	6,453,505	0.3500	0.3500	6,676,055	0.3500	0.3500
	Leslie Township of Carroll Co	General Revenue	4,162,459	0.0899	0.0899	4,317,322	0.0899	0.0899	4,431,394	0.0899	0.0899
		Road & Bridge	4,162,459	0.4298	0.4298	4,317,322	0.4298	0.4298	4,431,394	0.4298	0.4298
		Special Road and Bridge	4,162,459	0.3338	0.3338	4,317,322	0.3500	0.3500 A	4,431,394	0.3500	0.3500
	Moss Creek Township of Carroll Co	General Revenue	5,727,536	0.1000	0.1000	5,859,361	0.1000	0.1000	6,133,644	0.1000	0.1000
		Road & Bridge	5,727,536	0.5000	0.5000	5,859,361	0.5000	0.5000	6,133,644	0.5000	0.2000
		Special Road and Bridge	5,727,536	0.3500	0.0500	5,859,361	0.3500	0.0500	6,133,644	0.3500	0.3500 A
	Prairie Township of Carroll Co	General Revenue	3,545,921	0.0828	0.0828	3,732,672	0.0821	0.0821	3,608,119	0.0859	0.0859
		Road & Bridge	3,545,921	0.3936	0.3936	3,732,672	0.3903	0.3903	3,608,119	0.4081	0.4081
		Special Road and Bridge	3,545,921	0.3443	0.3443	3,732,672	0.3414	0.3414	3,608,119	0.3500	0.3500
	Ridge Township of Carroll Co	General Revenue	5,623,061	0.0989	0.0989	5,646,562	0.0989	0.0989	5,879,000	0.0989	0.0989
		Road & Bridge	5,623,061	0.4696	0.4696	5,646,562	0.4696	0.4696	5,879,000	0.4696	0.4696
		Special Road and Bridge	5,623,061	0.3500	0.3500	5,646,562	0.3500	0.3500	5,879,000	0.3500	0.3500
	Rockford Township of Carroll Co	General Revenue	2,189,044	0.0952	0.0952	2,220,958	0.0952	0.0900	2,292,761	0.0952	0.0900
		Road & Bridge	2,189,044	0.4016	0.2714	2,220,958	0.4016	0.2600	2,292,761	0.4016	0.2600
		Special Road and Bridge	2,189,044	0.3334	0.3334	2,220,958	0.3500	0.3500 A	2,292,761	0.3500	0.3500
	Stokes Mound Township of Carroll Co	General Revenue	4,077,932	0.1000	0.1000	4,092,955	0.1000	0.1000	4,278,969	0.1000	0.1000
		Road & Bridge	4,077,932	0.4727	0.4727	4,092,955	0.4735	0.4735	4,278,969	0.4735	0.4735
		Special Road and Bridge	4,077,932	0.3500	0.3500	4,092,955	0.3500	0.3500 A	4,278,969	0.3500	0.3500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Carroll	Sugartree Township of Carroll Co	General Revenue	1,911,629	0.0983	0.0983	1,725,770	0.1000	0.1000	1,729,927	0.1000	0.1000
		Road & Bridge	1,911,629	0.4914	0.4914	1,725,770	0.5000	0.5000	1,729,927	0.5000	0.5000
		Special Road and Bridge	1,911,629	0.3500	0.3500	1,725,770	0.3500	0.3500	1,729,927	0.3500	0.3500
	Trotter Township of Carroll Co	General Revenue	4,036,147	0.0924	0.0924	4,070,943	0.0924	0.0924	4,134,024	0.0928	0.0928
		Road & Bridge	4,036,147	0.4625	0.4625	4,070,943	0.4625	0.4625	4,134,024	0.4646	0.4646
		Special Road and Bridge	4,036,147	0.3500	0.3500	4,070,943	0.3500	0.3500	4,134,024	0.3500	0.3500 A
	Van Horn Township of Carroll Co	General Revenue	6,152,106	0.0965	0.0965	6,205,179	0.0965	0.0965	6,612,756	0.0964	0.0964
		Road & Bridge	6,152,106	0.4625	0.4625	6,205,179	0.4625	0.4625	6,612,756	0.4620	0.4620
		Special Road and Bridge	6,152,106	0.3500	0.3500	6,205,179	0.3500	0.3500	6,612,756	0.3500	0.3500 A
	Wakenda Township of Carroll Co	General Revenue	6,207,495	0.1000	0.1000	6,374,810	0.1000	0.1000	6,638,458	0.1000	0.1000
		Road & Bridge	6,207,495	0.5000	0.5000	6,374,810	0.5000	0.5000	6,638,458	0.5000	0.5000
		Special Road and Bridge	6,207,495	0.3500	0.3500	6,374,810	0.3500	0.3500	6,638,458	0.3500	0.3500 A
	Washington Township of Carroll Co	General Revenue	2,808,283	0.0934	0.0934	2,859,716	0.0934	0.0934	2,834,316	0.0943	0.0943
		Road & Bridge	2,808,283	0.4357	0.4357	2,859,716	0.4357	0.4357	2,834,316	0.4398	0.4398
		Special Road and Bridge	2,808,283	0.3441	0.3441	2,859,716	0.3500	0.3500 A	2,834,316	0.3500	0.3500
	Combs Township of Carroll Co	General Revenue	5,741,307	0.0953	0.0953	5,963,881	0.0953	0.0953	6,185,365	0.0953	0.0953
		Road & Bridge	5,741,307	0.4655	0.4655	5,963,881	0.4655	0.4655	6,185,365	0.4655	0.4655
		Special Road and Bridge	5,741,307	0.3336	0.3336	5,963,881	0.3500	0.3500 A	6,185,365	0.3500	0.3500
	North Central Carroll Fire Prot Dis	General Revenue	14,895,862	0.2672	0.2672	15,203,686	0.2672	0.2672	15,953,890	0.2672	0.2672
	Carroll County Fire Protection Dist	General Revenue	43,136,097	0.2874	0.2600	44,059,879	0.2874	0.2600	45,540,461	0.2874	0.2600
	Norborne Fire Protection District	General Revenue	16,035,627	0.3000	0.2500	16,216,857	0.3000	0.2500	16,741,584	0.3000	0.2500
	Hale Fire Protection District	General Revenue	11,524,939	0.2910	0.2910	12,056,216	0.2910	0.2910	12,440,678	0.2928	0.2928
	Hale R-I School District	Operating Funds-Schools	6,432,430	4.0643	3.2692	6,616,887	4.1754	3.4653	6,826,656	4.3751	3.6503
		Debt Service	6,432,430	0.3393	0.3393	6,616,887	0.4797	0.2086	6,826,656	0.1807	0.1807
	Tina-Avalon R-II School District	Operating Funds-Schools	7,429,083	3.9941	3.9941 B	7,651,332	4.0000	3.9941	7,881,712	3.9804	3.9804
	Bosworth R-V School District	Operating Funds-Schools	6,495,802	3.8476	3.8476	6,506,354	3.7692	3.7692	6,666,859	3.9817	3.9817
	Carrollton R-VII School District	Operating Funds-Schools	49,690,121	3.6200	3.6200	50,275,772	3.5642	3.5642	50,120,102	3.5558	3.5558
	Norborne R-VIII School District	Operating Funds-Schools	11,932,740	4.1402	4.1402	12,138,925	4.0900	4.0900	12,284,600	3.9000	3.9000
		Debt Service	11,932,740	0.3772	0.2600	12,138,925	0.3761	0.1600	12,284,600	0.4060	0.2500
	Carroll County	General Revenue	126,642,831	0.3666	0.2501	128,745,417	0.3666	0.2513	132,250,806	0.3666	0.2470
		Johnson Grass	126,642,831	0.0500	0.0000	128,745,417	0.0500	0.0000	132,250,806	0.0500	0.0100
		Health	126,642,831	0.1000	0.1000	128,745,417	0.1000	0.1000	132,250,806	0.1000	0.1000
		Senate Bill 40	126,642,831	0.1000	0.1000	128,745,417	0.1000	0.1000	132,250,806	0.1000	0.1000
Carter	East Carter County Ambulance Dist	General Revenue	16,489,041	0.4000	0.4000	19,039,978	0.3895	0.3895	19,619,087	0.3929	0.3929
	West Carter County Ambulance Dist	General Revenue	20,180,307	0.4192	0.4192	23,707,494	0.3878	0.3878	24,295,794	0.3878	0.3878
	City of Grandin	General Revenue	805,377	0.7353	0.7353	795,194	0.7710	0.7710	805,243	0.7746	0.7746
		Debt Service	805,377	0.1447	0.1447	795,194	0.0000	0.0000	805,243	0.0000	0.0000
	Carter County Library	General Revenue	37,608,985	0.2000	0.2000	42,747,500	0.1941	0.1941	43,917,309	0.1979	0.1979

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Carter	Ellsinore Rural Fire Prot Dist	General Revenue	9,164,018	0.1500	0.1500	10,436,887	0.1500	0.1500	11,148,417	0.1500	0.1500
	Eastwood Fire Protection District	General Revenue	1,638,927	0.2500	0.2500	1,816,923	0.2403	0.2403	1,846,236	0.2423	0.2423
	Fremont Fire Protection District	General Revenue	2,015,660	0.3500	0.3500	2,186,940	0.3468	0.3468	2,152,483	0.3500	0.3500
	East Carter Co R-II School District	Operating Funds-Schools	19,802,892	2.7500	2.7500	23,663,375	2.7500	2.7500	25,597,285	2.7500	2.7500
	Van Buren R-I School District	Operating Funds-Schools	21,413,062	2.7500	2.7500	24,026,406	2.7500	2.7500	24,587,332	2.7500	2.7500
	Carter County	General Revenue	37,608,985	0.3174	0.0744	42,747,500	0.3081	0.0987	43,917,309	0.3142	0.0895
		Road & Bridge	37,608,985	0.2355	0.2355	42,747,500	0.2286	0.2286	43,917,309	0.2331	0.2399
		Health	37,608,985	0.2500	0.2500	42,747,500	0.2427	0.2427	43,917,309	0.2475	0.2475
		Senate Bill 40	37,608,985	0.0819	0.0819	42,747,500	0.0795	0.0795	43,917,309	0.0811	0.0811
		Senior Services	37,608,985	0.0300	0.0300	42,747,500	0.0291	0.0291	43,917,309	0.0297	0.0297
Cass	Pleasant Hill Ambulance District	General Revenue	121,723,184	0.2773	0.2773	130,517,138	0.2773	0.2773	134,487,325	0.2776	0.2776
	Cass Medical Center	General Revenue	1,053,423,236	0.1335	0.1335	1,126,857,075	0.1335	0.1335	1,172,590,433	0.1335	0.1335
	Mt Pleasant Spec Rd Dist Cass Co	Road & Bridge	203,021,559	0.2000	0.2000	215,111,868	0.1993	0.1993	223,063,644	0.1993	0.1993
	City of Archie	General Revenue	7,907,313	0.5997	0.5997	8,341,620	0.5997	0.5997	9,168,241	0.5997	0.5997
	City of Belton	General Revenue	202,361,054	0.5100	0.5100	204,105,353	0.5197	0.5197	210,840,967	0.5197	0.5197
		Parks & Recreation	202,361,054	0.2267	0.2267	204,105,353	0.2310	0.2310	210,840,967	0.2310	0.2310
		Debt Service	202,361,054	0.2736	0.2736	204,105,353	0.2832	0.2832	210,840,967	0.8106	0.5500
	City of Cleveland	General Revenue	7,169,020	0.4816	0.4816	7,629,926	0.4743	0.4743	8,030,870	0.4743	0.4743
	City of Creighton	General Revenue	1,990,810	0.7484	0.7484	2,051,265	0.7484	0.7484	2,035,424	0.7623	0.7484
	City of Drexel	General Revenue	8,369,923	0.5566	0.5500	8,510,817	0.5566	0.5500	8,675,451	0.5573	0.5500
		Debt Service	8,369,923	0.3680	0.3600	8,510,817	0.3360	0.3300	8,675,451	0.3804	0.3800
	City of East Lynne	General Revenue	1,885,833	0.8158	0.8158	2,116,023	0.8158	0.8158	2,243,105	0.8224	0.8224
		Debt Service	1,885,833	1.2993	1.2993	2,116,023	0.4473	0.4473	2,243,105	0.6654	0.6654
	City of Freeman	General Revenue	3,641,586	0.5488	0.5488	3,747,197	0.5488	0.5488	3,824,873	0.5488	0.5488
	City of Garden City	General Revenue	13,072,106	0.3832	0.3832	13,765,164	0.3832	0.3832	13,749,670	0.3883	0.3883
	City of Harrisonville	General Revenue	109,132,904	0.5129	0.5129	114,894,425	0.5129	0.5129	117,262,437	0.5129	0.5129
		Parks & Recreation	109,132,904	0.1161	0.1161	114,894,425	0.1161	0.1161	117,262,437	0.1161	0.1161
		Ambulance	109,132,904	0.1161	0.1161	114,894,425	0.1161	0.1161	117,262,437	0.1161	0.1161
	City of Lake Winnebago	General Revenue	24,506,713	0.9576	0.9500	25,686,620	0.9576	0.9500	27,073,713	0.9576	0.9500
		Debt Service	24,506,713	0.6129	0.6129	25,686,620	0.6528	0.6528	27,073,713	0.5324	0.5324
	City of Peculiar	General Revenue	34,343,026	0.4292	0.4292	38,852,330	0.4231	0.4231	41,422,015	0.4231	0.4231
		Debt Service	34,343,026	0.6342	0.2700	38,852,330	0.6286	0.3500	41,422,015	0.6514	0.4000
	City of Pleasant Hill	General Revenue	67,153,871	0.3656	0.3656	74,398,320	0.3588	0.3588	77,868,996	0.3591	0.3591
		Parks & Recreation	67,153,871	0.0731	0.0731	74,398,320	0.0717	0.0717	77,868,996	0.0718	0.0718
		Health	67,153,871	0.0731	0.0731	74,398,320	0.0717	0.0717	77,868,996	0.0718	0.0718
		Road	67,153,871	0.1371	0.1371	74,398,320	0.1346	0.1346	77,868,996	0.1347	0.1347
		Debt Service	67,153,871	0.0900	0.0900	74,398,320	0.8441	0.1021	77,868,996	0.6396	0.1016
	City of Raymore	General Revenue	166,730,608	0.4702	0.4702	190,613,932	0.4647	0.4647	205,467,139	0.4647	0.4647

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Cass	City of Raymore	Parks & Recreation	166,730,608	0.1266	0.1266	190,613,932	0.1251	0.1251	205,467,139	0.1251	0.1251
		Debt Service	166,730,608	1.1859	0.7100	190,613,932	1.0651	0.7170	205,467,139	0.8516	0.7170
	City of Strasburg	General Revenue	935,804	0.8433	0.8433	909,012	0.8682	0.8682	893,651	0.8831	0.8831
	Village of West Line	General Revenue	674,317	0.6080	0.5929	666,850	0.6148	0.6148	674,815	0.6348	0.6348
	Village of Baldwin Park	General Revenue	480,130	0.3876	0.3876	496,526	0.3888	0.3888	502,166	0.3888	0.3888
	City of Lake Annette	General Revenue	809,020	0.2000	0.2000	797,990	0.2000	0.2000	732,530	0.2000	0.2000
		Debt Service	809,020	2.0145	2.0145	797,990	2.0920	2.0920	732,530	1.5513	1.5513
	Village of Riverview Estates	General Revenue	1,005,200	0.5000	0.5000	1,025,420	0.5000	0.5000	1,054,920	0.5000	0.5000
	Cass County Public Library	General Revenue	1,053,423,236	0.1525	0.1525	1,126,857,075	0.1525	0.1525	1,172,590,433	0.1525	0.1525
	Central Cass County Fire Prot Dist	General Revenue	90,337,127	0.2467	0.2467	95,173,632	0.2467	0.2467	97,176,846	0.2470	0.2470
		Ambulance	90,337,127	0.1382	0.1382	95,173,632	0.1382	0.1382	97,176,846	0.1384	0.1384
		Debt Service	**	**	**	95,173,632	0.4639	0.2600	97,176,846	0.4389	0.2600
	Garden City Fire District	General Revenue	34,546,642	0.2291	0.2291	35,966,949	0.2291	0.2291	36,479,024	0.2294	0.2294
		Ambulance	34,546,642	0.2888	0.2888	35,966,949	0.2888	0.2888	36,479,024	0.2892	0.2892
	South Metropolitan Fire Prot Dist	General Revenue	231,141,547	0.5562	0.5562	262,537,877	0.5429	0.5429	281,934,347	0.5429	0.4701
		Ambulance	231,141,547	0.4356	0.4356	262,537,877	0.4252	0.4252	281,934,347	0.4252	0.3681
		Dispatch	231,141,547	0.0464	0.0464	262,537,877	0.0453	0.0453	281,934,347	0.0453	0.0392
		Debt Service	231,141,547	0.4144	0.1525	262,537,877	0.3045	0.1525	281,934,347	0.2667	0.1525
	West Peculiar Fire Protection Dist	General Revenue	82,254,982	0.6911	0.6911	89,827,312	0.6835	0.6835	93,473,609	0.6835	0.6835
		Ambulance	82,254,982	0.2822	0.2822	89,827,312	0.2791	0.2791	93,473,609	0.2791	0.2791
		Dispatch	82,254,982	0.0486	0.0486	89,827,312	0.0481	0.0481	93,473,609	0.0481	0.0481
		Debt Service	82,254,982	0.1579	0.1579	89,827,312	0.1092	0.1092	93,473,609	0.1127	0.1127
	Creighton Fire Protection Dist	General Revenue	7,963,601	0.2373	0.2373	8,369,817	0.2373	0.2373	8,561,260	0.2377	0.2373
	Western Cass Fire Protection Dist	General Revenue	31,174,735	0.4082	0.4082	32,714,669	0.4082	0.4082	34,004,133	0.4082	0.4082
		Dispatch	31,174,735	0.0481	0.0481	32,714,669	0.0481	0.0481	34,004,133	0.0481	0.0481
	Dolan & West Dolan Fire Prot Dist	General Revenue	26,905,825	0.2766	0.2766	28,000,651	0.2766	0.2766	28,602,863	0.2766	0.2766
	East Lynne-Gunn City Fire Prot Dist	General Revenue	15,406,224	0.2981	0.2981	16,192,771	0.2981	0.2981	16,681,357	0.2981	0.2981
	Northeast Cass Fire Protection Dist	General Revenue	55,014,588	0.1500	0.1500	56,565,784	0.1500	0.1500	56,729,568	0.1500	0.1500
	Mount Pleasant Fire Protection Dist	General Revenue	53,913,139	0.3000	0.1500	59,523,780	0.2856	0.1500	62,920,738	0.2856	0.2500
	Dikeland Sewer District	General Revenue	986,756	0.7141	0.0000	1,032,583	0.7063	0.0000	1,037,598	0.7067	0.0000
	Cass Co R-V School District	Operating Funds-Schools	24,690,024	3.6088	3.6088	26,366,845	3.6341	3.6341	27,791,935	3.6549	3.6549
		Debt Service	24,690,024	0.8082	0.5412	26,366,845	0.8744	0.5159	27,791,935	0.9400	0.4951
	Strasburg C-3 School District	Operating Funds-Schools	9,541,271	4.0544	4.0544	10,214,222	3.9975	3.9975	10,300,468	4.0638	4.0638
		Debt Service	9,541,271	1.0553	1.0553	10,214,222	0.8822	0.8822	10,300,468	1.9609	1.0000
	Raymore-Peculiar R-II School Dist	Operating Funds-Schools	320,374,775	3.7500	3.7497	358,689,653	3.7018	3.7018	382,892,264	3.7127	3.7127
		Debt Service	320,374,775	1.7840	1.2900	358,689,653	2.5880	1.3379	382,892,264	2.6376	1.3270
	Sherwood Cass R-VIII School Dist	Operating Funds-Schools	42,938,910	3.0519	3.0519	45,574,008	3.0515	3.0515	46,532,940	3.0834	3.0834
		Debt Service	42,938,910	1.0004	1.0000	45,574,008	1.0004	1.0000	46,532,940	1.0002	1.0000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Cass	East Lynne 40 School District	Operating Funds-Schools	11,245,027	4.3237	3.4994	11,970,580	4.2919	3.5852	12,509,644	4.3167	3.5053
		Debt Service	11,245,027	0.3356	0.3356	11,970,580	0.2898	0.2898	12,509,644	0.3422	0.3422
	Pleasant Hill R-III School District	Operating Funds-Schools	107,913,774	3.8232	3.6864	118,086,276	3.7606	3.6864	121,781,270	3.7789	3.6345
		Debt Service	107,913,774	1.0496	1.0481	118,086,276	1.6571	1.0481	121,781,270	1.7244	1.1000
	Harrisonville R-IX School District	Operating Funds-Schools	164,660,362	4.0931	3.6400	174,041,386	4.0748	4.0600	176,834,460	4.0941	4.0600
		Debt Service	164,660,362	1.4004	0.8700	174,041,386	1.3052	0.8700	176,834,460	1.2596	0.8700
	Drexel R-IV School District	Operating Funds-Schools	15,786,802	4.3223	4.1352	16,559,806	4.3259	4.1351	16,877,437	4.3719	4.2751
		Debt Service	15,786,802	1.5820	0.9000	16,559,806	1.2093	0.9000	16,877,437	0.7680	0.7600
	Midway R-I School District	Operating Funds-Schools	34,620,781	4.9074	4.3847	36,357,154	4.9025	4.2961	37,407,076	4.9343	4.3753
		Debt Service	34,620,781	0.4513	0.3600	36,357,154	0.6915	0.3615	37,407,076	0.7560	0.3610
	Belton 124 School District	Operating Funds-Schools	251,599,785	4.0144	4.0144 B	263,089,537	3.9721	3.9721	272,595,023	4.0354	4.0561 C
		Debt Service	251,599,785	1.1947	1.1800	263,089,537	1.7979	1.1800	272,595,023	1.7806	1.1800
Cedar	Cass County	Road & Bridge	1,053,423,236	0.1847	0.1847	1,126,857,075	0.1847	0.1847	949,526,790	0.2480	0.2480
		Senate Bill 40	1,053,423,236	0.0381	0.0381	1,126,857,075	0.0381	0.0381	1,172,590,433	0.0381	0.0381
	Cedar County Ambulance District	General Revenue	126,280,068	0.0990	0.0990	133,177,295	0.1000	0.0000	136,529,920	0.1000	0.0000
	Cedar County Memorial Hospital	General Revenue	126,280,068	0.1485	0.1485	133,177,295	0.1500	0.1500	136,529,920	0.1500	0.1500
	Bear Creek Spec Rd Dist Cedar Co	Special Road and Bridge	4,460,031	0.3462	0.3462	4,606,225	0.3488	0.3488	4,864,858	0.3500	0.3500 A
	Bethel Special Road Dist Cedar Co	Special Road and Bridge	724,065	0.3500	0.3500	766,027	0.3500	0.3500	781,714	0.3500	0.3500 A
	Caplinger Mills Sp Rd Dist Cedar Co	Special Road and Bridge	2,385,018	0.3422	0.3422	2,388,072	0.3443	0.3443	2,578,406	0.3500	0.3500 A
	Cedar Hall Spec Rd Dist Cedar Co	Special Road and Bridge	828,873	0.3500	0.3500	882,645	0.3500	0.3500	890,587	0.3500	0.3500 A
	Dunnegan Spec Rd Dist Cedar Co	Special Road and Bridge	1,024,288	0.3417	0.3417	1,052,380	0.3432	0.3432	**	**	**
	Eldorado Spgs Spec Rd Dist Cedar Co	Special Road and Bridge	41,963,849	0.3465	0.3465	42,307,417	0.3500	0.3500	42,767,700	0.3500	0.3500 A
	Independence Sp Rd Dist Cedar Co	Special Road and Bridge	803,688	0.3500	0.3500	802,139	0.3500	0.3500	940,820	0.3500	0.3500 A
	Jerico Springs Sp Rd Dist Cedar Co	Special Road and Bridge	774,823	0.3500	0.3500	771,597	0.3500	0.3500	**	**	**
	Koncord Spec Rd Dist Cedar Co	Special Road and Bridge	2,893,411	0.3247	0.3247	2,920,660	0.3271	0.3271	2,906,011	0.3500	0.3500 A
	Madison Spec Rd Dist Cedar Co	Special Road and Bridge	1,288,452	0.3500	0.3500	1,308,701	0.3500	0.3500	1,377,358	0.3500	0.3500 A
	Masters Spec Rd Dist Cedar Co	Special Road and Bridge	1,606,524	0.3463	0.3463	1,940,942	0.3465	0.3465	1,998,985	0.3500	0.3500 A
	Omer Special Road Dist Cedar Co	Special Road and Bridge	936,779	0.3490	0.3490	955,404	0.3500	0.3500 A	988,325	0.3500	0.3500
	Rowland Special Road Dist Cedar Co	Special Road and Bridge	4,644,247	0.3494	0.3494	4,756,109	0.3500	0.3500	4,927,918	0.3500	0.3500 A
	Dogwood Special Road District	Common Road District	624,165	0.3500	0.3500 A	672,385	0.3500	0.3500	652,285	0.3500	0.3500
	City of El Dorado Springs	General Revenue	27,880,153	0.5365	0.5365	27,654,881	0.5481	0.5365	27,835,017	0.5481	0.5481
		Band	27,880,153	0.1292	0.0955	27,654,881	0.1320	0.0955	27,835,017	0.1320	0.0998
		Park	27,880,153	0.1987	0.1987	27,654,881	0.2030	0.1987	27,835,017	0.2030	0.2030
		Recreation	27,880,153	0.0993	0.0993	27,654,881	0.1000	0.0993	27,835,017	0.1000	0.1000
	Village of Jerico Springs	General Revenue	762,568	0.5000	0.5000	769,326	0.5000	0.5000	770,511	0.5000	0.5000
	City of Stockton	General Revenue	17,997,978	0.4163	0.4163	21,082,093	0.4184	0.4184	21,346,236	0.4281	0.4281
		Parks & Recreation	17,997,978	0.0991	0.0991	21,082,093	0.0996	0.0996	21,346,236	0.1019	0.1019
	Village of Umber View Heights	General Revenue	703,075	0.2216	0.2216	685,680	0.2272	0.2272	699,544	0.2272	0.2272

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Cedar	Cedar County Library District	General Revenue	126,280,068	0.0792	0.0792	133,177,295	0.0800	0.0800	136,529,920	0.0800	0.0800
	Korth Special Road Subdistrict	Special Road and Bridge	2,383,075	0.3281	0.3281	2,416,561	0.3329	0.3329	2,712,020	0.3500	0.3500 A
	Stockton R-I School District	Operating Funds-Schools	63,694,624	2.7500	2.7500	70,254,816	2.7500	2.7500	72,262,037	3.6400	3.6400 B
	El Dorado Springs R-II School Dist	Operating Funds-Schools	67,132,524	3.1679	2.7500	69,506,970	3.1697	2.7500	71,221,153	3.1819	2.7500
		Debt Service	67,132,524	0.5170	0.4900	69,506,970	0.4937	0.4900	71,221,153	0.4914	0.4900
	Cedar County	General Revenue	126,280,068	0.3167	0.1081	133,177,295	0.3199	0.1511	136,529,920	0.3199	0.1399
		Road & Bridge	126,280,068	0.2375	0.2375	133,177,295	0.2399	0.2399	136,529,920	0.2399	0.2399
		Senior Services	**	**	**	**	**	**	136,529,920	0.0500	0.0500 A
Chariton	Chariton County Ambulance District	General Revenue	106,383,297	0.2583	0.2400	111,046,353	0.2583	0.2500	114,873,030	0.2583	0.2400
	City of Brunswick	General Revenue	5,711,758	0.8636	0.8636	5,785,753	0.8636	0.8636	6,034,813	0.8636	0.8636
	Village of Dalton	General Revenue	384,072	0.5000	0.5000	389,982	0.5000	0.5000	431,027	0.4990	0.4990
	City of Keytesville	General Revenue	2,436,401	0.8274	0.8274	2,478,275	0.8283	0.8283	2,523,843	0.8283	0.8283
		Parks & Recreation	2,436,401	0.2000	0.2000	2,478,275	0.2000	0.2000	2,523,843	0.2000	0.2000
	City of Mendon	General Revenue	1,172,959	0.8211	0.8211	1,159,310	0.8332	0.8332	1,183,558	0.8331	0.8331
	Village of Rothville	General Revenue	254,082	0.9123	0.7300	256,883	0.9125	0.7300	264,433	0.9431	0.7300
	City of Salisbury	General Revenue	12,264,326	0.7182	0.7182	12,837,826	0.7182	0.7182	13,014,392	0.7182	0.7182
		Parks & Recreation	12,264,326	0.1720	0.1720	12,837,826	0.1720	0.1720	13,014,392	0.1720	0.1720
		Library	12,264,326	0.1000	0.1000	12,837,826	0.1000	0.1000	13,014,392	0.1000	0.1000
		Museum	12,264,326	0.1315	0.1315	12,837,826	0.1315	0.1315	13,014,392	0.1315	0.1315
	City of Sumner	General Revenue	737,060	1.0000	1.0000	761,421	1.0000	1.0000	784,680	1.0000	1.0000
		Streets	737,060	0.2500	0.2500 A	761,421	0.2500	0.2500	784,680	0.2500	0.2500
	City of Triplett	General Revenue	286,482	0.9921	0.9921	319,399	0.9921	0.9921	316,334	1.0000	1.0000
	Bee Branch Township of Chariton Co	Road & Bridge	3,552,240	0.5000	0.5000	3,532,854	0.5000	0.5000	3,745,835	0.5000	0.5000
		Special Road and Bridge	3,552,240	0.3500	0.3500	3,532,854	0.3500	0.3500	3,745,835	0.3500	0.3500
	Bowling Green Township, Chariton Co	Road & Bridge	4,315,444	0.3499	0.3499	4,586,870	0.3481	0.3481	4,771,341	0.3476	0.3476
		Special Road and Bridge	4,315,444	0.3368	0.3368	4,586,870	0.3351	0.3351	4,771,341	0.3346	0.3346
	Brunswick Township of Chariton Co	Road & Bridge	14,519,657	0.4924	0.4924	15,028,324	0.4924	0.4924	15,774,193	0.4924	0.4924
		Special Road and Bridge	14,519,657	0.1576	0.1576	15,028,324	0.1576	0.1576 A	15,774,193	0.1576	0.1576
	Chariton Township of Chariton Co	Road & Bridge	5,976,527	0.3252	0.3252	6,240,439	0.3252	0.3252	6,492,495	0.3252	0.3252
		Special Road and Bridge	5,976,527	0.2137	0.2137	6,240,439	0.2137	0.2137 A	6,492,495	0.2137	0.2137
	Clark Township of Chariton Co	Road & Bridge	4,809,282	0.5000	0.5000	5,099,620	0.5000	0.5000	5,201,629	0.5000	0.5000
		Special Road and Bridge	4,809,282	0.3500	0.3500	5,099,620	0.3500	0.3500	5,201,629	0.3500	0.3500 A
	Cockrell Township of Chariton Co	Road & Bridge	2,559,683	0.5000	0.5000	2,690,705	0.5000	0.5000	2,779,509	0.5000	0.5000
		Special Road and Bridge	2,559,683	0.3500	0.3500	2,690,705	0.3500	0.3500	2,779,509	0.3500	0.3500
	Cunningham Township of Chariton Co	Road & Bridge	5,108,082	0.4927	0.4927	5,255,295	0.4927	0.4927	5,456,719	0.4927	0.4927
		Special Road and Bridge	5,108,082	0.2956	0.2956	5,255,295	0.2956	0.2956 A	5,456,719	0.2956	0.2956
	Keytesville Township of Chariton Co	Road & Bridge	10,222,284	0.3937	0.3937	10,750,225	0.3937	0.3937	11,218,044	0.3937	0.3937
		Special Road and Bridge	10,222,284	0.3436	0.3436	10,750,225	0.3436	0.3436	11,218,044	0.3436	0.3436

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Chariton	Mendon Township of Chariton Co	Road & Bridge	5,316,456	0.4948	0.4948	5,364,043	0.4948	0.4948	5,545,880	0.4948	0.4948
		Special Road and Bridge	5,316,456	0.3463	0.3463	5,364,043	0.3500	0.3500 A	5,545,880	0.3500	0.3500
	Musselfork Township of Chariton Co	Road & Bridge	4,621,024	0.3500	0.3500	5,154,803	0.3378	0.3378	5,191,940	0.3378	0.3378
		Special Road and Bridge	4,621,024	0.2300	0.2300	5,154,803	0.2300	0.2300 A	5,191,940	0.2300	0.2300
	Salisbury Township of Chariton Co	Road & Bridge	29,200,053	0.4985	0.4985	30,552,327	0.4985	0.4985	31,461,740	0.4985	0.4985
		Special Road and Bridge	29,200,053	0.1495	0.1495	30,552,327	0.1495	0.1495	31,461,740	0.1495	0.1495
	Salt Creek Township of Chariton Co	Road & Bridge	3,577,615	0.4575	0.4575	3,728,081	0.4575	0.4575	3,887,449	0.4575	0.4575
		Special Road and Bridge	3,577,615	0.3203	0.3203	3,728,081	0.3203	0.3203 A	3,887,449	0.3203	0.3203
	Triplett Township of Chariton Co	Road & Bridge	4,621,535	0.4890	0.4890	4,705,492	0.4890	0.4890	4,836,044	0.4890	0.4890
		Special Road and Bridge	4,621,535	0.3423	0.3423	4,705,492	0.3423	0.3423 A	4,836,044	0.3423	0.3423
	Wayland Township of Chariton Co	Road & Bridge	3,414,076	0.5000	0.5000	3,610,153	0.5000	0.5000	3,636,475	0.5000	0.5000
		Special Road and Bridge	**	**	**	3,610,153	0.2000	0.2000 A	3,636,475	0.2000	0.2000
	Yellow Creek Twsp of Chariton Co	Road & Bridge	4,569,339	0.5000	0.5000	4,747,122	0.5000	0.5000	4,873,737	0.5000	0.5000
		Special Road and Bridge	4,569,339	0.3477	0.3477	4,747,122	0.3477	0.3477	4,873,737	0.3477	0.3477
	Keytesville Fire Protection Dist	General Revenue	14,218,110	0.1969	0.1969	14,970,037	0.1969	0.1969	15,605,117	0.1969	0.1969
	Mendon Fire Protection District	General Revenue	10,740,105	0.2903	0.2500	10,917,407	0.2903	0.2500	11,290,830	0.2903	0.2500
	Sumner Community Fire Prot Dist	General Revenue	4,341,608	0.3000	0.3000	4,483,346	0.3000	0.3000	4,656,298	0.3000	0.3000
	Yellow Creek Fire Protection Dist	General Revenue	3,684,906	0.3000	0.2000	3,833,711	0.3000	0.2200	3,923,854	0.3000	0.2500
	Northwestern R-I School District	Operating Funds-Schools	11,210,945	4.1628	4.1628	11,621,932	4.0404	4.0404	11,957,628	4.1586	4.1586
		Debt Service	11,210,945	1.8309	0.9900	11,621,932	0.9875	0.9875	11,957,628	1.1769	0.9900
	Brunswick R-II School District	Operating Funds-Schools	13,718,401	3.7291	3.6291 B	14,232,639	3.7009	3.7009	14,566,898	3.7168	3.6168
		Debt Service	13,718,401	0.6029	0.3900	14,232,639	0.6664	0.3900	14,566,898	0.4634	0.3900
	Keytesville R-III School District	Operating Funds-Schools	11,210,602	4.2455	4.1400 B	12,050,262	4.2455	4.2455	12,340,967	4.1808	4.0400
	Salisbury R-IV School District	Operating Funds-Schools	35,181,538	3.6692	3.6692	36,987,038	3.6373	3.6373	37,753,247	3.5926	3.5926
	Chariton County	General Revenue	106,383,297	0.3974	0.2900	111,046,353	0.3974	0.2850	114,873,030	0.3974	0.2850
		Health	106,383,297	0.0993	0.0993	111,046,353	0.0993	0.0993	114,873,030	0.0993	0.0993
		Senate Bill 40	106,383,297	0.0993	0.0700	111,046,353	0.0993	0.0700	114,873,030	0.0993	0.0800
		Township	106,383,297	0.0993	0.0993	111,046,353	0.0993	0.0993	114,873,030	0.0993	0.0993
Christian	Christian County Ambulance District	General Revenue	549,953,265	0.1379	0.1379	652,226,558	0.1303	0.1303	718,612,683	0.1303	0.1303
	Billings Spec Rd Dist Christian Co	Road & Bridge	28,897,335	0.2131	0.2000	33,843,614	0.2055	0.2000	36,227,749	0.2079	0.2000
		Special Road and Bridge	28,897,335	0.3500	0.1600	33,843,614	0.3376	0.1600	36,227,749	0.3500	0.1600 A
	Garrison Spec Rd Dist Christian Co	Road & Bridge	1,175,027	0.2320	0.0000	1,247,084	0.2275	0.0000	1,336,485	0.2278	0.0000
	Nixa Special Road Dist Christian Co	Road & Bridge	136,920,978	0.1004	0.1004	166,094,790	0.0930	0.0930	190,332,943	0.0930	0.0930
	Ozark Spec Rd Dist Christian Co	Road & Bridge	204,266,957	0.1541	0.1541	242,528,128	0.1455	0.1425	266,938,316	0.1455	0.1400
	Selmore Spec Rd Dist Christian Co	Road & Bridge	10,425,594	0.1877	0.1877	11,871,219	0.1786	0.1786	13,190,908	0.1786	0.1786
	South Sparta Road Dist Christian Co	Road & Bridge	6,904,958	0.1755	0.1755	7,996,508	0.1699	0.1699	8,159,617	0.1699	0.1699
	Stoneshire Sp Rd Dist Christian Co	Road & Bridge	2,074,848	0.1473	0.1473	2,283,214	0.1420	0.1420	2,473,340	0.1426	0.1426
	City of Billings	General Revenue	7,558,713	0.5687	0.5687	8,181,071	0.5527	0.5527	8,241,922	0.5527	0.5527

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Christian	City of Billings	Parks & Recreation	7,558,713	0.1651	0.1651	8,181,071	0.1605	0.1605	8,241,922	0.1605	0.1605
	City of Clever	General Revenue	8,750,262	0.6218	0.6218	10,521,669	0.6218	0.6218	11,454,641	0.6218	0.6218
	City of Nixa	General Revenue	136,787,686	0.3599	0.3599	137,581,394	0.3257	0.3257	157,785,009	0.3257	0.3257
	City of Ozark	General Revenue	127,293,386	0.2600	0.2600	131,230,279	0.2376	0.2376	144,599,357	0.2376	0.2376
		Parks & Recreation	127,293,386	0.0650	0.0650	131,230,279	0.0594	0.0594	144,599,357	0.0594	0.0594
		Debt Service	127,293,386	0.0165	0.0165	**	**	**	**	**	**
	City of Sparta	General Revenue	7,451,772	0.3973	0.3973	9,202,283	0.3798	0.3798	10,331,849	0.3798	0.3798
	City of Fremont Hills	General Revenue	12,761,238	0.6418	0.3183	14,767,101	0.6119	0.3612	15,980,936	0.6119	0.4142
		Debt Service	12,761,238	0.3717	0.3717	14,767,101	0.3488	0.3488	15,980,936	0.3458	0.3458
		General Revenue	608,253,889	0.0922	0.0922	722,147,609	0.0872	0.0872	794,220,112	0.0872	0.0872
	Ozark Rural Fire Protection Dist	General Revenue	245,256,323	0.2300	0.2300	288,127,873	0.2188	0.2188	317,789,646	0.2188	0.2188
	Nixa Fire Protection District	General Revenue	233,598,357	0.6754	0.6754	278,921,420	0.6338	0.6338	309,698,776	0.6338	0.6338
		Debt Service	233,598,357	0.0746	0.0746	**	**	**	**	**	**
	Billings Fire Protection District	General Revenue	36,146,896	0.4061	0.4061	40,747,535	0.3933	0.3933	42,740,414	0.3956	0.3956
	Clever Fire Protection District	General Revenue	34,084,408	0.4035	0.4035	42,677,736	0.3861	0.3861	46,760,772	0.3861	0.3861
	Highlandville Fire Protection Dist	General Revenue	42,766,273	0.2549	0.2549	49,215,211	0.2453	0.2453	53,019,865	0.3953	0.3953
	Sparta Fire Protection District	General Revenue	25,050,004	0.2797	0.2797	28,693,572	0.2728	0.2728	30,998,987	0.2728	0.2728
	Chadwick Rural Fire Protection Dist	General Revenue	6,989,360	0.3000	0.3000	7,902,562	0.2955	0.2955	7,992,450	0.2960	0.2960
	Chadwick R-I School District	Operating Funds-Schools	8,109,426	3.1332	3.1332	9,269,749	3.0732	3.0732	9,475,894	3.5732	3.5732 B
		Debt Service	8,109,426	1.7792	1.7792	9,269,749	1.6265	1.6265	9,475,894	1.1265	1.1265
	Nixa R-II School District	Operating Funds-Schools	233,382,753	3.2434	3.2434 B	279,097,785	3.2434	3.2434 B	310,317,814	3.2434	3.2434
		Debt Service	233,382,753	1.7274	1.0666	279,097,785	1.5843	1.0666	310,317,814	1.2892	1.0666
	Sparta R-III School District	Operating Funds-Schools	23,200,350	2.7946	2.7946	27,100,387	2.7500	2.7500	29,136,026	2.7500	2.7500
		Debt Service	23,200,350	0.7069	0.7069	26,979,949	0.8080	0.7500	29,136,026	0.8585	0.7500
	Billings R-IV School District	Operating Funds-Schools	20,635,741	3.1714	3.1714	23,503,231	3.0458	3.0448	24,543,573	3.1479	3.1452
		Debt Service	20,635,741	0.4793	0.4400	23,503,231	0.6298	0.5565	24,543,573	0.4243	0.4243
	Clever R-V School District	Operating Funds-Schools	30,738,016	3.0488	3.0488	38,927,798	2.9080	2.9080	43,405,004	2.8946	2.8946
		Debt Service	30,738,016	0.6776	0.6776	38,927,798	0.6800	0.6324	43,405,004	0.5972	0.5972
	Ozark R-VI School District	Operating Funds-Schools	226,991,578	3.2419	3.2400	272,128,519	3.0406	3.0406	299,627,722	3.0480	3.0480
		Debt Service	226,991,578	1.9627	0.9000	272,128,519	1.3149	1.0994	299,627,722	1.3130	1.0920
	Spokane R-VII School District	Operating Funds-Schools	32,037,295	3.6332	3.6332 B	37,803,858	3.4709	3.4709	40,852,803	3.5225	3.4709
		Debt Service	32,037,295	0.9755	0.8968	37,803,858	1.2463	0.8968	40,852,803	1.1790	0.8968
	Christian County	General Revenue	608,253,889	0.2304	0.0000	722,147,609	0.2180	0.0000	794,220,112	0.2180	0.0000
		Health	608,253,889	0.0461	0.0461	722,147,609	0.0436	0.0436	794,220,112	0.0436	0.0436
		Senate Bill 40	608,253,889	0.0830	0.0830	722,147,609	0.0785	0.0785	794,220,112	0.0785	0.0785
		Senior Services	608,253,889	0.0005	0.0495 E	722,147,609	0.0005	0.0462 E	794,220,112	0.0005	0.0462 E
		Common #1 Road & Bridge	66,386,177	0.1966	0.0000	78,060,903	0.1896	0.0000	84,928,436	0.1896	0.0000
		Common #2 Road & Bridge	149,702,281	0.0747	0.0000	178,222,149	0.0713	0.0000	190,632,312	0.0713	0.0000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Clark	Clark County Ambulance District	General Revenue	71,735,270	0.3000	0.3000	74,316,421	0.3000	0.3000	77,414,098	0.3000	0.3000
	Clark County Nursing Home District	General Revenue	71,735,270	0.1200	0.1200	74,316,421	0.1200	0.1200	77,414,098	0.1200	0.1200
	Wayland Special Rd Dist Clark Co	Road & Bridge	8,729,491	0.3500	0.3500	8,882,281	0.3500	0.3500	9,898,409	0.3335	0.3335
	City of Alexandria	General Revenue	985,078	1.0000	0.8000	1,010,614	1.0000	0.8000	1,161,254	0.9412	0.8000
	City of Kahoka	General Revenue	13,000,255	0.7756	0.7756	13,577,238	0.7756	0.7756	13,898,449	0.7762	0.7762
		Parks & Recreation	13,000,255	0.1500	0.1500	13,577,238	0.1500	0.1500	13,898,449	0.1500	0.1500
		Library	13,000,255	0.2400	0.2400	13,577,238	0.2400	0.2400	13,898,449	0.2400	0.2400
	Village of Luray	General Revenue	275,202	0.6000	0.6000	299,054	0.5999	0.5999	280,602	0.6000	0.6000
	City of Wayland	General Revenue	2,585,675	0.6059	0.6059	2,556,477	0.6183	0.6183	2,671,578	0.6183	0.6183
		Streets	2,585,675	0.2339	0.2339	2,556,477	0.2387	0.2387	2,671,578	0.2387	0.2387
	City of Wyaconda	General Revenue	1,310,061	0.8464	0.8464	1,333,086	0.8481	0.8481	1,582,480	0.8505	0.8505
	Village of Revere	General Revenue	489,153	1.1573	1.1573	483,316	1.0000	1.0000	532,221	0.9999	0.9999
	Clark County Library	General Revenue	58,735,013	0.1000	0.1000	60,739,182	0.1000	0.1000	63,515,648	0.1000	0.1000
	Alexandria Fire Protection Dist	General Revenue	6,112,280	0.3000	0.3000	6,197,692	0.3000	0.3000	7,178,459	0.2712	0.2712
	Wyaconda C-1 School District	Operating Funds-Schools	3,406,662	4.7500	4.7500	3,542,190	4.7500	4.7500	3,784,966	4.7264	4.7258
	Revere C-3 School District	Operating Funds-Schools	5,276,202	4.9200	4.9200	5,567,382	4.9200	4.9200	5,764,477	4.9200	4.9200
	Luray 33 School District	Operating Funds-Schools	3,626,791	4.2500	4.2500	3,767,030	4.2500	4.2500	3,791,632	4.1832	4.1832
	Clark Co. R-I School District	Operating Funds-Schools	48,170,738	3.2377	2.7500	49,760,459	3.2015	2.7500	51,349,231	3.0911	2.7500
		Debt Service	48,170,738	1.3017	0.6500	49,760,459	1.0986	0.7500	51,349,231	1.2552	0.7500
	Clark County	General Revenue	71,735,270	0.5000	0.3500	74,316,421	0.5000	0.3500	77,414,098	0.5000	0.3562
		Road & Bridge	63,005,778	0.3500	0.3500	65,434,141	0.3500	0.3500	67,515,689	0.3500	0.3500
		Special Road and Bridge	**	**	**	65,434,141	0.3500	0.3500 A	67,515,689	0.3500	0.3500
		Health	71,735,270	0.1000	0.1000	74,316,421	0.1000	0.1000	77,414,098	0.1000	0.1000
Clay	Eastern Clay County Ambulance Dist	General Revenue	19,350,040	0.3000	0.3000 A	25,817,961	0.2960	0.2960	28,729,518	0.2840	0.2840
	New Liberty Hospital District	General Revenue	770,501,346	0.1265	0.1265	859,591,276	0.1265	0.1265	904,011,057	0.1269	0.1269
	City of Avondale	General Revenue	4,011,628	0.4054	0.4054	4,256,555	0.4000	0.4000	4,325,238	0.4000	0.3999
		Debt Service	4,011,628	0.6661	0.6661	4,256,555	0.6549	0.6549	4,325,238	0.5896	0.5895
	Village of Birmingham	General Revenue	2,261,116	0.3044	0.3000	2,825,969	0.2537	0.2537	2,854,817	0.2537	0.2537
	Village of Claycomo	General Revenue	194,444,332	0.3300	0.3300	207,207,431	0.3300	0.3300	194,831,783	0.3300	0.3300
		Debt Service	**	**	**	**	**	**	194,831,783	0.0834	0.0834
	City of Excelsior Springs	General Revenue	111,681,476	0.5782	0.5700	120,369,704	0.5720	0.5720	124,131,526	0.5720	0.5720
		Hospital	114,937,256	0.1623	0.1600	123,878,754	0.1604	0.1604	127,640,576	0.1604	0.1604
		Parks	114,937,256	0.1623	0.1600	123,878,754	0.1604	0.1604	127,640,576	0.1604	0.1604
		Recreation	114,937,256	0.1623	0.1600	123,878,754	0.1604	0.1604	127,640,576	0.1604	0.1604
	City of Gladstone	General Revenue	336,610,796	0.5391	0.5391	362,135,588	0.9291	0.9291	365,234,667	0.9291	0.9291
	City of Glenaire	General Revenue	5,739,925	0.6099	0.6099	6,090,910	0.5976	0.5976	6,088,444	0.5976	0.5976
	City of Holt	General Revenue	4,360,695	0.4395	0.4395	4,668,871	0.4313	0.4313	4,873,502	0.4313	0.4313
	City of Kearney	General Revenue	94,520,225	0.7110	0.6200	104,981,592	0.7075	0.5900	114,181,618	0.7075	0.5900

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Clay	City of Kearney	Debt Service	94,520,225	0.0514	0.0500	104,981,592	0.0515	0.0500	114,181,618	0.0519	0.0500
	City of Liberty	General Revenue	392,865,815	0.8316	0.8316	432,482,616	0.8225	0.8225	444,692,432	0.8225	0.8225
		Parks & Recreation	392,865,815	0.1467	0.1467	432,482,616	0.1451	0.1451	444,692,432	0.1451	0.1451
	City of Missouri City	General Revenue	1,793,445	0.9000	0.9000	1,869,125	0.9000	0.9000	1,691,214	0.9000	0.9000
	City of Mosby	General Revenue	1,679,073	0.4875	0.4875	2,120,573	0.4875	0.4875	2,213,465	0.4864	0.4864
	City of North Kansas City	General Revenue	271,111,236	0.3386	0.3200	292,623,927	0.3386	0.3200	307,645,434	0.3386	0.3200
		Parks & Recreation	271,111,236	0.1200	0.1192	292,623,927	0.1200	0.1192	307,645,434	0.1200	0.1192
		Library	271,111,236	0.1949	0.1800	292,623,927	0.1949	0.1949	307,645,434	0.1949	0.1949
		Pension	271,111,236	0.2052	0.2000	292,623,927	0.2052	0.2052	307,645,434	0.2052	0.2052
	Village of Oaks	General Revenue	2,380,571	0.4213	0.4213	2,537,841	0.4127	0.4127	2,607,377	0.4127	0.4127
		Fire	2,380,571	0.3000	0.3000 A	2,537,841	0.2939	0.2939	**	**	**
		Fire	**	**	**	**	**	**	2,607,377	0.3000	0.2939 A
	Village of Oakview	General Revenue	5,688,813	0.4267	0.4267	6,046,455	0.4208	0.4208	6,082,655	0.4208	0.4208
		Fire	5,688,813	0.1102	0.0733	6,046,455	0.1087	0.1087	6,082,655	0.1087	0.1087
		Fire & Amb Temp	5,688,813	0.3000	0.3000 A	6,046,455	0.2959	0.2959	6,082,655	0.2959	0.2959
	Village of Oakwood	General Revenue	4,183,166	0.2826	0.2700	4,358,870	0.2826	0.2800	4,336,157	0.2826	0.2800
		General Revenue-Temp	4,183,166	0.2300	0.2300 A	4,358,870	0.2300	0.2200	**	**	**
		Fire	4,183,166	0.3000	0.3000 A	4,358,870	0.3000	0.3000	4,336,157	0.3000	0.3000 A
		General Revenue - Temp	**	**	**	**	**	**	4,336,157	0.2200	0.2200 A
	Village of Oakwood Park	General Revenue	2,345,200	0.2454	0.2454	2,550,239	0.2406	0.2406	2,536,224	0.2419	0.2419
	City of Pleasant Valley	General Revenue	36,724,981	0.6443	0.6443	39,542,285	0.6443	0.6443	39,626,855	0.6464	0.6464
	Village of Prathersville	General Revenue	2,041,084	0.3028	0.3028	2,194,557	0.3018	0.3018	2,226,523	0.3018	0.3018
	City of Randolph	General Revenue	5,404,918	0.3730	0.3730	6,671,691	0.3730	0.3730	6,395,998	0.3891	0.3891
	Kearney Fire Protection District	General Revenue	202,881,479	0.5169	0.5169	223,186,082	0.5124	0.5124	236,534,350	0.5124	0.5124
		Ambulance	202,881,479	0.2669	0.2669	223,186,082	0.2646	0.2646	236,534,350	0.2646	0.2646
		Dispatch	202,881,479	0.0288	0.0288	223,186,082	0.0285	0.0285	236,534,350	0.0285	0.0285
	Holt Community Fire Protection Dist	General Revenue	57,314,732	0.2696	0.2696	61,602,848	0.2684	0.2684	62,338,289	0.2689	0.2689
		Ambulance	57,314,732	0.2696	0.2696	61,602,848	0.2684	0.2684	62,338,289	0.2689	0.2689
	Fishing River Fire Protection Dist	General Revenue	38,326,397	0.2749	0.2749	41,951,561	0.2729	0.2729	43,419,761	0.2729	0.2729
	Clay County Health Center	General Revenue	3,054,066,385	0.0995	0.0995	3,330,873,375	0.0995	0.0995	3,469,942,844	0.0995	0.0995
	Developmental Disabilities Resource	General Revenue	3,054,066,349	0.1194	0.1194	3,330,873,375	0.1191	0.1191	3,469,942,844	0.1191	0.1191
	Clay Platte Ray MHB of Trustees	General Revenue	3,054,066,349	0.0977	0.0977	3,330,873,375	0.0974	0.0974	3,469,942,844	0.0974	0.0974
	The 210 Hwy Trans Development Dist	General Revenue	55,523,841	0.0997	0.0562	55,549,681	0.0997	0.0541	56,486,511	0.0997	0.0532
	Kearney R-I School District	Operating Funds-Schools	236,592,781	3.4408	3.4408	258,893,511	3.3925	3.3925	271,758,488	3.4195	3.4195
		Debt Service	236,592,781	1.8596	1.1500	258,893,511	1.2365	1.1500	271,758,488	1.6937	1.1500
	Smithville R-II School District	Operating Funds-Schools	146,118,309	3.3512	3.3375	162,827,476	3.3340	3.3340	173,663,887	3.3244	3.3244
		Debt Service	146,118,309	1.6527	0.9600	162,827,476	1.2527	0.9600	173,663,887	1.0090	0.9600
	Excelsior Springs 40 School Dist	Operating Funds-Schools	176,532,212	3.9985	3.8932 B	191,122,974	3.9817	3.9473	196,064,149	4.0092	3.9473

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Clay	Excelsior Springs 40 School Dist	Debt Service	176,532,212	1.1038	0.6200	191,122,974	0.7281	0.7200	196,064,149	1.1801	0.8200
	Liberty 53 School District	Operating Funds-Schools	536,945,850	4.7066	4.6500	618,579,388	4.7336	4.7336	674,411,384	4.7244	4.6500
		Debt Service	536,945,850	2.6021	0.9900	618,579,388	2.2587	0.9064	674,411,384	2.1107	0.9900
	Missouri City 56 School District	Operating Funds-Schools	5,405,870	4.3410	3.8725	5,837,913	4.2919	3.8365	5,942,438	4.3163	3.9442
	North Kansas City 74 School Dist	Operating Funds-Schools	1,861,292,743	4.2098	4.2098	2,013,497,387	4.5998	4.5998 B	2,064,023,951	4.5998	4.5998
		Debt Service	1,861,292,743	0.8400	0.8400	2,013,497,387	1.0200	1.0200	2,064,023,951	1.0200	1.0200
	Clay County	General Revenue	3,054,066,349	0.0000	0.0000	3,330,873,375	0.0000	0.0000	3,469,942,844	0.0000	0.0000
		Parks & Recreation	3,054,066,349	0.0000	0.0000	3,330,873,375	0.0000	0.0000	3,469,942,844	0.0000	0.0000
		Road & Bridge	3,054,066,349	0.0000	0.0000	3,330,873,375	0.0000	0.0000	3,469,942,844	0.0000	0.0000
		Senior Services	3,054,066,349	0.0500	0.0500 A	3,330,873,375	0.0499	0.0499	3,469,942,844	0.0499	0.0499
Clinton	Cameron Ambulance District	General Revenue	81,380,585	0.1906	0.1906	87,606,596	0.1897	0.1897	90,719,142	0.1897	0.1897
	Tri-County Ambulance District	General Revenue	144,659,916	0.2700	0.2700	148,120,217	0.2700	0.2700	153,483,121	0.2700	0.2700
	Cameron Spec Rd Dist Clinton Co	Road & Bridge	48,182,495	0.2458	0.2458	51,794,354	0.2458	0.2458	53,368,090	0.2458	0.2458
		Special Road and Bridge	48,182,495	0.3410	0.3410	51,794,354	0.3410	0.3410	53,368,090	0.3500	0.3500 A
	Plattsburg Spec Rd Dist Clinton Co	Road & Bridge	33,006,412	0.2614	0.2614	34,503,389	0.2614	0.2614	34,866,530	0.2614	0.2614
		Special Road and Bridge	33,006,412	0.3500	0.3500	34,503,389	0.3500	0.3500	34,866,530	0.3500	0.3500
	City of Cameron	General Revenue	57,716,507	0.5894	0.5894	62,067,060	0.5852	0.5852	64,045,787	0.5852	0.5852
		Parks & Recreation	57,716,507	0.1448	0.1448	62,067,060	0.1438	0.1438	64,045,787	0.1438	0.1438
		Library	57,716,507	0.1656	0.1656	62,067,060	0.1644	0.1644	64,045,787	0.1644	0.1644
		Band Revenue	57,716,507	0.0827	0.0827	62,067,060	0.0821	0.0821	64,045,787	0.0821	0.0821
	City of Gower	General Revenue	11,773,865	0.5347	0.5347	12,572,779	0.5341	0.5341	12,935,861	0.5342	0.5342
	City of Lathrop	General Revenue	16,596,439	0.5785	0.5785	17,772,430	0.5761	0.5761	18,446,345	0.5761	0.5761
		Parks & Recreation	16,596,439	0.1522	0.1522	17,772,430	0.1516	0.1516	18,446,345	0.1516	0.1516
		Debt Service	16,596,439	0.4174	0.4174	17,772,430	0.3592	0.3592	18,446,345	0.3445	0.3445
	City of Plattsburg	General Revenue	23,316,449	0.5641	0.5641	24,210,842	0.5641	0.5641	24,494,159	0.5643	0.5643
		Lights	23,316,449	0.2415	0.0896	24,210,842	0.2500	0.0825 A	24,494,159	0.2500	0.0825
		Police	23,316,449	0.2140	0.2140	24,210,842	0.2140	0.2140	24,494,159	0.2141	0.2141
		Band	23,316,449	0.0193	0.0000	**	**	**	**	**	**
		Cemetery	23,316,449	0.0193	0.0193	**	**	**	**	**	**
		Cemetery-temp	**	**	**	24,210,842	0.0200	0.0200 A	24,494,159	0.0200	0.0193
		Park	23,316,449	0.1362	0.1362	24,210,842	0.1362	0.1362	24,494,159	0.1362	0.1362
		Recreation	23,316,449	0.0483	0.0483	24,210,842	0.0483	0.0483	24,494,159	0.0483	0.0483
	City of Trimble	General Revenue	4,937,513	0.3392	0.3392	5,578,815	0.3347	0.3347	5,885,164	0.3358	0.3358
		Debt Service	4,937,513	0.7599	0.7599	5,578,815	0.5504	0.5504	5,885,164	0.8195	0.7855
	Village of Turney	General Revenue	1,003,599	0.3546	0.3546	1,043,418	0.3538	0.3538	1,109,993	0.3558	0.3558
	Gower Fire Protection District	General Revenue	27,204,330	0.2646	0.2646	29,548,435	0.2628	0.2628	30,689,215	0.2633	0.2633
	Lathrop Fire Protection District	General Revenue	37,280,640	0.2682	0.2682	40,743,867	0.2672	0.2672	41,370,421	0.2733	0.2733
	Plattsburg Fire Protection District	General Revenue	46,200,474	0.2359	0.2359	48,391,563	0.2359	0.2359	49,125,846	0.2359	0.2359

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Clinton	Cameron Fire Protection District	General Revenue	30,021,517	0.2727	0.2727	32,773,497	0.2712	0.2712	34,111,749	0.2712	0.2712
	Cameron R-I School District	Operating Funds-Schools	87,040,077	3.6220	3.6220	94,527,593	3.5751	3.5751	97,950,480	3.5747	3.5747
		Debt Service	87,040,077	0.4985	0.4800	94,527,593	0.4878	0.4800	97,950,480	0.5090	0.4800
	Lathrop R-II School District	Operating Funds-Schools	45,572,987	4.3900	3.7400 B	49,696,843	4.3900	4.3900	51,614,117	4.3900	3.8400
		Debt Service	45,572,987	0.3102	0.3000	49,696,843	0.3218	0.3000	51,614,117	1.3456	0.8500
	Clinton County R-III School Dist	Operating Funds-Schools	57,481,208	3.9134	3.6634 B	62,078,747	3.9134	3.9134	64,695,462	3.9134	3.6634
		Debt Service	57,481,208	1.1932	1.0000	62,078,747	1.7183	0.7500	64,695,462	1.3700	1.0000
	Clinton County	General Revenue	205,388,223	0.3454	0.2050	220,214,261	0.3454	0.2395	227,379,881	0.3454	0.1943
		Common Road District	124,199,316	0.2751	0.2751	133,916,518	0.2751	0.2751	139,145,261	0.2751	0.2751
		Special Road and Bridge	124,199,316	0.3500	0.3500	133,916,518	0.3500	0.3500	139,145,261	0.3500	0.3500
		Health	205,388,223	0.0887	0.0887	220,214,261	0.0887	0.0887	227,379,881	0.0887	0.0887
		Senate Bill 40	205,388,223	0.0887	0.0887	220,214,261	0.0887	0.0887	227,379,881	0.0887	0.0887
Cole	Village of Centertown	General Revenue	3,124,344	0.6983	0.6983	3,429,158	0.6762	0.6762	3,461,048	0.6771	0.6771
	City of Jefferson City	General Revenue	680,378,784	0.5556	0.4800	729,067,722	0.5480	0.4800	750,298,741	0.5491	0.4600
		Parks & Recreation	680,378,784	0.1754	0.1600	**	**	**	**	**	**
		Firemen Retirement	680,378,784	0.0973	0.0973	729,067,722	0.0960	0.0960	750,298,741	0.0962	0.0960
	City of Lohman	General Revenue	1,819,681	0.2707	0.2707	1,997,752	0.2574	0.2574	2,024,760	0.2574	0.2574
		Debt Service	1,819,681	0.3572	0.3572	1,997,752	0.3204	0.3204	2,024,760	0.3210	0.3210
	City of Russellville	General Revenue	6,258,345	0.7500	0.7500	6,764,037	0.7229	0.7229	6,857,486	0.7243	0.7243
	City of Taos	General Revenue	8,740,352	0.2797	0.2794	9,850,108	0.2749	0.2749	10,073,488	0.2768	0.2768
	Jeff City/Cole County Library Dist	General Revenue	1,054,055,115	0.1945	0.1945	1,136,043,788	0.1917	0.1917	1,167,840,956	0.1921	0.1921
	Cole County Fire Protection Dist	General Revenue	150,339,184	0.2924	0.2924	164,720,070	0.2886	0.2886	168,498,204	0.2892	0.2892
	Regional West Fire Protection Dist	General Revenue	129,055,356	0.2941	0.2941	141,479,563	0.2879	0.2879	146,164,744	0.2886	0.2886
	Osage Fire Protection District	General Revenue	83,030,159	0.3000	0.3000	88,233,553	0.3000	0.3000	91,608,389	0.3000	0.3000
	Russellville-Lohman Fire Prot Dist	General Revenue	36,326,033	0.3000	0.3000	39,753,568	0.2942	0.2930	40,969,767	0.2942	0.2930
	Cole Co R-I School District	Operating Funds-Schools	38,820,883	3.3168	3.1174	42,435,171	3.2301	3.2301	43,869,421	3.2178	3.1500
		Debt Service	38,820,883	1.0543	0.8800	42,435,171	0.9869	0.8800	43,869,421	0.8811	0.8800
	Cole Co R-II School District	Operating Funds-Schools	63,166,542	2.8395	2.7500	71,757,801	2.7531	2.7500	74,578,419	2.7500	2.7500
		Debt Service	63,166,542	0.8262	0.6100	71,757,801	0.8080	0.6100	74,578,419	0.6754	0.6100
	Cole Co. R-V School District	Operating Funds-Schools	46,176,066	3.3717	2.9500	50,548,322	3.3578	2.9500	52,877,088	3.3598	2.9500
		Debt Service	46,176,066	0.9631	0.7000	50,548,322	1.3448	0.7000	52,877,088	0.9496	0.7000
	Jefferson City School District	Operating Funds-Schools	953,235,365	3.7642	3.4642	1,023,672,239	3.7252	3.4352	1,054,427,707	3.7196	3.4300
		Debt Service	953,235,365	0.4372	0.2470	1,023,672,239	0.3660	0.2470	1,054,427,707	0.4211	0.2470
	Cole County	General Revenue	1,054,055,115	0.3404	0.3384	1,136,043,788	0.3355	0.3355	1,167,840,956	0.3362	0.3355
		Road & Bridge	1,054,055,115	0.2825	0.2700	1,136,043,788	0.2785	0.2700	1,167,840,956	0.2791	0.2700
		Senate Bill 40	1,054,055,115	0.0877	0.0877	1,136,043,788	0.0864	0.0864	1,167,840,956	0.0866	0.0866
	Cooper County Ambulance District	General Revenue	171,623,866	0.1200	0.1200	185,101,083	0.1195	0.1195	189,797,844	0.1197	0.1197
	Cooper County Memorial Hospital	General Revenue	171,623,866	0.1500	0.1500	185,101,083	0.1494	0.1494	189,797,844	0.1497	0.1497

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Cooper	Cooper Co Nursing Home District	General Revenue	28,528,580	0.1420	0.1400	30,357,152	0.1418	0.1400	31,497,290	0.1418	0.1400
	City of Blackwater	General Revenue	1,021,791	0.9538	0.9538	1,055,710	0.9538	0.9538	1,038,028	0.9719	0.9719
		Debt Service	1,021,791	0.4916	0.4916	1,055,710	0.6964	0.6964	1,038,028	0.3497	0.3497
	City of Boonville	General Revenue	71,562,656	0.6649	0.6200	78,308,336	0.6559	0.6200	79,983,720	0.6600	0.6200
	City of Bunceton	General Revenue	1,625,112	0.9944	0.9944	1,712,402	0.9851	0.9851	1,759,557	0.9877	0.9877
	City of Otterville	General Revenue	2,438,533	0.8105	0.8105	2,546,369	0.8074	0.8074	2,674,233	0.8138	0.8138
	City of Pilot Grove	General Revenue	4,168,725	0.7039	0.7039	4,711,558	0.6858	0.6858	4,726,480	0.6876	0.6876
	City of Prairie Home	General Revenue	1,357,027	1.0000	1.0000	1,568,014	0.9526	0.9526	1,668,975	0.9534	0.9534
	Village of Wooldridge	General Revenue	164,713	0.6553	0.6553	176,777	0.6552	0.6552	188,943	0.6549	0.6549
	Cooper Co Fire Protection Dist	General Revenue	43,814,567	0.4802	0.4802	47,072,142	0.4802	0.4100	48,820,404	0.4802	0.4802
		Debt Service	**	**	**	47,072,142	0.4009	0.4009	48,820,404	0.3865	0.3865
	Otterville Fire Protection District	General Revenue	9,960,377	0.2990	0.2990	10,373,438	0.2990	0.2990	10,873,290	0.2990	0.2990
	Prairie Home Rural Fire Prot Dist	General Revenue	8,374,701	0.2561	0.2561	8,836,455	0.2561	0.2561	9,477,167	0.2561	0.2561
	Blackwater R-II School District	Operating Funds-Schools	6,449,164	3.4199	3.2300	6,879,136	3.4347	3.4300	7,085,491	3.2446	3.2446
	Cooper Co. R-IV School District	Operating Funds-Schools	6,917,451	4.3770	4.3770	7,445,357	4.1648	4.1648	7,550,827	4.2384	4.2384
		Debt Service	6,917,451	0.6054	0.6054	7,445,357	0.8901	0.8901	7,550,827	0.7655	0.7655
	Prairie Home R-V School District	Operating Funds-Schools	9,037,525	4.6663	4.6534 B	9,715,210	4.6533	4.6533	10,456,947	4.6663	4.6663
		Debt Service	9,037,525	0.5255	0.4683	9,715,210	0.4889	0.4483	10,456,947	0.4475	0.4275
	Otterville R-VI School District	Operating Funds-Schools	10,021,997	4.0490	3.9000	11,078,717	3.7294	3.7294	11,471,818	3.7822	3.7822
		Debt Service	10,021,997	0.6236	0.5800	11,078,717	0.7171	0.7171	11,471,818	0.7976	0.6000
	Pilot Grove C-4 School District	Operating Funds-Schools	13,194,958	3.4152	3.1050	14,433,853	3.2341	3.2341	14,872,392	3.2257	3.2257
		Operating Funds Temp	13,194,958	0.6950	0.6950	14,433,853	0.6893	0.6893	14,872,392	0.6893	0.6893
		Debt Service	13,194,958	1.4115	0.6300	14,433,853	1.3020	0.6300	14,872,392	1.1541	0.6350
	Boonville R-I School District	Operating Funds-Schools	87,867,659	3.5037	3.5037	109,040,435	3.4172	3.4172	112,585,461	3.4316	3.4316
		Debt Service	99,558,905	0.4200	0.4200	109,040,435	0.4500	0.4500	112,585,461	0.6631	0.6600
	Cooper County	General Revenue	171,623,866	0.4229	0.2171	185,101,083	0.4212	0.2171	189,797,844	0.4219	0.1800
		Road & Bridge	171,623,866	0.3121	0.3121	185,101,083	0.3109	0.3109	189,797,844	0.3114	0.3114
		Senate Bill 40	171,623,866	0.2000	0.2000	185,101,083	0.1992	0.1992	189,797,844	0.1995	0.1995
		Health	**	**	**	**	**	**	189,797,844	0.2500	0.1800 A
Crawford	North Crawford Co Ambulance Dist	General Revenue	133,679,574	0.2806	0.2806	152,571,531	0.2649	0.2649	158,039,017	0.2649	0.2649
	Steelville Ambulance District	General Revenue	47,558,662	0.3326	0.3500 D	54,603,268	0.3108	0.3500 D	57,088,460	0.3108	0.3500 D
	City of Bourbon	General Revenue	9,110,393	0.5761	0.5753	10,176,004	0.5543	0.5543	11,384,043	0.5205	0.5205
		Parks & Recreation	9,110,393	0.0879	0.0878	10,176,004	0.0846	0.0846	11,384,043	0.0794	0.0794
		Police	9,110,393	0.2734	0.2730	10,176,004	0.2631	0.2631	11,384,043	0.2470	0.2470
	Village of Leasburg	General Revenue	1,105,047	0.5000	0.5000	1,262,824	0.4820	0.4820	1,319,996	0.4820	0.4820
	City of Steelville	General Revenue	11,171,605	0.3502	0.3502	12,052,686	0.3392	0.3392	12,413,745	0.3397	0.3397
	Crawford County Library District	General Revenue	191,577,647	0.0966	0.0966	219,051,153	0.0909	0.0909	227,491,967	0.0909	0.0909
	Bourbon Fire District	General Revenue	34,294,482	0.2886	0.2886	39,331,955	0.2726	0.2726	40,888,754	0.2726	0.2726

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Crawford	Steelville Fire Protection Dist	General Revenue	53,429,740	0.2044	0.2044	60,908,817	0.1923	0.1923	63,899,094	0.1923	0.1923
	Crawford Co R-I School District	Operating Funds-Schools	44,482,546	3.2268	3.2268	51,092,749	3.0318	3.0318	53,089,771	3.0226	3.0226
		Debt Service	44,482,546	1.0929	0.7900	51,092,749	1.1096	0.9350	53,089,771	1.3597	0.9350
	Crawford Co R-II School District	Operating Funds-Schools	81,063,059	3.0786	2.7500	92,333,093	2.9148	2.7500	94,706,474	2.9218	2.7500
		Debt Service	81,063,059	0.6250	0.6100	92,333,093	0.7626	0.5600	94,706,474	0.6595	0.5600
	Steelville R-III School District	Operating Funds-Schools	39,844,601	3.3264	3.3264	46,002,036	3.0814	3.0814	48,057,025	3.0775	3.0775
		Debt Service	**	**	**	**	**	**	48,057,025	1.5180	0.6700
	Crawford County	General Revenue	203,529,859	0.3025	0.0825	274,793,801	0.2398	0.0698	241,205,844	0.2813	0.0713
		Road & Bridge	203,529,859	0.2146	0.2146	274,793,801	0.1701	0.1701	241,205,844	0.1996	0.1996
		Senate Bill 40	203,529,859	0.0974	0.0974	274,793,801	0.0772	0.0772	241,205,844	0.0906	0.0906
		Senior Services	203,529,859	0.0487	0.0487	274,793,801	0.0386	0.0386	241,205,844	0.0453	0.0453
Dade	Dade County Ambulance District	General Revenue	77,046,918	0.0900	0.0900	80,311,854	0.0901	0.0901	83,354,232	0.0901	0.0000
	Dade County Nursing Home	General Revenue	56,350,498	0.1301	0.1301	58,725,218	0.1303	0.1303	61,345,319	0.1303	0.1303
	Good Shepherd Nursing Home Dist	General Revenue	20,674,889	0.1648	0.1500	21,574,596	0.1649	0.1649	21,985,718	0.1649	0.1649
		Debt Service	20,674,889	0.6037	0.3800	21,574,596	0.6004	0.4400	21,985,718	0.6116	0.4400
	Bona Special Road Dist Dade Co	Road & Bridge	538,239	0.4266	0.4266	557,612	0.4266	0.4266	596,809	0.4280	0.4280
	Dry Bone Special Road Dist Dade Co	Road & Bridge	313,303	0.3689	0.3689	323,975	0.3779	0.3779	335,107	0.3787	0.3787
	Maze Creek Spec Road Dist Dade Co	Road & Bridge	309,402	0.5000	0.5000	356,773	0.5000	0.5000	289,157	0.5000	0.5000
	Sac Special Road Dist #1 Dade Co	Road & Bridge	686,871	0.3237	0.3237	696,741	0.3247	0.3247	782,067	0.3246	0.3246
	Sac Special Road Dist #2 Dade Co	Road & Bridge	833,217	0.2589	0.2589	904,706	0.2588	0.2588	953,793	0.2587	0.2587
	Southeast Special Road Dist Dade Co	Road & Bridge	284,008	0.3704	0.3704	315,874	0.3703	0.3703	366,379	0.3704	0.3704
		Road & Bridge	680,280	0.3160	0.3160	707,030	0.3161	0.3161	711,415	0.3215	0.3215
	Birchwood Special Road District	Special Road and Bridge	680,280	0.2500	0.2500	707,030	0.2500	0.2500	711,415	0.2500	0.2500
		General Revenue	1,120,021	0.5000	0.5000	1,141,131	0.5000	0.5000	1,190,276	0.5000	0.5000
	City of Everton	General Revenue	1,343,132	1.0440	1.0440	1,344,927	1.0000	1.0000	1,394,470	1.0000	1.0000
		Parks & Recreation	1,343,132	0.0836	0.0836	1,344,927	0.0853	0.0853	1,394,470	0.0853	0.0853
	City of Greenfield	General Revenue	9,498,871	0.4781	0.4781	9,847,063	0.4797	0.4797	9,974,871	0.4797	0.4797
		Parks & Recreation	9,498,871	0.1525	0.1525	9,847,063	0.1530	0.1530	9,974,871	0.1530	0.1530
		Streets	9,498,871	0.1932	0.1932	9,847,063	0.1939	0.1939	9,974,871	0.1939	0.1939
	Village of South Greenfield	General Revenue	549,624	0.5429	0.5429	554,277	0.5430	0.5430	578,381	0.5431	0.5431
	City of Lockwood	General Revenue	5,931,371	0.6194	0.6194	6,204,670	0.6217	0.6217	6,187,753	0.6341	0.6341
		Parks & Recreation	5,931,371	0.1651	0.1651	6,204,670	0.1657	0.1657	6,187,753	0.1690	0.1690
		Library	5,931,371	0.1963	0.1963	6,204,670	0.1970	0.1970	6,187,753	0.2009	0.2009
	Dade County Library District	General Revenue	71,144,919	0.0999	0.0999	74,153,046	0.1000	0.1000	77,340,930	0.1000	0.1000
	Cedar Township of Dade Co	Road & Bridge	3,738,896	0.3852	0.3852	3,985,099	0.3886	0.3886	3,971,719	0.3921	0.3921
		Special Road and Bridge	3,738,896	0.1300	0.1300	3,985,099	0.1300	0.1300	3,971,719	0.1300	0.1300
	Center Township of Dade Co	Road & Bridge	16,969,743	0.3507	0.3507	17,494,179	0.3534	0.3534	18,599,908	0.3534	0.3534
	Ernest Township of Dade Co	Road & Bridge	1,167,067	0.4243	0.4243	1,745,385	0.4358	0.4358	1,787,908	0.4364	0.4364

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Dade	Grant Township of Dade Co	Road & Bridge	3,803,865	0.3574	0.3574	3,925,169	0.3599	0.3599	3,958,204	0.3604	0.3604
	Lockwood Township of Dade Co	Road & Bridge	11,318,748	0.3327	0.3327	11,955,202	0.3327	0.3327	12,178,818	0.3344	0.3344
	Marion Township of Dade Co	Road & Bridge	3,724,919	0.3700	0.3700	3,796,133	0.3786	0.3786	3,898,062	0.3786	0.3786
	North Morgan Township of Dade Co	Road & Bridge	1,379,107	0.2351	0.2351	1,438,192	0.2376	0.2376	1,400,224	0.2443	0.2443
	North Township of Dade Co	Road & Bridge	3,322,914	0.4067	0.4067	3,527,823	0.4076	0.4076	3,658,589	0.4079	0.4079
	Pilgrim Township of Dade Co	Road & Bridge	1,718,900	0.3526	0.3526	1,780,184	0.3741	0.3741	1,830,454	0.3741	0.3741
		Special Road and Bridge	1,718,900	0.2300	0.2300	1,780,184	0.2300	0.2300	1,830,454	0.2300	0.2300
	Polk Township of Dade Co	Road & Bridge	4,908,572	0.3401	0.3401	5,114,408	0.3438	0.3438	5,305,724	0.3438	0.3438
		Special Road and Bridge	4,908,572	0.3300	0.3300	5,114,408	0.3300	0.3300	5,305,724	0.3300	0.3300
	Rock Prairie Township of Dade Co	Road & Bridge	8,410,572	0.3632	0.3632	8,828,598	0.3632	0.3632	9,211,203	0.3632	0.3632
		Special Road and Bridge	8,410,572	0.2285	0.2285	8,828,598	0.2285	0.2285	9,211,203	0.2285	0.2285
	Sac Township of Dade Co	Road & Bridge	2,751,542	0.2975	0.2975	2,939,536	0.2975	0.2975	2,989,190	0.3043	0.3043
	Smith Township of Dade Co	Road & Bridge	1,858,137	0.4438	0.4438	1,916,506	0.4480	0.4480	1,975,261	0.4480	0.4480
		Special Road and Bridge	1,858,137	0.2500	0.2500	1,916,506	0.2500	0.2500 A	1,975,261	0.2500	0.2500
	South Township of Dade Co	Road & Bridge	2,542,992	0.3825	0.3825	2,686,978	0.3825	0.3825	2,932,258	0.3825	0.3825
		Special Road and Bridge	2,542,992	0.3324	0.3324	2,686,978	0.3400	0.3400 A	2,932,258	0.3400	0.3400
	South Morgan Township of Dade Co	Road & Bridge	2,543,591	0.3981	0.3981	2,564,943	0.4053	0.4053	2,727,772	0.4053	0.4053
	Washington Township of Dade Co	Road & Bridge	2,827,683	0.3313	0.3313	2,854,915	0.3313	0.3313	2,995,522	0.3313	0.3313
	Dadeville Rural Fire Prot Dist	General Revenue	7,331,423	0.1966	0.1966	7,577,270	0.1998	0.1998	8,173,096	0.1981	0.1981
	Dade Co R-4 Rural Fire Prot Dist	General Revenue	30,853,662	0.2000	0.2000	31,506,623	0.2000	0.2000	33,554,409	0.2000	0.2000
	Lockwood R-I School District	Operating Funds-Schools	21,234,685	3.3593	3.2634	22,462,086	3.2842	3.2634	22,895,745	3.2304	3.2272
		Debt Service	21,234,685	0.8850	0.5500	22,462,086	0.5798	0.5500	22,895,745	0.7107	0.5500
	Dadeville R-II School District	Operating Funds-Schools	7,142,867	4.4153	3.4753	7,500,387	4.3880	3.4680	7,802,484	4.3680	3.5089
	Everton R-III School District	Operating Funds-Schools	7,102,162	3.5135	3.2900	7,452,226	3.3849	3.2900	7,613,356	3.4712	3.4300
		Debt Service	7,102,162	0.7354	0.7000	7,452,226	0.9293	0.7000	7,613,356	0.9194	0.7000
	Greenfield R-IV School District	Operating Funds-Schools	26,751,970	2.7585	2.7500	27,803,558	3.1500	3.1500 B	29,735,342	3.1508	3.1500
		Debt Service	26,751,970	0.9255	0.9000	27,803,558	1.4752	0.5000	29,735,342	0.5225	0.5000
	Dade County	General Revenue	77,046,918	0.2701	0.1200	80,311,854	0.2704	0.1100	83,354,232	0.2704	0.1200
		Health	77,046,918	0.0998	0.0998	80,311,854	0.0999	0.0999	83,354,232	0.0999	0.0999
		Township Tax	77,046,918	0.0998	0.0998	80,311,854	0.0999	0.0999	83,354,232	0.0999	0.0999
Dallas	City of Buffalo	General Revenue	24,867,706	0.5339	0.5300	26,097,983	0.5339	0.5300	27,115,076	0.5339	0.5300
	City of Urbana	General Revenue	2,416,419	0.5687	0.5687	2,492,493	0.5687	0.5687	2,589,335	0.5687	0.5687
	Dallas County Library	General Revenue	122,953,314	0.1000	0.1000	129,498,230	0.1000	0.1000	134,078,407	0.1000	0.1000
	Southern Dallas Co Fire Prot Dist	General Revenue	16,589,338	0.2989	0.2989	17,711,256	0.2989	0.2989	18,237,276	0.2989	0.2989
	Dallas Co R-I School District	Operating Funds-Schools	87,960,629	3.3500	3.3500	93,523,569	3.3500	3.3500	96,615,294	3.3500	3.3500
	Dallas County	General Revenue	122,953,314	0.3572	0.0100	129,498,230	0.3572	0.0700	134,078,407	0.3572	0.1261
		Road & Bridge	122,953,314	0.2653	0.2600	129,498,230	0.2653	0.2600	134,078,407	0.2653	0.2600
		Health	122,953,314	0.1000	0.1000	129,498,230	0.1000	0.1000	134,078,407	0.1005	0.1005

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Daviess	Community Ambulance District	General Revenue	67,525,078	0.3435	0.3435	80,091,363	0.3121	0.3121	83,443,186	0.3121	0.3121
	Jamesport Spec Rd Dist Daviess Co	Road & Bridge	6,217,066	0.3959	0.3959	7,168,697	0.3670	0.3670	7,552,571	0.3670	0.3670
		Special Road and Bridge	6,217,066	0.2584	0.2584	7,168,697	0.2700	0.2700 A	7,552,571	0.2700	0.2700
	Lock Springs Special Road District	Road & Bridge	2,318,254	0.3546	0.3546	2,403,767	0.3546	0.3546	2,473,572	0.3546	0.3546
		Special Road and Bridge	2,318,254	0.3363	0.3363	2,403,767	0.3500	0.3500 A	2,473,572	0.3500	0.3500
	Daviess County Special Rd Dist #1	Road & Bridge	10,463,981	0.3124	0.3124	16,417,163	0.2103	0.2103	17,055,380	0.2107	0.2107
		Special Road and Bridge	10,463,981	0.3500	0.3500 A	16,417,163	0.2356	0.2356	17,055,380	0.2360	0.2360
		Debt Service	10,463,981	0.2357	0.2356	16,417,163	0.2336	0.2336	17,055,380	0.2799	0.2799
	Village of Altamont	General Revenue	661,405	0.6500	0.6500	723,032	0.6229	0.6229	751,328	0.6445	0.6445
	City of Coffey	General Revenue	419,830	1.0000	1.0000	441,281	0.9866	0.9866	477,572	0.9867	0.9867
	City of Gallatin	General Revenue	11,126,407	0.6077	0.6077	11,967,875	0.5983	0.5983	12,254,028	0.5992	0.5992
		Parks & Recreation	11,126,407	0.2163	0.2163	11,967,875	0.2129	0.2129	12,254,028	0.2132	0.2132
		Band	11,126,407	0.0200	0.0200	11,967,875	0.0197	0.0197	12,254,028	0.0197	0.0197
	City of Jamesport	General Revenue	2,419,760	0.7754	0.7754	2,896,854	0.6892	0.6892	3,081,617	0.6894	0.6894
		Parks & Recreation	2,419,760	0.1836	0.1836	2,896,854	0.1632	0.1632	3,081,617	0.1633	0.1633
	Village of Jameson	General Revenue	403,994	0.4999	0.4999	414,161	0.4999	0.4999	439,783	0.5000	0.5000
		General Revenue (temp)	**	**	**	414,161	0.2000	0.2000 A	439,783	0.2000	0.2000
	Village of Lock Springs	General Revenue	229,481	0.4749	0.4100	228,539	0.4586	0.4100	239,922	0.4642	0.4100
	City of Pattonsburg	General Revenue	1,946,314	0.9667	0.9667	1,985,509	0.9667	0.9667	1,753,163	1.0000	1.0000
	Village of Winston	General Revenue	864,588	0.5000	0.5000	1,082,056	0.4386	0.4386	1,124,009	0.4386	0.5000 D
		Streets	**	**	**	1,082,056	0.3000	0.3000 A	1,124,009	0.3000	0.3000
	Daviess County Library	General Revenue	79,382,763	0.1982	0.1982	92,911,832	0.1825	0.1825	96,488,290	0.1825	0.1825
	Benton Township of Daviess Co	General Revenue	4,674,470	0.0973	0.0973	4,971,132	0.0969	0.0969	4,924,487	0.1000	0.1000
		Road & Bridge	4,674,470	0.4864	0.4864	4,971,132	0.4842	0.4842	4,924,487	0.4999	0.4999
	Colfax Township of Daviess Co	General Revenue	4,520,370	0.1000	0.1000	5,284,035	0.0929	0.0929	5,531,361	0.0929	0.0929
		Road & Bridge	4,520,370	0.5000	0.5000	5,284,035	0.4645	0.4645	5,531,361	0.4645	0.4645
		Special Road and Bridge	4,520,370	0.2500	0.2500	5,284,035	0.2323	0.2323	5,531,361	0.2323	0.2323
	Grand River Township of Daviess Co	General Revenue	3,516,068	0.1000	0.1000	3,972,903	0.0967	0.0967	4,141,949	0.0967	0.0967
		Road & Bridge	3,516,068	0.5000	0.5000	3,972,903	0.4835	0.4835	4,141,949	0.4835	0.4835
		Special Road and Bridge	3,516,068	0.3500	0.3500	3,972,903	0.3385	0.3385	4,141,949	0.3385	0.3385
	Harrison Township of Daviess Co	General Revenue	1,880,276	0.0949	0.0949	1,958,330	0.0949	0.0949	2,090,359	0.0949	0.0949
		Road & Bridge	1,880,276	0.4681	0.4681	1,958,330	0.4681	0.4681	2,090,359	0.4681	0.4681
		Special Road and Bridge	1,880,276	0.3318	0.3318	1,958,330	0.3500	0.3500 A	2,090,359	0.3500	0.3500
	Jackson Township of Daviess Co	General Revenue	5,871,454	0.0984	0.0984	6,376,949	0.0965	0.0965	6,622,510	0.0965	0.0965
		Road & Bridge	3,553,200	0.4789	0.4789	3,973,182	0.4615	0.4615	4,148,938	0.4615	0.4615
		Special Road and Bridge	3,553,200	0.3500	0.3500	3,973,182	0.3373	0.3373	4,148,938	0.3373	0.3373
	Jamesport Township of Daviess Co	General Revenue	6,217,066	0.0957	0.0957	7,168,697	0.0887	0.0887	7,573,590	0.0887	0.0887
	Jefferson Township of Daviess Co	General Revenue	3,716,240	0.1000	0.1000	4,212,662	0.0974	0.0974	4,696,290	0.0974	0.0974

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Daviess	Jefferson Township of Daviess Co	Road & Bridge	3,716,240	0.4525	0.4525	4,212,662	0.4409	0.4409	4,696,290	0.4409	0.4409
		Special Road and Bridge	3,716,240	0.3500	0.3500	4,212,662	0.3410	0.3410	4,696,290	0.3410	0.3410
	Liberty Township of Daviess Co	General Revenue	13,534,171	0.0887	0.0887	19,928,448	0.0641	0.0641	20,628,945	0.0642	0.0642
		Road & Bridge	3,070,190	0.5000	0.5000	3,511,285	0.4815	0.4815	3,573,565	0.4869	0.4869
	Lincoln Township of Daviess Co	General Revenue	3,435,696	0.1000	0.1000	3,727,601	0.0999	0.0999	3,806,157	0.0999	0.0999
		Road & Bridge	3,435,696	0.5000	0.5000	3,727,601	0.4993	0.4993	3,806,157	0.4993	0.4993
		Special Road and Bridge	3,435,696	0.2000	0.2000	3,727,601	0.1997	0.1997	3,806,157	0.1997	0.1997
	Marion Township of Daviess Co	General Revenue	3,656,963	0.0986	0.0986	3,922,800	0.0975	0.0975	4,159,795	0.0975	0.0975
		Road & Bridge	3,656,963	0.4931	0.4931	3,922,800	0.4874	0.4874	4,159,795	0.4874	0.4874
		Special Road and Bridge	3,656,963	0.3452	0.3452	3,922,800	0.3412	0.3412	4,159,795	0.3412	0.3412
	Monroe Township of Daviess Co	General Revenue	2,222,678	0.1000	0.1000	2,647,078	0.0975	0.0975	2,821,251	0.0975	0.0975
		Road & Bridge	2,222,678	0.4747	0.4747	2,647,078	0.4629	0.4629	2,821,251	0.4629	0.4629
		Special Road and Bridge	2,222,678	0.3500	0.3500	2,647,078	0.3413	0.3413	2,821,251	0.3413	0.3413
		Debt Service	2,222,678	0.6605	0.6500	2,647,078	0.4148	0.4148	2,821,251	0.4395	0.4395
	Salem Township of Daviess Co	General Revenue	4,644,290	0.0980	0.0980	5,098,264	0.0971	0.0971	5,246,635	0.0977	0.0977
		Road & Bridge	4,644,290	0.4623	0.4623	5,098,264	0.4579	0.4579	5,246,635	0.4606	0.4606
		Special Road and Bridge	4,644,290	0.3429	0.3429	5,098,264	0.3500	0.3500 A	5,246,635	0.3500	0.3500
	Sheridan Township of Daviess Co	General Revenue	3,588,258	0.0964	0.0964	3,970,055	0.0919	0.0919	4,057,530	0.0921	0.0921
		Road & Bridge	3,588,258	0.4477	0.4477	3,970,055	0.4268	0.4268	4,057,530	0.4278	0.4278
		Special Road and Bridge	3,588,258	0.3376	0.3376	3,970,055	0.3500	0.3500 A	4,057,530	0.3500	0.3500
	Union Township of Daviess Co	General Revenue	15,365,838	0.0911	0.0500	16,921,388	0.0900	0.0500	17,313,449	0.0902	0.0500
		Road & Bridge	15,365,838	0.3847	0.3000	16,921,388	0.3799	0.3000	17,313,449	0.3808	0.3000
	Washington Township of Daviess Co	General Revenue	2,538,925	0.1000	0.1000	2,751,073	0.1000	0.1000	2,873,982	0.1000	0.1000
		Road & Bridge	2,538,925	0.5000	0.5000	2,751,073	0.5000	0.5000	2,873,982	0.5000	0.5000
		Special Road and Bridge	2,538,925	0.3500	0.3500	2,751,073	0.3500	0.3500 A	2,873,982	0.3500	0.3500
	KAW Fire Protection District	General Revenue	18,996,794	0.5047	0.5000	21,633,067	0.4854	0.4854	23,158,968	0.4854	0.4854
	Jameson Fire Protection District	General Revenue	4,576,772	0.2995	0.2995	5,043,748	0.2913	0.2913	5,269,632	0.2934	0.2934
	Coffey Fire Protection District	General Revenue	3,934,734	0.3000	0.3000	4,156,970	0.3000	0.3000	4,276,728	0.3000	0.3000
	Pattonsburg Rescue & Fire Prot Dist	General Revenue	10,384,916	0.2909	0.2909	11,067,202	0.2895	0.2895	11,282,596	0.2941	0.2941
	Gallatin Fire Protection District	General Revenue	20,059,853	0.2969	0.2969	22,319,729	0.2895	0.2895	23,015,140	0.2895	0.2895
	Pattonsburg R-II School District	Operating Funds-Schools	9,979,058	4.5143	4.5143	10,976,142	4.3461	4.2543	11,204,653	4.4759	4.3743
		Debt Service	9,979,058	0.3272	0.3272	10,973,592	1.6413	0.8013	11,204,653	1.5584	0.8013
	Winston R-VI School District	Operating Funds-Schools	12,554,455	3.9276	3.9276	17,297,265	3.0242	3.0242	18,267,364	3.0694	3.0694
		Debt Service	12,554,455	0.1279	0.1279	17,297,265	0.0503	0.0503	18,267,364	0.1380	0.1380
	North Daviess R-III School District	Operating Funds-Schools	7,655,979	5.4500	5.4500	8,493,856	5.3857	5.3857	8,805,796	5.4500	5.4500
	Gallatin R-V School District	Operating Funds-Schools	26,801,244	4.0608	3.8070	31,506,579	3.7131	3.7131	32,801,281	3.7460	3.7460
	Tri-County R-VII School District	Operating Funds-Schools	11,202,040	4.3048	4.3048	12,969,006	4.0197	4.0197	13,579,542	4.0198	4.0197
	Daviess County	General Revenue	79,382,763	0.3858	0.2900	92,911,832	0.3552	0.2400	96,488,290	0.3552	0.1700

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Daviess	Daviess County	Health	79,382,763	0.2600	0.2600	92,911,832	0.2393	0.2393	96,488,290	0.2393	0.2393
		Senate Bill 40	79,382,763	0.1000	0.1000	92,911,832	0.0921	0.0921	96,488,290	0.0921	0.0800
De Kalb	DeKalb-Clinton Ambulance Dist No 1	General Revenue	58,089,261	0.2431	0.2431	61,820,575	0.2423	0.2423	64,214,814	0.2423	0.2423
	Grindstone-Lost-Muddy-Creek Sub Dis	General Revenue	22,105,881	0.1558	0.1558	24,419,170	0.1510	0.1510	16,951,747	0.2000	0.2000
	Village of Amity	General Revenue	281,978	0.4626	0.4626	312,792	0.4492	0.4492	320,658	0.4510	0.4510
	City of Clarksdale	General Revenue	1,368,428	0.6689	0.6689	1,449,083	0.6625	0.6625	1,457,043	0.6658	0.6658
		Lights	1,368,428	0.2090	0.2090	1,449,083	0.2070	0.2070	1,457,043	0.2081	0.2081
		Streets	1,368,428	0.2299	0.2299	1,449,083	0.2277	0.2277	1,457,043	0.2289	0.2289
		Debt Service	1,368,428	1.4061	0.0000	1,449,083	0.0000	0.0000	1,457,043	0.8403	0.8403
		General Revenue	7,040,277	0.8130	0.8130	7,676,629	0.7762	0.7762	7,790,446	0.7762	0.7762
		General Revenue	4,447,121	0.5586	0.5586	5,046,735	0.5261	0.5261	5,297,680	0.5261	0.5261
		Lights	4,447,121	0.1345	0.1345	5,046,735	0.1266	0.1266	5,297,680	0.1266	0.1266
	City of Union Star	General Revenue	1,809,138	0.4105	0.4105	2,015,397	0.3949	0.3949	2,062,262	0.3954	0.3954
		Lights	1,809,138	0.3473	0.2473	2,015,397	0.3341	0.3341	2,062,262	0.3345	0.3345
		Streets	1,809,138	0.3158	0.3158	2,015,397	0.3038	0.3038	2,062,262	0.3042	0.3042
		Debt Service	**	**	**	2,015,397	0.4813	0.4813	2,062,262	0.2988	0.2988
		General Revenue	420,782	0.4518	0.4518	422,541	0.4530	0.4530	405,650	0.4776	0.4776
		general revenu - temp (2)	420,782	0.3000	0.3000	422,541	0.3000	0.3000	405,650	0.3000	0.3000
	City of Osborn	General Revenue	2,803,364	0.7735	0.7735	2,994,963	0.7561	0.7561	3,056,085	0.7561	0.7561
	Adams Township of DeKalb Co	General Revenue	6,123,059	0.0993	0.0993	6,440,200	0.0993	0.0993	6,718,468	0.0993	0.0993
		Road & Bridge	6,123,059	0.3721	0.3721	6,440,200	0.3721	0.3721	6,718,468	0.3721	0.3721
		Special Road and Bridge	6,123,059	0.1391	0.1391	6,440,200	0.1391	0.1391	6,718,468	0.1391	0.1391
	Camden Township of DeKalb Co	General Revenue	14,205,518	0.1000	0.1000	15,422,189	0.0967	0.0967	15,903,052	0.0967	0.0967
		Road & Bridge	14,205,518	0.3550	0.3550	15,422,189	0.3432	0.3432	15,903,052	0.3432	0.3432
	Colfax Township of DeKalb Co	General Revenue	7,233,937	0.1000	0.1000	7,605,102	0.0997	0.0997	7,885,176	0.0997	0.0997
		Road & Bridge	7,233,937	0.4164	0.4164	7,605,102	0.4152	0.4152	7,885,176	0.4152	0.4152
	Dallas Township of DeKalb Co	General Revenue	3,356,856	0.0995	0.0995	3,632,271	0.0995	0.0995	3,839,847	0.0995	0.0995
		Road & Bridge	3,356,856	0.4135	0.4135	3,632,271	0.4135	0.4135	3,839,847	0.4135	0.4135
		Special Road and Bridge	3,356,856	0.3484	0.3484	3,632,271	0.3484	0.3484	3,839,847	0.3500	0.3500 A
	Grand River Township of DeKalb Co	General Revenue	30,411,970	0.0997	0.0997	32,855,263	0.0983	0.0983	34,306,601	0.0983	0.0983
		Road & Bridge	30,411,970	0.3606	0.3606	32,855,263	0.3556	0.3556	34,306,601	0.3556	0.3556
	Grant Township of DeKalb Co	General Revenue	3,851,031	0.1000	0.1000	4,004,261	0.1000	0.1000	4,127,808	0.1000	0.1000
		Road & Bridge	3,851,031	0.5000	0.5000	4,004,261	0.5000	0.5000	4,127,808	0.5000	0.5000
		Special Road and Bridge	3,851,031	0.3500	0.3500	**	**	**	**	**	**
		Special Road & Bridge	3,851,031	0.3500	0.3500 A	4,004,261	0.3500	0.3500	4,127,808	0.3500	0.3500
	Polk Township of DeKalb Co	General Revenue	7,028,685	0.1000	0.1000	7,625,907	0.0987	0.0987	7,757,996	0.0987	0.0987
		Road & Bridge	7,028,685	0.3939	0.3939	7,625,907	0.3886	0.3886	7,757,996	0.3886	0.3886
	Sherman Township of DeKalb Co	General Revenue	5,912,308	0.1000	0.1000	6,475,453	0.0993	0.0993	6,662,023	0.0996	0.0996

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
De Kalb	Sherman Township of DeKalb Co	Road & Bridge	5,912,308	0.3892	0.3892	6,475,453	0.3864	0.3864	6,662,023	0.3875	0.3875
		Special Road and Bridge	5,912,308	0.3500	0.3500 A	6,475,453	0.3475	0.3475	6,662,023	0.3485	0.3485
	Washington Township of DeKalb Co	General Revenue	14,820,324	0.0913	0.0913	16,081,323	0.0910	0.0910	16,582,604	0.0910	0.0910
		Road & Bridge	14,820,324	0.3448	0.3448	16,081,323	0.3437	0.3437	16,582,604	0.3437	0.3437
	Osborn Fire Protection District	General Revenue	9,172,567	0.2456	0.2456	11,731,124	0.2003	0.2003	9,662,627	0.2491	0.2491
	Stewartsville Fire Protection Dist	General Revenue	14,540,868	0.2806	0.2806	15,865,923	0.2806	0.2806	16,434,229	0.2806	0.2806
	Central DeKalb Co Fire Prot Dist	General Revenue	26,355,520	0.2527	0.2527	28,488,829	0.2466	0.2466	29,462,047	0.2466	0.2466
	Clarksdale Fire Protection District	General Revenue	8,073,779	0.2418	0.2418	8,669,704	0.2401	0.2401	8,869,601	0.4301	0.4301
	Union Star Fire Protection District	General Revenue	8,287,201	0.2815	0.2815	8,858,912	0.2805	0.2805	9,361,363	0.2805	0.2805
	Osborn R-O School District	Operating Funds-Schools	7,418,960	4.8000	4.7700	7,758,142	4.8000	4.8000	8,056,231	4.7905	4.7905
		Debt Service	7,418,960	0.7223	0.4600	7,758,142	1.2895	0.4600	8,056,231	0.8934	0.4600
	Maysville R-I School District	Operating Funds-Schools	33,660,530	2.8162	2.8162	36,563,537	2.7671	2.7671	37,771,568	3.4300	3.4300 B
	Union Star R-II School District	Operating Funds-Schools	7,639,604	5.0363	5.0363	8,263,534	4.9196	4.9196	8,718,082	5.0323	4.9800
	Stewartsville C-2 School District	Operating Funds-Schools	10,586,940	4.0878	3.0678	11,797,848	4.0170	3.0366	12,289,675	4.0189	3.4300
		Debt Service	10,586,940	0.4214	0.4214	11,797,848	0.3976	0.3976	12,289,675	0.3999	0.3999
	DeKalb County	General Revenue	92,949,251	0.3022	0.0500	100,141,879	0.2984	0.0500	103,783,474	0.2984	0.0000
		Senate Bill 40	92,949,251	0.0900	0.0900	100,141,879	0.0889	0.0889	103,783,474	0.0889	0.0889
		Senior Services	92,949,251	0.0300	0.0300	100,141,879	0.0296	0.0296	103,783,474	0.0296	0.0296
Dent	Salem Memorial Hospital District	General Revenue	163,852,274	0.2500	0.2500	183,985,088	0.2373	0.2200	193,742,549	0.2373	0.2200
	City of Salem	General Revenue	37,986,091	0.6716	0.6200	41,975,402	0.6327	0.6200	42,887,559	0.6327	0.6200
		Library	37,986,091	0.2951	0.2951	41,975,402	0.2780	0.2780	42,887,559	0.2780	0.2780
	Dent County Fire Protection Dist	General Revenue	72,629,200	0.2436	0.2436	82,612,621	0.2253	0.2253	84,404,201	0.2253	0.2253
	Salem R-80 School District	Operating Funds-Schools	52,192,010	2.7500	2.7500	58,470,080	2.7500	2.7500	59,596,350	2.7500	2.7500
		Debt Service	52,192,010	0.9869	0.6800	58,470,080	0.8818	0.6100	59,596,350	0.7255	0.6800
	Oak Hill R-I School District	Operating Funds-Schools	9,357,200	3.2811	3.1900	11,155,725	3.0046	3.0046	11,569,020	3.0003	3.0003
	Green Forest R-II School District	Operating Funds-Schools	12,171,950	2.5658	2.5658	15,181,500	2.5263	2.5263	15,998,000	2.5263	2.5263
		Operating Funds-Temp	12,171,950	0.2500	0.2500	15,181,500	0.2237	0.2237	15,998,000	0.2237	0.2237
	Dent-Phelps R-III School District	Operating Funds-Schools	19,993,090	2.7500	2.7500	23,870,205	2.7500	2.7500	24,657,015	2.7500	2.7500
	North Wood R-IV School District	Operating Funds-Schools	13,208,290	2.8228	2.8206	15,530,500	2.7500	2.7500	16,010,540	2.7500	2.7500
	Dent County	General Revenue	116,474,613	0.3867	0.3850 D	134,994,310	0.3557	0.3500 D	138,642,943	0.3557	0.0350
		Road & Bridge	116,474,613	0.2850	0.2550	134,994,310	0.2622	0.2550	138,642,943	0.2622	0.2550
		Health	116,474,613	0.1000	0.1000	134,994,310	0.0920	0.0920	138,642,943	0.0920	0.0920
		Senate Bill 40	116,474,613	0.1831	0.1800	134,994,310	0.1684	0.1600	138,642,943	0.1684	0.1600
		Senior Services	116,474,613	0.0500	0.0500	134,994,310	0.0460	0.0460	138,642,943	0.0460	0.0460
Douglas	Ava Ambulance District	General Revenue	76,578,837	0.1119	0.1119	81,946,252	0.1119	0.1119	85,666,629	0.1119	0.1119
	Douglas County Library	General Revenue	101,329,192	0.0815	0.0815	108,315,634	0.0815	0.0815	113,188,802	0.0815	0.0815
	Skyline R-II School District	Operating Funds-Schools	6,481,826	2.7500	2.7500	6,943,978	2.7500	2.7500	7,144,061	2.7811	2.7500
	Plainview R-VIII School District	Operating Funds-Schools	4,252,642	2.8640	2.8569	4,559,284	2.8712	2.8712	4,743,015	2.8767	2.8767

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Douglas	Ava R-I School District	Operating Funds-Schools	68,571,200	2.6800	2.6800	73,739,759	2.7500	2.7500	77,181,461	2.7500	2.7500
	Douglas County	General Revenue	101,329,192	0.2954	0.0900	108,315,634	0.2954	0.0900	113,188,802	0.2954	0.0900
		Road & Bridge	101,329,192	0.2139	0.2139	108,315,634	0.2139	0.2139	113,188,802	0.2139	0.2139
		Health	101,329,192	0.2342	0.2000	108,315,634	0.2342	0.2000	113,188,802	0.2342	0.2000
		Senate Bill 40	101,329,192	0.0815	0.0815	108,315,634	0.0815	0.0815	113,188,802	0.0815	0.0815
Dunklin	City of Arbyrd	General Revenue	3,327,931	0.7400	0.7400	3,484,787	0.7400	0.7400	3,483,726	0.7409	0.7409
	City of Campbell	General Revenue	7,991,981	0.6312	0.6312	8,673,691	0.6224	0.0000	8,863,057	0.6224	0.0000
	City of Cardwell	General Revenue	2,841,546	0.4881	0.4881	3,021,610	0.4828	0.4828	3,113,386	0.4830	0.4830
		Streets	2,841,546	0.1486	0.1486	3,021,610	0.1470	0.1470	3,113,386	0.1471	0.1471
		Debt Service	2,841,546	1.0948	1.0948	3,021,610	2.0649	2.0649	3,113,386	1.9850	1.9850
	City of Clarkton	General Revenue	4,273,767	0.6193	0.6193	4,835,592	0.6116	0.6116	5,017,391	0.6128	0.6128
	City of Holcomb	General Revenue	2,947,737	0.6643	0.6643	3,168,904	0.6554	0.6554	3,318,282	0.6583	0.6583
	City of Hornersville	General Revenue	3,429,448	0.6967	0.6967	3,515,650	0.6967	0.6967	3,714,228	0.6969	0.6969
	City of Kennett	General Revenue	80,179,887	0.5474	0.5400	84,997,487	0.5418	0.5418	87,875,376	0.5418	0.5418
		Parks & Recreation	80,179,887	0.1500	0.1500	84,997,487	0.1485	0.1485	87,875,376	0.1485	0.1485
		Special Park	80,179,887	0.1000	0.1000	84,997,487	0.0990	0.0990	87,875,376	0.0990	0.0990
	City of Malden	General Revenue	26,589,349	0.6717	0.6717	28,260,864	0.6624	0.6624	29,318,665	0.6651	0.6651
	City of Senath	General Revenue	8,646,346	0.6457	0.5700	9,352,878	0.6318	0.5700	9,463,623	0.6338	0.5700
		Health	8,646,346	0.1667	0.1000	9,352,878	0.1631	0.1000	9,463,623	0.1636	0.1000
	Buffalo Township of Dunklin Co	General Revenue	10,031,812	0.1000	0.1000	10,433,703	0.1000	0.1000	10,432,290	0.1000	0.1000
		Road & Bridge	10,031,812	0.2694	0.2694	10,433,703	0.2694	0.2694	10,432,290	0.2697	0.2697
	Clay Township of Dunklin Co	General Revenue	16,908,337	0.1000	0.1000	17,042,781	0.1000	0.1000	17,281,350	0.1000	0.1000
		Road & Bridge	16,908,337	0.3048	0.3048	17,042,781	0.3048	0.3048	17,281,350	0.3048	0.3048
	Cotton Hill Township of Dunklin Co	General Revenue	38,752,361	0.1000	0.1000	41,163,808	0.0992	0.0992	43,717,110	0.0993	0.0993
		Road & Bridge	38,752,361	0.2898	0.2898	41,163,808	0.2875	0.2875	43,717,110	0.2877	0.2877
	Freeborn Township of Dunklin Co	General Revenue	9,997,116	0.1000	0.1000	10,735,621	0.1000	0.1000	11,039,861	0.1000	0.1000
		Road & Bridge	9,997,116	0.2552	0.2552	10,735,621	0.2552	0.2552	11,039,861	0.2555	0.2555
	Holcomb Township of Dunklin Co	General Revenue	11,651,626	0.0930	0.0930	12,096,244	0.0930	0.0930	12,504,606	0.0930	0.0930
		Road & Bridge	11,651,626	0.2272	0.2272	12,096,244	0.2272	0.2272	12,504,606	0.2272	0.2272
	Independence Township of Dunklin Co	General Revenue	104,517,820	0.1000	0.1000	110,434,898	0.0995	0.0995	113,138,201	0.0995	0.0995
		Road & Bridge	104,517,820	0.2459	0.2459	110,434,898	0.2446	0.2446	113,138,201	0.2446	0.2446
	Salem Township of Dunklin Co	General Revenue	24,145,735	0.1000	0.1000	25,409,880	0.1000	0.1000	26,176,577	0.1000	0.1000
		Road & Bridge	24,145,735	0.2790	0.2790	25,409,880	0.2790	0.2790	26,176,577	0.2796	0.2796
	Union Township of Dunklin Co	General Revenue	62,379,971	0.0904	0.0904	58,297,564	0.0981	0.0981	58,956,133	0.0981	0.0981
		Road & Bridge	62,379,971	0.3112	0.3112	58,297,564	0.3379	0.3379	58,956,133	0.3379	0.3379
	Malden R-I School District	Operating Funds-Schools	37,887,285	3.7500	3.1000	40,625,640	3.7008	3.4300	43,168,749	3.7165	3.4300
		Debt Service	**	**	**	**	**	**	43,168,749	0.1056	0.0000
	Campbell R-II School District	Operating Funds-Schools	54,774,373	2.9840	2.9100	50,639,036	3.2517	2.9100	51,064,440	3.2576	2.9100

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Dunklin	Campbell R-II School District	Debt Service	54,774,373	1.0671	0.6200	50,639,036	1.1632	0.6200	51,064,440	1.2002	0.6200
	Holcomb R-III School District	Operating Funds-Schools	18,434,860	2.9913	2.9913	19,657,405	2.9228	2.9105	20,147,152	2.9159	2.9056
		Debt Service	18,434,860	0.7752	0.4900	19,657,405	0.8715	0.4900	20,147,152	0.5003	0.4900
	Clarkton C-4 School District	Operating Funds-Schools	10,611,460	2.9544	2.9544	11,139,630	2.8898	2.8898	10,868,685	3.1053	3.1053
	Senath-Hornersville C-8 School Dist	Operating Funds-Schools	37,773,996	3.5628	3.4300	38,234,500	3.5268	3.4300	41,215,861	3.5214	3.4300
	Southland C-9 School District	Operating Funds-Schools	13,404,120	3.1461	3.0700	13,928,230	3.1533	3.0849	14,059,680	3.1980	3.1253
	Kennett 39 School District	Operating Funds-Schools	81,558,675	2.7500	2.7500	86,242,868	2.7500	2.7500	89,358,990	3.5000	3.5000
		Debt Service	81,558,675	0.3773	0.3773	83,950,508	0.6880	0.4000	89,358,990	0.0103	0.0000
	Dunklin County	General Revenue	278,384,778	0.2734	0.0000	285,614,499	0.2734	0.0000	293,246,128	0.2734	0.0000
		Library	278,384,778	0.2500	0.2500	285,614,499	0.2500	0.2500	293,246,128	0.2500	0.2500
		Johnson Grass	278,384,778	0.0500	0.0500	285,614,499	0.0500	0.0000	293,246,128	0.0500	0.0000
		Health	278,384,778	0.1000	0.1000	285,614,499	0.1000	0.1000	293,246,128	0.1000	0.1000
		Ambulance	278,384,778	0.1316	0.1316	285,614,499	0.1316	0.1316	293,246,128	0.1316	0.1316
		Senate Bill 40	278,384,778	0.1000	0.1000	285,614,499	0.1000	0.1000	293,246,128	0.1000	0.1000
	Gerald Ambulance District	General Revenue	85,889,188	0.3000	0.3000	96,617,346	0.2910	0.2910	98,846,111	0.2910	0.2910
	Meramec Ambulance District	General Revenue	385,502,384	0.2891	0.2890	433,310,217	0.2797	0.2741	445,358,921	0.2797	0.2797
Franklin		Dispatch	385,502,384	0.0300	0.0300	433,310,217	0.0290	0.0284	445,358,921	0.0290	0.0290
	St Clair Ambulance District	General Revenue	158,574,714	0.3510	0.3510	179,119,678	0.3363	0.3363	184,184,657	0.3363	0.3363
	Union Ambulance District	General Revenue	226,006,538	0.1800	0.1800	261,952,571	0.1715	0.1715	277,444,237	0.1715	0.1715
	Washington Area Ambulance District	General Revenue	333,605,918	0.1825	0.1825	390,734,392	0.1732	0.1732	397,531,955	0.1747	0.1747
	New Haven Ambulance District	General Revenue	72,406,424	0.2991	0.2991	79,972,169	0.2919	0.2919	83,079,419	0.2919	0.2919
	City of Berger	General Revenue	1,343,563	0.9499	0.9499	1,476,955	0.9127	0.9127	1,515,623	0.9281	0.9281
	City of Gerald	General Revenue	14,287,614	0.9175	0.8000	15,759,997	0.8997	0.8000	16,256,619	0.8997	0.8000
		Parks & Recreation	14,287,614	0.2500	0.2200	15,759,997	0.2452	0.2200	16,256,619	0.2452	0.2200
	Village of Leslie	General Revenue	665,292	0.5692	0.4800	726,963	0.5692	0.4800	725,219	0.5764	0.4800
	City of New Haven	General Revenue	30,200,820	0.5430	0.5400	32,932,686	0.5257	0.5257	34,622,028	0.5257	0.5257
		Parks & Recreation	30,200,820	0.2664	0.2600	32,932,686	0.2579	0.2579	34,622,028	0.2579	0.2579
	Village of Oak Grove	General Revenue	6,618,678	0.2177	0.1700	7,727,817	0.2060	0.1700	7,855,604	0.2060	0.1700
	City of Pacific	General Revenue	86,100,337	0.3969	0.3969	98,508,099	0.3747	0.3747	104,033,707	0.3747	0.3747
	Village of Parkway	General Revenue	2,633,846	0.4994	0.4994	3,682,059	0.4512	0.4512	4,199,110	0.4324	0.4324
	City of St Clair	General Revenue	48,539,170	0.4911	0.4911	53,557,676	0.4697	0.4697	53,701,301	0.4792	0.4792
		Parks & Recreation	48,539,170	0.1533	0.1533	53,557,676	0.1466	0.1466	53,701,301	0.1496	0.1496
		Debt Service	48,539,170	0.7397	0.3516	53,557,676	0.6389	0.6389	53,701,301	0.3981	0.3981
	City of Sullivan	General Revenue	56,062,320	0.4514	0.4514	67,445,009	0.4129	0.4129	69,947,128	0.4129	0.4129
		Library	55,109,227	0.1173	0.1173	66,316,549	0.1072	0.1072	68,668,767	0.1072	0.1072
	City of Union	General Revenue	111,244,514	0.5592	0.5592	130,564,088	0.5283	0.5283	140,910,603	0.5283	0.5283
		Parks & Recreation	111,244,514	0.1346	0.1346	130,564,088	0.1272	0.1272	140,910,603	0.1272	0.1272
	City of Washington	General Revenue	237,452,759	0.6130	0.5412	281,019,086	0.5805	0.5177	283,632,048	0.5940	0.5940

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Franklin	Franklin County Library District	General Revenue	1,154,725,375	0.1000	0.1000	1,314,285,265	0.0959	0.0959	1,364,442,946	0.0959	0.0959
	Washington Public Library	General Revenue	127,669,880	0.0924	0.0923	151,700,722	0.0872	0.0872	146,212,985	0.0905	0.0905
	Beaufort Leslie Fire Prot District	General Revenue	41,929,277	0.2755	0.2754	47,678,397	0.4654	0.4654	48,786,425	0.4654	0.4654
	Boles Fire Protection District	General Revenue	207,469,584	0.5911	0.5911	232,536,140	0.5766	0.5766	237,057,174	0.5766	0.5766
		Debt Service	207,469,584	0.1386	0.1386	232,536,140	0.1125	0.1125	237,057,174	0.2364	0.2364
	Pacific Fire Protection District	General Revenue	174,703,221	0.6912	0.6912	198,161,890	0.6554	0.6554	205,885,566	0.6554	0.6554
		Pension	174,703,221	0.0491	0.0491	198,161,890	0.0466	0.0466	205,885,566	0.0466	0.0466
		Joint Dispatch	174,703,221	0.0491	0.0491	198,161,890	0.0466	0.0466	205,885,566	0.0466	0.0466
		Debt Service	174,703,221	0.0911	0.0911	198,161,890	0.1237	0.1237	205,885,566	0.0712	0.0712
	St Clair Fire Protection District	General Revenue	164,648,451	0.6114	0.6114	186,248,813	0.5845	0.5845	191,418,116	0.5845	0.5845
	Sullivan Fire Protection District	General Revenue	137,218,742	0.3935	0.3935	159,838,099	0.3717	0.3717	165,849,321	0.3717	0.3717
	Union Fire Protection District	General Revenue	219,244,811	0.2930	0.2930	254,124,222	0.2786	0.2786	269,343,716	0.2786	0.2786
	Gerald-Rosebud Fire Prot District	General Revenue	51,903,613	0.2488	0.2488	57,933,515	0.2424	0.2424	58,997,817	0.2424	0.2424
	New Haven-Berger Fire Prot Dist	General Revenue	78,632,550	0.2493	0.2493	84,179,704	0.2453	0.2453	87,435,228	0.2453	0.2453
	Gray Summit Sewer District	General Revenue	1,507,871	0.5824	0.5824	1,781,124	0.5153	0.5153	1,782,795	0.5161	0.5161
	Beauty View Sewer District	General Revenue	455,877	0.7482	0.7482	557,467	0.7034	0.7034	616,818	0.7033	0.7033
	Crestview Sewer District	General Revenue	872,072	0.5385	0.5385	1,007,746	0.4904	0.4904	1,009,828	0.4904	0.4904
	St Clair Sewer District	General Revenue	5,486,652	0.3691	0.3691	6,804,648	0.3392	0.3392	7,206,939	0.3392	0.3392
	Sylvan Manor Sunset Acres Sew Dist	General Revenue	1,239,920	0.6586	0.6586	1,440,280	0.5948	0.5948	1,441,077	0.5948	0.5948
	Calvey Creek Sewer District	General Revenue	11,906,181	0.4177	0.4177	13,766,830	0.3884	0.3884	14,125,580	0.3884	0.3884
	East Central College	General Revenue	1,198,393,105	0.3795	0.3795	1,378,264,689	0.3632	0.3632	1,423,920,141	0.3632	0.3632
		Debt Service	1,198,393,105	0.0574	0.0574	1,378,264,689	0.0841	0.0841	1,423,920,141	0.0839	0.0839
	Franklin Co R-II School District	Operating Funds-Schools	17,376,882	3.1376	3.1376	25,120,983	3.1340	3.1340	25,441,574	3.1530	3.1157
		Debt Service	17,376,882	0.8079	0.5506	25,120,983	0.5513	0.5513	25,441,574	0.1578	0.1578
	Meramec Valley R-III School Dist	Operating Funds-Schools	237,440,628	3.3500	3.3500 B	266,154,956	3.4400	3.4400 B	279,132,018	3.5300	3.5300 B
		Debt Service	237,440,628	1.7219	0.6900	266,154,956	1.3432	0.6900	279,132,018	1.2551	0.6900
	Union R-XI School District	Operating Funds-Schools	205,593,239	3.0620	2.7900	240,193,604	2.8981	2.7900	254,472,610	2.9037	2.7900
		Debt Service	205,593,239	1.4084	0.6800	240,193,604	1.3579	0.6800	254,472,610	1.7118	0.6800
	Lonedell R-XIV School District	Operating Funds-Schools	27,019,859	3.4904	3.3860	30,676,266	3.9900	3.9900 B	31,688,020	3.9900	2.9700
		Debt Service	27,019,859	1.1326	0.2740	30,676,266	0.7163	0.1800	31,688,020	0.2800	0.1800
	Spring Bluff R-XV School District	Operating Funds-Schools	16,659,768	2.9107	2.9107	19,790,262	2.7500	2.7500	20,597,431	2.7500	2.7500
		Debt Service	16,659,768	0.9065	0.6600	19,790,262	0.9607	0.7000	20,597,431	0.7884	0.7000
	Franklin County R-XVI School Dist	Operating Funds-Schools	8,432,740	3.0937	3.0937	9,486,056	2.9235	2.9235	9,566,718	2.9631	2.9631
	St. Clair R-XIII School District	Operating Funds-Schools	109,572,753	2.7500	2.7500	124,954,581	2.7500	2.7500	127,988,267	2.7500	2.7500
		Debt Service	109,572,753	0.9131	0.6200	124,954,581	0.8501	0.6200	127,988,267	0.8724	0.6200
	Sullivan C-2 School District	Operating Funds-Schools	115,166,436	3.1657	3.1657	134,708,227	2.9687	2.9687	140,109,134	2.9504	2.9504
		Debt Service	115,166,436	2.0792	0.9530	134,708,227	1.7397	1.0312	140,109,134	1.8825	1.0495
	New Haven School District	Operating Funds-Schools	31,499,581	4.1422	4.1300	29,452,534	4.3500	4.3500	31,410,914	4.3500	4.2400

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Franklin	Washington School District	Operating Funds-Schools	525,037,517	3.4556	3.4556 B	612,699,049	3.3006	3.3000	627,813,248	3.3606	3.3131
		Debt Service	525,037,517	0.3065	0.2050	612,699,049	0.5188	0.3600	627,813,248	0.5941	0.3469
	Franklin County	General Revenue	1,344,163,518	0.3130	0.1334	1,538,058,698	0.2995	0.1378	1,586,438,044	0.2995	0.1161
		Road & Bridge	1,344,163,518	0.2323	0.2323	1,538,058,698	0.2223	0.2223	1,586,438,044	0.2223	0.2024
		Senate Bill 40	1,344,163,518	0.1000	0.1000	1,538,058,698	0.0957	0.0957	1,586,438,044	0.0957	0.0957
Gasconade	Owensville Ambulance District	General Revenue	70,685,544	0.3000	0.3000	75,785,528	0.2939	0.2939	78,746,257	0.3239	0.3239
		Dispatch	70,685,544	0.0300	0.0300	75,785,528	0.0294	0.0294	**	**	**
	Hermann Area Ambulance District	General Revenue	98,548,343	0.2973	0.2973	104,082,562	0.2972	0.2972	107,095,900	0.2972	0.2972
	Hermann Area Hospital District	General Revenue	92,172,071	0.7345	0.7345	97,344,212	0.7340	0.7340	100,303,090	0.7340	0.7340
	Morrison Levee Dist Gasconade Co	General Revenue	61,890	0.8547	0.8547	63,710	0.8554	0.8554	63,710	0.8554	0.8554
	Morrison Sp Rd Dist #4 Gasconade Co	Road & Bridge	4,273,620	0.2744	0.2744	4,404,255	0.2744	0.2744	4,502,449	0.2744	0.2744
	City of Bland	General Revenue	2,999,853	0.9544	0.9544	3,187,979	0.9314	0.9314	3,213,017	0.9314	0.9314
		Parks & Recreation	2,999,853	0.2553	0.2553	3,187,979	0.2492	0.2492	3,213,017	0.2492	0.2492
		Debt Service	2,999,853	0.0000	0.0000	3,187,979	0.0000	0.0000	3,213,017	0.5873	0.5873
	City of Gasconade	General Revenue	1,206,638	0.6348	0.6348	1,250,391	0.6348	0.6348	1,290,797	0.6348	0.6348
	City of Hermann	General Revenue	27,558,759	0.3822	0.3822	29,876,250	0.3735	0.3735	30,506,089	0.3753	0.3753
		Parks & Recreation	27,558,759	0.0100	0.0100	29,876,250	0.0098	0.0098	30,506,089	0.0098	0.0098
		Band	27,558,759	0.0200	0.0100	29,876,250	0.0195	0.0100	30,506,089	0.0196	0.0100
	City of Morrison	General Revenue	931,198	0.5932	0.5932	948,268	0.5932	0.5932	964,464	0.5932	0.5932
	City of Owensville	General Revenue	28,669,227	0.3067	0.3067	30,343,782	0.3061	0.3061	32,372,958	0.3061	0.2935
		Parks & Recreation	28,669,227	0.3067	0.3067	30,343,782	0.3061	0.3061	32,372,958	0.3061	0.2935
	City of Rosebud	General Revenue	3,008,106	0.4698	0.4698	3,341,058	0.4480	0.4480	3,434,576	0.4482	0.4482
	Gasconade County Library District	General Revenue	167,510,911	0.0995	0.0995	180,496,790	0.0975	0.0975	186,203,533	0.0975	0.0975
	Bland Fire Protection District	General Revenue	15,903,662	0.2268	0.2268	17,517,681	0.2209	0.2209	17,902,835	0.2209	0.2209
	Gasconade Co R-II School District	Operating Funds-Schools	110,411,993	3.4802	2.9800	127,969,945	3.3736	3.1800	133,052,803	3.3853	3.1800
		Debt Service	115,991,682	1.0691	0.8700	127,969,945	0.7241	0.6700	133,052,803	0.9527	0.6700
	Gasconade County R-I School Dist	Operating Funds-Schools	84,307,958	3.1430	3.0500	90,263,499	3.0996	3.0996	93,392,836	3.0915	3.0500
		Debt Service	84,307,958	1.0780	0.7500	90,263,499	1.0069	0.7004	93,392,836	1.0667	0.7500
	Gasconade County	General Revenue	167,510,911	0.3750	0.1591	180,496,790	0.3676	0.1597	186,203,533	0.3676	0.1522
		Common Road District	163,237,293	0.2741	0.2741	176,092,537	0.2684	0.2684	181,701,082	0.2684	0.2684
		Health	167,510,911	0.0995	0.0995	180,496,790	0.0975	0.0975	186,203,533	0.0975	0.0975
		Mental Health	167,510,911	0.0995	0.0995	180,496,790	0.0975	0.0975	186,203,533	0.0975	0.0975
		Senate Bill 40	167,510,911	0.0995	0.0995	180,496,790	0.0975	0.0975	186,203,533	0.0975	0.0975
Gentry	Grand River Regional Ambulance Dist	General Revenue	87,539,427	0.1800	0.1800	90,618,098	0.1800	0.1800	95,174,974	0.1800	0.1800
	City of Albany	General Revenue	13,196,902	0.6183	0.6183	14,484,126	0.5844	0.5844	14,311,645	0.6053	0.6053
		Parks & Recreation	13,196,902	0.2738	0.2738	14,484,126	0.2588	0.2588	14,311,645	0.2681	0.2681
		Library	13,196,902	0.3100	0.3100	14,484,126	0.4600	0.4600	14,311,645	0.4600	0.4600
		Health	13,196,902	0.1724	0.1724	14,484,126	0.1630	0.1630	14,311,645	0.1688	0.1688

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Gentry	Village of Darlington	General Revenue	178,889	0.5000	0.5000	324,029	0.4251	0.4251	332,738	0.4257	0.4257
	Village of Gentry	General Revenue	246,447	0.5000	0.5000	249,708	0.4998	0.4998	271,240	0.4999	0.4999
	City of King City	General Revenue	5,100,038	0.7336	0.7336	5,605,984	0.6955	0.6955	5,813,765	0.6958	0.6958
		Parks & Recreation	5,100,038	0.1807	0.1807	5,605,984	0.1713	0.1713	5,813,765	0.1714	0.1714
		Health	5,100,038	0.1807	0.1807	5,605,984	0.1713	0.1713	5,813,765	0.1714	0.1714
		Police	5,100,038	0.1500	0.1500	5,605,984	0.1422	0.1422	5,813,765	0.1500	0.1500 A
	City of McFall	General Revenue	486,341	0.6495	0.6495	531,011	0.6162	0.6162	432,558	0.7500	0.7500
	City of Stanberry	General Revenue	7,385,229	0.6415	0.6415	8,056,436	0.6183	0.6183	8,253,976	0.6266	0.6266
		Parks & Recreation	7,385,229	0.1700	0.1700	8,056,436	0.1638	0.1638	8,253,976	0.1660	0.1660
		Streets	7,385,229	0.3786	0.3786	8,056,436	0.3649	0.3649	8,253,976	0.3698	0.3698
	Gentry County Library Dist	General Revenue	51,378,060	0.2000	0.2000	54,050,619	0.2000	0.2000	56,405,665	0.2000	0.2000
		Debt Service	51,378,060	0.1632	0.1000	54,050,619	0.1592	0.1000	56,405,665	0.1392	0.1000
	Athens Township of Gentry Co	General Revenue	18,963,167	0.1000	0.1000	20,769,945	0.0954	0.0954	20,743,767	0.0974	0.0974
		Road & Bridge	18,963,167	0.3825	0.3825	20,769,945	0.3651	0.3651	20,743,767	0.3727	0.3727
		Special Road District	18,963,167	0.2000	0.2000	20,769,945	0.2000	0.2000 A	20,743,767	0.2000	0.2000
		Special Road and Bridge	18,963,167	0.2500	0.2500 A	20,769,945	0.2386	0.2386	20,743,767	0.2436	0.2436
	Bogle Township of Gentry Co	General Revenue	4,500,807	0.1000	0.1000	4,593,684	0.1000	0.1000	4,806,037	0.1000	0.1000
		Road & Bridge	4,500,807	0.5000	0.5000	4,593,684	0.5000	0.5000	4,806,037	0.5000	0.5000
		Special Road and Bridge	4,500,807	0.3200	0.3200 A	4,593,684	0.3200	0.3200	4,806,037	0.3200	0.3200
		Gravel	4,500,807	0.3500	0.3500 A	4,593,684	0.3500	0.3500	4,806,037	0.3500	0.3500
		Gravel & Maintenance	4,500,807	0.4500	0.4500	4,593,684	0.4500	0.4500	4,806,037	0.4500	0.4500 A
	Cooper Township of Gentry Co	General Revenue	13,827,320	0.1000	0.1000	14,655,322	0.0994	0.0994	15,227,938	0.1000	0.1000
		Road & Bridge	13,827,320	0.4709	0.4709	14,655,322	0.4680	0.4680	15,227,938	0.4715	0.4715
		Special Road and Bridge	13,827,320	0.1500	0.1500 A	14,655,322	0.1491	0.1491	15,227,938	0.1500	0.1500
	Howard Township of Gentry Co	General Revenue	1,830,351	0.1000	0.1000	1,933,304	0.1000	0.1000	1,986,712	0.1000	0.1000
		Road & Bridge	1,830,351	0.5000	0.0000	1,933,304	0.5000	0.5000	1,986,712	0.5000	0.5000
		Special Road and Bridge	1,830,351	0.3500	0.3500 A	1,933,304	0.3500	0.3500	1,986,712	0.3500	0.3500
	Huggins Township of Gentry Co	General Revenue	2,291,838	0.1000	0.1000	2,285,241	0.1000	0.1000	2,310,730	0.1000	0.1000
		Road & Bridge	2,291,838	0.5000	0.5000	2,285,241	0.5000	0.5000	2,310,730	0.5000	0.5000
		Special Road and Bridge	2,291,838	0.3300	0.3300 A	2,285,241	0.3300	0.3300	2,310,730	0.3300	0.3300
	Jackson Township of Gentry Co	General Revenue	11,817,391	0.1000	0.1000	12,667,802	0.0979	0.0979	12,913,443	0.0979	0.0979
		Road & Bridge	11,817,391	0.4664	0.4664	12,667,802	0.4565	0.4565	12,913,443	0.4565	0.4565
		Special Road and Bridge	11,817,391	0.1200	0.1200 A	12,667,802	0.1174	0.1174	12,913,443	0.1174	0.1174
		Other	11,817,391	0.2500	0.2500	12,667,802	0.2447	0.2447	12,913,443	0.2447	0.2447
	Miller Township of Gentry Co	General Revenue	7,855,522	0.1000	0.1000	8,018,869	0.1000	0.1000	8,925,163	0.1000	0.1000
		Road & Bridge	7,855,522	0.5000	0.5000	8,018,869	0.5000	0.5000	8,925,163	0.5000	0.5000
		Special Road District	**	**	**	8,018,869	0.2900	0.2900 A	8,925,163	0.2900	0.2900
		Special Road and Bridge	7,855,522	0.3500	0.3500	8,018,869	0.3500	0.3500	8,925,163	0.3500	0.3500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Gentry	Miller Township of Gentry Co	General Road & Bridge	7,855,522	0.2900	0.2900	**	**	**	**	**	**
	Wilson Township of Gentry Co	General Revenue	3,488,568	0.1000	0.1000	3,610,578	0.1000	0.1000	3,803,520	0.1000	0.1000
		Road & Bridge	3,488,568	0.5000	0.5000	3,610,578	0.5000	0.5000	3,803,520	0.5000	0.5000
		Special Road and Bridge	3,488,568	0.2900	0.2900	3,610,578	0.2900	0.2900 A	3,803,520	0.2900	0.2900
		Gravel	3,488,568	0.3000	0.3000 A	3,610,578	0.3000	0.3000	3,803,520	0.3000	0.3000 A
	Albany Community Fire Prot District	General Revenue	29,542,452	0.1616	0.1616	31,839,667	0.1577	0.1577	32,293,119	0.1590	0.1590
		Fire	29,542,452	0.1516	0.1516	31,839,667	0.1480	0.1480	32,293,119	0.1492	0.1492
	Stanberry Fire Protection Dist	General Revenue	18,835,185	0.1000	0.1000	19,967,878	0.0997	0.0997	20,503,183	0.1000	0.1000
		General Revenue-Temp	18,835,185	0.3000	0.2000	19,967,878	0.2991	0.2991	**	**	**
		General Revenue - Temp	**	**	**	**	**	**	20,503,183	0.3000	0.3000 A
	McFall Fire Protection District	General Revenue	2,674,172	0.3000	0.3000	2,990,866	0.2904	0.2904	3,092,886	0.2907	0.2907
	King City Fire Protection District	General Revenue	18,996,763	0.3000	0.3000	19,908,382	0.3000	0.3000	21,161,776	0.3000	0.3000
	King City R-I School District	Operating Funds-Schools	19,555,619	4.3600	3.8280	20,374,619	4.3600	3.8255	21,883,464	4.3600	3.7158
		Debt Service	19,555,619	0.6372	0.5100	20,374,619	0.5682	0.5100	21,883,464	0.5749	0.5100
	Stanberry R-II School District	Operating Funds-Schools	17,557,847	4.1000	4.0000	18,775,695	4.0803	4.0803	19,258,372	4.1000	4.0000
		Operating Temp	**	**	**	18,775,695	0.4197	0.4197 A	**	**	**
		Debt Service	17,557,847	0.6457	0.1000	18,775,695	0.5526	0.1000	19,258,372	0.5599	0.1000
	Albany R-III School District	Operating Funds-Schools	28,112,489	3.7500	3.7500	30,556,983	3.6439	3.6439	30,928,272	3.6893	3.6863
	Gentry County	General Revenue	64,574,965	0.3357	0.3300	68,534,745	0.3325	0.3300	70,717,310	0.3340	0.3340
		General Revenue-Temp	64,574,965	0.1900	0.1900	68,534,745	0.1882	0.1800	70,717,310	0.1890	0.1860
		Senior Services	**	**	**	**	**	**	70,717,310	0.0500	0.0500 A
Greene	City of Ash Grove	General Revenue	10,734,843	0.5463	0.5463	11,554,785	0.5411	0.5411	11,907,011	0.5411	0.5411
	City of Battlefield	General Revenue	29,561,090	0.3228	0.3228	35,980,780	0.2889	0.2889	39,627,950	0.2889	0.2889
		Debt Service	29,561,090	0.3018	0.3018	35,980,780	0.3156	0.3156	39,627,950	0.2565	0.2565
	Village of Brookline	General Revenue	4,438,867	0.4507	0.4507	4,065,420	0.0000	0.0000	**	**	**
	City of Fair Grove	General Revenue	10,302,119	0.5266	0.5266	11,812,777	0.4970	0.4970	12,739,252	0.4970	0.4970
		Debt Service	10,302,119	0.4888	0.4888	11,812,777	0.6033	0.4888	12,739,252	0.4871	0.4871
	City of Republic	General Revenue	77,574,788	0.5200	0.5200	94,970,275	0.4687	0.4687	103,575,363	0.4678	0.4678
		Parks & Recreation	77,574,788	0.1400	0.1400	94,970,275	0.1262	0.1262	103,575,363	0.1260	0.1260
		Lights	77,574,788	0.0800	0.0800	94,970,275	0.0721	0.0721	103,575,363	0.0720	0.0720
	City of Springfield	Parks & Recreation	2,006,188,877	0.1882	0.1880	2,220,877,744	0.1830	0.1830	2,292,797,169	0.1839	0.1839
		Health	2,006,188,877	0.1284	0.1284	2,220,877,744	0.1248	0.1248	2,292,797,169	0.1254	0.1254
		Art Museum	2,006,188,877	0.0394	0.0394	2,220,877,744	0.0383	0.0383	2,292,797,169	0.0385	0.0385
		General Revenue-Temp	2,006,188,877	0.2700	0.2700	2,220,877,744	0.2625	0.2625	2,292,797,169	0.2638	0.2638
	City of Strafford	General Revenue	16,084,727	0.4086	0.4086	19,064,678	0.3680	0.3680	20,220,588	0.3680	0.3680
	City of Walnut Grove	General Revenue	4,646,203	0.5561	0.5561	4,791,837	0.5561	0.5561	4,941,595	0.5561	0.5561
	City of Willard	General Revenue	27,681,141	0.4597	0.4597	31,940,190	0.4217	0.4217	34,183,849	0.4217	0.4217
		Parks & Recreation	27,681,141	0.1407	0.1407	31,940,190	0.1291	0.1291	34,183,849	0.1291	0.1291

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Greene	Springfield Greene County Library	General Revenue	3,174,731,774	0.2547	0.2547	3,544,068,647	0.2455	0.2455	3,700,467,437	0.2455	0.2455
	Battlefield Fire Protection Dist	General Revenue	357,689,322	0.3611	0.3611	411,446,469	0.3390	0.3390	444,950,162	0.3390	0.3390
	Strafford Fire Protection District	General Revenue	86,283,602	0.2624	0.2624	100,837,748	0.2448	0.2448	111,866,344	0.2448	0.2448
	Fair Grove Fire Protection District	General Revenue	47,931,077	0.1825	0.1825	53,950,580	0.1753	0.1753	56,513,392	0.1753	0.1753
	Brookline Fire Protection District	General Revenue	82,003,627	0.2593	0.2593	80,926,033	0.2535	0.2535	83,877,329	0.2535	0.2535
	Logan-Rogersville Fire Prot Dist	General Revenue	276,361,071	0.2529	0.2529	301,527,815	0.2457	0.2466	316,026,086	0.3657	0.3657
	Willard Fire Protection District	General Revenue	98,259,549	0.2641	0.2641	112,414,933	0.2502	0.2502	119,287,212	0.2502	0.2502
	Walnut Grove Fire Protection Dist	General Revenue	30,136,827	0.2925	0.2925	32,099,457	0.2924	0.2924	33,444,102	0.2924	0.2924
	West Republic Fire Protection Dist	General Revenue	19,163,412	0.2657	0.2657	21,797,773	0.2518	0.2518	22,438,678	0.2518	0.2518
	Ebenezer Fire Protection District	General Revenue	79,935,888	0.2933	0.2933	90,622,148	0.2783	0.2783	95,620,115	0.2783	0.2783
	Bois D'Arc Fire Protection District	General Revenue	17,733,614	0.3891	0.3853	20,095,789	0.3783	0.3783	20,849,891	0.3783	0.3783
	Ash Grove Fire Protection District	General Revenue	20,115,598	0.2586	0.2586	21,719,181	0.2568	0.2568	22,372,679	0.2568	0.2568
		Debt Service	20,115,598	0.0671	0.0671	**	**	**	**	**	**
	Pleasant View Fire Protection Dist	General Revenue	25,732,540	0.3000	0.3000	27,123,700	0.3000	0.3000	27,976,710	0.3000	0.3000
	Springfield Spec Parking District	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	**	**	**
	C and E Community Improvement Dist	General Revenue	5,012,930	3.0000	3.0000	14,191,260	2.9132	2.9132	15,731,860	2.9188	2.9188
	Ozarks Technical Community College	General Revenue	3,889,921,101	0.0972	0.0972	4,370,235,274	0.0937	0.0937	4,603,277,866	0.0937	0.0937
		General Revenue-Temp	3,889,921,101	0.0486	0.0486	4,370,235,274	0.0469	0.0469	4,603,277,866	0.0469	0.0469
	Willard R-II School District	Operating Funds-Schools	216,251,140	3.2000	3.1000 B	243,390,410	3.3000	3.3000 B	263,899,910	3.3000	3.2000
		Debt Service	216,251,140	1.5874	0.9400	243,390,410	1.4155	0.6900	263,899,910	1.3690	0.7900
	Republic R-III School District	Operating Funds-Schools	180,801,093	2.1514	2.1014 B	210,543,376	3.1400	3.1400 B	224,357,598	3.1400	3.1400
		Buildings-Temp	180,801,093	0.4048	0.4048	210,543,376	0.3802	0.0000	224,357,598	0.3802	0.0000
		Building-Temp	180,801,093	0.4838	0.4838	210,543,376	0.4544	0.0000	224,357,598	0.4544	0.0000
		Debt Service	180,801,093	1.0474	0.6500	210,543,376	0.9058	0.5500	224,357,598	0.8685	0.5500
	Ash Grove R-IV School District	Operating Funds-Schools	39,871,850	3.1864	2.7500	44,388,265	3.1059	2.7500	44,321,680	3.1590	2.7500
		Debt Service	39,871,850	0.5752	0.5000	44,388,265	0.4968	0.4968	44,321,680	0.7515	0.5000
	Walnut Grove R-V School District	Operating Funds-Schools	14,640,270	3.0646	3.0646	15,739,810	3.3146	3.3146 B	16,375,185	3.3160	3.3160
	Strafford R-VI School District	Operating Funds-Schools	109,553,882	2.8456	2.7500	124,332,905	2.7500	2.7500	134,885,392	2.7500	2.7500
		Debt Service	109,553,882	1.0004	0.7000	124,332,905	1.0000	0.7000	134,885,392	1.4063	0.7000
	Logan-Rogersville R-VIII School Dis	Operating Funds-Schools	139,339,131	3.1500	3.1500 B	157,261,850	3.0728	3.0728	168,707,644	3.0706	3.0706
		Debt Service	138,047,831	1.2141	0.7900	157,261,850	1.2203	0.8662	168,707,644	1.0542	0.8694
	Springfield R-XII School District	Operating Funds-Schools	2,416,478,030	3.0435	3.0435 B	2,687,705,870	3.1435	3.0003 B	2,791,001,670	3.1436	3.0456
		Debt Service	2,416,478,030	0.5354	0.3300	2,687,705,870	0.4832	0.3300	2,791,001,670	0.8464	0.5100
	Fair Grove R-X School District	Operating Funds-Schools	45,211,171	2.9883	2.7500	50,432,170	2.8274	2.7500	54,197,574	2.8131	2.7500
		Debt Service	45,211,171	0.4100	0.4100	50,432,170	0.4100	0.4100	54,197,574	0.4100	0.4100
	Greene County	General Revenue	3,174,731,774	0.2632	0.1010	3,544,069,587	0.2536	0.1099	3,700,467,437	0.2536	0.0961
		Road & Bridge	3,174,731,774	0.2632	0.1010	3,544,069,587	0.2536	0.1099	3,700,467,437	0.2536	0.0961
		Senate Bill 40	3,174,731,774	0.0488	0.0488	3,544,069,587	0.0470	0.0470	3,700,467,437	0.0470	0.0470

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Greene	Greene County	Senior Services	**	**	**	3,544,069,587	0.0500	0.0500 A	3,700,467,437	0.0500	0.0500
Grundy	Grundy County Nursing Home District	General Revenue	90,792,209	0.1500	0.1500	96,265,616	0.1500	0.1500	97,756,797	0.1500	0.1500
	Spickard Special Road District	Special Road and Bridge	1,189,652	0.3417	0.3417	1,168,238	0.3500	0.3500	1,193,474	0.3500	0.3500 A
	Village of Brimson	General Revenue	207,609	0.2355	0.2000	217,812	0.2487	0.2000	294,466	0.2491	0.2000
	City of Galt	General Revenue	846,769	1.0000	1.0000	750,029	1.0000	1.0000	767,557	1.0000	1.0000
	City of Laredo	General Revenue	672,869	0.6834	0.6834	667,213	0.7000	0.7000	1,080,371	0.6825	0.6800
		Streets	672,869	0.3000	0.3000 A	667,213	0.3000	0.3000	1,080,371	0.2926	0.2900
	City of Spickard	General Revenue	968,722	1.0000	1.0000	958,067	1.0000	1.0000	974,121	1.0000	1.0000
		Debt Service	968,722	1.1562	1.1562	958,067	1.0438	1.0438	**	**	**
	City of Tindall	General Revenue	327,861	0.4500	0.4162	383,613	0.4500	0.4500	544,014	0.4499	0.4499
	City of Trenton	General Revenue	45,759,006	0.7852	0.7852	49,437,276	0.7969	0.7969	49,004,874	0.8051	0.8051
		Parks & Recreation	45,759,006	0.3000	0.1500	49,437,276	0.3000	0.1500	49,004,874	0.3000	0.1500
	Grundy Co Jewett Norris Library	General Revenue	90,792,209	0.2000	0.2000	96,265,616	0.2000	0.2000	97,756,797	0.2000	0.2000
	Franklin Township of Grundy Co	General Revenue	3,680,392	0.0970	0.0970	3,618,491	0.1000	0.1000	3,717,606	0.1000	0.1000
		Road & Bridge	3,680,392	0.4192	0.4192	3,618,491	0.4374	0.4374	3,717,606	0.4374	0.4374
		Special Road and Bridge	3,680,392	0.3500	0.3500	3,618,491	0.3500	0.3500	3,717,606	0.3500	0.3500
	Harrison Township of Grundy Co	General Revenue	1,761,334	0.1000	0.1000	1,818,631	0.1000	0.1000	1,835,416	0.1000	0.1000
		Road & Bridge	1,761,334	0.5000	0.5000	1,818,631	0.5000	0.5000	1,835,416	0.5000	0.5000
		Special Road and Bridge	1,761,334	0.3500	0.3500	1,818,631	0.3500	0.3500 A	1,835,416	0.3500	0.3500
	Jackson Township of Grundy Co	General Revenue	3,031,828	0.1000	0.1000	3,170,291	0.1000	0.1000	3,275,948	0.1000	0.1000
		Road & Bridge	3,031,828	0.3954	0.3954	3,170,291	0.4043	0.4043	3,275,948	0.4043	0.4043
		Special Road and Bridge	3,031,828	0.3500	0.3500	3,170,291	0.3500	0.3500	3,275,948	0.3500	0.3500
	Jefferson Township of Grundy Co	General Revenue	4,623,500	0.0948	0.0944	4,833,495	0.0976	0.0976	5,008,996	0.0976	0.0976
		Road & Bridge	4,623,500	0.2663	0.2653	4,833,495	0.2741	0.2741	5,008,996	0.2741	0.2741
		Special Road and Bridge	4,623,500	0.3500	0.3500	4,833,495	0.3500	0.3500	5,008,996	0.3500	0.3500
	Liberty Township of Grundy Co	General Revenue	3,273,291	0.1000	0.1000	3,135,322	0.1000	0.1000	3,306,823	0.1000	0.1000
		Road & Bridge	3,273,291	0.5000	0.5000	3,135,322	0.5000	0.5000	3,306,823	0.5000	0.5000
		Special Road and Bridge	3,273,291	0.3500	0.3500	3,135,322	0.3500	0.3500 A	3,306,823	0.3500	0.3500
	Lincoln Township of Grundy Co	General Revenue	5,886,099	0.0974	0.0974	5,940,800	0.1000	0.1000	6,274,221	0.1000	0.1000
		Road & Bridge	5,886,099	0.2929	0.2929	5,940,800	0.3021	0.3021	6,274,221	0.3021	0.3021
		Special Road and Bridge	5,886,099	0.3411	0.3411	5,940,800	0.3500	0.3500 A	6,274,221	0.3500	0.3500
	Madison Township of Grundy Co	General Revenue	5,296,099	0.1000	0.0952	5,375,124	0.1000	0.1000	5,502,121	0.1000	0.1000
		Road & Bridge	5,296,099	0.5000	0.5000	5,375,124	0.5000	0.5000	5,502,121	0.5000	0.5000
		Special Road and Bridge	5,296,099	0.3500	0.3500	5,375,124	0.3500	0.3500	5,502,121	0.3500	0.3500
	Marion Township of Grundy Co	General Revenue	3,461,958	0.1000	0.1000	3,516,982	0.1000	0.1000	3,743,545	0.1000	0.1000
		Road & Bridge	3,461,958	0.4940	0.4940	3,516,982	0.5000	0.5000	3,743,545	0.5000	0.5000
		Special Road and Bridge	3,461,958	0.3500	0.3500	3,516,982	0.3500	0.3500	3,743,545	0.3500	0.3500
		Debt Service	3,461,958	0.0220	0.0220	**	**	**	**	**	**

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Grundy	Myers Township of Grundy County	General Revenue	1,782,737	0.1000	0.1000	1,729,148	0.1000	0.1000	1,713,868	0.1000	0.1000
		Road & Bridge	1,782,737	0.5000	0.5000	1,729,148	0.5000	0.5000	1,713,868	0.5000	0.5000
		Special Road and Bridge	1,782,737	0.3500	0.3500	1,729,148	0.3500	0.3500	1,713,868	0.3500	0.3500
	Taylor Township of Grundy Co	General Revenue	1,395,523	0.1000	0.1000	1,774,731	0.0886	0.0886	1,935,541	0.0881	0.0881
		Road & Bridge	1,395,523	0.4312	0.4312	1,774,731	0.3818	0.3818	1,935,541	0.3797	0.3797
		Special Road and Bridge	1,395,523	0.3500	0.3500	1,774,731	0.3500	0.3500 A	1,935,541	0.3481	0.3481
	Trenton Township of Grundy Co	General Revenue	52,358,764	0.1000	0.0952	56,791,891	0.1000	0.1000	56,388,384	0.1000	0.1000
		Road & Bridge	52,358,764	0.3021	0.2788	56,791,891	0.3061	0.3061	56,388,384	0.3087	0.3061
	Wilson Township of Grundy Co	General Revenue	3,102,683	0.1000	0.1000	3,390,101	0.0999	0.0999	3,787,486	0.1000	0.1000
		Road & Bridge	3,102,683	0.5000	0.5000	3,390,101	0.4993	0.4993	3,787,486	0.5000	0.5000
		Special Road and Bridge	3,102,683	0.3500	0.3500	3,390,101	0.3495	0.3495	3,787,486	0.3500	0.3500
	Washington Township of Grundy Co	General Revenue	1,138,001	0.0992	0.0992	1,170,455	0.1000	0.1000	1,141,540	0.1000	0.1000
		Road & Bridge	1,138,001	0.4387	0.4387	1,170,455	0.4675	0.4675	1,141,540	0.5000	0.5000
		Special Road and Bridge	1,138,001	0.3493	0.3493	1,170,455	0.3500	0.3500	1,141,540	0.3500	0.3500
	Grundy County Rural Fire Prot Dist	General Revenue	23,566,208	0.3000	0.2500	25,008,982	0.3000	0.2800	25,582,441	0.3000	0.2800
	Laredo Fire Protection District	General Revenue	7,577,858	0.2996	0.2800	8,053,153	0.2996	0.2800	8,779,649	0.3000	0.2800
	Spickard Fire Protection District	General Revenue	10,036,688	0.2933	0.2933	10,030,955	0.3000	0.3000	10,311,024	0.3000	0.3000
	North Central Missouri College	General Revenue	66,915,083	0.3913	0.3913	72,076,216	0.3956	0.3956	72,513,126	0.3956	0.3956
	Grundy Co R-V School District	Operating Funds-Schools	10,358,263	4.3400	4.3400	10,653,935	4.3086	4.3086	10,765,897	4.3400	4.3400
		Operating Funds-Temp	10,358,263	0.4500	0.4500 A	10,653,935	0.4500	0.4500	10,765,897	0.4500	0.4500
		Debt Service	10,358,263	1.2309	1.2100	10,653,935	1.1307	1.1307	10,765,897	1.7020	1.1307
	Spickard R-II School District	Operating Funds-Schools	3,309,940	4.1676	4.1676	3,481,208	4.1648	4.1648	3,496,240	4.1437	4.1426
		Debt Service	3,309,940	0.1647	0.1647	3,481,208	0.5315	0.5315	3,496,240	0.6379	0.6379
	Pleasant View R-VI School District	Operating Funds-Schools	5,362,340	4.4645	4.4645	5,724,989	4.4652	4.4652	5,874,559	4.4649	4.4649
	Laredo R-VII School District	Operating Funds-Schools	3,776,500	4.8891	4.5581	4,111,866	4.9000	4.9000	4,574,769	4.9000	4.9000
		Operating Funds-Temp	3,776,500	1.4000	1.4000 A	4,111,866	1.3994	1.0581	4,574,769	1.4000	0.8686
	Trenton R-IX School District	Operating Funds-Schools	60,291,085	3.6144	3.6144	66,298,870	3.5504	3.5504	66,511,765	3.5858	3.5858
		Debt Service	60,291,085	1.2300	0.9000	66,298,870	1.0615	0.9000	66,511,765	0.9812	0.9000
	Grundy County	General Revenue	92,769,119	0.3723	0.2071	96,265,616	0.3790	0.1270	97,756,797	0.3790	0.1470
		Health	92,769,119	0.2982	0.2982	96,265,616	0.3000	0.3000	97,756,797	0.3000	0.3000
		Developmentally Disabled	92,769,119	0.0994	0.0994	96,265,616	0.1000	0.1000	97,756,797	0.1000	0.1000
Harrison	North Harrison Co Ambulance Dist	General Revenue	25,799,723	0.5000	0.5000	27,533,676	0.4961	0.4961	26,982,407	0.5000	0.5000
	Noel Adams Ambulance District	General Revenue	62,583,093	0.2701	0.0000	65,109,796	0.2777	0.0000	67,471,032	0.2808	0.0000
	Harrison County Hospital District	General Revenue	81,635,360	0.5000	0.4500	85,776,920	0.5000	0.4500	88,997,517	0.5000	0.4500
	Panther Creek Watershed Sub Dist	General Revenue	1,500,150	0.2721	0.2721	1,515,840	0.2729	0.2729	1,552,270	0.2729	0.2729
	West Fork of Big Creek Sub Dist	General Revenue	10,031,480	0.3735	0.3735	9,939,217	0.3851	0.3851	10,470,750	0.3851	0.3851
	East Fork of Big Creek Subdistrict	General Revenue	3,934,552	0.3873	0.3873	4,000,337	0.4000	0.4000	4,251,213	0.4000	0.4000
	City of Bethany	General Revenue	24,869,044	0.4779	0.4779	25,524,277	0.5202	0.5202	29,219,625	0.5004	0.5004

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Harrison	City of Bethany	Parks & Recreation	24,869,044	0.1766	0.1766	25,524,277	0.1922	0.1922	29,219,625	0.1849	0.1849
		Road	24,869,044	0.2702	0.2702	25,524,277	0.2941	0.2941	29,219,625	0.2829	0.2829
	Village of Blythedale	General Revenue	652,767	0.8147	0.8147	605,799	0.8778	0.8778	624,822	0.8779	0.8779
	City of Cainsville	General Revenue	1,444,216	0.7221	0.5000	1,471,003	0.7373	0.5000	1,941,350	0.5969	0.5000
		Fire	1,444,216	0.2448	0.0000	1,471,003	0.2499	0.0000	1,941,350	0.2023	0.0000
		General Revenue-Temp	1,444,216	0.3000	0.3000	1,471,003	0.3000	0.3000	1,941,350	0.2428	0.2428
		Gravel	1,444,216	1.0948	0.5000	1,471,003	1.1177	0.5000	1,941,350	0.9047	0.5000
		Debt Service	1,444,216	0.3540	0.3540	1,471,003	0.3706	0.3706	1,941,350	0.2499	0.2499
		General Revenue	1,412,048	0.4775	0.4775	1,461,891	0.4845	0.4845	1,504,604	0.4868	0.4868
	City of Gilman City	Parks & Recreation	1,412,048	0.0500	0.0500	1,461,891	0.0500	0.0500	1,504,604	0.0500	0.0500
		Streets	1,412,048	0.1729	0.1729	1,461,891	0.1754	0.1754	1,504,604	0.1762	0.1762
		General Revenue	445,753	0.5000	0.5000	444,239	0.5000	0.5000	500,907	0.5000	0.5000
	City of New Hampton	General Revenue	1,005,391	0.7493	0.7493	944,276	0.7500	0.7500	994,368	0.7499	0.7499
		Lights	1,005,391	0.1498	0.1498	944,276	0.1500	0.1500	994,368	0.1499	0.1499
		Streets	1,005,391	0.3000	0.3000	944,276	0.3000	0.3000	994,368	0.3000	0.3000
	City of Ridgeway	General Revenue	1,668,412	1.0853	1.0853	1,812,044	1.0000	1.0000	1,918,780	1.0000	1.0000
		Parks & Recreation	1,668,412	0.0500	0.0500	1,812,044	0.0500	0.0500	1,918,780	0.0500	0.0500
	Adams Township of Harrison Co	General Revenue	1,970,928	0.1000	0.1000	2,089,948	0.1000	0.1000	2,148,068	0.1000	0.1000
		Road & Bridge	1,970,928	0.5000	0.5000	2,089,948	0.5000	0.5000	2,148,068	0.5000	0.5000
		Special Road and Bridge	1,970,928	0.3500	0.3500 A	2,089,948	0.3500	0.3500	2,148,068	0.3500	0.3500
	Bethany Township of Harrison County	General Revenue	29,179,057	0.1000	0.1000	32,336,060	0.1000	0.1000	31,551,569	0.1000	0.1000
		Road & Bridge	29,179,057	0.3038	0.3038	32,336,060	0.3044	0.3044	31,551,569	0.3323	0.3323
	Butler Township of Harrison Co	General Revenue	1,743,140	0.0959	0.0959	1,789,427	0.0987	0.0987	1,906,370	0.0987	0.0987
		Road & Bridge	1,743,140	0.4062	0.4062	1,789,427	0.4179	0.4179	1,906,370	0.4179	0.4179
		Special Road and Bridge	1,743,140	0.3500	0.3500 A	1,789,427	0.3500	0.3500	1,906,370	0.3500	0.3500
	Clay Township of Harrison Co	General Revenue	2,384,341	0.1000	0.1000	2,488,874	0.1000	0.1000	2,559,847	0.1000	0.1000
		Road & Bridge	2,384,341	0.4961	0.4961	2,488,874	0.4961	0.4961	2,559,847	0.4961	0.4961
		Special Road and Bridge	2,384,341	0.3500	0.3500 A	2,488,874	0.3500	0.3500	2,559,847	0.3500	0.3500
	Colfax Township of Harrison Co	General Revenue	4,966,294	0.1000	0.1000	5,698,630	0.0953	0.0953	5,381,325	0.1000	0.1000
		Road & Bridge	4,966,294	0.4479	0.4479	5,698,630	0.4268	0.4268	5,381,325	0.4612	0.4612
		Special Road and Bridge	4,966,294	0.3500	0.3500 A	5,698,630	0.3335	0.3335	5,381,325	0.3500	0.3500
	Cypress Township of Harrison Co	General Revenue	1,821,499	0.1000	0.1000	1,979,374	0.1000	0.1000	2,194,263	0.1000	0.1000
		Road & Bridge	1,821,499	0.3937	0.3937	1,979,374	0.3937	0.3937	2,194,263	0.3937	0.3937
		Special Road and Bridge	1,821,499	0.3500	0.3500 A	1,979,374	0.3500	0.3500	2,194,263	0.3500	0.3500
	Dallas Township of Harrison Co	General Revenue	1,710,554	0.1000	0.1000	1,803,351	0.1000	0.1000	1,999,355	0.1000	0.1000
		Road & Bridge	1,710,554	0.4109	0.4109	1,803,351	0.4109	0.4109	1,999,355	0.4109	0.4109
		Special Road and Bridge	1,710,554	0.3500	0.3500 A	1,803,351	0.3500	0.3500	1,999,355	0.3500	0.3500
	Fox Creek Township of Harrison Co	General Revenue	1,572,575	0.1000	0.1000	1,705,309	0.1000	0.1000	1,792,308	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Harrison	Fox Creek Township of Harrison Co	Road & Bridge	1,572,575	0.4481	0.4481	1,705,309	0.4481	0.4481	1,792,308	0.4481	0.4481
		Special Road and Bridge	1,572,575	0.3500	0.3500 A	1,705,309	0.3500	0.3500	1,792,308	0.3500	0.3500
	Grant Township of Harrison Co	General Revenue	3,095,042	0.1000	0.1000	3,298,743	0.0996	0.0996	3,341,970	0.1000	0.1000
		Road & Bridge	3,095,042	0.4731	0.4731	3,298,743	0.4713	0.4713	3,341,970	0.4867	0.4867
		Special Road and Bridge	3,095,042	0.3500	0.3500 A	3,298,743	0.3487	0.3487	3,341,970	0.3500	0.3500
		General Revenue	2,254,601	0.1000	0.1000	2,373,662	0.1000	0.1000	2,545,381	0.1000	0.1000
	Hamilton Township of Harrison Co	Road & Bridge	2,254,601	0.4942	0.4942	2,373,662	0.4942	0.4942	2,545,381	0.4942	0.4942
		Special Road and Bridge	2,254,601	0.3500	0.3500 A	2,373,662	0.3500	0.3500	2,545,381	0.3500	0.3500
	Jefferson Township of Harrison Co	General Revenue	3,128,085	0.0979	0.0979	3,247,145	0.1000	0.1000	3,486,776	0.1000	0.1000
		Road & Bridge	3,128,085	0.4129	0.4129	3,247,145	0.4291	0.4291	3,486,776	0.4291	0.4291
		Special Road and Bridge	3,128,085	0.3500	0.3500 A	3,247,145	0.3500	0.3500	3,486,776	0.3500	0.3500
	Lincoln Township of Harrison Co	General Revenue	1,694,847	0.1000	0.1000	1,784,162	0.1000	0.1000	1,881,505	0.1000	0.1000
		Road & Bridge	1,694,847	0.5000	0.5000	1,784,162	0.5000	0.5000	1,881,505	0.5000	0.5000
		Special Road and Bridge	1,694,847	0.3500	0.3500 A	1,784,162	0.3500	0.3500	1,881,505	0.3500	0.3500
	Madison Township of Harrison Co	General Revenue	3,818,483	0.1000	0.1000	4,243,258	0.0954	0.0954	4,461,695	0.0954	0.0954
		Road & Bridge	3,818,483	0.4759	0.4759	4,243,258	0.4541	0.4541	4,461,695	0.4541	0.4541
		Special Road and Bridge	3,818,483	0.3500	0.3500 A	4,243,258	0.3340	0.3340	4,461,695	0.3340	0.3340
	Marion Township of Harrison Co	General Revenue	4,318,249	0.0994	0.0994	4,372,105	0.1000	0.1000	4,568,401	0.1000	0.1000
		Road & Bridge	4,318,249	0.4087	0.4087	4,372,105	0.4127	0.4127	4,568,401	0.4459	0.4459
		Special Road and Bridge	4,318,249	0.3500	0.3500 A	4,372,105	0.3500	0.3500	4,568,401	0.3500	0.3500
	Sherman Township of Harrison Co	General Revenue	2,614,080	0.1000	0.1000	2,780,758	0.1000	0.1000	2,901,017	0.1000	0.1000
		Road & Bridge	2,614,080	0.5000	0.5000	2,780,758	0.5000	0.5000	2,901,017	0.5000	0.5000
		Special Road and Bridge	2,614,080	0.3500	0.3500 A	2,780,758	0.3500	0.3500	2,901,017	0.3500	0.3500
	Sugar Creek Township of Harrison Co	General Revenue	3,041,745	0.1000	0.1000	3,380,670	0.0967	0.0967	3,380,753	0.1000	0.1000
		Road & Bridge	3,041,745	0.3728	0.3728	3,380,670	0.3606	0.3606	3,380,753	0.3781	0.3781
		Special Road and Bridge	3,041,745	0.3500	0.3500	3,380,670	0.3500	0.3500 A	3,380,753	0.3500	0.3500
	Trail Creek Township of Harrison Co	General Revenue	3,345,667	0.1000	0.1000	3,507,325	0.0999	0.0999	3,629,204	0.0999	0.0999
		Road & Bridge	3,345,667	0.5000	0.5000	3,507,325	0.4995	0.4995	3,629,204	0.4995	0.4995
		Special Road and Bridge	3,345,667	0.3500	0.3500 A	3,507,325	0.3497	0.3497	3,629,204	0.3497	0.3497
	Union Township of Harrison Co	General Revenue	3,538,128	0.1000	0.1000	3,554,705	0.1000	0.1000	3,662,069	0.1000	0.1000
		Road & Bridge	3,538,128	0.4701	0.4701	3,554,705	0.4779	0.4779	3,662,069	0.4779	0.4779
		Special Road and Bridge	3,538,128	0.3500	0.3500 A	3,554,705	0.3500	0.3500	3,662,069	0.3500	0.3500
	Washington Township of Harrison Co	General Revenue	2,029,427	0.0899	0.0899	1,866,065	0.1000	0.1000	1,922,774	0.1000	0.1000
		Road & Bridge	2,029,427	0.4037	0.4037	1,866,065	0.4608	0.4608	1,922,774	0.4608	0.4608
		Special Road and Bridge	2,029,427	0.3500	0.3500 A	1,866,065	0.3500	0.3500	1,922,774	0.3500	0.3500
	White Oak Township of Harrison Co	General Revenue	3,408,618	0.1000	0.1000	3,513,189	0.1000	0.1000	3,682,867	0.1000	0.1000
		Road & Bridge	3,408,618	0.4519	0.4519	3,513,189	0.4589	0.4589	3,682,867	0.4589	0.4589
		Special Road and Bridge	3,408,618	0.3500	0.3500 A	3,513,189	0.3500	0.3500	3,682,867	0.3500	0.3500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Harrison	Ridgeway Fire Protection District	General Revenue	6,984,040	0.2995	0.2995	6,252,597	0.3000	0.3000	7,196,830	0.2821	0.2821
	Gilman City Fire Protection Dist	General Revenue	8,651,284	0.2864	0.2864	8,640,053	0.2971	0.2971	9,119,226	0.2971	0.2971
	New Hampton Fire Protection Dist	General Revenue	8,260,701	0.2901	0.2901	8,109,845	0.3000	0.3000	8,571,507	0.3000	0.3000
	North Harrison Fire Protection Dist	Fire	13,816,603	0.2908	0.2908	13,546,869	0.3000	0.3000	14,652,572	0.2982	0.2982
	Cainsville Fire Protection District	General Revenue	6,460,970	0.3000	0.3000	7,207,395	0.2842	0.2842	7,387,637	0.2857	0.2857
	Cainsville R-I School District	Operating Funds-Schools	4,662,790	5.8307	5.7000	5,113,185	5.8400	5.6000	5,360,775	5.8621	5.6000
	South Harrison Co R-II School Dist	Operating Funds-Schools	48,128,291	3.4670	3.4670	51,733,695	3.4444	3.4444	54,563,488	3.4794	3.4794
	North Harrison Co R-III School Dist	Operating Funds-Schools	13,195,560	4.4062	4.4062	14,130,775	4.3389	4.3389	14,042,665	4.5000	4.5000
	Gilman City R-IV School District	Operating Funds-Schools	7,928,377	4.9014	4.9014	8,558,696	4.9043	4.9043	8,662,070	5.0229	5.0229
	Ridgeway R-V School District	Operating Funds-Schools	6,482,530	5.5000	4.8486	6,666,385	5.4840	4.9091	6,768,850	5.5000	4.9113
	Harrison County	General Revenue	81,635,360	0.3664	0.3664	87,812,760	0.3664	0.3664	88,997,517	0.3773	0.3773
		Health	81,635,360	0.1400	0.1400	87,812,760	0.1400	0.1400	88,997,517	0.1400	0.1400
Henry	Windsor Ambulance District	General Revenue	38,671,793	0.2941	0.2941	39,102,778	0.2947	0.2947	40,133,671	0.2947	0.2947
	Bethlehem Spec Rd Dist #2 Henry Co	Road & Bridge	2,063,676	0.6100	0.6100	2,312,066	0.5844	0.5844	2,347,504	0.5857	0.5857
	Deerfield Creek SRD, Henry Co	Road & Bridge	3,383,319	0.7266	0.2000	3,782,797	0.7266	0.2000	4,212,290	0.7266	0.2000
	Fields Creek Sp Rd Dist #1 Henry Co	Road & Bridge	16,938,632	0.2854	0.2854	17,221,446	0.2854	0.2854	16,350,237	0.3217	0.3217
	Honey Creek Sp Rd Dist #1 Henry Co	Road & Bridge	1,805,274	0.3563	0.3563	1,991,182	0.3563	0.3563	2,137,991	0.3577	0.3577
	Montrose Spec Rd Dist Henry Co	Road & Bridge	3,030,443	0.3039	0.3039	3,065,036	0.3039	0.3039	3,134,070	0.3039	0.3039
	Mt Hope Spec Rd Dist Henry Co	Road & Bridge	1,057,414	0.4900	0.4900	1,105,920	0.4900	0.4900	1,106,846	0.4900	0.4900
	Osage Spec Rd Dist #1 Henry Co	Road & Bridge	4,465,513	0.3317	0.3317	4,916,796	0.3299	0.3299	4,986,924	0.3299	0.3299
	Shawnee Spec Rd Dist #1 Henry Co	Road & Bridge	3,500,922	0.4728	0.2500	3,811,616	0.4737	0.2500	4,035,353	0.4737	0.2500
	Wagner Spec Rd Dist Henry Co	Road & Bridge	562,279	0.5000	0.5000	530,199	0.5000	0.5000	597,389	0.4923	0.4823
	Windsor Spec Rd Dist Henry Co	Road & Bridge	27,304,735	0.2850	0.2850	27,526,904	0.2867	0.2867	28,417,838	0.2867	0.2867
	Clinton Country Club Spec Rd Dist	Special Road and Bridge	1,005,759	0.3021	0.3021	1,158,965	0.2971	0.2971	1,407,912	0.2793	0.2793
	City of Blairstown	General Revenue	578,055	1.0000	1.0000	555,379	1.0000	1.0000	631,269	0.9704	0.9704
		Streets	578,055	0.5000	0.5000 A	555,379	0.5000	0.5000	631,269	0.4852	0.4852
	Village of Brownington	General Revenue	392,816	0.6780	0.6780	387,562	0.6871	0.6871	405,653	0.6827	0.6827
	City of Calhoun	General Revenue	1,626,292	0.6045	0.6045	1,700,685	0.6045	0.6045	1,852,814	0.6045	0.6045
		Police	1,626,292	0.2500	0.2500	1,700,685	0.2500	0.2500 A	1,852,814	0.2500	0.2500
		Fire	1,626,292	0.2000	0.2000	1,700,685	0.2000	0.2000 A	1,852,814	0.2000	0.2000
	City of Clinton	General Revenue	102,308,829	0.4888	0.4888	108,285,844	0.4888	0.4888	108,260,070	0.4993	0.4993
		Parks & Recreation	102,308,829	0.1369	0.1369	108,285,844	0.1369	0.1369	108,260,070	0.1398	0.1398
	City of Deepwater	General Revenue	2,173,745	0.9340	0.9279	2,257,614	0.9340	0.9340	2,315,990	0.9340	0.9340
		Lights	2,173,745	0.1365	0.1365	2,257,614	0.1365	0.1365	2,315,990	0.1365	0.1365
		Cemetery	2,173,745	0.1000	0.1000	2,257,614	0.1000	0.1000	2,315,990	0.1000	0.1000
	City of Montrose	General Revenue	2,535,949	0.9371	0.9371	2,597,104	0.9371	0.9371	2,651,827	0.9841	0.9371
		Debt Service	2,535,949	0.6101	0.6101	2,597,104	0.5914	0.5914	2,651,827	0.3791	0.3791
	City of Ulrich	General Revenue	2,779,720	0.9465	0.9465	2,879,308	0.9465	0.9465	2,946,393	0.9465	0.9465

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Henry	City of Urich	Parks & Recreation	2,779,720	0.2921	0.2921	2,879,308	0.2921	0.2921	2,946,393	0.2921	0.2921
	City of Windsor	General Revenue	20,870,736	0.5866	0.5866	20,969,967	0.5866	0.5866	21,534,851	0.5866	0.5866
		Library	20,870,736	0.1177	0.1177	20,969,967	0.1177	0.1177	21,534,851	0.1177	0.1177
		Park	20,870,736	0.2287	0.2287	20,969,967	0.2287	0.2287	21,534,851	0.2287	0.2287
		Pool	20,870,736	0.1177	0.1177	20,969,967	0.1177	0.1177	21,534,851	0.1177	0.1177
		Recreation	20,870,736	0.0589	0.0589	20,969,967	0.0589	0.0589	21,534,851	0.0589	0.0589
	Henry County Library District	General Revenue	228,365,514	0.1955	0.1955	240,898,469	0.1955	0.1955	247,110,674	0.1955	0.1955
	Bear Creek Township of Henry Co	General Revenue	2,791,874	0.2000	0.2000	2,928,590	0.2000	0.2000	3,034,634	0.2000	0.2000
		Road & Bridge	2,791,874	0.3500	0.3500	2,928,590	0.3500	0.3500	3,034,634	0.3500	0.3500
		Special Road and Bridge	2,791,874	0.2600	0.2600	2,928,590	0.2600	0.2600	3,034,634	0.2600	0.2600 A
	Bethlehem Township of Henry County	General Revenue	9,014,567	0.1202	0.1202	9,816,507	0.1187	0.1187	10,140,823	0.1187	0.1187
		Road & Bridge	6,721,155	0.2653	0.2653	7,235,263	0.2647	0.2647	7,421,552	0.2647	0.2647
	Bogard Township of Henry Co	General Revenue	7,332,691	0.1759	0.1759	7,726,816	0.1759	0.1759	8,038,302	0.1759	0.1759
		Road & Bridge	7,332,691	0.3622	0.3622	7,726,816	0.3622	0.3622	8,038,302	0.3622	0.3622
		Special Road and Bridge	7,332,691	0.2497	0.2497	7,726,816	0.2497	0.0000	**	**	**
		Spec Rd and Bridge - temp	**	**	**	7,726,816	0.2500	0.2500 A	8,038,302	0.2500	0.2500
	Clinton Township of Henry Co	General Revenue	91,201,564	0.1334	0.1000	95,228,960	0.1334	0.1000	96,644,458	0.1334	0.1000
		Road & Bridge	91,201,564	0.2669	0.2000	95,228,960	0.2669	0.2000	96,644,458	0.2669	0.2000
	Davis Township of Henry Co	General Revenue	9,764,749	0.2000	0.0300	9,440,680	0.2000	0.0300	10,224,218	0.2000	0.0300
		Road & Bridge	9,764,749	0.5000	0.5000	9,440,680	0.5000	0.5000	10,224,218	0.5000	0.5000
	Deepwater Township of Henry Co	General Revenue	6,106,154	0.1687	0.1668	6,214,414	0.1687	0.1687	6,357,522	0.1687	0.1687
		Road & Bridge	1,456,018	0.3990	0.3961	1,514,379	0.3990	0.3990	1,519,967	0.3990	0.3990
	Deer Creek Township of Henry Co	General Revenue	5,442,640	0.1540	0.1540	5,779,626	0.1540	0.1540	6,190,256	0.1540	0.1540
		Road & Bridge	3,703,958	0.4477	0.4477	3,934,977	0.4477	0.4477	4,124,199	0.4477	0.4477
	Fairview Township of Henry Co	General Revenue	6,072,158	0.1544	0.1400	6,294,057	0.1544	0.1400	6,523,596	0.1544	0.1400
		Road & Bridge	6,072,158	0.3294	0.3100	6,294,057	0.3294	0.3100	6,523,596	0.3294	0.3100
	Fields Creek Township of Henry Co	General Revenue	28,737,165	0.1479	0.1479	31,860,862	0.1479	0.1479	31,881,817	0.1549	0.1549
		Road & Bridge	9,382,723	0.3088	0.3088	11,811,481	0.3088	0.3088	12,349,356	0.3088	0.3088
	Honey Creek Township of Henry Co	General Revenue	2,933,456	0.1808	0.1500	3,225,582	0.1808	0.1500	3,382,636	0.1823	0.1500
		Road & Bridge	1,128,182	0.5000	0.1000	1,234,400	0.5000	0.1000	1,244,645	0.5000	0.1000
	Leesville Township of Henry Co	General Revenue	12,145,305	0.1299	0.1299	12,980,727	0.1298	0.1298	13,593,732	0.1298	0.1298
		Road & Bridge	12,145,305	0.2600	0.2600	12,980,727	0.2598	0.2598	13,593,732	0.2598	0.2598
	Osage Township of Henry Co	General Revenue	7,913,724	0.1308	0.1308	8,512,987	0.1308	0.1308	8,899,631	0.1308	0.1308
		Road & Bridge	3,461,151	0.2823	0.2823	3,608,051	0.2823	0.2823	3,922,227	0.2823	0.2823
	Shawnee Township of Henry Co	General Revenue	6,257,909	0.1634	0.0500	6,660,247	0.1634	0.0500	6,926,419	0.1634	0.0500
		Road & Bridge	2,756,987	0.4150	0.4100	2,848,631	0.4150	0.4150	2,891,066	0.4161	0.4150
	Springfield Township of Henry Co	General Revenue	3,130,934	0.1407	0.1407	3,305,948	0.1407	0.1407	3,434,822	0.1407	0.1407
		Road & Bridge	3,130,934	0.3217	0.3217	3,305,948	0.3217	0.3217	3,434,822	0.3217	0.3217

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Henry	Tebo Township of Henry Co	General Revenue	6,954,714	0.1779	0.1779	7,305,659	0.1779	0.1779	7,597,430	0.1779	0.1779
		Road & Bridge	6,954,714	0.3875	0.3875	7,305,659	0.3875	0.3875	7,597,430	0.3875	0.3875
		Special Road and Bridge	6,954,714	0.1800	0.1774	7,305,659	0.1800	0.1800	**	**	**
	Walker Township of Henry Co	General Revenue	4,574,153	0.1942	0.1942	4,774,095	0.1942	0.1942	4,930,386	0.1942	0.1942
		Road & Bridge	4,574,153	0.4855	0.4855	4,774,095	0.4855	0.4855	4,930,386	0.4855	0.4855
	White Oak Township of Henry Co	General Revenue	6,318,240	0.1871	0.1871	6,493,744	0.1871	0.1871	6,736,034	0.1871	0.1871
		Road & Bridge	6,318,240	0.3947	0.3947	6,493,744	0.3947	0.3947	6,736,034	0.3947	0.3947
	Windsor Township of Henry Co	General Revenue	27,303,735	0.1424	0.1424	27,526,904	0.1432	0.1432	28,417,838	0.1432	0.1432
	Big Creek Township of Henry Co	General Revenue	4,461,867	0.1589	0.1589	4,597,339	0.1589	0.1589	4,803,197	0.1589	0.1589
		Road & Bridge	4,461,867	0.2583	0.2583	4,597,339	0.2583	0.2583	4,803,197	0.2583	0.2583
	Tightwad Fire Protection District	General Revenue	12,145,305	0.2976	0.2000	12,980,727	0.2973	0.2000	13,601,792	0.2973	0.2000
	Henry County R-I School District	Operating Funds-Schools	36,267,827	3.2611	2.7500	37,524,098	3.2759	2.7500	38,553,119	3.3171	2.7500
		Debt Service	36,267,827	1.2694	0.5000	37,524,098	0.7488	0.5000	38,553,119	0.7495	0.5000
	Shawnee R-III School District	Operating Funds-Schools	7,103,235	4.2000	4.2000 B	7,850,026	4.2000	4.2000	8,202,483	4.2000	4.2000
		Debt Service	7,103,235	0.3086	0.3000	7,850,026	0.4381	0.3000	8,202,483	0.6505	0.3000
	Calhoun R-VIII School District	Operating Funds-Schools	7,545,193	3.9902	3.6600	8,131,320	4.0645	3.6600	8,538,191	4.1252	4.0000
	Leesville R-IX School District	Operating Funds-Schools	11,517,143	3.1181	3.1181	12,364,410	3.0992	3.0992	12,960,237	3.4492	3.4492 B
	Davis R-XII School District	Operating Funds-Schools	12,899,885	3.5590	3.5590	12,965,472	3.5600	3.5600	13,846,850	3.5600	3.5600
	Montrose R-XIV School District	Operating Funds-Schools	8,066,061	4.4291	4.4291	8,872,944	4.4430	4.4430	8,625,305	4.5992	4.5992
	Clinton School District	Operating Funds-Schools	131,250,060	3.3157	3.3157	139,988,744	3.3356	3.3356	142,485,705	3.3785	3.3785
	Henry County	General Revenue	248,458,773	0.2485	0.0200	261,080,308	0.2485	0.0236	267,815,244	0.2485	0.0267
		Health	248,458,773	0.0977	0.0977	261,080,308	0.0977	0.0977	267,815,244	0.0977	0.0977
		Senior Services	**	**	**	**	**	**	267,815,244	0.0005	0.0500 E
Hickory	Village of Cross Timbers	General Revenue	732,008	0.4737	0.4500	705,890	0.4921	0.4921	689,170	0.5041	0.5041
	City of Hermitage	General Revenue	4,033,321	0.5170	0.5000	4,157,938	0.5170	0.5000	4,277,925	0.5188	0.5000
	City of Weaubleau	General Revenue	2,050,370	0.3630	0.3630	2,169,888	0.3630	0.3630	2,116,902	0.3721	0.3721
	City of Wheatland	General Revenue	1,772,358	0.3949	0.3949	1,857,085	0.3949	0.3949	2,254,735	0.3420	0.3420
	Hickory County Library District	General Revenue	79,594,569	0.1373	0.1373	83,738,471	0.1373	0.1373	88,276,255	0.1373	0.1373
	Hickory Co. R-I School District	Operating Funds-Schools	29,165,766	2.9000	2.9000 B	31,081,165	2.9157	2.9000	32,950,407	2.9057	2.9000
		Debt Service	29,165,766	0.6466	0.6466	31,081,165	0.6500	0.6500	32,950,407	1.0683	0.6500
	Wheatland R-II School District	Operating Funds-Schools	22,410,004	3.0709	3.0709	23,403,303	3.0746	3.0746	25,336,843	3.0813	3.0813
		Debt Service	22,410,004	0.5749	0.4379	23,403,303	0.5783	0.4342	25,336,843	0.9073	0.4275
	Weaubleau R-III School District	Operating Funds-Schools	16,556,903	2.7500	2.7500	17,501,657	2.7500	2.7500	18,230,335	2.7500	2.7500
		Debt Service	16,556,903	0.8037	0.4982	17,501,657	0.7069	0.5900	18,230,335	0.9365	0.8200
	Hermitage R-IV School District	Operating Funds-Schools	27,024,297	2.7500	2.7500	28,858,365	2.7500	2.7500	30,252,866	2.7500	2.7500
		Debt Service	27,024,297	0.7587	0.5076	28,858,365	0.7693	0.6500	30,252,866	0.6904	0.6500
	Hickory County	General Revenue	79,594,569	0.3334	0.1500	83,738,471	0.3334	0.1933	88,276,255	0.3334	0.1629
		Road & Bridge	79,594,569	0.2549	0.2549	83,738,471	0.2549	0.2549	88,276,255	0.2549	0.2549

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Hickory	Hickory County	Health	79,594,569	0.0784	0.0784	83,738,471	0.0784	0.0784	88,276,255	0.1600	0.1600
Holt	Corning Special Road Dist Holt Co	Special Road District	2,244,963	0.3500	0.3500	2,558,330	0.3500	0.3500	**	**	**
		Special Road and Bridge	**	**	**	**	**	**	2,292,827	0.3500	0.3500 A
	South Union Twsp Indpt Sp Rd Holt	Special Road and Bridge	2,131,427	0.3500	0.3500	2,055,755	0.3500	0.3500 A	2,088,752	0.3500	0.3500
	Village of Bigelow	General Revenue	260,021	0.7699	0.7699	276,798	0.7701	0.7701	296,104	0.7670	0.7670
	Village of Corning	General Revenue	134,049	0.4999	0.4900	146,398	0.4941	0.4941	160,521	0.4935	0.4900
		Lights	134,049	0.2496	0.2400	146,398	0.2474	0.2474	160,521	0.2474	0.2400
	City of Craig	General Revenue	1,167,314	1.0000	1.0000	1,179,726	1.0000	1.0000	1,222,372	1.0000	1.0000
		Motor Fuel	1,167,314	0.4000	0.4000	1,179,726	0.4000	0.4000	1,222,372	0.4000	0.4000
		Debt Service	1,167,314	1.2927	1.2927	1,179,726	1.5437	1.5437	1,222,372	2.0108	1.5437
	City of Forest City	General Revenue	1,982,272	0.9369	0.9369	2,132,663	0.9369	0.9369	274,914	1.0000	0.9369
		Debt Service	1,982,272	0.1748	0.1748	2,132,663	0.1624	0.1624	274,914	0.2368	0.0295
	Village of Fortescue	General Revenue	269,438	0.7000	0.7000	820,711	0.2403	0.2403	273,914	0.7000	0.7000
	City of Maitland	General Revenue	1,700,228	0.9489	0.9489	1,813,426	0.9417	0.9417	1,836,329	0.9457	0.9457
		Lights	1,700,228	0.3500	0.3500	1,813,426	0.3473	0.3473	1,836,329	0.3488	0.3488
		Health	1,700,228	0.1500	0.1500	1,813,426	0.1488	0.1488	1,836,329	0.1494	0.1494
		General Revenue - Temp	**	**	**	1,813,426	0.2400	0.2400 A	1,836,329	0.2400	0.2400
		General Revenue-temp	1,700,228	0.1400	0.1400	**	**	**	**	**	**
	City of Mound City	General Revenue	9,381,293	0.7220	0.7220	10,009,996	0.7197	0.7197	10,001,597	0.7223	0.7223
		Parks & Recreation	9,381,293	0.2579	0.2579	10,009,996	0.2571	0.2571	10,001,597	0.2580	0.2580
		Library	9,381,293	0.2579	0.2579	10,009,996	0.2571	0.2571	10,001,597	0.2580	0.2580
		Health	9,381,293	0.1548	0.1548	10,009,996	0.1543	0.1543	10,001,597	0.1549	0.1549
		General Revenue-temp	9,381,293	0.3000	0.3000	**	**	**	**	**	**
		Street Lights	**	**	**	10,009,996	0.3000	0.3000 A	10,001,597	0.3000	0.3000
	City of Oregon	General Revenue	5,637,806	0.9554	1.0000 D	6,074,477	0.9389	1.0000 D	6,103,026	0.9392	1.0000 D
		Library	5,637,806	0.2465	0.2400	6,074,477	0.2422	0.2400	6,103,026	0.2423	0.2400
		Health	5,637,806	0.1746	0.1700	6,074,477	0.1716	0.1700	6,103,026	0.1716	0.1700
		Debt Service	5,637,806	1.3392	0.8900	6,074,477	1.0465	0.8900	6,103,026	1.0223	0.8900
	Village of Big Lake	General Revenue	3,328,502	0.2731	0.2728	4,175,767	0.2314	0.2314	4,185,956	0.2327	0.2327
		Health	3,328,502	0.1213	0.1213	4,175,767	0.1028	0.1028	4,185,956	0.1034	0.1034
		General Revenue-Temp	3,328,502	0.3000	0.3000 A	4,175,767	0.2542	0.2542	4,185,956	0.2556	0.2556
	Mound City Rural Fire Prot Dist	General Revenue	23,962,369	0.2243	0.2243	26,351,917	0.2224	0.2224	26,306,096	0.2243	0.2243
	Southern Fire Protection District	General Revenue	26,665,042	0.2329	0.2329	28,082,829	0.2329	0.2329	28,184,757	0.2329	0.2329
	Northwest Holt Co Fire Prot Dist	General Revenue	8,709,302	0.4741	0.4741	9,172,750	0.4762	0.4762	9,008,951	0.4775	0.4775
	Maitland Volunteer Fire Prot Dist	General Revenue	**	**	**	**	**	**	5,330,297	0.3000	0.3000 A
	Craig R-III School District	Operating Funds-Schools	12,293,950	4.9030	4.9030 B	14,631,070	4.6348	4.6348	13,805,450	4.8754	5.0566 C
	Mound City R-2 School District	Operating Funds-Schools	20,860,565	4.0034	4.0034	22,399,260	3.9828	3.9828	22,758,040	3.9874	3.8874
	South Holt Co R-I School District	Operating Funds-Schools	22,430,420	3.3275	3.3275	24,325,290	3.3529	3.3529	24,361,650	3.4317	3.4317

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Holt	South Holt Co R-I School District	Debt Service	22,430,420	0.3713	0.3713	24,325,290	0.5919	0.5000	24,361,650	0.5158	0.5051
	Holt County	General Revenue	75,276,774	0.4357	0.3319	80,153,679	0.4357	0.3162	80,830,778	0.4357	0.3265
		Johnson Grass	75,276,774	0.0500	0.0300	80,153,679	0.0500	0.0300	80,830,778	0.0500	0.0200
		Road & Bridge	75,276,774	0.4357	0.4357	80,153,679	0.4357	0.4357	80,830,778	0.4357	0.4357
		Senior Services	**	**	**	80,153,679	0.0500	0.0500 A	80,830,778	0.0500	0.0500
Howard	Howard County Ambulance District	General Revenue	91,590,495	0.2900	0.2900	94,916,417	0.2900	0.2900	98,592,175	0.2900	0.2900
	Moniteau Creek Watershed Sub Dist	General Revenue	14,871,460	0.3466	0.3466 D	9,488,880	0.3466	0.3368	9,943,062	0.3466	0.3466
	Armstrong Spec Rd Dist Howard Co	General Revenue	**	**	**	6,856,538	0.3500	0.3500 A	6,985,870	0.3500	0.3500
		Special Road and Bridge	6,555,712	0.3400	0.3400	**	**	**	**	**	**
	Glasgow Spec Rd Dist #60 Howard Co	General Revenue	**	**	**	16,923,598	0.2300	0.2300 A	17,386,333	0.2300	0.2300
		Special Road and Bridge	16,488,447	0.2255	0.2255	**	**	**	**	**	**
	City of Armstrong	General Revenue	1,379,962	0.9636	0.9636	1,500,543	0.9636	0.9636	1,458,500	0.9995	0.9995
	City of Fayette	General Revenue	14,128,388	0.5527	0.5527	14,401,017	0.5527	0.5527	15,124,107	0.5527	0.5527
	City of Franklin	General Revenue	477,404	1.0000	1.0000	478,429	1.0000	1.0000	459,361	1.0000	1.0000
	City of New Franklin	General Revenue	6,014,113	0.6294	0.6294	6,226,934	0.6294	0.6294	6,655,059	0.6192	0.6192
	City of Glasgow	General Revenue	9,364,848	0.5240	0.5240	9,602,055	0.5245	0.5245	9,817,828	0.5245	0.5245
		Parks & Recreation	9,364,848	0.2465	0.2465	9,602,055	0.2467	0.2467	9,817,828	0.2467	0.2467
		Library	9,364,848	0.2500	0.2500	9,602,055	0.2500	0.2500	9,817,828	0.2500	0.2500
	Howard County Library	General Revenue	82,606,329	0.1000	0.1000	85,730,046	0.1000	0.1000	89,231,024	0.1000	0.1000
	Howard Co Fire Protection District	General Revenue	51,717,637	0.2938	0.2938	53,909,825	0.2938	0.2938	56,515,061	0.2938	0.2938
	Armstrong Fire Protection District	General Revenue	11,838,053	0.1960	0.1960	12,544,728	0.1960	0.1960	12,352,456	0.2000	0.2000
	Glasgow Fire Protection District	General Revenue	23,551,079	0.2884	0.2884	24,267,722	0.2884	0.2884	24,962,491	0.2884	0.2884
	New Franklin R-I School District	Operating Funds-Schools	19,262,701	3.4359	3.3700	20,644,258	3.3593	3.3593	21,860,673	3.3602	3.3602
		Debt Service	19,262,701	0.7271	0.5000	20,644,258	0.8726	0.5107	21,860,673	0.6287	0.5098
	Fayette R-III School District	Operating Funds-Schools	37,567,430	3.4298	3.4298	39,125,615	3.4146	3.4146	40,945,524	3.4201	3.4201
		Debt Service	37,567,430	1.2511	0.7200	39,125,615	1.0632	0.7200	40,945,524	1.2092	0.7200
	Howard Co R-II School District	Operating Funds-Schools	18,829,733	4.0427	3.6953	19,439,198	4.0427	3.7291	19,995,376	4.0427	3.7972
	Howard County	General Revenue	91,590,495	0.4000	0.2588	94,916,417	0.4000	0.2420	98,592,175	0.4000	0.2500
		Road & Bridge	73,601,531	0.2723	0.2723	76,275,982	0.2723	0.2723	79,462,749	0.2723	0.2723
		Senate Bill 40	91,590,495	0.1000	0.0900	94,916,417	0.1000	0.1000	98,592,175	0.1000	0.1000
Howell	South Howell Co Ambulance District	General Revenue	227,240,192	0.1890	0.1890	243,014,201	0.1890	0.1890	254,221,428	0.1890	0.1890
	Willow Springs Ambulance District	General Revenue	48,684,702	0.2760	0.2600	54,759,374	0.2689	0.2500	59,452,491	0.2689	0.2600
	Mountain-View Summersville Amb Dis	General Revenue	57,871,929	0.1753	0.1753	63,322,767	0.1730	0.1730	66,948,034	0.1730	0.1730
	City of Mountain View	General Revenue	18,807,103	0.5954	0.0000	21,320,490	0.5577	0.0000	23,070,583	0.5577	0.0000
		Library	18,807,103	0.1487	0.0000	21,320,490	0.1393	0.0000	23,070,583	0.1393	0.0000
	City of West Plains	General Revenue	109,396,726	0.2742	0.2700	115,461,474	0.2742	0.2700	120,699,219	0.2744	0.2700
		Library	109,396,726	0.2235	0.2221	115,461,474	0.2235	0.2235	120,699,219	0.2237	0.2235
	City of Willow Springs	General Revenue	13,258,144	0.5131	0.5131	16,043,339	0.4746	0.4746	16,184,937	0.4746	0.4746

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Howell	City of Willow Springs	Library	13,258,144	0.1638	0.1638	16,043,339	0.1515	0.1515	16,184,937	0.1515	0.1515
	Howell County Rural Fire Dist. #1	General Revenue	67,124,187	0.2598	0.2598	72,872,868	0.2597	0.2597	76,164,846	0.2597	0.2597
	Pomona Fire Protection District	General Revenue	14,305,197	0.2750	0.2750	15,309,056	0.2745	0.2745	18,785,101	0.2745	0.2745
	Howell Valley R-I School District	Operating Funds-Schools	16,904,100	3.2624	3.2600	18,112,620	3.2757	3.2700	18,838,680	3.2851	3.2800
	Mountain View-Birch Tree R-III SD	Operating Funds-Schools	50,851,495	2.7500	2.7500	55,955,755	2.7500	2.7500	59,342,250	2.7500	2.7500
	Willow Springs R-IV School District	Operating Funds-Schools	43,694,402	2.7500	2.7500	49,809,560	2.7500	2.7500	54,250,172	2.7500	2.7500
	Richards R-V School District	Operating Funds-Schools	25,793,410	2.7500	2.7500	27,714,410	2.7500	2.7500	29,304,600	2.7500	2.7500
	West Plains R-VII School District	Operating Funds-Schools	113,433,460	3.3977	3.3977	120,699,470	3.4080	3.3977	124,445,800	3.4094	3.3977
	Glenwood R-VIII School District	Operating Funds-Schools	15,928,760	3.1000	2.9200 B	17,795,640	3.0705	3.0690	18,969,570	3.0985	3.0985
		Debt Service	15,928,760	0.1802	0.1800	17,795,640	0.1600	0.0310	**	**	**
	Junction Hill C-12 School District	Operating Funds-Schools	11,770,550	2.9707	2.9707	12,858,540	2.9413	2.9413	13,788,470	2.9154	2.9154
		Operating Funds-Temp	11,770,550	0.3000	0.3000 A	12,858,540	0.2963	0.2963	**	**	**
	Fairview R-XI School District	Operating Funds-Schools	29,242,930	3.0000	3.0000 B	31,903,010	3.3000	3.0000 B	34,280,270	3.3000	3.0000
	Howell County	General Revenue	307,133,549	0.2517	0.0000	333,179,818	0.2505	0.0000	351,649,935	0.2505	0.0000
		Road & Bridge	307,133,549	0.1913	0.0000	333,179,818	0.1904	0.0000	351,649,935	0.1904	0.0800
		Health	307,133,549	0.1000	0.1000	333,179,818	0.0995	0.0995	351,649,935	0.0995	0.0995
		Senate Bill 40	307,133,549	0.0906	0.0500	333,179,818	0.0902	0.0500	351,649,935	0.0902	0.0500
Iron	Iron County Ambulance District	General Revenue	141,256,241	0.1500	0.1500	148,931,158	0.1499	0.1499	149,728,409	0.1500	0.1200
	Road District #1	Road & Bridge	141,256,241	0.3017	0.3017	148,931,158	0.3015	0.3015	149,728,409	0.3017	0.3017
	City of Annapolis	General Revenue	9,692,355	0.5500	0.5500	9,816,763	0.5500	0.5500	9,818,322	0.5500	0.5500
	City of Arcadia	General Revenue	3,987,530	0.5168	0.5168	4,507,849	0.4782	0.4782	4,572,194	0.4799	0.4799
	Village of Des Arc	General Revenue	588,644	0.3804	0.3804	654,739	0.3597	0.3597	628,600	0.3751	0.3751
	City of Ironton	General Revenue	10,640,091	0.5830	0.5830	11,910,756	0.5443	0.5443	11,945,396	0.5443	0.5443
		Parks & Recreation	10,640,091	0.1667	0.1667	11,910,756	0.1556	0.1556	11,945,396	0.1556	0.1556
	City of Pilot Knob	General Revenue	4,828,079	0.3994	0.3994	5,432,879	0.3753	0.3753	5,333,558	0.3883	0.3883
	City of Viburnum	General Revenue	8,579,051	1.0000	0.9400	9,032,832	1.0000	1.0000	8,883,888	1.0000	1.0000
		Parks & Recreation	8,579,051	0.2300	0.1900	9,032,832	0.2300	0.2300	8,883,888	0.2300	0.2300
		Solid Waste Landfill	8,579,051	0.1000	0.0700	9,032,832	0.1000	0.1000	8,883,888	0.1000	0.1000
		Health	8,579,051	0.2000	0.1800	9,032,832	0.2000	0.2000	8,883,888	0.2000	0.2000
		Debt Service	8,579,051	1.6669	0.8700	**	**	**	**	**	**
	Iron County Library District	General Revenue	141,256,241	0.1000	0.1000	148,931,158	0.0999	0.0999	149,728,409	0.1000	0.1000
	Quad County Fire Protection Dist	General Revenue	56,723,097	0.4000	0.4000	58,699,398	0.4000	0.4000	64,202,512	0.3820	0.3820
	Southern Iron County Fire Prot Dist	General Revenue	35,640,735	0.2500	0.2500	30,917,931	0.2500	0.2500	31,066,933	0.2500	0.2500
	Pilot Knob Fire Protection District	General Revenue	**	**	**	**	**	**	42,707,833	0.3000	0.3000 A
	South Iron Co R-I School District	Operating Funds-Schools	36,218,888	3.2000	3.2000	37,525,128	3.2000	3.2000	31,184,611	3.2000	3.2000
	Arcadia Valley R-II School District	Operating Funds-Schools	34,989,064	2.7500	2.7500	39,632,570	2.7500	2.7500	40,120,390	2.7500	2.7500
		Debt Service	34,989,064	0.7765	0.4800	39,632,570	1.2697	0.4800	40,120,390	1.3497	0.4800
	Bellevue R-III School District	Operating Funds-Schools	6,931,580	2.7500	2.7500	7,976,925	2.7500	2.7500	8,473,890	2.7500	2.7500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Iron	Iron Co C-4 School District	Operating Funds-Schools	52,675,959	2.8000	2.8000	55,630,604	2.8000	2.8000	60,496,452	2.7500	2.7500
		General Revenue	141,256,241	0.4246	0.3085	148,931,158	0.4243	0.3085	149,728,409	0.4246	0.3085
	Iron County	Health	141,256,241	0.1000	0.1000	148,931,158	0.0999	0.0999	149,728,409	0.1000	0.1000
		Senate Bill 40	141,256,241	0.1000	0.1000	148,931,158	0.0999	0.0999	149,728,409	0.1000	0.1000
Jackson	Public Water Sup Dist 17 Jackson Co	General Revenue	53,672,897	0.0561	0.0561	60,449,664	0.0561	0.0561	67,048,776	0.0561	0.0561
		General Revenue	624,599,073	0.5640	0.5640	675,307,330	0.5527	0.5527	695,710,373	0.5529	0.5529
		Debt Service	624,599,073	0.2319	0.1500	675,307,330	0.2021	0.1500	695,710,373	0.1979	0.1500
	City of Blue Springs	General Revenue	20,528,144	0.5769	0.5769	22,401,745	0.5660	0.5457	22,757,855	0.5762	0.5762
		General Revenue	102,106,171	0.6066	0.5899	118,580,271	0.5917	0.5899	136,114,412	0.5917	0.5899
	City of Buckner	General Revenue	102,106,171	0.1267	0.1232	118,580,271	0.1236	0.1232	136,114,412	0.1236	0.1232
		Health	102,106,171	0.1450	0.0500	118,580,271	0.1414	0.0500	136,114,412	0.1414	0.0500
	City of Grain Valley	Debt Service	102,106,171	0.9461	0.9335	118,580,271	1.2051	0.9335	136,114,412	1.0207	0.9335
		General Revenue	244,663,141	0.9637	0.9600	271,351,961	0.9489	0.9480	273,964,737	0.9567	0.9560
	City of Grandview	Parks & Recreation	244,663,141	0.1157	0.1150	271,351,961	0.1139	0.1130	273,964,737	0.1148	0.1140
		Debt Service	244,663,141	0.3834	0.3800	271,351,961	0.4878	0.3740	273,964,737	0.3800	0.3800
		General Revenue	50,238,376	0.4642	0.4641	56,833,851	0.4376	0.4376	58,375,610	0.4376	0.4376
	City of Greenwood	GR-Fire Temp	50,238,376	0.6300	0.6300 A	56,833,851	0.5939	0.5939	58,375,610	0.5939	0.5939
		GR-Hydrant Temp	50,238,376	0.0200	0.0200 A	56,833,851	0.0189	0.0188	58,375,610	0.0189	0.0189
		General Revenue	940,714,676	0.4713	0.4713	1,037,563,769	0.4506	0.4506	1,052,695,946	0.4507	0.4507
	City of Independence	Indep. Sq. Spec. Benefit	5,429,255	0.4226	0.4226	5,775,354	0.4112	0.4112	5,370,254	0.4422	0.4422
		Public Health & Recreatio	940,714,676	0.2218	0.2218	1,037,563,769	0.2121	0.2121	1,052,695,946	0.2122	0.2122
		General Revenue	5,915,554,836	0.6713	0.6713	6,454,462,787	0.6519	0.6519	6,624,329,795	0.6519	0.6519
	City of Kansas City	Museum	5,915,554,836	0.0196	0.0196	6,454,462,787	0.0190	0.0190	6,624,329,795	0.0190	0.0190
		Health	5,915,554,836	0.4887	0.4887	6,454,462,787	0.4746	0.4746	6,624,329,795	0.4746	0.4746
		Health Temp	**	**	**	6,454,462,787	0.2200	0.2200 A	6,624,329,795	0.2200	0.2200
	City of Lake Lotawana	Debt Service	5,915,554,836	0.3533	0.1400	6,454,462,787	0.3856	0.1400	6,624,329,795	0.3709	0.1400
		General Revenue	39,050,581	0.3435	0.3435	61,037,546	0.2300	0.2300	67,328,825	0.2303	0.2303
	City of Lake Tapawingo	General Revenue	13,442,894	0.3585	0.3585	15,318,635	0.3324	0.3324	15,318,917	0.3347	0.3347
		Debt Service	13,442,894	0.4463	0.4463	15,318,635	0.9792	0.9792	15,318,917	1.0501	1.0501
	City of Levasy	General Revenue	864,081	1.0000	0.7815	928,436	0.9654	0.7815	875,660	1.0000	0.7815
	City of Lone Jack	General Revenue	8,374,821	0.8188	0.8188	9,672,272	0.7981	0.7854	12,403,094	0.7351	0.7339
		Debt Service	8,374,821	0.6250	0.6250	9,672,272	0.3315	0.3249	12,403,094	0.3704	0.3652
	City of Oak Grove	General Revenue	69,657,429	0.6304	0.6300	77,481,265	0.6092	0.6092	81,684,126	0.6092	0.6092
		Debt Service	69,657,429	0.3100	0.2300	77,481,265	0.2132	0.2132	81,684,126	0.2700	0.2132
	City of Raytown	General Revenue	310,096,261	0.3268	0.3268	335,911,661	0.3133	0.3133	336,019,327	0.3154	0.3153
		Parks & Recreation	310,096,261	0.1634	0.1634	335,911,661	0.1566	0.1566	336,019,327	0.1576	0.1576
	Village of Sibley	General Revenue	2,235,873	0.5000	0.5000	3,213,014	0.3774	0.3774	3,108,532	0.3901	0.3901
	City of Sugar Creek	General Revenue	46,978,745	0.9413	0.9413	48,494,663	0.9413	0.9413	49,176,700	0.9413	0.9413

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jackson	City of Sugar Creek	Health	46,978,745	0.1272	0.1272	48,494,663	0.1272	0.1272	49,176,700	0.1272	0.1272
	City of Lee's Summit	General Revenue	1,283,251,447	0.9057	0.9057	1,414,260,161	0.8900	0.8900	1,500,429,614	0.8900	0.8900
		Parks & Recreation	1,283,251,447	0.1604	0.1604	1,414,260,161	0.1576	0.1576	1,500,429,614	0.1576	0.1576
		Debt Service	1,283,251,447	0.5263	0.4800	1,414,260,161	0.5211	0.4800	1,500,429,614	0.5961	0.4800
	Village of River Bend	General Revenue	852,774	0.4294	0.4294	1,539,409	0.2879	0.2879	1,486,456	0.2700	0.0000
		General Revenue - Temp	**	**	**	**	**	**	1,486,456	0.5000	0.5000 A
	Mid Continent Public Library	General Revenue	9,401,778,470	0.3329	0.3289	10,610,342,797	0.3225	0.3225	10,900,236,382	0.3259	0.3259
	Kansas City Public Library	General Revenue	2,746,558,916	0.4897	0.4897	2,979,502,645	0.4690	0.4690	2,994,521,413	0.4701	0.4701
	Central Jackson Co Fire Prot Dist	General Revenue	781,823,415	1.0260	1.0260	852,180,492	1.0063	1.0063	892,949,322	1.0063	1.0063
		Dispatch	781,823,415	0.0187	0.0187	852,180,492	0.0183	0.0183	892,949,322	0.0183	0.0183
		Debt Service	781,823,415	0.0955	0.0900	852,180,492	0.0900	0.0900	892,949,322	0.1213	0.0900
	Lone Jack Community Fire Prot Dist	General Revenue	49,646,296	0.8655	0.8655	54,809,092	0.5549	0.5549	59,777,463	0.5549	0.5549
		Ambulance	**	**	**	54,809,092	0.2944	0.2944	59,777,463	0.2944	0.2944
	Prairie Township Fire Prot District	General Revenue	77,338,957	0.7351	0.7351	86,980,829	0.6952	0.6952	91,205,921	0.6952	0.6786
		Ambulance	77,338,957	0.3000	0.3000	86,980,829	0.2837	0.2837	91,205,921	0.2837	0.2769
	Raytown Fire Protection District	General Revenue	309,057,724	0.5105	0.5105	336,682,448	0.4864	0.4864	334,887,697	0.7800	0.7800
		Pension	309,057,724	0.0476	0.0476	336,682,448	0.0453	0.0453	334,887,697	0.0457	0.0457
		Debt Service	**	**	**	**	**	**	334,887,697	0.1600	0.1600
	Lotawana Fire Protection District	General Revenue	54,214,260	0.6321	0.6321	75,030,268	0.4775	0.4775	75,959,764	0.4776	0.4776
		Ambulance	54,214,260	0.3000	0.3000	75,030,268	0.2266	0.2266	75,959,764	0.2267	0.2267
	Fort Osage Fire Protection District	General Revenue	131,939,349	0.8341	0.8341	146,902,329	0.8073	0.8073	151,681,967	0.8073	0.8073
		Ambulance	131,939,349	0.4689	0.4689	146,902,329	0.4538	0.4538	151,681,967	0.4538	0.4538
		Dispatch	131,939,349	0.0287	0.0287	146,902,329	0.0278	0.0278	151,681,967	0.0278	0.0278
		Debt Service	131,939,349	0.3723	0.2200	146,902,329	0.3695	0.2200	151,681,967	0.3376	0.2200
	Inter City Fire Protection District	General Revenue	6,804,734	0.6151	0.6151	5,846,781	0.6151	0.6151	8,721,009	0.6151	0.6151
		Debt Service	**	**	**	**	**	**	8,721,009	0.4183	0.4183
	Metropolitan Community College Dist	General Revenue	11,053,610,510	0.2233	0.2233	12,015,643,574	0.2171	0.2171	12,290,134,700	0.2172	0.2172
	Fort Osage R-I School District	Operating Funds-Schools	230,997,603	4.2091	4.2091 B	248,369,329	4.1519	4.1519	259,197,931	4.1525	4.1525
		Debt Service	230,997,603	0.8200	0.7500	248,369,329	0.9187	0.8072	259,197,931	0.9612	0.8066
	Blue Springs R-IV School District	Operating Funds-Schools	1,046,552,892	4.8684	4.4019	1,143,235,578	5.0330	4.6664	1,173,144,119	5.0514	4.4019
		Debt Service	1,046,552,892	1.1455	0.9874	1,143,235,578	1.6823	0.7229	1,173,144,119	2.1595	0.9874
	Grain Valley R-V School District	Operating Funds-Schools	163,279,709	3.4757	3.4757 B	187,529,298	3.7257	3.7257 B	213,966,293	3.7282	3.7257
		Debt Service	163,279,709	1.7899	1.2662	187,529,298	1.8954	1.2662	213,966,293	1.9143	1.2662
	Oak Grove R-VI School District	Operating Funds-Schools	102,497,866	3.6963	3.1940	111,533,834	3.5869	3.5869	115,470,924	3.5828	3.2000
		Debt Service	102,497,866	1.3792	1.0060	111,533,834	1.6680	1.0131	115,470,924	1.8636	1.0000
	Lee's Summit R-VII School District	Operating Funds-Schools	1,246,294,514	5.2300	4.9966 B	1,399,344,226	5.0353	4.8202	1,490,033,503	5.0381	4.8219
		Debt Service	1,246,294,514	1.6126	1.0700	1,399,344,226	1.6016	1.0700	1,490,033,503	2.2190	1.0700
	Hickman Mills C-I School District	Operating Funds-Schools	399,630,753	4.5000	4.5000	430,917,315	4.8600	4.8600 B	429,223,471	4.8600	4.8600

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jackson	Hickman Mills C-1 School District	Debt Service	399,630,753	1.1814	0.6800	430,917,315	0.7543	0.6800	429,223,471	0.8567	0.6800
	Raytown C-2 School District	Operating Funds-Schools	598,606,176	3.8698	3.8698	654,820,571	3.6767	3.6767	664,263,792	3.6820	3.6820
		Debt Service	598,606,176	1.0015	0.9600	654,820,571	1.1656	0.9600	664,263,792	0.9636	0.9636
	Grandview C-4 School District	Operating Funds-Schools	390,347,914	5.0936	4.9700 B	424,658,959	5.0042	4.9500	437,706,683	5.0274	4.9500
		Debt Service	390,347,914	0.8932	0.5000	424,658,959	0.5549	0.5000	437,706,683	0.7397	0.5000
	Lone Jack C-6 School District	Operating Funds-Schools	33,885,696	3.3840	3.3840	37,878,692	3.3003	3.3003	41,646,497	3.3046	3.3003
		Debt Service	33,885,696	1.4124	1.3675	37,878,692	2.1391	1.3875	41,646,497	2.5425	1.3875
	Independence 30 School District	Operating Funds-Schools	714,086,438	4.4300	4.4300	765,847,018	4.3241	4.3241	775,769,833	4.3339	4.3241
		Debt Service	714,086,438	1.1652	0.7600	765,847,018	1.4515	0.7600	775,769,833	0.7752	0.7600
	Kansas City 33 School District	Operating Funds-Schools	2,650,102,209	2.6751	2.1802 F	2,875,618,963	2.7500	4.9500 F	2,885,667,969	2.7500	2.2759 F
		Article X Section 11g	**	**	**	**	**	**	2,885,667,969	2.6741	2.6741 A
		Desegregation Levy	2,650,102,209	2.6949	2.6949 A	**	**	**	**	**	**
		Operating Funds-Schools	2,650,102,209	0.0749	0.0749 A	**	**	**	**	**	**
	Center 58 School District	Operating Funds-Schools	369,774,342	4.4500	4.4500	403,236,195	4.2971	4.2971	400,405,863	4.3351	4.3351
		Debt Service	369,774,342	1.3469	0.8600	403,236,195	0.9261	0.8600	400,405,863	1.0967	0.8600
	Jackson County	General Revenue	8,135,546,773	0.2795	0.1800	8,867,322,697	0.2695	0.1580	9,083,177,765	0.2695	0.1560
		Parks & Recreation	8,135,546,773	0.1538	0.0900	8,867,322,697	0.1483	0.0880	9,083,177,765	0.1483	0.0880
		Road & Bridge	8,135,546,773	0.2795	0.1400	8,867,322,697	0.2695	0.1360	9,083,177,765	0.2695	0.1380
		Health	8,135,546,773	0.2988	0.1600	8,867,322,697	0.2881	0.1555	9,083,177,765	0.2881	0.1555
		Developmentally Disabled	8,135,546,773	0.0961	0.0800	8,867,322,697	0.0927	0.0766	9,083,177,765	0.0927	0.0766
		Mental Health	8,135,546,773	0.1278	0.1278	8,867,322,697	0.1232	0.1232	9,083,177,765	0.1232	0.1232
Jasper	Carl Junction Sp Rd Dist Jasper Co	Road & Bridge	45,940,681	0.3192	0.2700	46,965,811	0.3192	0.2850	49,528,511	0.3192	0.3192
	Carthage Sp Rd Dist Jasper Co	Road & Bridge	257,370,605	0.2311	0.2200	268,678,083	0.2311	0.2300	272,509,813	0.2311	0.2300
	Jasper Spec Rd Dist Jasper Co	Road & Bridge	12,675,053	0.2940	0.2940	12,893,292	0.2950	0.2950	12,967,943	0.2950	0.2950
	La Russell Spec Rd Dist Jasper Co	Road & Bridge	6,294,175	0.3500	0.3153	6,571,698	0.3500	0.3100	6,861,125	0.3500	0.3100
	Sarcoie Spec Rd Dist Jasper Co	Road & Bridge	23,464,126	0.2337	0.2337	23,815,048	0.2337	0.2337	24,424,594	0.2337	0.2337
	Webb City Spec Rd Dist Jasper Co	Road & Bridge	96,153,015	0.2070	0.2069	96,757,685	0.2079	0.2043	98,857,899	0.2118	0.2118
	Joplin Road Dist Newton & Jasper Co	Road & Bridge	946,898,389	0.2026	0.2026	966,018,289	0.2026	0.2026	993,802,080	0.2026	0.2026
	City of Alba	General Revenue	3,287,007	0.5810	0.5810	3,409,417	0.5815	0.5811	3,303,204	0.6020	0.6020
		Parks & Recreation	3,287,007	0.1533	0.1533	3,409,417	0.1534	0.1534	3,303,204	0.1588	0.1588
	City of Asbury	General Revenue	3,642,769	0.4816	0.4816	3,670,062	0.4816	0.4816	3,112,054	0.5698	0.5698
	Village of Avilla	General Revenue	847,974	0.2000	0.2000	834,982	0.2000	0.2000	868,037	0.2000	0.2000
	City of Carl Junction	General Revenue	54,045,922	0.5090	0.5090	58,249,950	0.5090	0.5090	62,098,965	0.5090	0.5090
		Debt Service	54,045,922	0.2455	0.2455	58,249,950	0.2352	0.2352	62,098,965	0.2352	0.2352
	City of Cartersville	General Revenue	7,388,801	0.5411	0.5411	7,518,224	0.5485	0.5485	7,789,758	0.5492	0.5485
	City of Carthage	General Revenue	94,926,973	0.3571	0.3571	96,895,257	0.3571	0.3571	99,944,120	0.3571	0.3571
		Parks & Recreation	94,926,973	0.1541	0.1541	96,895,257	0.1541	0.1541	99,944,120	0.1541	0.1541
		Library	94,926,973	0.1785	0.1785	96,895,257	0.1785	0.1785	99,944,120	0.1785	0.1785

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jasper	City of Carthage	Health	94,926,973	0.0812	0.0812	96,895,257	0.0812	0.0812	99,944,120	0.0812	0.0812
	City of Duenweg	General Revenue	5,813,021	0.7500	0.7500	5,786,331	0.7500	0.7500	6,002,969	0.7500	0.7500
	City of Jasper	General Revenue	6,747,936	0.6981	0.6981	6,869,580	0.7002	0.6900	7,004,391	0.7002	0.6900
	City of La Russell	General Revenue	590,580	0.2748	0.2000	595,043	0.2749	0.2000	613,020	0.2820	0.2000
	City of Neck City	General Revenue	815,351	0.2403	0.2403	802,897	0.2440	0.2440	878,412	0.2462	0.2462
	City of Oronogo	General Revenue	8,610,397	0.3420	0.3420	11,693,279	0.3144	0.3144	13,582,071	0.3144	0.3144
		Streets	8,610,397	0.1633	0.1633	11,693,279	0.1501	0.1501	13,582,071	0.1501	0.1501
	City of Purcell	General Revenue	1,884,654	0.3266	0.3266	1,903,273	0.3285	0.3285	1,951,079	0.3308	0.3308
	Village of Reeds	General Revenue	587,026	0.2102	0.2102	609,565	0.2103	0.2000	644,757	0.2104	0.2000
	City of Sarcoxie	General Revenue	8,484,475	0.5585	0.5585	8,504,277	0.5614	0.5614	8,607,144	0.5656	0.5656
		Parks & Recreation	8,484,475	0.1068	0.1068	8,504,277	0.1073	0.1073	8,607,144	0.1081	0.1081
		Health	8,484,475	0.1314	0.0000	8,504,277	0.1321	0.0000	8,607,144	0.1331	0.0000
	City of Waco	General Revenue	581,791	0.2154	0.2154	597,754	0.2154	0.2154	598,502	0.2198	0.2198
	City of Webb City	General Revenue	9,206,355	1.0000	0.4310	66,216,294	0.4307	0.4300	68,121,748	0.4307	0.4307
		Parks & Recreation	9,206,355	0.2000	0.0976	66,216,294	0.0976	0.0974	68,121,748	0.0976	0.0976
		Library	9,206,355	0.2000	0.1383	66,216,294	0.1382	0.1380	68,121,748	0.2900	0.2900
	City of Joplin	Parks & Recreation	461,654,991	0.0509	0.0509	470,957,170	0.0509	0.0509	480,567,972	0.0509	0.0509
		Library	461,654,991	0.1545	0.1545	470,957,170	0.1545	0.1545	480,567,972	0.2545	0.2545
		Health	461,654,991	0.0509	0.0509	470,957,170	0.0509	0.0509	480,567,972	0.0509	0.0509
		Garbage	461,654,991	0.0509	0.0509	470,957,170	0.0509	0.0509	480,567,972	0.0509	0.0509
	Carthage Fire Protection District	General Revenue	112,286,601	0.2715	0.2700	118,841,257	0.2715	0.2700	119,578,363	0.2722	0.2700
	Duenweg Fire Protection District	General Revenue	66,713,132	0.2888	0.2888	68,677,100	0.2888	0.2888	74,849,696	0.2888	0.2888
	Carl Junction Fire Protection Dist	General Revenue	165,721,385	0.2512	0.2512	169,898,045	0.2512	0.2512	174,315,841	0.2512	0.2512
	Oronogo Fire Protection District	General Revenue	23,643,783	0.2999	0.2999	24,045,147	0.3000	0.3000	30,879,081	0.3000	0.3000
	Central Jasper Co Fire Prot Dist	General Revenue	10,126,150	0.2269	0.2269	10,944,532	0.2269	0.2269	21,503,939	0.3100	0.3100
	Tri-Cities Fire Protection District	Fire	20,627,438	0.1179	0.1179	21,338,780	0.1179	0.1179	22,573,656	0.1179	0.1179
	Asbury Fire Protection District	General Revenue	9,333,913	0.2501	0.2501	12,819,286	0.2507	0.2507	13,291,647	0.2507	0.2507
	Carl Junction R-I School District	Operating Funds-Schools	172,189,550	2.7500	2.7500	181,390,060	2.9000	2.9000 B	185,475,810	2.9043	2.9000
		Debt Service	172,189,550	0.9299	0.6100	181,390,060	1.0243	0.6100	185,475,810	1.2165	0.8200
	Avilla R-XIII School District	Operating Funds-Schools	13,512,980	3.4500	2.7500	14,297,530	3.4500	2.7500	15,518,580	3.4500	3.4300
	Jasper County R-V School District	Operating Funds-Schools	29,683,100	3.4403	3.2100	30,750,650	3.4157	3.2100	31,630,680	3.4148	3.2100
	Sarcoxie R-II School District	Operating Funds-Schools	29,186,210	2.7500	2.7500	29,648,820	2.7500	2.7500	30,367,964	2.7500	2.7500
		Debt Service	29,186,210	0.7061	0.5500	29,648,820	0.8146	0.5500	30,367,964	0.9426	0.5500
	Carthage R-IX School District	Operating Funds-Schools	240,755,960	2.7463	2.7463	252,919,090	2.7482	2.7482	256,270,270	2.7473	2.7473
		Operating Funds-Temp	240,755,960	0.6737	0.4237 A	252,919,090	0.6736	0.6718	256,270,270	0.6736	0.3427
		Debt Service	240,755,960	0.5269	0.4900	252,919,090	0.5705	0.1600	256,270,270	2.1936	0.4900
	Webb City R-VII School District	Operating Funds-Schools	150,094,140	2.8864	2.6500	160,367,570	2.8897	2.8897	167,706,430	2.8892	2.7500
		Operating Funds-Temp	150,094,140	0.4000	0.4000 A	160,367,570	0.4000	0.4000	167,706,430	0.4000	0.0000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jasper	Webb City R-VII School District	Debt Service	150,094,140	0.9511	0.4200	160,367,570	0.9871	0.1803	167,706,430	1.2415	0.7200
	Joplin R-VIII School District	Operating Funds-Schools	745,336,060	2.7500	2.7500	759,825,040	2.7500	2.7500	779,537,084	2.7500	2.7500
		Debt Service	745,336,060	0.2743	0.2100	759,825,040	0.3337	0.2100	779,537,084	0.2159	0.2100
	Jasper County	General Revenue	1,291,017,360	0.2916	0.0827	1,314,856,644	0.2916	0.0843	1,350,579,317	0.2916	0.0729
		Common Road District	101,213,383	0.2280	0.2280	151,141,420	0.2280	0.2280	157,382,232	0.2284	0.2284
		Mental Health	1,291,017,360	0.0796	0.0796	1,314,856,644	0.0796	0.0796	1,350,579,317	0.0796	0.0796
		Senate Bill 40	1,291,017,360	0.0796	0.0796	1,314,856,644	0.0796	0.0796	1,350,579,317	0.0796	0.0796
Jefferson	Big River Ambulance District	General Revenue	219,614,968	0.4271	0.4271	238,246,530	0.4172	0.4172	244,403,948	0.4172	0.4172
	Joachim-Plattin Ambulance District	General Revenue	578,601,851	0.3300	0.3300	624,454,270	0.3258	0.3258	647,378,785	0.3258	0.3258
	No Jefferson Co Ambulance District	General Revenue	257,509,303	0.2947	0.2947	282,482,819	0.3947	0.3947	291,627,264	0.4447	0.4447
		Pension	**	**	**	282,482,819	0.0500	0.0500	291,627,264	0.0500	0.0500
	Valle Ambulance District	General Revenue	273,133,245	0.3595	0.3595	303,410,965	0.4095	0.4095	316,122,347	0.4595	0.4595
	Rock Township Ambulance District	General Revenue	844,360,839	0.2244	0.2244	934,142,119	0.2173	0.1454	970,035,382	0.2173	0.1307
	Festus Spec Rd Dist Jefferson Co	Road & Bridge	336,354,264	0.1881	0.1881	373,413,880	0.1822	0.1822	388,954,028	0.1822	0.1822
	Hillsboro Spec Rd Dist Jefferson Co	Road & Bridge	17,566,889	0.1907	0.1907	20,320,568	0.1834	0.1834	21,832,322	0.1834	0.1834
	City of Arnold	General Revenue	263,064,070	0.4516	0.4516	289,392,753	0.4379	0.4379	304,378,175	0.4379	0.4379
	Village of Cedar Hill Lakes	General Revenue	1,672,251	0.5000	0.5000	1,840,987	0.4780	0.4780	1,812,212	0.4919	0.4919
	City of Crystal City	General Revenue	58,368,915	0.5275	0.5275	64,012,873	0.5166	0.5166	66,180,392	0.5166	0.5166
		Parks & Recreation	58,368,915	0.1393	0.1393	64,012,873	0.1364	0.1364	66,180,392	0.1364	0.1364
		Library	58,368,915	0.1393	0.1393	64,012,873	0.1364	0.1364	66,180,392	0.1364	0.1364
	City of De Soto	General Revenue	49,047,995	0.4612	0.4612	56,653,561	0.4467	0.4467	58,007,106	0.4476	0.4476
		Parks & Recreation	49,047,995	0.1177	0.1177	56,653,561	0.1140	0.1140	58,007,106	0.1142	0.1142
		Library	49,047,995	0.1963	0.1963	56,653,561	0.1901	0.1901	58,007,106	0.1905	0.1905
	City of Festus	General Revenue	109,723,269	0.4047	0.1500	129,273,988	0.3885	0.1500	136,467,538	0.3885	0.1500
		Parks & Recreation	109,723,269	0.1157	0.1100	129,273,988	0.1111	0.1100	136,467,538	0.1111	0.1100
		Library	109,723,269	0.1157	0.1100	129,273,988	0.1111	0.1100	136,467,538	0.1111	0.1100
		Health	109,723,269	0.0867	0.0800	129,273,988	0.0832	0.0800	136,467,538	0.0832	0.0800
	City of Herculaneum	General Revenue	46,871,658	0.7454	0.7454	54,241,255	0.6939	0.6939	56,414,824	0.6939	0.6939
		General Revenue-Temp	46,871,658	0.1400	0.1400	**	**	**	**	**	**
	City of Hillsboro	General Revenue	18,412,407	0.4962	0.4962	21,367,050	0.4712	0.4712	23,266,638	0.4712	0.4712
		Parks & Recreation	18,412,407	0.0890	0.0890	21,367,050	0.0845	0.0845	23,266,638	0.0845	0.0845
	City of Kimmswick	General Revenue	1,644,303	0.2713	0.0000	4,276,748	0.2449	0.0000	3,027,314	0.3544	0.0000
	City of Olympian Village	General Revenue	3,419,508	0.2467	0.2467	3,675,663	0.2417	0.2417	3,825,016	0.2417	0.2417
		Parks & Recreation	3,419,508	0.1283	0.1283	3,675,663	0.1257	0.1257	**	**	**
		Road	3,419,508	0.1283	0.1283	3,675,663	0.1257	0.1257	3,825,016	0.1257	0.1257
		Debt Service	3,419,508	1.8990	1.5000	3,675,663	1.7666	1.5000	**	**	**
	Village of Parkdale	General Revenue	1,285,891	0.0990	0.0000	1,344,620	0.0980	0.0000	1,353,482	0.0980	0.0980
	City of Pevely	General Revenue	67,555,150	0.7978	0.7978	70,243,771	0.7978	0.7978	75,935,318	0.7978	0.7978

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jefferson	Village of Scotsdale	General Revenue	2,063,947	0.3522	0.3438	2,276,211	0.3428	0.3428	2,343,869	0.3507	0.3428
	City of Byrnes Mill	General Revenue	22,825,815	0.4558	0.4558	27,157,032	0.4286	0.4286	28,740,659	0.4286	0.4286
	Northwest Library Subdistrict	General Revenue	452,300,796	0.1983	0.1983	487,727,925	0.1942	0.1942	502,617,948	0.1942	0.1942
	Windsor-Fox Library Subdistrict	General Revenue	818,710,139	0.1855	0.1855	913,060,644	0.1789	0.1789	948,983,223	0.1789	0.1789
	Antonia Fire Protection District	General Revenue	134,172,734	0.9358	0.9358	149,146,906	0.9008	0.9008	157,129,455	0.9008	0.9008
		Pension	134,172,734	0.0490	0.0490	149,146,906	0.0472	0.0472	157,129,455	0.0472	0.0472
		Dispatch	134,172,734	0.0294	0.0294	149,146,906	0.0283	0.0283	157,129,455	0.0283	0.0283
		Debt Service	134,172,734	0.2625	0.2300	149,146,906	0.3503	0.2300	157,129,455	0.3104	0.2300
	Cedar Hill Fire Protection District	General Revenue	125,089,822	0.8700	0.8700	136,115,762	0.8498	0.8498	139,694,768	0.8498	0.8498
		Pension	125,089,822	0.0496	0.0496	136,115,762	0.0484	0.0484	139,694,768	0.0484	0.0484
		Debt Service	125,089,822	0.0762	0.0762	136,115,762	0.0811	0.0811	139,694,768	0.0787	0.0785
	Dunklin Fire Protection District	General Revenue	108,538,307	0.4191	0.4191	115,060,518	0.4175	0.4175	121,626,232	0.5675	0.5675
		Pension	**	**	**	**	**	**	125,486,819	0.0500	0.0500 A
	Goldman Fire Protection District	General Revenue	45,178,770	0.6605	0.6605	49,407,444	0.6403	0.6403	50,679,788	0.7903	0.7903
		Dispatch	45,178,770	0.0500	0.0500	49,407,444	0.0485	0.0485	50,679,788	0.0485	0.0485
	Hematite Fire Protection District	General Revenue	52,016,816	0.5100	0.5100	57,005,572	0.4960	0.4960	58,452,182	0.4960	0.4960
	High Ridge Fire Protection District	General Revenue	310,113,391	0.8171	0.8171	339,588,379	0.7928	0.7928	350,254,585	0.7928	0.7928
		Pension	310,113,391	0.0788	0.0788	339,588,379	0.0765	0.0765	350,254,585	0.0765	0.0765
		Dispatch	310,113,391	0.0492	0.0492	339,588,379	0.0477	0.0477	350,254,585	0.0477	0.0477
		Debt Service	310,113,391	0.1246	0.1246	339,588,379	0.0855	0.0855	350,254,585	0.0048	0.0048
	Hillsboro Fire Protection District	General Revenue	87,721,960	0.6101	0.6101	98,313,061	0.6601	0.6601	103,660,470	0.6601	0.6601
	Jefferson R7 Fire Prot Dist	General Revenue	126,202,614	0.3000	0.3000	122,566,236	0.3000	0.3000	123,778,262	0.3000	0.3000
	Rock Community Fire Prot Dist	General Revenue	549,530,733	0.8267	0.8267	612,065,626	0.7975	0.7975	633,384,260	0.7975	0.7975
		Pension	549,530,733	0.0986	0.0986	612,065,626	0.0951	0.0951	633,384,260	0.0951	0.0951
		Communications	549,530,733	0.0486	0.0486	612,065,626	0.0469	0.0469	633,384,260	0.0469	0.0469
	Shady Valley Fire Prot Dist	General Revenue	60,162,842	1.0474	1.0474	67,757,183	1.1474	1.1474	71,314,989	1.2474	1.2474
		Dispatch	60,162,842	0.0460	0.0460	67,757,183	0.0445	0.0445	71,314,989	0.0445	0.0445
	Springdale Fire Protection District	General Revenue	112,488,076	1.1965	1.1965	117,667,559	1.1965	1.1965	120,568,663	1.1965	1.1965
		Pension	112,488,076	0.0943	0.0943	117,667,559	0.0943	0.0943	120,568,663	0.0943	0.0943
		Dispatch	112,488,076	0.0283	0.0283	117,667,559	0.0283	0.0283	120,568,663	0.0283	0.0283
		Debt Service	112,488,076	0.3923	0.3923	117,667,559	0.2951	0.2951	120,568,663	0.2813	0.2813
	De Soto Rural Fire Protection Dist	General Revenue	146,318,678	0.6287	0.6287	158,965,100	0.6787	0.6787	165,136,143	0.6787	0.6787
	Mapaville Fire Protection District	General Revenue	35,810,229	0.3970	0.3970	41,143,534	0.3822	0.3822	43,430,477	0.3822	0.3822
	Jefferson College	General Revenue	2,193,618,042	0.2983	0.2983	2,408,117,039	0.3483	0.3483	2,492,257,871	0.3483	0.3483
		Debt Service	2,193,618,042	0.0770	0.0500	**	**	**	**	**	**
	Northwest R-I School District	Operating Funds-Schools	424,057,041	4.1100	4.1100 B	458,685,911	4.0459	4.0459	473,574,203	4.0421	4.0421
		Debt Service	424,057,041	0.4500	0.4500	458,685,911	0.4500	0.4500	473,574,203	0.4500	0.4500
	Grandview R-II School District	Operating Funds-Schools	37,213,219	3.4679	3.4500	41,027,544	3.2941	3.2900	43,281,966	3.3284	3.3200

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jefferson	Grandview R-II School District	Debt Service	37,213,219	2.1663	1.3500	41,027,544	2.4723	1.5100	43,281,966	2.4120	1.4800
	Hillsboro R-III School District	Operating Funds-Schools	175,839,921	3.9675	3.9675 B	191,094,631	3.9033	3.9033	207,010,617	3.8565	3.8565
		Debt Service	175,839,921	0.9890	0.6897	191,094,631	1.2544	0.7325	207,010,617	1.0985	0.7325
	Dunklin R-V School District	Operating Funds-Schools	115,186,940	3.7321	3.8043	122,275,358	3.6970	3.6970	130,620,371	3.6995	3.6300
		Debt Service	115,186,940	1.1610	0.6700	122,275,358	1.1723	0.6700	130,620,371	1.0180	0.6700
	Festus R-VI School District	Operating Funds-Schools	172,466,083	2.9111	2.9100	201,081,058	2.7500	2.7500	209,289,692	2.7500	2.7500
		Debt Service	172,466,083	1.2427	0.8000	201,081,058	1.1166	0.8000	209,289,692	0.8229	0.8000
	Jefferson Co R-VII School District	Operating Funds-Schools	122,259,224	3.8853	3.8853 B	117,857,351	3.8724	3.8724	119,349,491	3.8822	3.8732
		Debt Service	122,259,224	0.3943	0.3943	117,857,351	0.4217	0.4217	119,349,491	0.5237	0.5000
	Sunrise R-IX School District	Operating Funds-Schools	23,908,512	3.2161	3.2100	26,472,109	3.1171	3.1168	28,156,105	3.1021	3.0268
		Debt Service	23,908,512	1.0050	0.6500	26,472,109	0.7003	0.6500	28,156,105	0.8410	0.6500
	Windsor C-1 School District	Operating Funds-Schools	161,441,165	3.7524	3.7524 B	182,344,105	3.6238	3.6238	183,227,564	3.6277	3.6238
		Debt Service	161,441,165	1.5856	1.0000	182,344,105	1.0865	1.0000	183,227,564	1.5077	1.0000
	Fox C-6 School District	Operating Funds-Schools	624,442,671	4.4700	4.3200 B	692,755,816	4.3322	4.3322	727,358,116	4.3548	4.1756
		Debt Service	624,442,671	0.5273	0.2800	692,755,816	0.5172	0.1300	727,358,116	0.4876	0.2800
	Crystal City 47 School District	Operating Funds-Schools	48,264,220	3.5624	3.5624	51,256,490	4.0624	4.0624 B	52,862,432	4.0638	4.0624
		Debt Service	48,264,220	1.1130	0.8000	51,256,490	1.0149	0.8000	52,862,432	1.2485	0.8000
	DeSoto 73 School District	Operating Funds-Schools	139,269,831	3.7359	3.7359	154,742,768	3.6015	3.6015	160,179,551	3.5874	3.5874
		Debt Service	139,269,831	0.5627	0.3800	154,742,768	0.7451	0.4535	160,179,551	0.5433	0.4535
	Jefferson County	General Revenue	2,226,122,753	0.1981	0.0000	2,441,484,473	0.1925	0.0000	2,530,774,147	0.1925	0.0000
		Parks & Recreation	2,226,122,753	0.0297	0.0297	2,441,484,473	0.0289	0.0289	2,530,774,147	0.0289	0.0289
		Road & Bridge	1,872,395,243	0.2253	0.2165	2,048,097,704	0.2190	0.2181	2,120,338,501	0.2190	0.2164
		Health	2,226,122,753	0.0792	0.0792	2,441,484,473	0.0769	0.0769	2,530,774,147	0.0769	0.0769
		Developmentally Disabled	2,226,122,753	0.0991	0.0991	2,441,484,473	0.0963	0.0963	2,530,774,147	0.0963	0.0963
		Mental Health	2,226,122,753	0.0991	0.0991	2,441,484,473	0.0963	0.0963	2,530,774,147	0.0963	0.0963
Johnson	Johnson County Ambulance District	General Revenue	408,556,495	0.3000	0.3000	433,779,324	0.3000	0.3000	461,087,359	0.3000	0.3000
	Western Missouri Medical Center	General Revenue	413,904,421	0.1532	0.1497	439,649,771	0.1532	0.1497	466,605,288	0.1532	0.1497
	South Fork of Blackwater Watershed	General Revenue	36,179,117	0.0896	0.0734	39,239,884	0.0896	0.0896	41,657,337	0.0896	0.0896
	City of Centerview	General Revenue	1,090,684	0.8328	0.8308	1,130,826	0.8327	0.8327	1,279,503	0.8336	0.8336
	City of Chilhowee	General Revenue	1,365,210	1.0000	1.0000	1,337,913	1.0000	1.0000	1,390,039	1.0000	1.0000
	City of Holden	General Revenue	15,574,995	0.7228	0.7228	15,973,788	0.7228	0.7228	16,310,700	0.7228	0.7228
		Debt Service	15,574,995	0.2046	0.1186	15,973,788	0.1911	0.1186	16,310,700	0.1999	0.1186
	City of Kingsville	General Revenue	5,369,644	0.7471	0.7471	5,576,361	0.7471	0.7471	6,018,159	0.7471	0.7471
	City of Knob Noster	General Revenue	15,354,838	0.6724	0.6724	16,311,235	0.6724	0.6724	16,836,114	0.6806	0.6806
		Fire	15,354,838	0.3000	0.3000	16,311,235	0.3000	0.3000 A	16,836,114	0.3000	0.3000
	Village of La Tour	General Revenue	220,618	0.5000	0.5000	221,639	0.5000	0.5000	211,967	0.5000	0.5000
	City of Leeton	General Revenue	2,860,712	0.8455	0.8455	2,912,935	0.8455	0.8455	2,972,519	0.8455	0.8455
	City of Warrensburg	General Revenue	143,990,908	0.3567	0.3567	151,058,838	0.3567	0.3567	162,636,162	0.3567	0.3567

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Johnson	City of Warrensburg	Parks & Recreation	143,990,908	0.1937	0.1937	151,058,838	0.1937	0.1937	162,636,162	0.1937	0.1937
	Trails Consolidated Library	General Revenue	708,314,885	0.2669	0.2156	748,367,441	0.2669	0.2669	779,706,857	0.2669	0.2669
	Fire District #2 of Johnson County	General Revenue	82,189,410	0.3699	0.3699	86,737,273	0.3699	0.3699	93,011,002	0.3699	0.3699
	Johnson County Fire Prot Dist	General Revenue	153,268,058	0.3600	0.3600	161,731,948	0.3600	0.3600	170,412,096	0.3600	0.3600
	Kingsville R-I School District	Operating Funds-Schools	18,707,142	3.3580	3.2500	19,553,857	3.4490	3.4490	21,152,652	3.4810	3.4490
		Debt Service	18,707,142	2.0739	0.9433	19,553,857	1.9988	0.9433	21,152,652	1.8550	0.9433
	Holden R-III School District	Operating Funds-Schools	68,515,875	3.7500	3.3100	74,526,384	3.7481	3.3100	78,756,625	3.7500	3.3100
		Debt Service	67,847,822	0.4746	0.3000	74,526,384	0.5029	0.3000	78,756,625	0.7801	0.3000
	Chilhowee R-IV School District	Operating Funds-Schools	7,306,402	4.1423	4.1423	7,876,364	4.1495	4.0628	8,102,755	4.1500	4.1500
		Operating Funds-Temp	7,306,402	0.2500	0.2500 A	7,876,364	0.2500	0.2500	**	**	**
		Debt Service	7,306,402	0.4849	0.2305	7,876,364	0.8833	0.3100	8,102,755	0.8843	0.6000
	Johnson Co R-VII School District	Operating Funds-Schools	26,853,448	2.7500	2.7500	29,645,521	2.7500	2.7500	31,656,931	2.7500	2.7500
		Debt Service	26,853,448	1.2962	0.8000	29,645,521	1.3277	0.8000	31,656,931	0.9302	0.8000
	Knob Noster R-VIII School District	Operating Funds-Schools	40,195,211	2.7500	2.7500	44,876,436	2.7500	2.7500	47,187,561	2.8269	2.7500
	Leeton R-X School District	Operating Funds-Schools	12,314,804	3.7771	3.7771	13,085,352	3.7922	3.7922	14,003,644	3.8606	3.7922
		Debt Service	12,314,804	0.5307	0.5100	13,085,352	0.5213	0.5100	14,003,644	1.5755	0.8600
	Warrensburg R-VI School District	Operating Funds-Schools	195,146,794	3.7365	3.7365	206,918,038	3.7500	3.7500	222,154,697	3.7500	3.7500
		Debt Service	195,146,794	0.7434	0.6600	206,918,038	0.6887	0.6500	222,154,697	0.6927	0.6500
	Johnson County	General Revenue	413,904,421	0.3268	0.1000	439,649,771	0.3268	0.1000	466,605,288	0.3268	0.1100
		Road & Bridge	413,904,421	0.2451	0.2300	439,649,771	0.2451	0.2300	466,605,288	0.2451	0.2400
		Health	413,904,421	0.1000	0.1000	439,649,771	0.1000	0.1000	466,605,288	0.1000	0.1000
		Senate Bill 40	413,904,421	0.1200	0.0600	439,649,771	0.1200	0.0800	466,605,288	0.1200	0.0900
Knox	Knox County Ambulance District	General Revenue	54,066,288	0.3500	0.3500	56,193,223	0.3500	0.3500	57,711,686	0.3500	0.3500
		Dispatch	54,066,288	0.0300	0.0300	56,193,223	0.0300	0.0300	57,711,686	0.0300	0.0300
	Knox County Nursing Home District	General Revenue	53,358,397	0.3000	0.3000	55,429,450	0.3000	0.3000	56,962,956	0.3000	0.3000
	City of Baring	General Revenue	753,979	0.8462	0.8462	770,731	0.8536	0.8536	724,673	0.9319	0.9319
	City of Edina	General Revenue	8,832,200	0.7767	0.7767	8,976,603	0.7767	0.7767	8,931,963	0.8033	0.8033
		Lights	8,832,200	0.1469	0.1469	8,976,603	0.1469	0.1469	8,931,963	0.1500	0.1500
	City of Hurdland	General Revenue	748,895	0.7581	0.7581	763,684	0.7580	0.7580	760,668	0.7898	0.7898
		Fire	748,895	0.2803	0.2803	763,684	0.2802	0.2802	760,668	0.2920	0.2920
		Debt Service	748,895	0.9613	0.9613	763,684	0.4117	0.4117	760,668	0.3621	0.3621
	City of Knox City	General Revenue	1,202,694	0.9999	0.9800	1,154,941	1.0000	0.9800	1,179,612	1.0000	1.0000
		Streets	1,202,694	0.1500	0.1500 A	1,154,941	0.1500	0.1500	1,179,612	0.1500	0.1500 A
	Village of Newark	General Revenue	530,665	0.4708	0.4708	504,255	0.4973	0.4973	513,874	0.5030	0.5030
	Village of Novelty	General Revenue	562,631	1.2801	1.2801	553,644	1.0000	1.0000	591,392	1.0000	1.0000
		Streets	**	**	**	**	**	**	591,392	0.3000	0.3000 A
	Knox County Library	General Revenue	54,066,288	0.1000	0.1000	56,193,223	0.1000	0.1000	57,711,686	0.1000	0.1000
	Knox Co R-I School District	Operating Funds-Schools	44,606,187	3.7000	3.7000	47,147,563	3.6664	3.6664	48,134,260	3.7000	3.7000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Knox	Knox Co R-I School District	Debt Service	44,606,187	0.0270	0.0100	47,147,563	0.0000	0.0000	**	**	**
	Knox County	General Revenue	54,066,288	0.4312	0.2813	56,193,223	0.4312	0.2623	57,711,686	0.4352	0.3000
		Road & Bridge	54,066,288	0.3127	0.2931	56,193,223	0.3127	0.2700	57,711,686	0.3156	0.2900
		Health	54,066,288	0.1000	0.1000	56,193,223	0.1000	0.1000	57,711,686	0.1000	0.1000
Laclede	Lebanon Spec Rd Dist #1 Laclede Co	Special Road and Bridge	54,066,288	0.3500	0.3500 A	56,193,223	0.3500	0.3500	57,711,686	0.3500	0.3500 A
		Special Road and Bridge	187,405,325	0.2000	0.2000	195,866,752	0.2000	0.2000	**	**	**
		Rd & Bridge (County)	187,405,325	0.3423	0.3411	195,866,752	0.3423	0.3423	204,226,052	0.3423	0.3423
		Special Road District	**	**	**	**	**	**	204,226,052	0.2000	0.2000 A
	Phillipsburg Spec Rd #3 Laclede Co	Road & Bridge	11,404,405	0.2652	0.2652	11,783,103	0.2652	0.2652	13,016,638	0.2652	0.2652
		Special Road and Bridge	11,404,405	0.2300	0.2300	11,783,103	0.2300	0.2300	13,016,638	0.2300	0.2300 A
	Laclede County Road District	Road & Bridge	101,482,079	0.2110	0.0000	108,104,359	0.2110	0.0000	114,469,076	0.2110	0.0000
	Conway Spec Road Dist #2 Laclede Co	Road & Bridge	8,893,506	0.2327	0.2327	9,366,296	0.2327	0.2327	9,767,938	0.2327	0.2327
		Special Road and Bridge	8,893,506	0.3500	0.3500 A	9,366,296	0.3500	0.3500	9,767,938	0.3500	0.3500
	City of Conway	General Revenue	3,569,012	0.0600	0.0000	3,778,854	0.0595	0.0000	3,967,265	0.0595	0.0000
	City of Lebanon	General Revenue	150,194,484	0.2576	0.2576	157,082,846	0.2576	0.2576	163,511,891	0.2576	0.2576
		Parks & Recreation	150,194,484	0.2576	0.2576	157,082,846	0.2576	0.2576	163,511,891	0.2576	0.2576
	Village of Phillipsburg	General Revenue	917,060	0.4586	0.4586	1,055,545	0.4587	0.4587	1,137,183	0.4587	0.4587
	Village of Evergreen	Fire Equipment	789,045	0.2973	0.2973	824,722	0.2973	0.2973	**	**	**
		Fire Truck Maintenance	789,045	0.2973	0.2973	824,722	0.2973	0.2973	**	**	**
		Police Truck	789,045	0.2973	0.2973	824,722	0.2973	0.2973	**	**	**
		Police Truck #2	789,045	0.2973	0.2973	824,722	0.2973	0.2973	**	**	**
		Pumper Fire Truck	789,045	0.2973	0.2973	824,722	0.2973	0.2973	**	**	**
		Building Maintenance	789,045	0.2973	0.2973	824,722	0.2973	0.2973	811,134	0.3000	0.3000 A
		Fire Equipment Maintenan	**	**	**	**	**	**	811,134	0.3000	0.3000 A
		Fire Truck #1 Maintenance	**	**	**	**	**	**	811,134	0.3000	0.3000 A
		Fire Truck #2 Maintenance	**	**	**	**	**	**	811,134	0.3000	0.3000 A
		Police Vehicle #1 Maint	**	**	**	**	**	**	811,134	0.3000	0.3000 A
		Police Vehicle #2 Maint	**	**	**	**	**	**	811,134	0.3000	0.3000 A
	Lebanon-Laclede County Library	General Revenue	309,185,316	0.1328	0.1328	325,120,512	0.1328	0.1328	341,479,708	0.1328	0.1328
	Lebanon Rural Fire Protection Dist	General Revenue	83,839,094	0.1805	0.1800	88,363,028	0.1805	0.1805	93,016,597	0.1805	0.1805
	Bennett Spring Fire Protection Dist	General Revenue	8,025,323	0.2859	0.2859	8,578,799	0.2859	0.2859	8,545,678	0.2970	0.2970
	Competition Fire Protection Dist	General Revenue	**	**	**	**	**	**	9,878,684	0.3000	0.3000 A
	Nebo-Falcon Fire Protection Dist	General Revenue	**	**	**	**	**	**	9,513,665	0.3000	0.0000 A
	Lebanon Special Business District	General Revenue	3,510,790	0.6846	0.6846	3,627,200	0.6846	0.6846	3,630,140	0.6846	0.6846
	Laclede Co. R-I School District	Operating Funds-Schools	26,236,065	2.7500	2.7500	27,471,553	2.7500	2.7500	29,339,529	2.7500	2.7500
	Gasconade C-4 School District	Operating Funds-Schools	6,462,582	3.5632	3.1000	6,897,572	3.5581	3.2500	7,386,761	3.5216	3.2500
	Lebanon R-III School District	Operating Funds-Schools	227,057,973	2.7500	2.7500	238,505,019	2.7500	2.7500	249,655,676	2.7500	2.7500
		Debt Service	227,057,973	0.8174	0.4700	238,505,019	0.6740	0.4700	249,655,676	0.6506	0.4700

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Laclede	Laclede Co C-5 School District	Operating Funds-Schools	21,752,150	3.0453	2.9500	23,082,157	3.0251	2.9500	24,261,444	3.3000	3.2249 B
	Laclede County	General Revenue	309,185,316	0.2961	0.0606	325,120,512	0.2961	0.0696	341,479,708	0.2961	0.0462
		Health	309,185,316	0.1000	0.1000	325,120,512	0.1000	0.1000	341,479,708	0.1000	0.1000
		Senate Bill 40	309,185,316	0.0663	0.0663	325,120,512	0.0663	0.0663	341,479,708	0.0663	0.0663
		Senate Bill 40-LEEP	309,185,316	0.0663	0.0655	325,120,512	0.0663	0.0655	341,479,708	0.0663	0.0655
Lafayette	Little Sni A Bar Watershed Sub Dist	General Revenue	5,015,244	0.0901	0.0901	5,253,062	0.0901	0.0901	5,541,263	0.0912	0.0912
	Tabo Creek Watershed Sub District	General Revenue	12,289,916	0.0832	0.0832	12,994,089	0.0816	0.0816	13,386,403	0.0816	0.0816
	Wellington Napoleon Sub District	General Revenue	3,580,454	0.0894	0.0894	3,716,052	0.0894	0.0894	3,783,056	0.0895	0.0895
	Alma Spec Road Dist Lafayette Co	Special Road and Bridge	8,864,382	0.3000	0.2932	9,202,819	0.3000	0.3000	9,312,157	0.3000	0.3000
	Corder Spec Rd Dist Lafayette Co	Special Road and Bridge	7,388,649	0.3000	0.3000 A	7,774,609	0.3000	0.3000	7,836,729	0.3000	0.3000
	Concordia Spec Rd Dist Lafayette Co	Special Road and Bridge	36,076,452	0.3300	0.3300	36,965,316	0.3300	0.3300	37,107,394	0.3300	0.3300
	Dover Spec Rd Dist Lafayette Co	Special Road and Bridge	4,786,750	0.3500	0.3500 A	6,841,534	0.3500	0.3500	6,905,175	0.3500	0.3500
	Higginsville Road Dist Lafayette Co	Special Road and Bridge	33,910,622	0.1500	0.1500 A	49,613,502	0.1473	0.1473	50,304,207	0.1474	0.1474
	Mayview Spec Rd Dist Lafayette Co	Special Road and Bridge	10,794,447	0.2500	0.2500	11,139,299	0.2500	0.2500	11,023,858	0.2500	0.2500
	Odessa Spec Rd Dist Lafayette Co	Special Road and Bridge	85,182,721	0.2400	0.2400	91,389,893	0.2400	0.2400	92,280,611	0.2400	0.2400
	Waverly Spec Rd Dist Lafayette Co	Special Road and Bridge	12,836,179	0.2400	0.2400	13,403,406	0.2400	0.2400	13,299,953	0.2400	0.2400
	Wellington Napoleon Rd Lafayette Co	Special Road and Bridge	19,344,639	0.2000	0.2000	19,789,139	0.2000	0.2000	20,298,296	0.2000	0.2000
	City of Alma	General Revenue	3,020,343	0.5842	0.5842	3,102,341	0.5842	0.5842	3,045,858	0.5950	0.5950
		General Revenue-Temp	3,020,343	0.3000	0.3000	3,102,341	0.3000	0.3000	**	**	**
		General Revenue - Temp	**	**	**	**	**	**	3,045,858	0.3000	0.3000 A
	Village of Aullville	General Revenue	546,233	0.3888	0.3723	556,484	0.3902	0.3902	600,481	0.3901	0.3901
	Village of Bates City	General Revenue	2,434,346	0.3159	0.3159	2,452,260	0.3159	0.3159	3,301,472	0.3149	0.3149
	City of Concordia	General Revenue	24,222,899	0.5252	0.5252	24,681,108	0.5252	0.5252	24,513,864	0.5339	0.5252
	City of Corder	General Revenue	2,270,386	0.6191	0.6191	2,327,255	0.6191	0.6191	2,282,696	0.6319	0.6319
		Parks & Recreation	2,270,386	0.1526	0.1526	2,327,255	0.1526	0.1526	2,282,696	0.1557	0.1557
	Village of Dover	General Revenue	579,944	0.2636	0.2636	595,590	0.2658	0.2658	587,169	0.2696	0.2696
	City of Higginsville	General Revenue	33,948,994	0.4507	0.4507	36,522,539	0.4434	0.4434	37,091,622	0.4434	0.4434
		Parks & Recreation	33,948,994	0.3587	0.3587	36,522,539	0.3529	0.3529	37,091,622	0.3529	0.3529
		Library	27,856,739	0.1845	0.1845	29,842,884	0.1821	0.1821	30,130,024	0.1821	0.1821
	City of Lexington	General Revenue	35,909,661	0.5630	0.5630	36,802,608	0.5630	0.5630	37,344,787	0.5641	0.5641
		Parks & Recreation	35,909,661	0.2859	0.2859	36,802,608	0.2859	0.2859	37,344,787	0.2865	0.2865
		Health	35,909,661	0.1526	0.1526	36,802,608	0.1526	0.1526	37,344,787	0.1529	0.1529
		Debt Service	35,909,661	0.0441	0.0441	**	**	**	**	**	**
	City of Mayview	General Revenue	1,076,017	0.6789	0.6445	1,093,190	0.6789	0.6789	1,124,122	0.6789	0.6789
	City of Napoleon	General Revenue	1,733,557	0.8343	0.8343	1,723,195	0.8403	0.8403	1,766,825	0.8403	0.8403
	City of Odessa	General Revenue	40,225,800	0.5528	0.5528	44,183,447	0.5424	0.5424	44,375,236	0.5537	0.5537
		Parks & Recreation	40,225,800	0.1461	0.1461	44,183,447	0.1433	0.1433	44,375,236	0.1463	0.1463
	City of Waverly	General Revenue	5,453,162	0.5320	0.5291	5,728,009	0.5320	0.5320	6,017,887	0.5442	0.5442

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Lafayette	City of Waverly	Streets	5,453,162	0.2148	0.2134	5,728,009	0.2148	0.2148	6,017,887	0.2197	0.2197
	City of Wellington	General Revenue	5,604,231	0.4837	0.4837	5,634,513	0.4846	0.4846	5,794,883	0.4857	0.4857
	City of Lake Lafayette	General Revenue	1,853,564	1.0000	1.0000	1,937,069	1.0000	1.0000	1,926,482	1.0000	1.0000
	Corder Fire Protection District	General Revenue	12,265,370	0.3332	0.3332	12,838,424	0.3332	0.3332	12,861,144	0.3357	0.3357
	Sni Valley Fire Protection District	General Revenue	138,858,535	0.4814	0.4814	150,866,461	0.4762	0.4762	157,586,103	0.4762	0.4762
		Dispatch	**	**	**	150,866,461	0.0300	0.0300 A	157,586,103	0.0300	0.0300
		Fire and Ambulance	**	**	**	150,866,461	0.1500	0.1500 A	157,586,103	0.1500	0.1500
		Debt Service	138,858,535	0.0557	0.0553	150,866,461	0.1177	0.1177	157,586,103	0.0754	0.0754
	Concordia Fire Protection District	General Revenue	43,499,251	0.2852	0.2852	44,667,225	0.2852	0.2852	44,771,674	0.2873	0.2873
	Alma Fire Protection District	General Revenue	11,099,990	0.5284	0.5265	11,521,945	0.5284	0.5284	11,664,186	0.5284	0.5284
	Wellington-Napoleon Fire Prot Dist	General Revenue	22,342,484	0.2672	0.2672	22,797,502	0.2693	0.2693	23,265,848	0.2701	0.2701
		Ambulance	22,342,484	0.0890	0.0890	22,797,502	0.0897	0.0897	23,265,848	0.0900	0.0900
	Odessa Fire Protection District	General Revenue	81,643,051	0.4663	0.4663	87,638,309	0.4663	0.4663	88,472,987	0.4700	0.4663
	Wellington-Napoleon R-IX Reg Rec Ds	Parks & Recreation	24,109,224	0.1755	0.1755	24,951,190	0.1755	0.1755	25,504,510	0.1762	0.1762
	Concordia R-II School District	Operating Funds-Schools	38,734,783	3.3952	3.3951	40,044,954	3.3927	3.3926	40,463,886	3.4002	3.4002
		Debt Service	38,734,783	0.7182	0.4629	40,044,954	0.6018	0.4629	40,463,886	0.5826	0.4629
	Lafayette Co C-1 School District	Operating Funds-Schools	52,956,302	3.3345	3.1613	57,254,383	3.2487	3.1613	58,484,630	3.2780	3.1613
		Debt Service	52,956,302	1.3723	1.0000	57,254,383	1.4311	1.0000	58,484,630	1.3939	1.0000
	Odessa R-VII School District	Operating Funds-Schools	103,537,281	3.8817	3.8800	110,753,279	3.8817	3.8800	113,150,174	3.8817	3.8800
		Debt Service	103,537,281	1.0213	0.6600	110,726,363	1.0182	0.6600	113,150,174	0.6649	0.6600
	Santa Fe R-X School District	Operating Funds-Schools	22,740,291	3.7500	3.5400	24,022,028	3.7454	3.7200	24,078,120	3.7350	3.5200
		Debt Service	22,740,291	0.3953	0.1800	24,022,028	0.7832	0.6200	24,078,120	0.7392	0.5700
	Wellington-Napoleon R-IX Sch Dist	Operating Funds-Schools	21,194,112	3.7528	3.7500	22,221,368	3.8072	3.7500	22,703,599	3.8440	3.7500
		Debt Service	21,194,112	1.2541	0.7500	22,221,368	1.5768	0.7500	22,703,599	1.3573	0.7500
	Lexington R-V School District	Operating Funds-Schools	46,312,671	3.5797	3.5797	48,429,767	3.5803	3.5803	49,427,168	3.6061	3.6061
		Debt Service	46,312,671	1.0090	0.7300	48,429,767	1.2307	0.7300	49,427,168	0.7954	0.7300
	Lafayette County	General Revenue	322,267,203	0.3003	0.1500	338,560,554	0.3003	0.1500	343,231,593	0.3019	0.1600
		Johnson Grass	322,267,203	0.0282	0.0001	338,560,554	0.0282	0.0001	343,231,593	0.0284	0.0020
		Road & Bridge	322,267,203	0.2252	0.2252	338,560,554	0.2252	0.2252	343,231,593	0.2264	0.2264
		Health	322,267,203	0.0750	0.0750	338,560,554	0.0750	0.0750	343,231,593	0.0754	0.0754
		Senate Bill 40	322,267,203	0.0657	0.0657	338,560,554	0.0657	0.0657	343,231,593	0.0661	0.0661
		2-W Common Rd District	29,436,230	0.3300	0.3300	30,801,022	0.3300	0.3300	31,805,874	0.3300	0.3300
		I-E Common Road Dist	11,029,106	0.3500	0.3500 A	11,440,475	0.3500	0.3500	11,793,862	0.3500	0.3500
Lawrence	Mt Vernon Ambulance District	General Revenue	112,150,613	0.1428	0.1428	123,044,232	0.1391	0.1391	131,214,896	0.1394	0.1394
	Lawrence County Nursing Home Dist	General Revenue	311,114,633	0.1111	0.1111	345,218,654	0.1073	0.1073	362,502,469	0.1079	0.1079
	Aurora Spec Road Dist Lawrence Co	Special Road and Bridge	77,231,372	0.1700	0.1700	85,896,507	0.1700	0.1700 A	88,823,692	0.1700	0.1700
	Buck Prairie Sp Rd Dist Lawrence Co	Special Road and Bridge	26,831,136	0.3100	0.3100	30,003,682	0.3020	0.3020	31,313,244	0.3100	0.3100 A
	Freistatt Spec Rd Dist Lawrence Co	Special Road and Bridge	6,624,016	0.3500	0.3500	7,281,370	0.3402	0.3402	7,348,340	0.3468	0.3468

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Lawrence	Greene Benefit Spec Rd Lawrence Co	Special Road and Bridge	6,904,912	0.2200	0.2200	7,307,968	0.2200	0.2200 A	7,112,561	0.2200	0.2200
	Midway Benefit Spec Rd Lawrence Co	Special Road and Bridge	1,613,766	0.2400	0.2400	1,784,933	0.2329	0.2329	1,836,305	0.2400	0.2400 A
	Miller Benefit Spec Rd Lawrence Co	Special Road and Bridge	14,852,130	0.1900	0.1900	16,381,243	0.1849	0.1849	17,602,233	0.1900	0.1900 A
	Mt Pleasant Benefit SRD Lawrence Co	Special Road and Bridge	3,649,315	0.2000	0.2000	3,858,427	0.1982	0.1982	3,987,326	0.2000	0.2000 A
	Mt Vernon Benefit Sp Rd Lawrence Co	Special Road and Bridge	72,343,168	0.1600	0.1600	80,019,744	0.1542	0.1542	84,625,528	0.1600	0.1600 A
	Pierce Benefit SRD Lawrence Co	Special Road and Bridge	17,408,149	0.1900	0.1900	19,884,667	0.1900	0.1900 A	20,647,803	0.1900	0.1900
	Red Oak Benefit Sp Rd Lawrence Co	Special Road and Bridge	4,235,494	0.2000	0.2000	4,536,033	0.1983	0.1983	4,673,417	0.2000	0.2000 A
	Verona Benefit SRD Lawrence Co	Special Road and Bridge	17,663,265	0.1900	0.1900	19,537,569	0.1868	0.1868	22,546,508	0.1900	0.1900 A
	Vineyard Benefit Sp Rd Lawrence Co	Special Road and Bridge	3,123,219	0.2191	0.2191	3,505,038	0.2200	0.2200 A	3,800,887	0.2200	0.2200
	City of Aurora	General Revenue	58,490,548	0.3793	0.3793	64,541,968	0.3623	0.3623	66,625,555	0.3638	0.3638
		Parks & Recreation	58,490,548	0.1476	0.1476	64,541,968	0.1410	0.1410	66,625,555	0.1416	0.1416
		Debt Service	58,490,548	0.1147	0.1147	64,541,968	0.1531	0.1531	66,625,555	0.1746	0.1746
	Village of Freistatt	General Revenue	886,817	0.2532	0.2532	969,745	0.2453	0.2453	999,353	0.2464	0.2464
	City of Marionville	General Revenue	12,438,662	0.6306	0.6306	13,679,918	0.6054	0.6054	14,395,410	0.6077	0.6077
	City of Miller	General Revenue	3,748,943	1.0000	1.0000	4,030,349	0.9924	0.9924	4,195,446	0.9924	0.9924
	City of Pierce City	General Revenue	6,289,122	0.5371	0.5371	7,775,563	0.5127	0.5127	8,232,595	0.5256	0.5256
		Parks & Recreation	6,289,122	0.1200	0.1200	7,775,563	0.1145	0.1145	8,232,595	0.1174	0.1174
		Fire	6,289,122	0.1200	0.1200	7,775,563	0.1145	0.1145	8,232,595	0.1174	0.1174
	City of Stotts City	General Revenue	772,073	0.4529	0.4529	818,506	0.4501	0.4501	861,240	0.4612	0.4612
	City of Verona	General Revenue	4,969,220	0.6165	0.5400	5,352,125	0.6098	0.5400	7,655,800	0.6115	0.5750
	Miller R-II School District	Operating Funds-Schools	32,201,840	3.3475	3.1500	35,471,740	3.3390	3.3390	37,876,365	3.5474	3.3390
	Pierce City R-VI School District	Operating Funds-Schools	26,734,466	2.7500	2.7500	30,241,883	2.7500	2.7500	31,594,215	2.7500	2.7500
		Debt Service	26,734,466	1.0828	0.6300	30,241,883	0.7048	0.6300	31,594,215	0.8672	0.6300
	Marionville R-IX School District	Operating Funds-Schools	26,416,949	3.0273	2.7500	30,097,683	2.8743	2.7500	31,690,724	2.9126	2.7500
		Debt Service	26,416,949	0.5000	0.5000	30,097,683	0.4587	0.4587	31,690,724	0.6438	0.5000
	Mt. Vernon R-V School District	Operating Funds-Schools	77,574,200	2.7500	2.7500	85,895,790	2.7500	2.7500	91,399,010	2.7500	2.7500
		Debt Service	77,574,200	0.5834	0.5700	85,895,790	0.5700	0.5700	91,399,010	0.5700	0.5700
	Aurora R-VIII School District	Operating Funds-Schools	81,840,736	2.6089	2.6089	91,693,440	2.5286	2.5286	95,116,423	2.5261	2.5261
		Operating Funds-Temp	81,840,736	0.4111	0.4111 A	91,693,440	0.3934	0.3934	95,116,423	0.3951	0.3951
		Debt Service	81,840,736	1.5625	0.8300	91,693,440	1.1037	0.8300	95,116,423	0.9302	0.8300
	Verona R-VII School District	Operating Funds-Schools	16,008,233	3.4103	2.7500	18,034,337	3.2906	2.7500	21,114,640	3.3053	2.7500
		Debt Service	16,008,233	0.9536	0.7000	18,034,337	0.7784	0.7000	21,114,640	0.7423	0.7000
	Lawrence County	General Revenue	311,114,633	0.2930	0.0900	345,218,654	0.2829	0.0963	362,502,469	0.2846	0.1150
		Road & Bridge	311,114,633	0.2121	0.0700	345,218,654	0.2048	0.0700	362,502,469	0.2060	0.0700
		Developmentally Disabled	311,114,633	0.0909	0.0800	345,218,654	0.0878	0.0800	362,502,469	0.0883	0.0883
		Senior Services	311,114,633	0.0500	0.0500	345,218,654	0.0483	0.0483	362,502,469	0.0486	0.0486
		Common I Road District	23,181,640	0.2000	0.2000	25,132,127	0.1976	0.1976	362,502,469	0.2000	0.2000 A
		Common II Road District	9,162,499	0.2100	0.2100	9,696,726	0.2100	0.2100	362,502,469	0.2100	0.2100 A

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Lewis	Lewis County Ambulance District	General Revenue	86,925,849	0.2500	0.2500	90,148,330	0.2500	0.2500	93,814,455	0.2500	0.2500
	Lewis County Nursing Home	General Revenue	86,925,849	0.1500	0.1500	90,148,330	0.1500	0.1500	93,814,455	0.1500	0.1500
	Buck & Doe Run Creeks Sub District	General Revenue	2,132,500	0.3716	0.3716	2,158,380	0.3716	0.3716	2,209,320	0.3716	0.3716
	Durgens Creek Watershed Sub Dist	General Revenue	2,236,185	0.4000	0.4000	2,250,035	0.4000	0.4000	2,304,645	0.4000	0.4000
	Troublesome Watershed Sub District	General Revenue	9,027,134	0.3540	0.3540	8,144,577	0.3976	0.3976	8,008,251	0.4000	0.4000
	Grassey Creek Watershed Sub Dist	General Revenue	5,044,905	0.4000	0.4000	5,205,435	0.4000	0.4000	5,409,065	0.4000	0.4000
	Canton Spec Rd Dist Lewis Co	Road & Bridge	21,962,895	0.2717	0.2500	22,882,098	0.2717	0.2500	23,606,044	0.2717	0.2500
	Dickerson Spec Road Dist Lewis Co	Road & Bridge	723,349	0.3500	0.3500	741,776	0.3500	0.3500	725,967	0.3500	0.3500
	La Grange Spec Rd Dist Lewis Co	Road & Bridge	15,315,050	0.3296	0.3000	15,482,502	0.3312	0.3000	17,013,813	0.3319	0.3000
	City of Canton	General Revenue	14,336,774	0.7092	0.6850	14,870,933	0.7092	0.6850	15,103,528	0.7095	0.6850
		Parks & Recreation	14,336,774	0.2000	0.2000	14,870,933	0.2000	0.2000	15,103,528	0.2000	0.2000
		Library	14,336,774	0.2500	0.2500	14,870,933	0.2500	0.2500	15,103,528	0.2500	0.2500
		Levee	14,336,774	0.2000	0.2000	14,870,933	0.2000	0.2000	15,103,528	0.2000	0.2000
	City of Ewing	General Revenue	2,330,413	0.6360	0.6300	2,403,216	0.6367	0.6300	2,477,003	0.6470	0.6400
	City of La Belle	General Revenue	3,371,252	0.7642	0.7600	3,436,055	0.7642	0.7600	3,474,410	0.7673	0.7673
		Streets	3,371,252	0.1000	0.1000	3,436,055	0.1000	0.1000 A	3,474,410	0.1000	0.1000
		Streets-Temp	3,371,252	0.3500	0.3500	3,436,055	0.3500	0.3500	3,474,410	0.3500	0.3500
	City of La Grange	General Revenue	9,984,358	0.5500	0.4900	9,716,253	0.5500	0.4900	11,190,150	0.5500	0.4900
		Streets	9,984,358	0.3000	0.2700	9,716,253	0.3000	0.2700	11,190,150	0.3000	0.2700
		Cemetery	9,984,358	0.1500	0.1300	9,716,253	0.1500	0.1300	11,190,150	0.1500	0.1300
	City of Lewistown	General Revenue	3,040,000	0.6520	0.6520	3,184,195	0.6520	0.6520	3,437,645	0.6545	0.6545
		Debt Service	3,040,000	0.4145	0.4145	3,184,195	0.3894	0.3894	3,437,645	0.3403	0.3403
	Village of Monticello	General Revenue	736,771	0.6553	0.6500	751,695	0.6563	0.6563	793,639	0.6568	0.6568
	Lewis County Library	General Revenue	72,584,656	0.1000	0.1000	75,269,057	0.1000	0.1000	78,708,158	0.1000	0.1000
	Canton R-V Fire Protection District	General Revenue	24,114,690	0.2520	0.2520	25,147,861	0.2520	0.2520	25,790,368	0.2524	0.2524
		Debt Service	24,114,690	0.0584	0.0584	**	**	**	**	**	**
	Ewing-Maywood R-4 Fire Prot Dist	General Revenue	17,265,911	0.4400	0.4400	17,980,372	0.4400	0.4400	18,946,767	0.4400	0.4400
	La Belle Fire Protection District	General Revenue	13,185,247	0.4300	0.4300	14,440,545	0.4300	0.4300	14,597,935	0.4300	0.4300
		Debt Service	**	**	**	14,440,545	0.2539	0.2539	14,597,935	0.2144	0.2144
	Canton R-V School District	Operating Funds-Schools	25,695,332	2.8822	2.8822	26,662,820	2.8650	2.8650	27,560,303	2.8570	2.8570
		Debt Service	25,695,332	0.8085	0.5500	26,662,820	0.8298	0.5500	27,560,303	0.6414	0.5500
	Lewis Co C-1 School District	Operating Funds-Schools	53,376,876	3.3061	3.3061	55,258,990	3.6100	3.6100 B	58,262,240	3.6208	3.6205
	Lewis County	General Revenue	86,925,849	0.4155	0.2679	90,148,330	0.4155	0.2652	93,814,455	0.4170	0.2598
		Road & Bridge	48,924,555	0.2817	0.2817	51,041,959	0.2817	0.2817	52,450,156	0.2833	0.2833
		Common Road District	**	**	**	51,041,959	0.2100	0.2100 A	52,450,156	0.2100	0.2100
		Special Road and Bridge	48,924,555	0.2100	0.2100	**	**	**	**	**	**
		Health	86,925,849	0.1000	0.1000	90,148,330	0.1000	0.1000	93,814,455	0.1000	0.1000
Lincoln	Lincoln County Ambulance	General Revenue	464,322,625	0.2800	0.2278	515,014,560	0.2784	0.1589	550,235,439	0.2784	0.1018

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Lincoln	Clarence Cannon Memorial Sub Dist	General Revenue	6,732,600	0.4000	0.2000 A	7,289,740	0.3824	0.2000	7,674,640	0.3759	0.2000
	City of Elsberry	General Revenue	11,392,401	0.5197	0.5197	12,250,039	0.5188	0.5188	12,533,375	0.5188	0.5188
		Cemetery	11,392,401	0.1559	0.1559	12,250,039	0.1556	0.1556	12,533,375	0.1556	0.1556
	City of Foley	General Revenue	775,371	0.6392	0.6392	855,609	0.6392	0.6392	845,394	0.6564	0.6564
	City of Hawk Point	General Revenue	3,176,322	0.3530	0.3530	3,796,217	0.3514	0.3514	4,144,810	0.3514	0.3514
	City of Moscow Mills	General Revenue	17,060,887	0.2444	0.2385	19,437,586	0.2422	0.2385	19,751,463	0.2488	0.2385
		GR-Waterworks	17,060,887	0.4786	0.4671	19,437,586	0.4742	0.4671	19,751,463	0.4871	0.4671
	City of Old Monroe	General Revenue	2,729,763	0.4229	0.4229	2,861,897	0.4229	0.4229	2,760,321	0.4409	0.4409
	Village of Silex	General Revenue	1,261,725	0.2620	0.2620	1,340,778	0.2620	0.2620	1,381,038	0.2620	0.2620
	City of Troy	General Revenue	132,900,018	0.3224	0.3224	143,106,932	0.3212	0.3212	151,183,110	0.3212	0.3212
	City of Winfield	General Revenue	6,831,985	0.3817	0.3817	8,552,689	0.3772	0.3772	9,812,386	0.3772	0.3772
	Village of Truxton	General Revenue	365,723	0.4998	0.4998	334,469	0.5000	0.5000	285,881	0.5000	0.5000
	Village of Chain of Rocks	General Revenue	650,475	0.4279	0.4279	787,340	0.4278	0.4278	802,550	0.4371	0.4371
	Village of Fountain 'N Lakes	General Revenue	376,630	0.5000	0.5000	426,530	0.5000	0.5000	413,110	0.5000	0.5000
	Winfield-Foley Fire Protection Dist	General Revenue	61,731,079	0.2541	0.2541	68,585,094	0.2539	0.2539	72,363,121	0.2539	0.2539
	Lincoln County Fire Protection Dist	General Revenue	272,597,695	0.5500	0.5500	304,817,872	0.5436	0.5436	327,505,906	0.5436	0.5436
	Elsberry Fire Protection District	General Revenue	38,465,174	0.2975	0.2975	40,856,740	0.2975	0.2975	42,103,898	0.2975	0.2975
	Hawk Point Fire Protection District	General Revenue	28,468,605	0.3000	0.3000	26,319,630	0.3000	0.3000	29,751,542	0.2912	0.2912
	Old Monroe Fire Protection District	General Revenue	22,170,824	0.3000	0.3000	23,408,217	0.3000	0.3000	24,128,384	0.3000	0.3000
	Silex R-I School District	Operating Funds-Schools	22,086,888	3.2862	3.2821	23,499,020	3.5862	3.5821 B	23,715,745	3.6616	3.5862
		Debt Service	22,086,888	0.9999	0.6600	23,499,020	0.8497	0.6600	23,715,745	0.6770	0.6600
	Elsberry R-II School District	Operating Funds-Schools	33,111,037	2.7851	2.7800	35,150,529	2.7944	2.7900	37,130,774	2.7796	2.7796
		Debt Service	33,111,037	1.0013	1.0000	35,150,529	1.1044	1.0100	37,130,774	1.1019	1.0500
	Troy R-III School District	Operating Funds-Schools	290,420,223	2.9895	2.7500	323,719,582	2.9382	2.7500	351,945,831	2.9286	2.7500
		Debt Service	290,420,223	1.0383	0.7400	323,719,582	0.9828	0.7400	351,945,831	1.5771	1.1100
	Winfield R-IV School District	Operating Funds-Schools	65,972,754	3.2757	3.2500	67,830,655	3.4160	3.2800	78,486,430	3.2221	3.2221
		Debt Service	65,972,754	0.9379	0.8000	67,830,655	1.0264	0.7700	78,486,430	0.9291	0.8000
	Lincoln County	General Revenue	464,322,625	0.3400	0.1275	515,014,560	0.3380	0.1282	550,235,439	0.3380	0.1239
		Road & Bridge	464,322,625	0.2600	0.2600	515,014,560	0.2585	0.2585	550,235,439	0.2585	0.2585
		Health	464,322,625	0.2000	0.2000	515,014,560	0.1988	0.1988	550,235,439	0.1988	0.1988
		Hospital	464,322,625	0.1700	0.1700	515,014,560	0.1690	0.1690	550,235,439	0.1690	0.1690
		Senate Bill 40	464,322,625	0.1000	0.1000	515,014,560	0.0994	0.0994	550,235,439	0.0994	0.0994
		Debt Service	464,322,625	0.2000	0.2000	515,014,560	0.1800	0.1800	550,235,439	0.1600	0.1600
Linn	Linn County Ambulance District	General Revenue	120,882,028	0.2880	0.2880	122,995,249	0.2880	0.2880	125,325,355	0.2880	0.2880
	East Yellow Creek Watershed	General Revenue	7,381,430	0.3584	0.3584	7,414,140	0.3648	0.3648	8,219,459	0.3620	0.3620
	Marceline Spec Rd Dist Linn Co	General Revenue	19,290,939	0.0994	0.0994	19,452,098	0.0994	0.0994	19,999,716	0.0994	0.0994
		Road & Bridge	19,290,939	0.3436	0.3436	19,452,098	0.3436	0.3436	19,999,716	0.3437	0.3436
	Purdin Special Road Dist Linn Co	General Revenue	1,428,565	0.1000	0.0000	1,463,466	0.1000	0.1000	1,387,827	0.1000	0.0000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Linn	Purdin Special Road Dist Linn Co	Road & Bridge	1,428,565	0.4934	0.0000	1,463,466	0.4934	0.4934	1,387,827	0.5000	0.0000
		Special Road and Bridge	1,428,565	0.3500	0.0000	1,463,466	0.3500	0.3500	1,387,827	0.3500	0.0000
	City of Brookfield	General Revenue	36,827,904	0.6769	0.6769	36,339,018	0.6874	0.6874	36,061,068	0.6960	0.6960
		Parks & Recreation	36,827,904	0.1949	0.1949	36,339,018	0.1979	0.1979	36,061,068	0.2000	0.2000
		Library	36,827,904	0.3487	0.3487	36,339,018	0.3541	0.3541	36,061,068	0.3585	0.3585
		Cemetery	36,827,904	0.1000	0.1000	36,339,018	0.1000	0.1000	36,061,068	0.1000	0.1000
	City of Browning	General Revenue	761,166	1.0000	1.0000	761,408	1.0000	1.0000	770,390	1.0000	1.0000
	City of Bucklin	General Revenue	2,568,862	1.0000	1.0000	2,747,068	1.0000	1.0000	2,787,742	1.0000	1.0000
		Streets	2,568,862	0.5000	0.5000	2,747,068	0.5000	0.5000	2,787,742	0.5000	0.5000
		Streets-temp	2,568,862	0.6000	0.6000	2,747,068	0.6000	0.6000	2,787,742	0.6000	0.6000
	City of Laclede	General Revenue	1,862,775	0.7889	0.7889	1,864,669	0.7960	0.7960	1,921,100	0.7960	0.7960
		Cemetery	1,862,775	0.0926	0.0926	1,864,669	0.0934	0.0934	1,921,100	0.0934	0.0934
	City of Linneus	General Revenue	1,290,208	0.5611	0.5611	1,306,687	0.5612	0.5612	1,298,823	0.5744	0.5744
		Streets	1,290,208	0.3845	0.3845	1,306,687	0.3846	0.3846	1,298,823	0.3937	0.3937
	City of Marceline	General Revenue	18,898,551	0.4631	0.4631	19,010,482	0.4631	0.4631	19,434,051	0.4633	0.4633
		Library	18,898,551	0.2086	0.2086	19,010,482	0.2086	0.2086	19,434,051	0.2087	0.2087
		Debt Service	18,898,551	0.0000	0.0000	**	**	**	**	**	**
	City of Meadville	General Revenue	2,183,826	0.3801	0.3801	2,289,958	0.3801	0.3801	2,335,530	0.3801	0.3801
	City of Purdin	General Revenue	686,298	0.8952	0.8952	687,893	0.8952	0.8952	584,458	1.0000	1.0000
	Baker Township of Linn Co	General Revenue	2,998,844	0.1000	0.1000	3,233,005	0.1000	0.1000	3,207,418	0.1000	0.1000
		Road & Bridge	2,998,844	0.5000	0.5000	3,233,005	0.5000	0.5000	3,207,418	0.5000	0.5000
		Special Road and Bridge	2,998,844	0.3500	0.3500	3,233,005	0.3500	0.3500	3,207,418	0.3500	0.3500
	North Benton Township of Linn Co	General Revenue	1,769,114	0.0994	0.0994	1,657,557	0.1000	0.1000	1,762,501	0.0985	0.0985
		Road & Bridge	1,769,114	0.4968	0.4968	1,657,557	0.5000	0.5000	1,762,501	0.4924	0.4924
		Special Road and Bridge	1,769,114	0.3500	0.3500	1,657,557	0.3500	0.3500	1,762,501	0.3447	0.3447
	Brookfield Township of Linn Co	General Revenue	46,513,080	0.1000	0.1000	46,561,322	0.1000	0.1000	46,412,302	0.1000	0.1000
		Road & Bridge	46,513,080	0.3727	0.3727	46,561,322	0.3738	0.3738	46,412,302	0.3771	0.3771
	Bucklin Township of Linn Co	General Revenue	6,927,720	0.1000	0.1000	7,181,851	0.1000	0.1000	7,395,821	0.1000	0.1000
		Road & Bridge	6,927,720	0.4803	0.4803	7,181,851	0.4803	0.4803	7,395,821	0.4803	0.4803
		Special Road and Bridge	6,927,720	0.3500	0.3500	7,181,851	0.3500	0.3500	7,395,821	0.3500	0.3500
	Clay Township of Linn Co	General Revenue	3,366,080	0.1000	0.1000	3,514,591	0.1000	0.1000	3,659,619	0.1000	0.1000
		Road & Bridge	3,366,080	0.5000	0.5000	3,514,591	0.5000	0.5000	3,659,619	0.5000	0.5000
		Special Road and Bridge	3,366,080	0.3500	0.3500	3,514,591	0.3500	0.3500	3,659,619	0.3500	0.3500
	Enterprise Township of Linn Co	General Revenue	1,449,585	0.1000	0.1000	1,573,479	0.1000	0.1000	1,573,327	0.1000	0.1000
		Road & Bridge	1,449,585	0.5000	0.5000	1,573,479	0.5000	0.5000	1,573,327	0.5000	0.5000
		Special Road and Bridge	1,449,585	0.3500	0.3500	1,573,479	0.3500	0.3500	1,573,327	0.3500	0.3500
	Grantsville Township of Linn Co	General Revenue	2,731,611	0.1000	0.1000	2,903,148	0.1000	0.1000	3,045,031	0.1000	0.1000
		Road & Bridge	2,731,611	0.5000	0.5000	2,903,148	0.5000	0.5000	3,045,031	0.5000	0.5000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Linn	Grantsville Township of Linn Co	Special Road and Bridge	2,731,611	0.3500	0.3500	2,903,148	0.3500	0.3500	3,045,031	0.3500	0.3500
	Jackson Township of Linn Co	General Revenue	2,728,723	0.1000	0.1000	2,828,937	0.1000	0.1000	2,905,638	0.1000	0.1000
		Road & Bridge	2,728,723	0.5000	0.5000	2,828,937	0.5000	0.5000	2,905,638	0.5000	0.5000
		Special Road and Bridge	2,728,723	0.3500	0.3500	2,828,937	0.3500	0.3500	2,905,638	0.3500	0.3500
		Debt Service	2,728,723	0.6661	0.6661	2,828,937	0.6160	0.6160	**	**	**
	Jefferson Township of Linn Co	General Revenue	8,221,851	0.0939	0.0939	8,385,151	0.0939	0.0939	8,638,571	0.0939	0.0939
		Road & Bridge	8,221,851	0.3663	0.3663	8,385,151	0.3663	0.3663	8,638,571	0.3663	0.3663
		Special Road and Bridge	8,221,851	0.3500	0.3500	8,385,151	0.3500	0.3500	8,638,571	0.3500	0.3500
	Locust Creek Township of Linn Co	General Revenue	5,052,066	0.0997	0.0997	5,258,733	0.0997	0.0997	5,423,098	0.0997	0.0997
		Road & Bridge	5,052,066	0.4892	0.4892	5,258,733	0.4892	0.4892	5,423,098	0.4892	0.4892
		Special Road and Bridge	5,052,066	0.3500	0.3500	5,258,733	0.3500	0.3500	5,423,098	0.3500	0.3500
	Marceline Township of Linn Co	General Revenue	3,973,815	0.1000	0.1000	4,148,085	0.1000	0.1000	4,418,355	0.1000	0.1000
		Road & Bridge	3,973,815	0.5000	0.5000	4,148,085	0.5000	0.5000	4,418,355	0.5000	0.5000
		Special Road and Bridge	3,973,815	0.3500	0.3500	4,148,085	0.3500	0.3500	4,418,355	0.3500	0.3500
	North Salem Township of Linn Co	General Revenue	2,000,005	0.0997	0.0997	2,059,358	0.0997	0.0997	2,068,004	0.1000	0.1000
		Road & Bridge	2,000,005	0.4983	0.4983	2,059,358	0.4983	0.4983	2,068,004	0.5000	0.5000
		Special Road and Bridge	2,000,005	0.3500	0.3500	2,059,358	0.3500	0.3500	2,068,004	0.3500	0.3500
	Parson Creek Township of Linn Co	General Revenue	6,639,122	0.0990	0.0990	6,897,804	0.0990	0.0990	7,217,962	0.0990	0.0990
		Road & Bridge	6,639,122	0.4644	0.4644	6,897,804	0.4644	0.4644	7,217,962	0.4644	0.4644
		Special Road and Bridge	6,639,122	0.3500	0.3500	6,897,804	0.3500	0.3500	7,217,962	0.3500	0.3500
	Yellow Creek Township of Linn Co	General Revenue	5,790,908	0.0993	0.0993	5,876,664	0.0993	0.0993	6,210,165	0.0993	0.0993
		Road & Bridge	5,790,908	0.3476	0.3476	5,876,664	0.3476	0.3476	6,210,165	0.3476	0.3476
		Special Road and Bridge	5,790,908	0.3478	0.3478	5,876,664	0.3478	0.3478	6,210,165	0.3478	0.3478
	Laclede Community Fire Prot Dist	General Revenue	8,221,851	0.2399	0.2399	8,385,151	0.2399	0.2399	8,638,571	0.2399	0.2399
	Linneus Fire Protection District	General Revenue	6,144,941	0.2948	0.2948	6,283,127	0.2948	0.2948	6,455,868	0.2948	0.2948
	Linn Co R-I School District	Operating Funds-Schools	13,727,829	4.3374	3.5674	14,418,107	4.3061	3.7177	14,472,109	4.2962	3.6029
	Bucklin R-II School District	Operating Funds-Schools	8,891,307	4.4000	4.4000 B	8,854,388	4.4000	4.4000	9,460,027	4.4000	4.4000
	Meadville R-IV School District	Operating Funds-Schools	11,808,675	4.8911	3.8100	12,393,456	4.8461	3.8100	12,882,845	4.8356	3.8400
		Debt Service	11,808,675	1.2450	0.9600	12,393,456	1.1982	1.0200	12,882,845	1.0225	1.0200
	Marceline R-V School District	Operating Funds-Schools	30,121,910	4.2574	3.4478	30,722,932	4.1628	3.4478	31,954,025	4.1179	3.8229
		Debt Service	30,121,910	0.9075	0.7525	30,722,932	0.8323	0.7525	31,954,025	0.3047	0.3047
	Brookfield R-III School District	Operating Funds-Schools	52,367,725	3.4531	3.0124	52,585,451	3.4267	3.0092	53,018,969	3.4377	3.4377
		Debt Service	52,367,725	1.1527	0.3900	52,585,451	1.1976	0.3900	53,018,969	1.1945	0.3900
	Linn County	General Revenue	120,882,028	0.3575	0.0725	122,995,249	0.3575	0.0725	125,325,355	0.3575	0.0725
		Health	120,882,028	0.2384	0.2000	122,995,249	0.2384	0.2000	125,325,355	0.2384	0.2000
		Senate Bill 40	120,882,028	0.1986	0.1986	122,995,249	0.1986	0.1986	125,325,355	0.1986	0.1986
Livingston	Livingston County Ambulance Dist	General Revenue	137,029,095	0.2964	0.1700	145,572,694	0.2957	0.1500	148,777,281	0.2983	0.1500
	Livingston County Nursing Home Dist	General Revenue	137,029,095	0.1500	0.1500	145,572,694	0.1497	0.1497	148,777,281	0.1500	0.1500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Livingston	City of Chillicothe	General Revenue	78,003,731	0.6359	0.6359	84,068,918	0.6300	0.6300	85,463,058	0.6369	0.6369
		Parks & Recreation	78,003,731	0.1788	0.1788	84,068,918	0.1771	0.1771	85,463,058	0.1790	0.1790
		Temp Gen Indus Imp	78,003,731	0.2782	0.0000	84,068,918	0.2756	0.0000	85,463,058	0.2786	0.0000
	City of Chula	General Revenue	735,649	1.2003	1.2003	1,069,154	0.8936	0.8936	808,884	1.0000	1.0000
	Village of Ludlow	General Revenue	609,629	0.8871	0.8871	641,049	0.8871	0.8871	631,523	0.9005	0.9005
	Village of Mooresville	General Revenue	518,281	0.5300	0.5300	541,940	0.5299	0.5299	542,628	0.5300	0.5300
	City of Wheeling	General Revenue	902,879	0.6820	0.6820	968,939	0.6778	0.6778	953,807	0.7256	0.7256
	Livingston County Memorial Library	General Revenue	137,029,095	0.2656	0.2656	145,572,694	0.2650	0.2650	148,777,281	0.2673	0.2673
	Blue Mound Township Livingston Co	General Revenue	4,523,584	0.1000	0.1000	4,820,155	0.1000	0.1000	5,119,075	0.1000	0.1000
		Road & Bridge	4,523,584	0.4684	0.4684	4,820,155	0.4684	0.4684	5,119,075	0.4684	0.4684
		Special Road and Bridge	4,523,584	0.3300	0.3300	4,820,155	0.3300	0.3300	5,119,075	0.3300	0.3300
	Chillicothe Township, Livingston Co	General Revenue	90,620,191	0.0981	0.0981	97,063,007	0.0976	0.0976	98,836,909	0.0985	0.0985
		Road & Bridge	90,620,191	0.2696	0.2696	97,063,007	0.2683	0.2683	98,836,909	0.2709	0.2709
	Cream Ridge Township, Livingston Co	General Revenue	5,133,397	0.1000	0.1000	5,417,824	0.0989	0.0989	5,377,508	0.1000	0.1000
		Road & Bridge	5,133,397	0.4088	0.4088	5,417,824	0.4042	0.4042	5,377,508	0.4214	0.4214
		Special Road and Bridge	5,133,397	0.2500	0.2500	5,417,824	0.2472	0.2472	5,377,508	0.2472	0.2472 A
	Grand River Township, Livingston Co	General Revenue	3,118,298	0.0943	0.0943	3,330,245	0.0941	0.0941	3,437,187	0.0948	0.0948
		Road & Bridge	3,118,298	0.3874	0.3874	3,330,245	0.3864	0.3864	3,437,187	0.3894	0.3894
		Special Road and Bridge	3,118,298	0.3500	0.3500	3,330,245	0.3500	0.3500 A	3,437,187	0.3500	0.3500
	Green Township of Livingston Co	General Revenue	3,388,024	0.1000	0.1000	3,388,436	0.1000	0.1000	3,354,898	0.1000	0.1000
		Road & Bridge	3,388,024	0.5000	0.5000	3,388,436	0.5000	0.5000	3,354,898	0.5000	0.5000
	Jackson Township of Livingston Co	General Revenue	5,968,319	0.1000	0.1000	6,000,301	0.1000	0.1000	6,231,976	0.1000	0.1000
		Road & Bridge	5,968,319	0.2950	0.2950	6,000,301	0.2957	0.2957	6,231,976	0.2957	0.2957
		Special Road and Bridge	5,968,319	0.3400	0.3400	6,000,301	0.3400	0.3400	6,231,976	0.3400	0.3400
	Medicine Township of Livingston Co	General Revenue	1,607,270	0.1000	0.1000	1,663,006	0.1000	0.1000	1,725,576	0.1000	0.1000
		Road & Bridge	1,607,270	0.4160	0.4160	1,663,006	0.4160	0.4160	1,725,576	0.4160	0.4160
		Special Road and Bridge	1,607,270	0.3000	0.3000	1,663,006	0.3000	0.3000	1,725,576	0.3000	0.3000
	Monroe Township of Livingston Co	General Revenue	3,234,195	0.1000	0.1000	3,465,505	0.0974	0.0974	3,546,388	0.0992	0.0992
		Road & Bridge	3,234,195	0.4668	0.4668	3,465,505	0.4549	0.4549	3,546,388	0.4632	0.4632
		Special Road and Bridge	3,234,195	0.3500	0.3500	3,465,505	0.3500	0.3500 A	3,546,388	0.3500	0.3500
	Mooresville Township Livingston Co	General Revenue	2,682,436	0.1000	0.1000	2,795,655	0.1000	0.1000	2,816,902	0.1000	0.1000
		Road & Bridge	2,682,436	0.5000	0.5000	2,795,655	0.5000	0.5000	2,816,902	0.5000	0.5000
		Special Road and Bridge	2,682,436	0.3500	0.3500	2,795,655	0.3500	0.3500 A	2,816,902	0.3500	0.3500
	Rich Hill Township of Livingston Co	General Revenue	5,805,171	0.1000	0.1000	6,178,707	0.0979	0.0979	6,492,108	0.0987	0.0987
		Road & Bridge	5,805,171	0.4422	0.4422	6,178,707	0.4328	0.4328	6,492,108	0.4362	0.4362
		Special Road and Bridge	5,805,171	0.3400	0.3400 A	6,178,707	0.3328	0.3328	6,492,108	0.3354	0.3354
	Sampsel Township of Livingston Co	General Revenue	3,486,694	0.1000	0.1000	3,667,527	0.1000	0.1000	3,775,295	0.1000	0.1000
		Road & Bridge	3,486,694	0.4522	0.4522	3,667,527	0.4522	0.4522	3,775,295	0.4522	0.4522

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Livingston	Sampsel Township of Livingston Co	Special Road and Bridge	3,486,694	0.2500	0.2500	3,667,527	0.2500	0.2500	3,775,295	0.2500	0.2500 A
		General Revenue	3,255,078	0.1000	0.1000	3,355,970	0.1000	0.1000	3,416,539	0.1000	0.1000
	Wheeling Township of Livingston Co	Road & Bridge	3,255,078	0.4947	0.4947	3,355,970	0.4947	0.4947	3,416,539	0.5000	0.5000
		Special Road and Bridge	3,255,078	0.3500	0.3500	3,355,970	0.3500	0.3500 A	3,416,539	0.3500	0.3500
		General Revenue	4,206,438	0.1000	0.1000	4,427,356	0.1000	0.1000	4,646,919	0.1000	0.1000
		Road & Bridge	4,206,438	0.4209	0.4209	4,427,356	0.4209	0.4209	4,646,919	0.4209	0.4209
	Fairview Township of Livingston Co	Special Road and Bridge	4,206,438	0.3500	0.3500	4,427,356	0.3500	0.3500 A	4,646,919	0.3500	0.3500
		General Revenue	3,388,024	0.3000	0.3000	3,388,436	0.3000	0.3000	3,354,898	0.3000	0.3000
		General Revenue	2,682,436	0.3000	0.3000	2,795,655	0.2979	0.2979	2,816,902	0.3000	0.3000
	Green Township Fire District	General Revenue	137,029,095	0.2453	0.2453	145,572,694	0.2447	0.2447	148,777,281	0.2468	0.2468
	Mooreville Township Fire Prot Dist	General Revenue	8,952,480	4.4700	4.4700	9,356,030	4.4700	4.4700	9,369,306	4.4700	4.4700
	Livingston County Health Center	General Revenue	5,196,672	5.1068	4.3925	5,630,470	4.8748	4.2176	5,631,388	5.1015	4.4401
	Southwest Livingston Co R-I Sch Dis	Operating Funds-Schools	109,246,672	3.4889	3.2949	116,843,815	3.4550	3.4550	120,077,707	3.4975	3.2969
	Livingston Co R-III School Dist	Operating Funds-Schools	109,246,672	0.1183	0.0000	116,843,815	0.1178	0.0000	120,077,707	0.1189	0.0000
	Chillicothe R-II School District	Operating Funds-Schools	109,246,672	0.9434	0.4500	116,843,815	0.8961	0.2919	120,077,707	0.8931	0.4500
	Livingston County	Capital Projects	137,029,095	0.3270	0.0000	145,572,694	0.3262	0.0000	148,777,281	0.3291	0.0000
		Debt Service	137,029,095	0.1000	0.1000	145,572,694	0.0998	0.0998	148,777,281	0.1000	0.1000
		General Revenue	9,465,976	0.2267	0.2267	9,903,044	0.2267	0.2267	9,975,050	0.2267	0.2700 D
Mc Donald	City of Anderson	General Revenue-Temp	9,465,976	0.3500	0.3500	9,903,044	0.3500	0.3500	9,975,050	0.3500	0.3500
		General Revenue	5,901,931	0.5589	0.5589	6,598,301	0.5589	0.5589	7,298,584	0.5792	0.5792
	City of Goodman	General Revenue	1,506,481	0.5588	0.5588	1,499,791	0.5613	0.5613	1,500,765	0.5671	0.5671
	City of Lanagan	General Revenue	4,002,228	0.4632	0.4632	4,645,407	0.4452	0.4452	5,313,032	0.4452	0.4452
	City of Pineville	General Revenue	13,036,453	0.6180	0.6180	13,807,774	0.6180	0.6180	12,892,568	0.6500	0.6500
		Debt Service	13,036,453	0.1863	0.1863	13,807,774	0.2406	0.2406	12,892,568	0.2211	0.2211
	McDonald County Library	General Revenue	185,822,718	0.0984	0.0984	199,603,858	0.0984	0.0984	212,796,471	0.0987	0.0987
	Goodman Area Fire Protection Dist	General Revenue	**	**	**	**	**	**	22,078,972	0.3000	0.1500 A
	McDonald Co R-I School District	Operating Funds-Schools	146,649,207	2.8335	2.7500	161,642,372	2.7500	2.7500	170,597,213	2.7996	2.7500
		Debt Service	146,649,207	0.2819	0.2500	161,642,372	0.3153	0.2500	170,597,213	0.7466	0.6700
Macon	McDonald County	Road & Bridge	185,822,718	0.2189	0.0000	199,603,858	0.2189	0.0000	212,796,187	0.2196	0.0000
	Macon County Ambulance District	General Revenue	144,793,354	0.1500	0.1500	153,913,086	0.1500	0.1500	157,616,062	0.1500	0.1500
		General Revenue	144,793,354	0.2000	0.2000	153,913,086	0.2000	0.2000	157,616,062	0.2000	0.2000
	La Plata Nursing Home District	General Revenue	30,921,557	0.1500	0.1500	31,321,951	0.1500	0.1500	34,185,368	0.1500	0.1497
	Macon County Nursing Home District	Maintenance	116,669,136	0.1500	0.1500	124,175,450	0.1500	0.1500	126,315,319	0.1500	0.1500
	Hudson Spec Rd Dist Macon Co	Road & Bridge	62,696,909	0.2922	0.2922	64,752,240	0.2922	0.2922	66,227,530	0.2922	0.2922
		Special Road and Bridge	62,696,909	0.2000	0.2000	64,752,240	0.2000	0.2000 A	66,227,530	0.2000	0.2000
	La Plata Spec Rd Dist Macon Co	Road & Bridge	11,004,314	0.3113	0.3113	11,831,854	0.3123	0.3123	12,480,582	0.3123	0.3123
		Special Road District	11,004,314	0.3500	0.3500 A	11,831,854	0.3500	0.3500	12,480,582	0.3500	0.3500
	City of Atlanta	General Revenue	1,484,406	1.4058	1.4058	1,594,514	1.0000	1.0000	1,620,302	1.0000	1.0000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Macon	City of Bevier	General Revenue	2,688,431	0.7863	0.7863	2,863,449	0.7863	0.7863	2,902,079	0.7863	0.7863
		Lights	2,688,431	0.2793	0.2793	2,863,449	0.2793	0.2793	2,902,079	0.2793	0.2793
	City of Callao	General Revenue	962,238	1.0000	1.0000	1,009,276	0.9999	0.9999	1,064,508	0.9999	0.9999
		Debt Service	962,238	1.8140	1.8140	1,009,276	1.2714	1.2714	1,064,508	1.6339	1.6339
	City of Elmer	General Revenue	310,245	1.0000	1.0000	340,164	1.0000	1.0000	356,430	1.0000	1.0000
	City of Ethel	General Revenue	325,384	0.8498	0.8498	325,189	0.8500	0.8500	335,989	0.8500	0.8500
	City of La Plata	General Revenue	7,299,169	0.8294	0.8294	7,608,933	0.8364	0.8364	8,029,864	0.8364	0.8364
		Parks & Recreation	7,299,169	0.1899	0.1899	7,608,933	0.1915	0.1915	8,029,864	0.1915	0.1915
		Library	7,299,169	0.1899	0.1899	7,608,933	0.1915	0.1915	8,029,864	0.1915	0.1915
	City of Macon	General Revenue	49,307,728	0.6083	0.6083	49,809,380	0.6083	0.6083	50,889,186	0.6083	0.6083
		Library	49,307,728	0.2433	0.2433	49,809,380	0.2433	0.2433	50,889,186	0.2433	0.2433
	City of New Cambria	General Revenue	857,960	0.9747	0.9747	884,805	0.9747	0.9747	905,809	0.9747	0.9747
	Village of South Gifford	General Revenue	77,350	0.5000	0.5000	74,953	0.5000	0.5000	88,913	0.5000	0.5000
	LaPlata Community Fire Prot Dist	General Revenue	**	**	**	**	**	**	24,154,435	0.4500	0.4500 A
	Atlanta C-3 School District	Operating Funds-Schools	10,446,317	4.3289	3.6128	11,008,623	4.2833	3.5679	11,335,492	4.1902	3.4749
	Bevier C-4 School District	Operating Funds-Schools	8,727,346	4.3146	3.2736	9,512,239	4.2709	3.2614	10,013,722	4.1511	3.1988
	La Plata R-II School District	Operating Funds-Schools	17,330,738	3.6048	3.6048	18,526,450	3.5737	3.5663	19,920,612	3.5575	3.5575
		Debt Service	17,330,738	2.5568	1.2300	18,526,450	2.5904	1.2300	19,920,612	2.5587	1.2300
	Macon Co R-I School District	Operating Funds-Schools	76,888,253	3.6106	3.3000	78,306,231	3.5933	3.4300	80,427,129	3.5073	3.4300
	Callao C-8 School District	Operating Funds-Schools	4,962,009	5.6000	4.2400	4,632,736	5.6000	4.4803	4,838,921	5.6000	4.4803
	Macon Co R-IV School District	Operating Funds-Schools	8,676,114	4.8109	4.0962	10,900,365	4.7741	4.1981	10,146,567	4.8500	4.1766
	Macon County	General Revenue	144,793,354	0.4329	0.2154	153,913,086	0.4329	0.2142	157,616,062	0.4329	0.1978
		Common Road District	71,092,134	0.3276	0.3276	77,328,993	0.3276	0.3276	78,907,943	0.3276	0.3276
		Special Road and Bridge	71,092,134	0.3500	0.3500	77,328,993	0.3500	0.3500	78,907,943	0.3500	0.3500
		Health	144,793,354	0.1500	0.1500	153,913,086	0.1500	0.1500	157,616,062	0.1500	0.1500
		Developmentally Disabled	144,793,354	0.1000	0.1000	153,913,086	0.1000	0.1000	157,616,062	0.1000	0.1000
Madison	Village of Cobalt City	General Revenue	768,310	0.1975	0.1975	821,180	0.1918	0.1918	906,220	0.1918	0.1918
	City of Fredericktown	General Revenue	28,007,575	0.6749	0.6749	29,720,303	0.6749	0.6749	31,828,745	0.6855	0.6855
		Parks & Recreation	28,007,575	0.1170	0.1170	29,720,303	0.1170	0.1170	31,828,745	0.1188	0.1188
	Village of Junction City	General Revenue	1,708,720	0.2278	0.2278	1,814,620	0.2278	0.2278	2,001,880	0.2290	0.2290
	City of Marquand	General Revenue	956,611	0.8679	0.8679	987,228	0.8679	0.8679	1,093,319	0.8592	0.8592
	Marquand-Zion R-VI School District	Operating Funds-Schools	8,720,290	3.4516	3.4516	9,356,690	3.4601	3.4600	9,725,199	3.4351	3.4300
		Debt Service	8,720,290	0.9377	0.6500	9,356,690	0.7523	0.4600	9,725,199	0.5247	0.3200
	Fredericktown R-I School District	Operating Funds-Schools	77,297,787	3.1492	3.1492	82,393,428	3.1415	3.1415	86,492,764	3.1255	3.1255
	Madison County	General Revenue	96,904,604	0.3711	0.1583	102,459,833	0.3708	0.1704	108,785,343	0.3749	0.1347
		Library	96,904,604	0.0918	0.0918	102,459,833	0.0917	0.0917	108,785,343	0.0927	0.0927
		Road & Bridge	96,904,604	0.2664	0.2664	102,459,833	0.2662	0.2662	108,785,343	0.2691	0.2662
		Health	96,904,604	0.0918	0.0918	102,459,833	0.0917	0.0917	108,785,343	0.0927	0.0927

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Madison	Madison County	Hospital	96,904,604	0.1808	0.1808	102,459,833	0.1806	0.1806	108,785,343	0.1826	0.1826
		Senate Bill 40	96,904,604	0.1808	0.1808	102,459,833	0.1806	0.1806	108,785,343	0.1826	0.1826
Maries	Maries-Osage Ambulance District	General Revenue	61,611,260	0.1926	0.1926	72,056,028	0.1783	0.1783	74,420,854	0.1783	0.1771
	Ozark Central Ambulance District	General Revenue	55,490,358	0.2708	0.2708	64,453,596	0.2534	0.2534	65,695,589	0.2534	0.2534
	Belle Special Road Dist No. 6	Road & Bridge	9,064,900	0.2471	0.2400	10,405,937	0.2273	0.2273	10,513,420	0.2286	0.2286
	Spec Rd Dist No 8, Maries County	Road & Bridge	5,939,959	0.2215	0.2215	6,505,185	0.2120	0.2120	6,634,013	0.2165	0.2165
	City of Vienna	General Revenue	5,897,819	0.5825	0.5825	6,443,058	0.5590	0.5590	6,272,749	0.5988	0.5988
	City of Belle	General Revenue	9,134,813	0.7506	0.7447	10,500,815	0.6896	0.6896	10,617,725	0.6928	0.6928
		Parks & Recreation	9,134,813	0.1632	0.1619	10,500,815	0.1499	0.1499	10,617,725	0.1506	0.1506
	Maries County Library	General Revenue	87,645,744	0.1613	0.1613	100,041,361	0.1511	0.1511	102,707,827	0.1513	0.1513
	Maries Co R-I School District	Operating Funds-Schools	34,906,803	3.3398	3.1000	38,792,960	3.1963	3.1963	39,572,022	3.2415	3.2179
		Debt Service	**	**	**	**	**	**	39,572,022	0.7088	0.4000
	Maries Co R-II School District	Operating Funds-Schools	42,227,978	3.4185	3.1000	50,501,918	3.0923	3.0923	51,333,768	3.0992	3.0992
	Maries County	General Revenue	87,645,744	0.4739	0.3300	100,041,361	0.4440	0.3200	102,707,827	0.4447	0.3250
		Road #1	39,878,932	0.2729	0.2729	43,863,614	0.2631	0.2631	45,340,732	0.2631	0.2631
		Road #2	34,262,536	0.2336	0.2336	40,984,737	0.2133	0.2133	41,957,571	0.2133	0.2133
		General Revenue	304,309,959	0.2322	0.2322	314,217,578	0.2322	0.2322	319,557,244	0.2350	0.2350
Marion	Marion County Ambulance District	Pension	304,309,959	0.0499	0.0499	314,217,578	0.0499	0.0499	319,557,244	0.0500	0.0500
		General Revenue	295,590,910	0.1491	0.1491	304,678,146	0.1491	0.1491	313,012,263	0.1491	0.1491
	Marion Co Nursing Home District	General Revenue	166,561,149	0.7357	0.7357	170,968,868	0.7357	0.7357	170,841,617	0.7533	0.7533
		Library	166,561,149	0.2879	0.2879	170,968,868	0.2879	0.2879	170,841,617	0.2948	0.2948
	City of Hannibal	Police & Fire	166,561,149	0.1293	0.1293	170,968,868	0.1293	0.1293	170,841,617	0.1324	0.1324
		General Revenue	29,630,118	0.6295	0.6295	32,217,522	0.6216	0.6216	32,929,878	0.6242	0.6242
	Marion Co R-II School District	Operating Funds-Schools	9,948,220	4.2861	3.5700	10,473,090	4.2953	3.6100	10,916,480	4.3002	3.7000
		Debt Service	9,948,220	0.3106	0.3100	10,473,090	0.2912	0.2900	10,916,480	0.2061	0.2000
	Palmyra R-I School District	Operating Funds-Schools	99,043,300	3.0000	3.0000 B	103,413,300	3.0000	3.0000	107,559,780	2.9908	2.9908
		Debt Service	99,043,300	0.9406	0.5800	103,413,300	0.8148	0.5800	107,559,780	0.5986	0.5800
	Hannibal 60 School District	Operating Funds-Schools	223,043,071	3.3862	2.8012	223,894,080	3.4997	2.8012	224,219,030	3.5664	2.9012
		Debt Service	223,043,071	0.7830	0.4600	223,894,080	0.7899	0.4600	224,219,030	0.5924	0.4600
	Marion County	General Revenue	295,590,910	0.4431	0.0600	304,678,146	0.4431	0.0900	313,012,263	0.4431	0.1153
		Road & Bridge	295,590,910	0.3323	0.3136	304,678,146	0.3323	0.3323	313,012,263	0.3323	0.3323
		Health	295,590,910	0.1491	0.1491	304,678,146	0.1491	0.1491	313,012,263	0.1491	0.1491
		Senate Bill 40	295,590,910	0.1391	0.1391	304,678,146	0.1391	0.1391	313,012,263	0.1391	0.1391
Mercer	Mercer County Ambulance District	General Revenue	51,504,750	0.3300	0.3300	53,083,287	0.3300	0.3300	54,152,946	0.3300	0.3300
	City of Mercer	General Revenue	1,520,270	0.7527	0.7527	1,541,066	0.7563	0.7563	1,555,823	0.7572	0.7572
		Streets	1,520,270	0.4194	0.4194	1,541,066	0.4214	0.4214	1,555,823	0.4219	0.4219
	City of Princeton	General Revenue	7,769,622	0.8666	0.8666	7,487,579	0.9014	0.9014	7,497,173	0.9039	0.9039
		Band	7,769,622	0.1000	0.1000	7,487,579	0.1000	0.1000	7,497,173	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Mercer	Village of South Lineville	General Revenue	284,335	0.3841	0.3841	269,446	0.4053	0.4053	276,255	0.4054	0.4054
	Mercer County Library	General Revenue	51,504,750	0.2000	0.2000	53,083,287	0.2000	0.2000	54,152,946	0.2000	0.2000
	Harrison Township of Mercer Co	General Revenue	2,459,771	0.1000	0.1000	2,579,195	0.1000	0.1000	2,605,598	0.1000	0.1000
		Road & Bridge	2,459,771	0.5000	0.5000	2,579,195	0.5000	0.5000	2,605,598	0.5000	0.5000
		Special Road and Bridge	2,459,771	0.3500	0.3500	2,579,195	0.3500	0.3500	2,605,598	0.3500	0.3500
	Lindley Township of Mercer Co	General Revenue	2,166,931	0.1000	0.1000	2,209,904	0.1000	0.1000	2,292,881	0.1000	0.1000
		Road & Bridge	2,166,931	0.5000	0.5000	2,209,904	0.5000	0.5000	2,292,881	0.5000	0.5000
		Special Road and Bridge	2,166,931	0.3500	0.3500	2,209,904	0.3500	0.3500	2,292,881	0.3500	0.3500
	Madison Township of Mercer Co	General Revenue	2,277,488	0.1000	0.1000	2,319,423	0.1000	0.1000	2,383,713	0.1000	0.1000
		Road & Bridge	2,277,488	0.5000	0.5000	2,319,423	0.5000	0.5000	2,383,713	0.5000	0.5000
		Special Road and Bridge	2,277,488	0.3500	0.3500	2,319,423	0.3500	0.3500	2,383,713	0.3500	0.3500
	Marion Township of Mercer Co	General Revenue	6,728,870	0.1000	0.1000	6,855,478	0.1000	0.1000	7,195,366	0.1000	0.1000
		Road & Bridge	6,728,870	0.4270	0.4270	6,855,478	0.4305	0.4305	7,195,366	0.4305	0.4305
		Special Road and Bridge	6,728,870	0.3500	0.3500	6,855,478	0.3500	0.3500	7,195,366	0.3500	0.3500
	Medicine Township of Mercer Co	General Revenue	2,742,511	0.1000	0.1000	2,838,360	0.1000	0.1000	2,989,725	0.1000	0.1000
		Road & Bridge	2,742,511	0.5000	0.5000	2,838,360	0.5000	0.5000	2,989,725	0.5000	0.5000
		Special Road and Bridge	2,742,511	0.3500	0.3500	2,838,360	0.3500	0.3500	2,989,725	0.3500	0.3500
	Morgan Township of Mercer Co	General Revenue	17,551,886	0.1000	0.1000	17,647,861	0.1000	0.1000	18,496,371	0.1000	0.1000
		Road & Bridge	17,551,886	0.3500	0.3500	17,647,861	0.3500	0.3500	18,496,371	0.3500	0.3500
	Ravanna Township of Mercer Co	General Revenue	7,478,291	0.1000	0.1000	8,125,104	0.1000	0.1000	7,839,002	0.1000	0.1000
		Road & Bridge	7,478,291	0.5000	0.5000	8,125,104	0.5000	0.5000	7,839,002	0.5000	0.5000
		Special Road and Bridge	7,478,291	0.3500	0.3500	8,125,104	0.3500	0.3500	7,839,002	0.3500	0.3500
	Somerset Township of Mercer Co	General Revenue	5,338,874	0.1000	0.1000	5,806,727	0.1000	0.1000	5,429,956	0.1000	0.1000
		Road & Bridge	5,338,874	0.5000	0.5000	5,806,727	0.5000	0.5000	5,429,956	0.5000	0.5000
		Special Road and Bridge	5,338,874	0.3500	0.3500	5,806,727	0.3500	0.3500	5,429,956	0.3500	0.3500
	Washington Township of Mercer Co	General Revenue	4,760,128	0.1000	0.1000	4,701,235	0.1000	0.1000	4,920,334	0.1000	0.1000
		Road & Bridge	4,760,128	0.4926	0.4926	4,701,235	0.5000	0.5000	4,920,334	0.5000	0.5000
		Special Road and Bridge	4,760,128	0.3500	0.3500	4,701,235	0.3500	0.3500	4,920,334	0.3500	0.3500
	Mercer County Fire Protection Dist	General Revenue	29,828,290	0.3000	0.3000	29,996,157	0.3000	0.3000	31,356,032	0.3000	0.3000
	Mercer Fire Protection District	General Revenue	13,427,440	0.3000	0.3000	14,123,084	0.3000	0.3000	14,016,251	0.3000	0.3000
	North Mercer Co R-III School Dist	Operating Funds-Schools	11,764,877	5.2500	4.6322	12,540,199	5.2500	4.6500	12,323,824	5.2500	4.6500
		Debt Service	11,764,877	0.6582	0.5300	12,540,199	0.9114	0.5300	12,323,824	0.7576	0.5300
	Princeton R-V School District	Operating Funds-Schools	30,244,920	4.5790	4.4590	31,274,357	4.5826	4.3600	32,232,569	4.5793	4.4158
		Debt Service	**	**	**	**	**	**	32,232,569	1.2846	0.6900
	Mercer County	General Revenue	51,504,750	0.4000	0.2400	53,083,287	0.4000	0.2400	54,152,936	0.4000	0.2400
		Road & Bridge	51,504,750	0.1500	0.0000	53,083,287	0.1500	0.0000	54,152,936	0.1500	0.0000
		Health	51,504,750	0.3000	0.3000	53,083,287	0.3000	0.3000	54,152,936	0.3000	0.3000
Miller	Miller County Ambulance District	General Revenue	413,808,971	0.0805	0.0805	208,996,595	0.1500	0.0000	217,959,999	0.1500	0.0000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Miller	Miller County Ambulance District	General Revenue - Temp.	399,520,751	0.0771	0.0771	**	**	**	**	**	**
	Miller County Nursing Home District	General Revenue	278,056,606	0.1183	0.1183	302,356,467	0.1160	0.1160	316,392,187	0.1160	0.1160
		Debt Service	278,056,606	0.0865	0.0600	302,356,467	0.0904	0.0600	316,392,187	0.0692	0.0692
	Bagnell Spec Rd Dist Miller Co	Road & Bridge	69,664,260	0.1948	0.1948	79,178,929	0.1841	0.1841	83,315,602	0.1841	0.1841
	Eldon Special Road Dist Miller Co	Road & Bridge	74,360,366	0.2112	0.2112	78,964,641	0.2088	0.2088	**	**	**
	Kaiser Special Road Dist Miller Co	Road & Bridge	50,585,051	0.1866	0.1866	56,627,995	0.1788	0.1788	60,383,718	0.1788	0.1788
	City of Bagnell	General Revenue	482,706	0.5000	0.5000	474,201	0.5000	0.5000	465,350	0.5000	0.5000
	Village of Brumley	General Revenue	406,011	0.3856	0.3856	368,701	0.4247	0.4247	398,554	0.4132	0.4132
	City of Iberia	General Revenue	4,472,830	0.4683	0.1683	4,409,362	0.4783	0.1783	4,523,469	0.4783	0.1783
	Village of Olean	General Revenue	488,104	0.3267	0.3267	552,087	0.3081	0.3081	547,753	0.3121	0.3121
	Village of St Elizabeth	General Revenue	2,848,343	0.2360	0.2360	3,033,366	0.2360	0.2360	3,211,859	0.2360	0.2360
	Village of Tuscumbia	General Revenue	1,178,819	0.3074	0.3074	1,203,643	0.3080	0.3080	1,155,748	0.3222	0.3222
	City of Lake Ozark	General Revenue	50,726,281	0.2554	0.2554	55,083,969	0.2524	0.2524	57,869,189	0.2524	0.2524
	Miller County Library	General Revenue	278,056,606	0.1301	0.1301	302,356,467	0.1275	0.1275	316,392,187	0.1275	0.1275
	Lake Ozark Fire Protection District	General Revenue	290,025,633	0.2973	0.2973	323,587,321	0.2880	0.2880	337,665,461	0.6000	0.6000
		Ambulance	290,025,633	0.2996	0.2996	323,587,321	0.2902	0.2902	337,665,461	0.2902	0.2902
		Debt Service	290,025,633	0.0778	0.0778	323,587,321	0.0640	0.0640	337,665,461	0.0693	0.0693
	Brumley Fire Protection District	General Revenue	15,331,899	0.3000	0.3000	16,193,988	0.3000	0.3000	17,160,747	0.3000	0.3000
	Tuscumbia Fire Protection District	General Revenue	8,336,937	0.3000	0.3000	8,816,516	0.3000	0.3000	9,046,754	0.3000	0.3000
	Moreau Fire Protection Dist #2	General Revenue	79,972,784	0.2802	0.2802	90,208,009	0.2670	0.2670	92,528,799	0.2670	0.2670
	St. Elizabeth Fire Protection Dist	General Revenue	9,028,713	0.3000	0.3000	9,554,071	0.3000	0.3000	10,122,645	0.3000	0.3000
	Iberia Fire Protection District	General Revenue	24,155,525	0.2998	0.2998	25,307,596	0.2998	0.2998	26,705,881	0.2998	0.2998
	Eldon R-I School District	Operating Funds-Schools	128,332,311	2.9143	2.7500	147,315,015	3.0500	3.0500	150,412,739	3.0503	3.0500
		Debt Service	128,332,311	0.5430	0.5100	147,315,015	0.6483	0.5100	150,412,739	0.5334	0.5100
	Miller Co R-III School District	Operating Funds-Schools	8,423,420	3.7202	3.0300	8,748,687	3.8497	3.8100	9,162,058	3.8469	3.2100
		Debt Service	8,423,420	0.8097	0.1800	8,748,687	1.4921	0.1800	9,162,058	1.0369	0.0000
	St. Elizabeth R-IV School District	Operating Funds-Schools	10,413,135	3.7500	3.2000	11,220,826	3.7225	3.3000	11,882,994	3.7500	3.4300
		Debt Service	10,413,135	0.7169	0.1800	11,220,826	0.7999	0.1800	11,882,994	1.0192	0.0000
	School of the Osage R-II Sch Dist	Operating Funds-Schools	348,239,839	2.6703	2.3500	395,309,381	2.5668	2.3500	417,127,664	2.5638	2.3500
		Debt Service	348,239,839	0.2427	0.2200	395,309,381	0.2232	0.2200	417,127,664	0.6487	0.3200
	Iberia R-V School District	Operating Funds-Schools	24,918,441	3.4423	3.0200	26,316,986	3.6528	3.4300	27,920,717	3.6827	3.0200
	Miller County	General Revenue	278,056,606	0.2690	0.0341	302,356,467	0.2637	0.0192	316,392,187	0.2637	0.0355
		Road & Bridge	83,343,961	0.2513	0.2513	87,584,904	0.2513	0.2513	172,663,449	0.2513	0.2513
		Health	278,056,606	0.1500	0.1500	302,356,467	0.1471	0.1471	316,392,187	0.1471	0.1471
		Developmentally Disabled	278,056,606	0.0861	0.0861	302,356,467	0.0844	0.0844	316,392,187	0.0844	0.0844
		Senior Services	278,056,606	0.0500	0.0500	302,356,467	0.0490	0.0490	316,392,187	0.0490	0.0490
Mississippi	Mississippi County Ambulance Dist	General Revenue	114,198,779	0.3000	0.3000	114,370,343	0.3000	0.3000	126,459,982	0.2990	0.2990
	City of Anniston	General Revenue	614,423	0.6899	0.6899	668,451	0.6563	0.6563	758,411	0.6001	0.6001

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Mississippi	City of Bertrand	General Revenue	2,831,123	0.5794	0.5794	3,135,255	0.5428	0.5428	3,165,813	0.5448	0.5448
	City of Charleston	General Revenue	24,517,655	0.7986	0.7000	26,806,077	0.7796	0.7000	28,209,438	0.7796	0.7000
		Parks & Recreation	24,517,655	0.2000	0.1800	26,806,077	0.1952	0.1800	28,209,438	0.1952	0.1800
	City of East Prairie	General Revenue	13,163,290	0.7791	0.7791	14,714,450	0.7563	0.7563	14,914,560	0.7563	0.7563
	Village of Wilson City	General Revenue	165,293	0.4342	0.4342	173,358	0.4286	0.4286	164,879	0.4506	0.4506
	City of Wyatt	General Revenue	1,507,732	0.7393	0.7393	1,694,074	0.7196	0.7196	1,662,267	0.7334	0.7334
	Mississippi County Library	General Revenue	114,198,779	0.2053	0.2053	114,370,343	0.2054	0.2054	126,459,982	0.2047	0.2047
	Mississippi (Scott) Fire Prot Dist	General Revenue	49,516,570	0.3000	0.1600	50,059,006	0.3000	0.1500	55,414,587	0.2999	0.1300
	Mississippi County Senate Bill 40	General Revenue	114,198,779	0.1232	0.1232	114,370,343	0.1232	0.1232	126,459,982	0.1228	0.1228
	East Prairie R-II School District	Operating Funds-Schools	42,126,615	2.9415	2.7500	45,469,885	2.9027	2.7500	47,612,993	2.9018	2.7500
		Debt Service	42,126,615	0.4478	0.3500	45,469,885	0.4815	0.3500	47,612,993	0.7972	0.3500
	Charleston R-I School District	Operating Funds-Schools	59,735,630	2.7805	2.7500	63,312,280	2.7706	2.7500	66,903,290	2.7762	2.7500
	Mississippi County	General Revenue	114,198,779	0.4721	0.2963	114,370,343	0.4723	0.3002	126,459,982	0.4707	0.3105
		Johnson Grass	114,198,779	0.0500	0.0500	114,370,343	0.0500	0.0500	126,459,982	0.0498	0.0498
		Road & Bridge	114,198,779	0.3500	0.3500	114,370,343	0.3500	0.3500	126,459,982	0.3488	0.3488
		Health	114,198,779	0.1000	0.1000	114,370,343	0.1000	0.1000	126,459,982	0.0997	0.0997
	Mid Mo Ambulance District	General Revenue	370,077,844	0.1841	0.1838	421,733,320	0.1704	0.1704	429,917,884	0.1706	0.1500
	City of California	General Revenue	38,461,778	0.3832	0.3832	40,596,556	0.3781	0.3781	41,144,815	0.3781	0.3781
		Parks & Recreation	38,461,778	0.1512	0.1512	40,596,556	0.1492	0.1492	41,144,815	0.1492	0.1492
	City of Clarksburg	General Revenue	1,294,420	0.9791	0.9791	1,357,012	0.9791	0.9791	1,345,298	0.9877	0.9877
Moniteau	City of Jamestown	General Revenue	2,430,234	0.8845	0.8845	2,614,489	0.8761	0.8761	2,721,734	0.8761	0.8761
	City of Lupus	General Revenue	197,778	0.9490	0.8300	209,591	0.9493	0.8300	220,541	0.9494	0.8300
	City of Tipton	General Revenue	22,526,657	0.6598	0.5000	21,463,813	0.6934	0.5500	22,236,854	0.6934	0.5500
		Debt Service	22,526,657	0.4458	0.4458	21,463,813	0.5149	0.5149	22,236,854	0.4951	0.4951
	Moniteau Co Library Subdistrict Two	General Revenue	42,891,708	0.1200	0.1200	42,436,661	0.1200	0.1200	42,865,189	0.1200	0.1200
	Moniteau Co Lib Subdist-California	General Revenue	38,461,778	0.1000	0.1000 ^A	40,596,556	0.0987	0.0987	41,144,815	0.0987	0.0987
	California Rural Fire Prot Dist	General Revenue	35,740,929	0.2000	0.2000	38,210,634	0.2000	0.2000	38,495,605	0.2000	0.2000
	Fortuna Fire Protection District	General Revenue	25,320,911	0.2947	0.2947	27,814,286	0.2883	0.2883	29,295,878	0.2883	0.2883
	Tipton Rural Fire Protection Dist	Fire	11,284,952	0.2491	0.2491	11,302,402	0.2500	0.2500	11,357,659	0.2500	0.2500
	Jamestown Rural Fire Prot Dist	General Revenue	13,278,131	0.2932	0.2932	13,945,589	0.2932	0.3000 ^D	14,559,351	0.2932	0.2932
	Moniteau Co R-I School District	Operating Funds-Schools	65,962,802	2.7500	2.7500	69,801,688	3.0000	3.0000 ^B	70,176,022	3.0193	3.0000
		Debt Service	65,962,802	1.4392	0.8200	69,801,688	1.2252	0.8200	70,176,022	0.9655	0.8200
	High Point R-III School District	Operating Funds-Schools	7,089,950	3.5565	3.5565	7,639,730	3.5241	3.5241	8,062,812	3.5537	3.5530
	Moniteau Co R-V School District	Operating Funds-Schools	6,067,639	3.2985	2.8796	6,523,379	3.2917	3.2796	6,626,356	3.3451	3.3451
	Moniteau Co R-VI School District	Operating Funds-Schools	37,790,541	2.9893	2.9877	38,629,182	2.9684	2.9682	39,289,140	2.9626	2.9626
		Debt Service	37,790,541	1.3426	0.8861	38,629,182	2.0812	0.8861	39,289,140	2.0993	0.8861
	Moniteau Co C-I School District	Operating Funds-Schools	10,903,481	3.9294	3.9294	11,948,751	3.8107	3.8107	12,412,871	3.8792	3.8792
		Debt Service	10,903,481	1.2103	0.7706	11,948,751	0.9416	0.8893	12,412,871	0.9429	0.8208

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Moniteau	Clarksburg C-2 School District	Operating Funds-Schools	5,059,006	3.4839	3.3400	5,465,628	3.4380	3.4380	5,573,288	3.4689	3.4380
	Moniteau County	General Revenue	146,301,044	0.3410	0.1819	151,252,907	0.3410	0.1816	154,079,378	0.3410	0.1810
		Common Road District	146,301,044	0.2507	0.2507	151,252,907	0.2507	0.2507	154,079,378	0.2507	0.2507
		Health	146,301,044	0.2407	0.1500	151,252,907	0.2407	0.1500	154,079,378	0.2407	0.1500
		Developmentally Disabled	146,301,044	0.1200	0.1200	151,252,907	0.1200	0.1000	154,079,378	0.1200	0.1000
Monroe	Monroe County Ambulance District	General Revenue	60,881,066	0.4200	0.4200	65,305,041	0.4200	0.4200	68,214,525	0.4200	0.4200
	Monroe City Ambulance District	General Revenue	71,092,596	0.2657	0.2657	74,992,250	0.2657	0.2657	78,695,554	0.2657	0.2657
	Monroe County Nursing Home District	General Revenue	71,146,763	0.1500	0.1500	76,312,682	0.1500	0.1500	80,411,181	0.1500	0.1500
	Madison Special Road Dist Monroe Co	Special Road and Bridge	7,596,585	0.3500	0.3500 A	8,012,625	0.3487	0.3487	8,806,157	0.3487	0.3487
	Monroe City Spec Rd Dist Monroe Co	Special Road and Bridge	26,468,168	0.3500	0.3500	27,703,847	0.3500	0.3500	28,893,713	0.3500	0.3500
	Village of Holliday	General Revenue	738,039	0.3756	0.2900	788,363	0.3648	0.3648	807,489	0.3648	0.3648
	City of Madison	General Revenue	2,742,143	0.6804	0.6800	2,986,221	0.6720	0.6720	3,116,932	0.6720	0.6720
	City of Paris	General Revenue	7,783,575	0.3359	0.3300	8,425,899	0.3315	0.3315	8,568,305	0.3315	0.3315
		Streets	7,783,575	0.1200	0.1200	8,425,899	0.1184	0.1184	8,568,305	0.1184	0.1184
		Fire	7,783,575	0.1400	0.1400	8,425,899	0.1382	0.1382	8,568,305	0.1382	0.1382
		Cemetery	7,783,575	0.2625	0.2600	8,425,899	0.2591	0.2591	8,568,305	0.2591	0.2591
	Village of Stoutsville	General Revenue	360,368	0.1819	0.1819	385,213	0.1763	0.1763	433,039	0.1763	0.1763
	City of Monroe City	General Revenue	27,403,456	0.6039	0.5900	28,368,261	0.6039	0.5900	29,272,810	0.6039	0.5900
		Library	27,403,456	0.2115	0.2000	28,368,261	0.2115	0.2000	29,272,810	0.2115	0.2000
	Monroe County Library	General Revenue	75,370,658	0.1626	0.1626	80,819,872	0.1626	0.1626	85,051,232	0.1626	0.1626
		Debt Service	75,370,658	0.1105	0.1105	80,819,872	0.1391	0.1391	85,051,232	0.0025	0.0000
	Paris Rural Fire Protection Dist	General Revenue	19,815,937	0.2500	0.2500	21,498,746	0.2500	0.2500	22,521,967	0.2500	0.2500
	Madison-West Monroe Fire Prot Dist	General Revenue	20,696,852	0.3000	0.3000	22,345,066	0.2997	0.2997	22,946,527	0.3000	0.3000
	Middle Grove C-1 School District	Operating Funds-Schools	3,205,805	5.9159	5.7500 B	3,371,210	5.9159	5.7500	3,443,282	5.8340	5.6000
	Monroe City R-I School District	Operating Funds-Schools	60,157,138	4.0964	4.0964	63,626,386	4.0837	4.0837	66,202,008	4.0843	4.0843
	Holliday C-2 School District	Operating Funds-Schools	5,846,137	3.6265	3.6265	6,218,200	3.6237	3.6237	6,540,623	3.6500	3.6500
	Madison C-3 School District	Operating Funds-Schools	9,985,700	3.5278	3.5278	10,756,739	3.5280	3.5280	11,311,402	3.4462	3.4456
		Debt Service	9,985,700	0.7701	0.7701	10,756,739	1.3369	0.9542	11,311,402	0.9492	0.9492
	Paris R-II School District	Operating Funds-Schools	30,292,412	3.5260	3.1000	32,796,875	3.5402	3.5400	34,068,502	3.5398	3.2000
		Debt Service	30,292,412	0.6825	0.4900	32,796,875	0.5604	0.4900	34,068,502	0.5081	0.4900
	Monroe County	General Revenue	95,884,616	0.3836	0.3000	102,271,337	0.3836	0.3000	107,319,208	0.3836	0.2500
		Road & Bridge	95,884,616	0.2799	0.2799	102,271,337	0.2799	0.2799	107,319,208	0.2799	0.2799
		Health	95,884,616	0.1000	0.0900	102,271,337	0.1000	0.0900	107,319,208	0.1000	0.1000
		Senate Bill 40	95,884,616	0.1000	0.0900	102,271,337	0.1000	0.0900	107,319,208	0.1000	0.1000
Montgomery	Montgomery County Ambulance Dist	General Revenue	130,401,381	0.2566	0.2566	141,007,855	0.2517	0.2517	145,851,251	0.2516	0.2516
	Rhineland Bottom SRD Montgomery C	Special Road and Bridge	6,248,355	0.2500	0.2500	6,828,729	0.2423	0.2423	6,736,344	0.2500	0.2499
	Wellsville Road Dist Montgomery Co	Special Road and Bridge	16,252,525	0.2000	0.2000	17,357,746	0.1977	0.1977	17,986,946	0.2000	0.1977 A
	City of Bellflower	General Revenue	1,726,040	0.8374	0.8374	1,903,830	0.8166	0.8166	1,915,131	0.8282	0.8273

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Montgomery	City of High Hill	General Revenue	2,526,895	0.4717	0.3700	2,804,268	0.4639	0.3700	2,914,817	0.4639	0.3700
	City of Jonesburg	General Revenue	7,634,486	0.5255	0.5255	8,435,816	0.5032	0.5032	9,078,324	0.5017	0.5017
		Debt Service	7,634,486	0.3976	0.3976	8,435,816	0.3192	0.3192	9,078,324	0.2180	0.2180
		General Revenue	408,303	0.5999	0.5999	459,293	0.6062	0.6062	444,023	0.6363	0.6363
	City of Middletown	General Revenue	1,276,535	0.8258	0.7867	1,366,875	0.8085	0.7867	1,445,635	0.8085	0.7867
	City of Montgomery	General Revenue	26,952,627	0.5522	0.4600	30,329,694	0.5330	0.4600	31,421,105	0.5338	0.4670
		Library	26,952,627	0.4000	0.4000	30,329,694	0.3861	0.3861	31,421,105	0.3867	0.3867
	City of New Florence	General Revenue	5,041,863	0.7701	0.7664	5,570,198	0.7432	0.7432	5,923,811	0.7432	0.7432
	Village of Rhineland	General Revenue	1,983,262	0.9101	0.7700	2,229,388	0.8621	0.7500	2,235,386	0.8922	0.7500
	City of Wellsville	General Revenue	7,302,285	0.7487	0.7487	7,966,808	0.7251	0.7251	8,123,690	0.7251	0.7251
		Library	7,302,285	0.2052	0.2052	7,966,808	0.1987	0.1987	8,123,690	0.1987	0.1987
	Bellflower Volunteer Fire Prot Dist	General Revenue	11,366,365	0.2816	0.2500	12,239,892	0.2790	0.2500	12,172,892	0.2856	0.2500
	Jonesburg-High Hill Fire Prot Dist	General Revenue	31,964,771	0.2794	0.2500	35,046,155	0.2719	0.2500	36,989,406	0.2717	0.2500
	New Florence Fire Protection Dist	General Revenue	16,979,959	0.3000	0.3000	17,193,121	0.3000	0.3000	18,899,404	0.3000	0.3000
	Montgomery Volunteer Fire Prot Dist	General Revenue	52,227,634	0.2652	0.2652	57,381,678	0.2599	0.2599	59,024,953	0.2598	0.2598
	Wellsville-Middletown R-I Sch Dist	Operating Funds-Schools	22,777,657	3.4079	3.4079	24,717,882	3.3349	3.3349	24,827,524	3.2654	3.2654
		Debt Service	22,777,657	0.6075	0.4600	24,717,882	1.0150	0.4600	24,827,524	0.5157	0.4600
	Montgomery Co R-II School District	Operating Funds-Schools	86,222,883	3.4577	3.4577	95,074,120	3.3464	3.3464	99,201,106	3.3145	3.3145
	Montgomery County	General Revenue	149,805,164	0.3954	0.2701	162,339,286	0.3884	0.2619	168,178,700	0.3883	0.2454
		Johnson Grass	149,805,164	0.0500	0.0000	162,339,286	0.0491	0.0000	168,178,700	0.0491	0.0000
		Road & Bridge	149,805,164	0.2915	0.2915	162,339,286	0.2863	0.2863	168,178,700	0.2862	0.2862
		Special Road and Bridge	127,303,975	0.3000	0.3000	138,172,502	0.2946	0.2946	143,119,094	0.2945	0.2945
		Health	149,805,164	0.1500	0.1400	162,339,286	0.1473	0.1300	168,178,700	0.1473	0.1300
		Senate Bill 40	149,805,164	0.1000	0.1000	162,339,286	0.0982	0.0982	168,178,700	0.0982	0.0982
		General Revenue	69,565,508	0.2045	0.2045	82,919,975	0.1804	0.1804	84,671,430	0.1804	0.1804
Morgan	Golden Age Nursing Home Health #1	General Revenue	460,823,979	0.1602	0.1602	546,350,083	0.1466	0.1466	559,988,369	0.1468	0.1468
	Good Shepherd Care Center	General Revenue	8,906,590	0.2980	0.2980	9,942,169	0.2799	0.2799	9,949,024	0.2803	0.2803
	Barnett Spec Road Dist #3 Morgan Co	Road & Bridge	123,232,215	0.1447	0.1444	153,217,781	0.1249	0.1249	155,228,040	0.1260	0.1260
	Gravois Spec Rd Dist #8 Morgan Co	Road & Bridge	123,232,215	0.1000	0.1000	153,217,781	0.1000	0.1000	155,228,040	0.1000	0.1000
		Special Road and Bridge	43,154,594	0.2232	0.2232	47,632,254	0.2126	0.2126	47,477,612	0.2156	0.2156
	Versailles Sp Rd Dist 4 Morgan Co	Road & Bridge	1,030,653	0.5872	0.5872	1,185,343	0.5300	0.5300	1,153,807	0.5445	0.5445
	City of Barnett	General Revenue	1,030,653	0.3784	0.3784	1,185,343	0.3415	0.3415	1,153,807	0.3508	0.3508
		Water	6,704,714	0.5203	0.5203	7,444,557	0.5009	0.5009	7,555,735	0.5023	0.5023
	City of Stover	General Revenue	1,485,515	0.7464	0.7464	1,643,559	0.6982	0.6982	1,676,574	0.7023	0.7023
	City of Syracuse	General Revenue	25,012,900	0.5713	0.5700	27,537,132	0.5456	0.5456	26,854,515	0.5639	0.5639
	City of Versailles	General Revenue	330,909,419	0.0827	0.0827	400,873,985	0.0727	0.0727	408,737,874	0.0730	0.0730
	Morgan County Library District	General Revenue	67,647,865	0.2547	0.2547	85,407,163	0.4000	0.4000	88,760,349	0.4000	0.4000
	Rocky Mount Fire Protection Dist	General Revenue	29,644,276	0.4740	0.4740	33,085,367	0.4467	0.4467	34,167,390	0.4467	0.4467
	Versailles Fire Protection Dist #4	General Revenue									

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Morgan	Gravois Fire Protection District	General Revenue	154,247,317	0.2608	0.2608	187,079,745	0.2319	0.2319	190,980,887	0.3919	0.3919
		Debt Service	**	**	**	**	**	**	190,980,887	0.5145	0.2600
	Stover Rural Fire Protection Dist 6	General Revenue	26,852,294	0.2471	0.2471	31,227,856	0.2471	0.2471	31,801,470	0.2486	0.2486
	Morgan Co R-I School District	Operating Funds-Schools	55,794,049	2.7500	2.7500	67,670,735	2.7500	2.7500	69,703,604	2.7500	2.7500
		Debt Service	55,794,049	0.7060	0.3800	67,670,735	0.5120	0.3800	69,703,604	0.4006	0.3800
	Morgan Co R-II School District	Operating Funds-Schools	173,293,730	2.7500	2.7500	209,879,983	2.7500	2.7500	212,443,641	2.7500	2.7500
	Morgan County	General Revenue	330,909,419	0.2296	0.1017	400,873,985	0.2019	0.0850	408,737,874	0.2027	0.0867
		Johnson Grass	330,909,419	0.0459	0.0000	400,873,985	0.0404	0.0000	408,737,874	0.0406	0.0000
		Road & Bridge	155,396,865	0.1764	0.1764	189,878,326	0.1535	0.1535	206,796,369	0.1535	0.1535
		Health	330,909,419	0.0827	0.0827	400,873,985	0.0727	0.0727	408,737,874	0.0730	0.0730
		Senate Bill 40	330,909,419	0.0459	0.0459	400,873,985	0.0404	0.0404	408,737,874	0.0406	0.0406
		Senior Services	330,909,419	0.0459	0.0459	400,873,985	0.0404	0.0404	408,737,874	0.0406	0.0406
		General Revenue	377,656,341	0.1500	0.1300	381,602,870	0.1500	0.1500	391,858,411	0.1500	0.1500
		General Revenue	652,877	1.0000	0.7522	982,426	1.0000	0.7522	1,047,187	0.9999	0.9999
		General Revenue	715,552	0.4832	0.4444	715,891	0.4846	0.4444	721,038	0.4910	0.4444
		Additional Gen.	715,552	0.2454	0.2391	715,891	0.2461	0.2391	721,038	0.2494	0.2391
	City of Gideon	General Revenue	4,864,430	0.6060	0.6060	4,913,957	0.6060	0.6060	5,051,400	0.6060	0.6060
		Parks & Recreation	4,864,430	0.1541	0.1541	4,913,957	0.1541	0.1541	5,051,400	0.1541	0.1541
New Madrid	City of Howardville	General Revenue	1,001,187	1.0000	1.0000	1,061,779	1.0000	1.0000	1,230,134	1.0000	1.0000
	City of Lilbourn	General Revenue	6,530,813	0.6050	0.6050	6,682,451	0.6050	0.6050	6,901,076	0.6050	0.6050
		Parks & Recreation	6,530,813	0.1743	0.1743	6,682,451	0.1743	0.1743	6,901,076	0.1743	0.1743
		Library	6,530,813	0.1743	0.1743	6,682,451	0.1743	0.1743	6,901,076	0.1743	0.1743
		Health	6,530,813	0.1743	0.1743	6,682,451	0.1743	0.1743	6,901,076	0.1743	0.1743
		Debt Service	6,530,813	0.2294	0.2294	6,682,451	0.2179	0.2179	6,901,076	0.4114	0.2179
		General Revenue	4,599,527	0.5336	0.5336	4,708,666	0.5336	0.5336	4,641,801	0.5443	0.5443
	City of Matthews	General Revenue	6,805,008	0.5207	0.5207	7,613,932	0.5207	0.5207	7,870,871	0.5207	0.5207
	City of Morehouse	General Revenue	5,143,334	0.5576	0.5576	5,234,909	0.5576	0.5576	5,328,849	0.5576	0.5576
	City of New Madrid	General Revenue	21,592,069	0.5820	0.5800	22,587,703	0.5820	0.5800	24,132,652	0.5820	0.5800
		Additional Gen. Rev.	21,592,069	0.2107	0.2100	22,587,703	0.2107	0.2100	24,132,652	0.2107	0.2100
	Village of North Lilbourn	General Revenue	135,291	0.5000	0.5000	128,950	0.5000	0.5000	130,073	0.5000	0.5000
	City of Parma	General Revenue	3,861,172	0.6329	0.6300	3,942,935	0.6329	0.6329	3,997,995	0.6329	0.6329
	City of Portageville	General Revenue	28,061,774	0.5458	0.5427	27,096,295	0.5705	0.5705	27,725,517	0.5705	0.5705
		Parks & Recreation	28,061,774	0.1236	0.1229	27,096,295	0.1292	0.1292	27,725,517	0.1292	0.1292
		Health	28,061,774	0.1441	0.1433	27,096,295	0.1506	0.1506	27,725,517	0.1506	0.1506
	City of Risco	General Revenue	2,056,348	0.6994	0.6994	2,069,675	0.6998	0.6998	2,119,686	0.6998	0.6998
	Village of Tallapoosa	General Revenue	388,487	0.8426	0.8426	389,917	0.8465	0.8426	437,399	0.8437	0.8437
	New Madrid County Library	General Revenue	354,245,247	0.1102	0.1100	358,027,587	0.1102	0.1102	366,094,792	0.1102	0.1102
	Risco R-II School District	Operating Funds-Schools	8,649,981	4.6029	4.5800	8,804,775	4.5467	4.5467	8,911,984	4.5661	4.5661

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
New Madrid	Portageville School District	Operating Funds-Schools	41,168,758	3.2185	3.2185	40,424,890	3.3017	3.2500	41,724,067	3.2956	3.2883
		Operating Funds-Temp	41,168,758	0.5000	0.0315 A	40,424,890	0.5000	0.0000	41,724,067	0.5000	0.0000
		Debt Service	41,168,758	0.3196	0.2500	40,424,890	0.2500	0.2500	41,724,067	0.2117	0.2117
	Gideon 37 School District	Operating Funds-Schools	11,814,636	3.6170	3.0700	12,214,667	3.6379	3.4300	12,479,373	3.6687	3.4300
	New Madrid Co R-I School District	Operating Funds-Schools	261,804,834	2.7500	2.7000	263,979,545	2.7500	2.7500	267,986,592	2.7500	2.7500
		Debt Service	261,804,834	0.2555	0.1100	263,979,545	0.3129	0.1800	267,986,592	0.2407	0.2400
	New Madrid County	General Revenue	377,656,341	0.3228	0.1337	381,602,870	0.3228	0.1345	391,858,411	0.3228	0.1350
		Johnson Grass	377,656,341	0.0303	0.0100	381,602,870	0.0303	0.0100	391,858,411	0.0303	0.0100
		Road & Bridge	377,656,341	0.2422	0.2422	381,602,870	0.2422	0.2422	391,858,411	0.2422	0.2422
		Health	377,656,341	0.0908	0.0900	381,602,870	0.0908	0.0900	391,858,411	0.0908	0.0900
		Senate Bill 40	377,656,341	0.0200	0.0200	381,602,870	0.0200	0.0200	391,858,411	0.0200	0.0200
Newton	Newton County Ambulance District	General Revenue	469,599,529	0.1900	0.1890	500,423,678	0.1900	0.1900	521,608,449	0.1900	0.1900
	Lost Creek Watershed Sub District	General Revenue	23,323,540	0.3173	0.1500	24,451,450	0.3173	0.1500	25,102,270	0.3173	0.1500
	Diamond Special Road Dist Newton Co	Road & Bridge	24,438,939	0.3250	0.3250	25,984,910	0.3250	0.3250	26,933,956	0.3250	0.3250
		Special Road and Bridge	24,438,939	0.1700	0.1700 A	25,984,910	0.1700	0.1700	26,933,956	0.1700	0.1700
	Fairview Special Rd Dist Newton Co	Road & Bridge	8,417,674	0.2126	0.2126	8,751,602	0.2126	0.2126	9,090,778	0.2126	0.2126
		Special Road and Bridge	8,417,674	0.1540	0.1540 A	8,751,602	0.1540	0.1540	9,090,778	0.1540	0.1540
	Midway Special Rd Dist Newton Co	Road & Bridge	9,345,059	0.2002	0.2002	10,243,723	0.2002	0.2002	10,716,264	0.2002	0.2002
		Special Road and Bridge	9,345,059	0.1647	0.1647 A	10,243,723	0.1647	0.1647	10,716,264	0.1647	0.1647
	Neosho Special Rd Dist Newton Co	Road & Bridge	141,971,230	0.1900	0.1900	149,981,400	0.1900	0.1900	156,139,602	0.1900	0.1900
		Special Road and Bridge	141,971,230	0.1500	0.1500 A	149,981,400	0.1500	0.1500	156,139,602	0.1500	0.1500
	Seneca Special Rd Dist Newton Co	Road & Bridge	46,784,701	0.2008	0.2008	49,893,598	0.2008	0.2008	51,306,482	0.2008	0.2008
		Special Road and Bridge	46,784,701	0.1498	0.1498 A	49,893,598	0.1498	0.1498	51,306,482	0.1498	0.1498
	Stella Special Road Dist Newton Co	Road & Bridge	5,612,936	0.2370	0.2370	5,913,327	0.2370	0.2370	6,055,294	0.2370	0.2370
		Special Road and Bridge	5,612,936	0.1352	0.1352 A	5,913,327	0.1352	0.1352	6,055,294	0.1352	0.1352
	City of Diamond	General Revenue	4,957,721	0.2576	0.2490	3,882,870	0.3340	0.3340	4,247,384	0.3340	0.3340
	City of Fairview	General Revenue	1,695,152	0.3558	0.3558	1,760,178	0.3558	0.3558	1,778,501	0.3578	0.3578
		Streets	1,695,152	0.3114	0.3114	1,760,178	0.3114	0.3114	1,778,501	0.3131	0.3131
	City of Granby	General Revenue	7,875,060	0.3450	0.3450	8,097,156	0.3450	0.3450	8,298,393	0.3469	0.3469
		Cemetery	7,875,060	0.0800	0.0800 A	8,097,156	0.0800	0.0800	8,298,393	0.0800	0.0800
	Village of Leawood	General Revenue	6,855,240	0.2230	0.2230	7,114,075	0.2230	0.2230	7,122,291	0.2235	0.2235
	Village of Newtonia	General Revenue	894,278	0.1976	0.1976	918,980	0.1988	0.1988	943,876	0.2016	0.2016
	Village of Ritchey	General Revenue	345,768	0.5324	0.5324	356,517	0.5325	0.5325	357,723	0.5360	0.5360
	Village of Saginaw	General Revenue	3,312,503	0.2495	0.2000	3,387,413	0.2495	0.2000	3,318,949	0.2586	0.2000
	City of Seneca	General Revenue	14,140,157	0.4300	0.4300	15,186,893	0.4300	0.4300	14,956,919	0.4397	0.4300
		Parks & Recreation	14,140,157	0.0500	0.0500	15,186,893	0.0500	0.0500	14,956,919	0.0500	0.0500
	Village of Shoal Creek Drive	General Revenue	2,424,149	0.2063	0.2063	2,632,380	0.2027	0.2027	2,624,238	0.2033	0.2033
	Village of Silver Creek	General Revenue	7,062,600	0.1614	0.1500	7,325,902	0.1614	0.1500	7,679,434	0.1614	0.1500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Newton	Village of Stella	General Revenue	1,100,785	0.8000	0.8000	1,184,006	0.8000	0.8000	1,152,056	0.8000	0.8000
	Village of Wentworth	General Revenue	722,383	0.2770	0.2770	756,487	0.2770	0.2770	763,899	0.2769	0.2769
	Village of Shoal Creek Estates	General Revenue	966,140	0.4991	0.4991	977,801	0.4991	0.4991	980,352	0.4991	0.4991
	Town of Loma Linda	General Revenue	8,485,310	0.5000	0.5000	9,271,460	0.4864	0.4864	10,085,180	0.4864	0.4864
		Sewer	8,485,310	0.5000	0.5000	9,271,460	0.4864	0.4864	10,085,180	0.4864	0.1515
		Public Health and Sewer	8,485,310	0.2000	0.2000	9,271,460	0.1945	0.1945	10,085,180	0.1945	0.1945
	Neosho Newton County Library	General Revenue	492,391,021	0.1000	0.0997	525,063,861	0.1000	0.0997	542,557,107	0.1000	0.0997
	Neosho Area Fire Protection Dist	General Revenue	65,420,113	0.4071	0.4071	69,978,990	0.4071	0.4071	71,952,066	0.4110	0.4110
	Redings Mill Area Fire Prot Dist	General Revenue	124,898,140	0.3595	0.3595	135,422,912	0.3595	0.3595	140,795,971	0.7095	0.7095
		Debt Service	124,898,140	0.1085	0.1085	135,422,912	0.1028	0.1028	140,795,971	0.1008	0.1008
	Diamond Area Fire Protection Dist	General Revenue	29,246,361	0.2582	0.2582	30,977,747	0.2582	0.2582	32,259,162	0.2582	0.2582
	Seneca Area Fire Protection Dist	General Revenue	28,983,265	0.2814	0.2814	30,901,970	0.2814	0.2814	32,416,575	0.2814	0.2814
	East Newton Fire Protection Dist	General Revenue	16,993,165	0.2822	0.2822	17,732,682	0.2822	0.2822	18,137,949	0.2824	0.2824
	Crowder College	General Revenue	576,511,868	0.4000	0.4000	613,602,787	0.4000	0.4000	641,906,135	0.4000	0.4000
	East Newton Co R-VI School District	Operating Funds-Schools	51,447,238	2.7500	2.7500	55,273,390	2.7500	2.7500	57,645,239	2.7500	2.7500
		Debt Service	51,447,238	0.7897	0.6250	55,273,390	1.0291	0.6250	57,645,239	0.7808	0.6250
	Diamond R-IV School District	Operating Funds-Schools	45,032,747	2.7500	2.7500	49,144,831	2.7500	2.7500	48,629,273	2.7500	2.7500
		Debt Service	45,032,747	1.6859	0.9900	49,144,831	1.5267	0.9900	48,629,273	0.9901	0.9900
	Westview C-6 School District	Operating Funds-Schools	3,933,960	2.7500	2.7500	6,137,505	2.7500	2.7500	6,513,407	2.7500	2.7500
		Debt Service	5,764,559	0.1845	0.1845	**	**	**	**	**	**
	Seneca R-VII School District	Operating Funds-Schools	60,332,835	2.7500	2.7500	65,572,631	2.7500	2.7500	68,375,974	2.7500	2.7500
	Neosho R-V School District	Operating Funds-Schools	206,073,188	2.9118	2.7500	218,606,471	2.8829	2.7500	229,944,535	2.8799	2.7500
		Debt Service	**	**	**	**	**	**	229,944,535	0.6924	0.3600
	Newton County	Common Road District	86,826,944	0.2244	0.2244	90,564,682	0.2244	0.2244	95,247,470	0.2244	0.2244
		Health	562,199,203	0.0500	0.0500	598,466,285	0.0500	0.0500	621,321,604	0.0500	0.0500
		Mental Health	562,199,203	0.0803	0.0803	598,466,285	0.0803	0.0803	621,321,604	0.0803	0.0803
		County Fair	562,199,203	0.0100	0.0100	598,466,285	0.0100	0.0100	621,321,604	0.0100	0.0100
Nodaway	Hoover Frankum Watershed Sub Dist	General Revenue	1,186,682	0.3836	0.3800	1,186,682	0.3836	0.3836	1,186,682	0.3836	0.3800
	Mozingo Creek Watershed Sub Dist	General Revenue	12,003,061	0.0000	0.0000	12,003,061	0.0000	0.0000	12,003,061	0.0000	0.0000
	102 River Tributaries Sub District	General Revenue	8,521,103	0.2333	0.1000	8,521,103	0.2333	0.1000	8,521,103	0.2333	0.1000
	City of Arkoe	General Revenue	261,120	0.9859	0.9859	250,133	1.0000	0.9859	261,399	1.0000	1.0000
	City of Barnard	General Revenue	783,402	0.7990	0.7990	838,989	0.8045	0.8045	880,856	0.8045	0.8000
		Streets	783,402	1.0000	1.0000	838,989	1.0000	1.0000 A	880,856	1.0000	1.0000
	City of Burlington Junction	General Revenue	2,371,282	0.9286	0.9286	2,412,416	0.9462	0.9462	2,359,115	0.9714	0.9714
		general revenue-temp	2,371,282	0.3500	0.3500	2,412,416	0.3500	0.3500	2,359,115	0.3500	0.3500
	City of Clearmont	General Revenue	777,652	0.7798	0.7700	835,752	0.7772	0.7700	847,888	0.7789	0.7789
	Village of Clyde	General Revenue	279,288	0.5000	0.5000	272,955	0.5000	0.5000	256,465	0.5000	0.5000
	City of Conception Junction	General Revenue	793,565	1.0000	1.0000	809,451	1.0000	1.0000	818,571	1.0000	1.0000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Nodaway	City of Elmo	General Revenue	535,820	1.0000	1.0000	546,777	1.0000	1.0000	590,522	1.0000	1.0000
		Streets	535,820	0.4500	0.4500	546,777	0.4499	0.4499	**	**	**
		General Revenue-Temp	535,820	1.0000	0.0000 A	546,777	1.0000	0.0000	590,522	1.0000	1.0000
	City of Graham	Streets	535,820	0.4500	0.0000 A	546,777	0.4499	0.0000	590,522	0.4499	0.4499
		General Revenue	737,007	0.9886	0.9886	765,412	1.0000	1.0000	786,163	0.9999	0.9999
		Streets	737,007	1.1400	1.1400	765,412	1.1400	1.1400	786,163	1.1400	1.1400 A
	Village of Guilford	Street Improvement	**	**	**	765,412	1.1400	0.0000 A	**	**	**
		General Revenue	340,849	2.0000	2.0000	354,109	1.0000	1.0000	368,141	0.9999	0.9999
		Streets	**	**	**	354,109	0.5000	0.5000 A	368,141	0.5000	0.5000
	City of Hopkins	General Revenue	2,511,600	0.3761	0.3731	2,532,913	0.3823	0.3823	2,465,694	0.3927	0.3927
		Lights	2,511,600	0.1979	0.1963	2,532,913	0.2011	0.2011	2,465,694	0.2066	0.2066
		Streets	2,511,600	0.1979	0.1963	2,532,913	0.2011	0.2011	2,465,694	0.2066	0.2066
		General Revenue-Temp	2,511,600	0.2000	0.2000 A	2,532,913	0.2000	0.2000	2,465,694	0.2000	0.2000
		Street Improvements	2,511,600	0.7500	0.7500	2,532,913	0.7500	0.7500	2,465,694	0.7500	0.7500 A
	City of Maryville	General Revenue	108,727,984	0.3148	0.3148	112,446,483	0.3148	0.3148	112,596,554	0.3192	0.3192
		Parks & Recreation	108,727,984	0.3148	0.3148	112,446,483	0.3148	0.3148	112,596,554	0.3192	0.3192
		Library	108,727,984	0.1422	0.1422	112,446,483	0.1422	0.1422	112,596,554	0.1442	0.1442
		Debt Service	108,727,984	0.1392	0.1392	112,446,483	0.1221	0.1221	112,596,554	0.1035	0.1035
	City of Parnell	General Revenue	453,360	1.0000	1.0000	474,093	1.0000	1.0000	455,669	1.0000	1.0000
		Parks & Recreation	**	**	**	474,093	0.4000	0.4000 A	455,669	0.4000	0.4000
		General Revenue-Temp	453,360	0.3000	0.3000	474,093	0.3000	0.3000 A	455,669	0.3000	0.3000
	Village of Pickering	General Revenue	605,885	0.8259	0.7500	614,821	0.8392	0.8392	613,179	0.8429	0.7800
		Streets Temp	605,885	1.0000	1.0000 A	614,821	1.0000	1.0000	613,179	1.0000	1.0000
	Village of Quitman	General Revenue	129,605	2.0000	1.9031	132,025	1.0000	1.0000	135,957	1.0000	1.0000
	City of Ravenwood	General Revenue	2,297,322	0.7447	0.7285	2,301,349	0.7499	0.7285	2,370,965	0.7499	0.7499
		Streets	2,297,322	0.7500	0.7500	2,301,349	0.7500	0.7500	2,370,965	0.7500	0.7500 A
	City of Skidmore	General Revenue	1,161,108	1.0000	1.0000	1,175,158	1.0000	1.0000	1,242,638	1.0000	1.0000
		Streets	1,161,108	1.0000	1.0000	1,175,158	1.0000	1.0000	1,242,638	1.0000	1.0000
		Debt Service	1,161,108	1.1545	0.0000	**	**	**	**	**	**
	Atchison Township of Nodaway Co	General Revenue	4,782,180	0.0500	0.0500	4,896,854	0.0500	0.0500	4,980,717	0.0500	0.0500
		Road & Bridge	4,782,180	0.5000	0.5000	4,896,854	0.5000	0.5000	4,980,717	0.5000	0.5000
		Special Road and Bridge	4,782,180	0.3500	0.3500	4,896,854	0.3500	0.3500 A	4,980,717	0.3500	0.3500
		Debt Service	**	**	**	4,896,854	2.1185	2.1185	4,980,717	1.4916	1.4916
	Grant Township of Nodaway Co	General Revenue	5,639,570	0.0500	0.0500	5,904,631	0.0499	0.0499	6,140,794	0.0499	0.0499
		Road & Bridge	5,639,570	0.5000	0.5000	5,904,631	0.4994	0.4994	6,140,794	0.4994	0.4994
		Special Road and Bridge	5,639,570	0.3500	0.3500	5,904,631	0.3500	0.3500 A	6,140,794	0.3500	0.3500
	Green Township of Nodaway Co	General Revenue	4,245,418	0.0500	0.0500	4,352,296	0.0500	0.0500	4,464,657	0.0500	0.0500
		Road & Bridge	4,245,418	0.5000	0.5000	4,352,296	0.5000	0.5000	4,464,657	0.5000	0.5000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Nodaway	Green Township of Nodaway Co	Special Road and Bridge	4,245,418	0.3500	0.3500	4,352,296	0.3500	0.3500 A	4,464,657	0.3500	0.3500
		Debt Service	4,245,418	1.5198	1.5198	4,352,296	0.3641	0.3641	4,464,657	1.6037	1.2500
	Hopkins Township of Nodaway Co	General Revenue	5,959,921	0.0500	0.0500	6,050,042	0.0500	0.0500	6,006,157	0.0500	0.0500
		Road & Bridge	5,959,921	0.5000	0.5000	6,050,042	0.5000	0.5000	6,006,157	0.5000	0.5000
		Special Road and Bridge	5,959,921	0.3500	0.3500	6,050,042	0.3500	0.3500 A	6,006,157	0.3500	0.3500
		General Revenue	7,130,048	0.0500	0.0500	7,373,862	0.0500	0.0500	7,722,268	0.0500	0.0500
	Hughes Township of Nodaway Co	Road & Bridge	7,130,048	0.5000	0.5000	7,373,862	0.5000	0.5000	7,722,268	0.5000	0.5000
		Special Road and Bridge	7,130,048	0.3500	0.3500	7,373,862	0.3500	0.3500 A	7,722,268	0.3500	0.3500
		Debt Service	7,130,048	0.0931	0.0931	**	**	**	7,722,268	0.8093	0.8093
		General Revenue	3,389,404	0.0500	0.0500	3,987,965	0.0465	0.0465	3,986,770	0.0467	0.0467
	Independence Township of Nodaway C	Road & Bridge	3,389,404	0.5000	0.5000	3,987,965	0.4652	0.4652	3,986,770	0.4673	0.4673
		Special Road and Bridge	3,389,404	0.3500	0.3500	3,987,965	0.3500	0.3500 A	3,986,770	0.3500	0.3500
		Debt Service	3,389,404	2.3323	2.3323	3,987,965	1.0613	1.0613	3,986,770	0.6586	0.6586
		General Revenue	9,628,935	0.0500	0.0500	10,215,744	0.0500	0.0500	10,140,045	0.0500	0.0500
	Jackson Township of Nodaway Co	Road & Bridge	9,628,935	0.5000	0.5000	10,215,744	0.5000	0.5000	10,140,045	0.5000	0.5000
		Special Road and Bridge	9,628,935	0.3500	0.3500	10,215,744	0.3500	0.3500	10,140,045	0.3500	0.3500
		Debt Service	9,628,935	0.8558	0.8558	10,215,744	0.4482	0.4482	10,140,045	0.5872	0.5872
		General Revenue	5,741,904	0.0500	0.0500	5,717,475	0.0500	0.0500	5,892,451	0.0500	0.0500
	Jefferson Township of Nodaway Co	Road & Bridge	5,741,904	0.5000	0.5000	5,717,475	0.5000	0.5000	5,892,451	0.5000	0.5000
		Special Road and Bridge	5,741,904	0.3500	0.3500	5,717,475	0.3500	0.3500 A	5,892,451	0.3500	0.3500
	Lincoln Township of Nodaway Co	General Revenue	4,962,957	0.0500	0.0500	4,973,817	0.0500	0.0500	5,191,646	0.0500	0.0500
		Road & Bridge	4,962,957	0.5000	0.5000	4,973,817	0.5000	0.5000	5,191,646	0.5000	0.5000
		Special Road and Bridge	4,962,957	0.3500	0.3500	4,973,817	0.3500	0.3500	5,191,646	0.3500	0.3500
		General Revenue	4,141,468	0.0500	0.0500	4,183,338	0.0500	0.0500	4,242,288	0.0500	0.0500
	Monroe Township of Nodaway Co	Road & Bridge	4,141,468	0.4707	0.4707	4,183,338	0.4742	0.4742	4,242,288	0.4775	0.4775
		Special Road and Bridge	4,141,468	0.3500	0.3500	4,183,338	0.3500	0.3500 A	4,242,288	0.3500	0.3500
		Debt Service	4,141,468	1.6371	1.6371	4,183,338	0.5886	0.5886	4,242,288	0.9105	0.9105
		General Revenue	7,245,231	0.0498	0.0498	7,307,455	0.0500	0.0500	7,147,525	0.0500	0.0500
	Nodaway Township of Nodaway Co	Road & Bridge	7,245,231	0.4828	0.4828	7,307,455	0.4863	0.4863	7,147,525	0.4989	0.4989
		Special Road and Bridge	7,245,231	0.3500	0.3500	7,307,455	0.3500	0.3500	7,147,525	0.3500	0.3500
		Debt Service	7,245,231	1.2536	1.2536	7,307,455	0.5943	0.5943	7,147,525	0.2260	0.2260
		General Revenue	166,279,742	0.0500	0.0500	170,464,676	0.0500	0.0500	177,906,684	0.0500	0.0500
	Polk Township of Nodaway Co	Road & Bridge	166,279,742	0.2695	0.2695	170,464,676	0.2697	0.2697	177,906,684	0.2720	0.2720
		Special Road and Bridge	166,279,742	0.3500	0.3500 A	170,464,676	0.3500	0.3500	177,906,684	0.3500	0.3500
	Union Township of Nodaway Co	General Revenue	4,868,077	0.0500	0.0500	4,924,267	0.0500	0.0500	5,073,617	0.0500	0.0500
		Road & Bridge	4,868,077	0.5000	0.5000	4,924,267	0.5000	0.5000	5,073,617	0.5000	0.5000
		Special Road and Bridge	4,868,077	0.3500	0.3500	4,924,267	0.3500	0.3500	5,073,617	0.3500	0.3500
		Debt Service	4,868,077	1.0338	1.0338	4,924,267	0.6788	0.6788	5,073,617	0.1996	0.1996

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Nodaway	Washington Township of Nodaway Co	General Revenue	4,034,190	0.0500	0.0500	3,928,182	0.0500	0.0500	4,056,438	0.0500	0.0500
		Road & Bridge	4,034,190	0.5000	0.5000	3,928,182	0.5000	0.5000	4,056,438	0.5000	0.5000
		Special Road and Bridge	4,034,190	0.3500	0.3500	3,928,182	0.3500	0.3500 A	4,056,438	0.3500	0.3500
		Debt Service	**	**	**	**	**	**	4,056,438	1.3152	1.3152
	White Cloud Township of Nodaway Co	General Revenue	6,545,419	0.0452	0.0452	6,712,415	0.0460	0.0460	6,915,891	0.0463	0.0463
		Road & Bridge	6,545,419	0.4436	0.4436	6,712,415	0.4518	0.4518	6,915,891	0.4543	0.4543
		Special Road and Bridge	6,545,419	0.3160	0.3160	6,712,415	0.3218	0.3218	6,915,891	0.3236	0.3157
		Debt Service	6,545,419	1.5125	1.5125	6,712,415	0.8414	0.8414	6,915,891	0.1323	0.1323
	Barnard Fire Protection District	General Revenue	9,342,829	0.2000	0.2000	9,777,207	0.2000	0.2000	10,258,105	0.2000	0.2000
	Graham Fire Protection District	General Revenue	7,413,860	0.1000	0.1000	7,657,458	0.1000	0.1000	8,013,176	0.1000	0.1000
	Hopkins Fire Protection District	General Revenue	8,303,917	0.1311	0.1311	8,405,376	0.1324	0.1324	8,414,149	0.1326	0.1326
	Polk Fire Protection District	General Revenue	58,496,815	0.0500	0.0500	58,987,886	0.0500	0.0500	66,257,535	0.0500	0.0500
	Clearmont Fire Protection District	General Revenue	4,410,978	0.3000	0.3000	4,532,704	0.3000	0.3000	4,655,924	0.3000	0.3000
	Skidmore Fire Protection District	General Revenue	6,782,719	0.2100	0.2100	6,912,352	0.2100	0.2100	7,018,086	0.2100	0.2100
	West Nodaway Fire Protection Dist	General Revenue	11,008,950	0.2977	0.2800	11,070,803	0.3000	0.2800	11,026,283	0.3000	0.2800
	Jackson Township Fire Prot Dist	General Revenue	9,631,500	0.0000	0.0000	10,217,658	0.0000	0.0000	10,140,154	0.0000	0.0000
		Fire	9,631,500	0.3000	0.2500	10,217,658	0.3000	0.2500	10,140,154	0.3000	0.3000
	Union Township Fire Protection Dist	General Revenue	3,732,016	0.2936	0.2936	3,792,846	0.2982	0.2982	3,912,508	0.2982	0.2982
	Elmo Fire Protection District	General Revenue	3,443,044	0.3000	0.3000	3,449,890	0.3000	0.3000	3,569,299	0.3000	0.3000
	Parnell Fire Protection District	General Revenue	4,073,498	0.2779	0.2779	4,451,103	0.2779	0.2779	4,471,901	0.2784	0.2784
	Nodaway-Holt R-VII School District	Operating Funds-Schools	19,010,910	3.7500	3.7500	19,565,937	3.7500	3.7500	20,818,791	3.7500	3.7500
		Operating Funds-Temps	19,010,910	0.9000	0.9000	19,565,937	0.9000	0.9000	20,818,791	0.9000	0.9000
	West Nodaway Co R-I School District	Operating Funds-Schools	17,414,480	3.6778	3.6778	17,926,475	3.6786	3.6786	18,232,410	3.7500	3.7500
		Debt Service	17,414,480	0.8777	0.7000	17,926,475	0.8684	0.7000	18,232,410	0.7126	0.7000
	Northeast Nodaway Co R-V Sch Dist	Operating Funds-Schools	11,065,970	5.2100	5.0500 B	11,985,157	5.2100	5.2100	11,783,751	5.2100	5.2100
		Debt Service	**	**	**	11,985,157	1.6669	0.6600	11,783,751	0.7846	0.6600
	Jefferson C-123 School District	Operating Funds-Schools	5,795,700	6.2245	5.1622	5,949,482	6.2245	5.1860	6,110,327	6.2245	5.1570
	North Nodaway Co R-VI School Dist	Operating Funds-Schools	11,839,020	4.4253	4.4246	12,214,760	4.4294	4.4000	12,299,970	4.5237	4.5000
		Debt Service	11,839,020	0.5723	0.3800	12,214,760	1.1422	0.5900	12,299,970	0.7627	0.5900
	Maryville R-II School District	Operating Funds-Schools	162,478,170	3.9524	3.6645	167,597,751	3.9581	3.6481	175,025,606	4.6112	4.2481 B
		Debt Service	162,478,170	0.8199	0.4643	167,597,751	1.1148	0.4643	175,025,606	1.1960	0.5643
	South Nodaway Co R-IV School Dist	Operating Funds-Schools	8,937,460	5.5500	5.2446	9,600,600	5.5474	5.1446	10,047,487	5.5500	5.1446
		Debt Service	8,937,460	0.9780	0.6282	9,600,600	0.8262	0.7282	10,047,487	1.0721	0.7282
	Nodaway County	General Revenue	244,971,972	0.3588	0.0000	250,999,026	0.3593	0.0000	259,867,925	0.3613	0.0000
		Health	244,971,972	0.0500	0.0500	250,999,026	0.0500	0.0500	259,867,925	0.0500	0.0500
		Ambulance	244,971,972	0.1845	0.0000	250,999,026	0.1848	0.0000	259,867,925	0.1858	0.0000
		Senate Bill 40	244,971,972	0.0500	0.0500	250,999,026	0.0500	0.0500	259,867,925	0.0500	0.0500
		Senior Services	244,971,972	0.0500	0.0500	250,999,026	0.0500	0.0500	259,867,925	0.0500	0.0500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Oregon	Oregon County Ambulance District	General Revenue	70,250,636	0.1404	0.1404	72,764,660	0.1406	0.1406	76,264,883	0.1406	0.1406
	Thayer Spec Rd Dist Oregon Co	Road & Bridge	26,751,522	0.2107	0.2107	27,686,797	0.2108	0.2108	29,127,358	0.2108	0.2108
	City of Alton	General Revenue	3,979,863	0.5200	0.5200	4,135,960	0.5202	0.5202	4,402,043	0.5202	0.5202
	City of Koshkonong	General Revenue	628,573	0.8227	0.8227	659,199	0.8227	0.8227	690,316	0.8226	0.8226
	City of Thayer	General Revenue	12,527,421	0.4466	0.4466	12,759,796	0.4467	0.4467	13,671,318	0.4467	0.4467
	Oregon County Library District	General Revenue	70,250,636	0.1906	0.1906	72,764,660	0.1909	0.1909	76,264,883	0.1909	0.1909
	Couch R-I School District	Operating Funds-Schools	7,821,082	2.7500	2.7500	8,403,358	2.7500	2.7500	8,532,218	2.7500	2.7500
		Debt Service	7,821,082	0.8766	0.6100	8,403,358	0.9968	0.6100	8,532,218	0.8499	0.6800
	Thayer R-II School District	Operating Funds-Schools	22,821,111	2.7500	2.7500	23,618,989	2.7500	2.7500	24,726,058	2.7500	2.7500
		Debt Service	22,821,111	1.8281	0.9200	23,618,989	1.7860	0.9200	24,726,058	1.1620	0.9200
	Oregon-Howell R-III School District	Operating Funds-Schools	9,837,458	2.7500	2.7500	10,122,253	2.7500	2.7500	10,719,048	2.7500	2.7500
		Debt Service	9,837,458	0.7590	0.7590	10,122,253	1.0497	0.8184	10,719,048	1.0575	0.7900
	Alton R-IV School District	Operating Funds-Schools	25,506,458	2.7500	2.7500	26,655,076	2.7500	2.7500	28,291,105	2.7500	2.7500
	Oregon County	General Revenue	70,250,636	0.3411	0.0600	72,764,660	0.3416	0.0600	76,264,883	0.3416	0.0600
		Common Road District	43,499,114	0.2619	0.2500	45,064,807	0.2624	0.2500	47,114,769	0.2624	0.2500
		Health	70,250,636	0.1000	0.1000	72,764,660	0.1000	0.1000	76,264,883	0.1000	0.1000
		Senate Bill 40	70,250,636	0.1000	0.1000	72,764,660	0.1000	0.1000	76,264,883	0.1000	0.1000
		Senior Services	70,250,636	0.0500	0.0500	72,764,660	0.0500	0.0500	76,264,883	0.0500	0.0500
Osage	Osage Ambulance District	General Revenue	101,075,641	0.3000	0.2900	109,121,533	0.2990	0.2900	112,778,409	0.2990	0.1400
	Chamois Spec Rd Dist Osage Co	Road & Bridge	4,821,859	0.3402	0.3402	4,860,770	0.3406	0.3406	5,014,835	0.3411	0.3411
	Linn City Spec Rd Dist Osage Co	Road & Bridge	13,998,619	0.2426	0.2426	14,725,125	0.2426	0.2426	15,029,588	0.2426	0.2426
	Starke Spec Rd Dist Osage Co	Road & Bridge	821,803	0.3363	0.2500	784,752	0.3500	0.3000	801,122	0.3500	0.2500
	Westphalia Spec Rd Dist Osage Co	Road & Bridge	3,409,413	0.2280	0.2280	3,667,992	0.2237	0.2237	3,805,357	0.2250	0.2237
		Special Road and Bridge	3,409,413	0.1800	0.1800	3,667,992	0.1766	0.1766	3,805,357	0.1777	0.1777
	Village of Argyle	General Revenue	1,043,664	0.3439	0.0290	1,022,715	0.3856	0.2900	1,140,864	0.3688	0.2900
	City of Chamois	General Revenue	2,597,612	0.5976	0.5976	2,703,748	0.5976	0.5976	2,782,446	0.5976	0.5976
	City of Linn	General Revenue	13,929,185	0.5156	0.5156	14,651,159	0.5156	0.5156	14,897,654	0.5164	0.5164
		Parks & Recreation	13,929,185	0.0500	0.0500	14,651,159	0.0500	0.0500	14,897,654	0.0500	0.0500
		Debt Service	13,929,185	0.2424	0.2424	14,651,159	0.9274	0.9274	14,897,654	0.7061	0.7061
		General Revenue	3,050,048	0.4981	0.4300	3,225,608	0.4880	0.4300	3,775,079	0.4906	0.4300
	Osage County Library	General Revenue	150,042,125	0.1708	0.1708	162,331,410	0.1702	0.1702	167,959,193	0.1702	0.1702
	Chamois Fire Protection District	General Revenue	9,919,613	0.2941	0.2941	10,403,262	0.2941	0.2941	10,871,079	0.2941	0.2941
	Meta Fire & Rescue Fire Prot Dist	General Revenue	10,069,778	0.3000	0.2800	10,592,547	0.2992	0.2800	11,361,698	0.2943	0.2800
	Linn Fire Protection District	General Revenue	63,982,319	0.2770	0.2770	70,012,695	0.2742	0.2742	71,969,750	0.2743	0.2700
	Osage Co R-I School District	Operating Funds-Schools	11,091,431	4.3757	3.6309	11,917,868	4.4011	4.4011	12,291,088	4.3929	4.3511
	Osage Co R-II School District	Operating Funds-Schools	44,604,385	2.8474	2.8474	49,344,129	2.7500	2.7500	50,744,782	2.7500	2.7500
		Debt Service	44,604,385	0.9959	0.3900	49,344,129	0.9936	0.3900	50,744,782	0.9034	0.3900
	Osage Co R-III School District	Operating Funds-Schools	43,358,000	2.7500	2.7500	67,958,005	2.7500	2.7500	71,425,096	2.7500	2.7500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Osage	Osage Co R-III School District	Debt Service	61,173,544	0.8738	0.4200	67,958,005	0.6124	0.4200	71,425,096	0.4054	0.4054
		General Revenue	150,042,125	0.3115	0.1574	162,331,410	0.3104	0.1583	167,959,193	0.3104	0.1641
	Osage County	Common Road District	125,494,478	0.2110	0.2110	136,574,662	0.2101	0.2101	141,560,995	0.2112	0.2101
		Developmentally Disabled	150,042,125	0.1000	0.1000	162,331,410	0.0996	0.0996	167,959,193	0.0996	0.0996
Ozark	Village of Bakersfield	General Revenue	988,097	0.2708	0.2708	971,296	0.2755	0.2755	1,091,427	0.2755	0.2755
		Health	988,097	0.1351	0.1351	971,296	0.1375	0.1375	1,091,427	0.1376	0.1376
		General Revenue	6,859,855	0.4718	0.4718	7,089,469	0.4758	0.4758	7,329,783	0.4758	0.4758
	City of Gainesville	General Revenue	2,728,046	0.3619	0.3619	2,639,397	0.3815	0.3815	2,731,333	0.3815	0.3815
	Thornfield R-I School District	Operating Funds-Schools	4,787,285	2.7500	2.7500	4,951,572	2.7500	2.7500	5,090,552	2.7500	2.7500
		Debt Service	4,787,285	0.8310	0.5397	4,951,572	0.6862	0.5397	5,090,552	0.7242	0.5397
		Operating Funds-Schools	9,175,972	3.6506	3.3006	9,532,548	3.6637	3.3137	10,089,725	3.6593	3.6593
	Bakersfield R-IV School District	Debt Service	9,175,972	0.4531	0.3500	9,532,548	0.4170	0.3500	10,089,725	0.3086	0.0000
		Operating Funds-Schools	33,815,206	2.7500	2.7500	34,880,395	2.7500	2.7500	36,480,920	2.7500	2.7500
		Debt Service	33,815,206	0.4952	0.4952	34,880,395	0.4939	0.4939	36,480,920	0.4939	0.4939
	Gainesville R-V School District	Operating Funds-Schools	10,812,596	3.3500	3.3500 B	11,381,723	3.3534	3.3534	11,933,084	3.3911	3.3500
		Operating - Temp	**	**	**	**	**	**	11,933,084	0.2300	0.0800 A
		Debt Service	10,812,596	0.2312	0.1930	11,381,723	0.2372	0.2372	11,933,084	0.2346	0.0900
	Lutie R-VI School District	Operating Funds-Schools	14,060,486	3.1671	3.1671	14,772,439	3.1828	3.1828	15,366,273	3.1835	3.1835
		Debt Service	14,060,486	0.7177	0.5200	14,772,439	0.5213	0.5213	15,366,273	0.6645	0.6165
		General Revenue	77,432,995	0.3375	0.1750	79,602,759	0.3399	0.1706	83,142,576	0.3399	0.1717
	Ozark County	Road & Bridge	77,432,995	0.2557	0.2500	79,602,759	0.2575	0.2575	83,142,576	0.2575	0.2575
		Health	77,432,995	0.1000	0.1000	79,602,759	0.1000	0.1000	83,142,576	0.1000	0.1000
		Ambulance	77,432,995	0.1329	0.1329	79,602,759	0.1339	0.1339	83,142,576	0.1339	0.1339
		General Revenue	514,906	0.5000	0.0500	501,266	0.5000	0.5000	523,788	0.5000	0.5000
		General Revenue	40,018,739	0.5542	0.5500	41,377,387	0.5547	0.5500	40,019,292	0.5793	0.5793
Pemiscot	City of Caruthersville	Sewer	40,018,739	0.1885	0.1800	41,377,387	0.1887	0.1800	40,019,292	0.1971	0.1971
		Library	40,018,739	0.1000	0.1000	41,377,387	0.1000	0.1000	40,019,292	0.1000	0.1000
		Health	40,018,739	0.1663	0.1600	41,377,387	0.1665	0.1600	40,019,292	0.1739	0.1739
		Cemetery	40,018,739	0.0500	0.0500	41,377,387	0.0500	0.0500	40,019,292	0.0500	0.0500
		General Revenue	2,558,245	1.0000	0.9600	3,039,712	1.0000	0.9600	3,145,745	1.0000	0.9600
		General Revenue	18,012,965	0.5263	0.5263	19,214,074	0.5263	0.5263	20,123,959	0.5274	0.5274
		Parks & Recreation	18,012,965	0.2373	0.2373	19,214,074	0.2373	0.2373	20,123,959	0.2378	0.2378
	City of Hayti	Library	18,012,965	0.1754	0.1754	19,214,074	0.1754	0.1754	20,123,959	0.1758	0.1758
		Health	18,012,965	0.1445	0.1445	19,214,074	0.1445	0.1445	20,123,959	0.1448	0.1448
		Cemetery	18,012,965	0.0500	0.0500	19,214,074	0.0500	0.0500	20,123,959	0.0500	0.0500
		General Revenue	1,124,795	0.6656	0.6656	1,053,288	0.7344	0.7344	1,069,491	0.7431	0.7431
		Health	1,124,795	0.1996	0.1996	1,053,288	0.2000	0.2000	1,069,491	0.2000	0.2000
	Village of Holland	General Revenue	1,204,528	0.4940	0.4940	1,079,762	0.5594	0.5594	1,090,044	0.5594	0.5594

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Pemiscot	City of Homestown	General Revenue	176,660	0.6000	0.6000	199,010	0.6000	0.6000	176,970	0.6000	0.6000
		Debt Service									
	City of Steele	General Revenue	10,248,243	0.5226	0.5226	11,691,827	0.5226	0.5226	11,828,384	0.5240	0.5240
		Parks & Recreation	10,248,243	0.1508	0.1508	11,691,827	0.1508	0.1508	11,828,384	0.1512	0.1512
		Library	10,248,243	0.1508	0.1508	11,691,827	0.1508	0.1508	11,828,384	0.1512	0.1512
		Health	10,248,243	0.1508	0.1508	11,691,827	0.1508	0.1508	11,828,384	0.1512	0.1512
		Debt Service									
	Village of Wardell	General Revenue	1,162,070	0.6593	0.6500	1,191,936	0.6593	0.6500	1,211,895	0.6612	0.6600
		Health	1,162,070	0.1000	0.1000	1,191,936	0.1000	0.1000	1,211,895	0.1000	0.1000
	Village of North Wardell	General Revenue	405,630	0.2491	0.2491	348,470	0.2926	0.2926	351,740	0.2956	0.2956
		Health	405,630	0.1593	0.1593	348,470	0.1871	0.1593	351,740	0.1890	0.1890
	North Pemiscot Co R-I School Dist	Operating Funds-Schools	15,277,660	3.5000	2.8500	16,010,360	3.4374	3.4300	16,381,091	3.5000	2.8500
	Hayti R-II School District	Operating Funds-Schools	21,848,880	3.6267	3.2800	23,402,724	3.4755	3.2500	24,447,099	3.5023	3.2800
	Pemiscot Co R-III School District	Operating Funds-Schools	8,050,510	3.9971	3.9951	8,692,730	3.9151	3.9151	8,433,420	3.9792	3.9151
	Cooter R-IV School District	Operating Funds-Schools	5,761,105	3.7500	3.3100	6,465,985	3.6245	3.4300	6,571,025	3.6213	3.4300
	South Pemiscot Co R-V School Dist	Operating Funds-Schools	21,807,084	3.3179	2.7500	23,841,346	3.2026	3.2026	24,472,048	3.1745	3.1745
	Pemiscot Co C-7 School District	Operating Funds-Schools	9,200,820	3.7600	2.8500	9,324,145	3.7187	3.4300	9,260,163	3.7929	2.9500
	Caruthersville 18 School District	Operating Funds-Schools	40,088,152	3.7257	3.0000	42,222,728	3.6045	3.0000	39,214,677	3.9132	3.0000
		Debt Service	40,088,152	0.2667	0.2400	42,222,728	0.3654	0.3600	39,214,677	0.3923	0.3900
	Pemiscot Co Special School District	Operating Funds-Schools	154,807,914	0.4739	0.4739	162,659,235	0.4739	0.4739	161,046,364	0.4814	0.4814
		Debt Service	154,807,914	0.0528	0.0100	162,659,235	0.0680	0.0300	161,046,364	0.0438	0.0400
	Pemiscot County	General Revenue	153,679,420	0.3970	0.1912	161,455,731	0.3970	0.2074	161,559,784	0.3999	0.1935
		Johnson Grass	153,679,420	0.0500	0.0500	161,455,731	0.0500	0.0500	161,559,784	0.0500	0.0500
		Road & Bridge	153,679,420	0.2925	0.2925	161,455,731	0.2925	0.2925	161,559,784	0.2946	0.2946
		Health	153,679,420	0.1000	0.1000	161,455,731	0.1000	0.1000	161,559,784	0.1000	0.1000
		Hospital	153,679,420	0.3761	0.3761	161,455,731	0.3761	0.3761	161,559,784	0.3789	0.3789
		Senate Bill 40	153,679,420	0.1000	0.1000	161,455,731	0.1000	0.1000	161,559,784	0.1000	0.1000
Perry	City of Altenburg	General Revenue	3,740,473	0.5035	0.5035	4,179,019	0.4929	0.4929	4,274,636	0.4929	0.4929
		Debt Service	3,740,473	0.3068	0.3068	4,179,019	0.2824	0.2824	4,274,636	0.2094	0.2094
	City of Frohna	General Revenue	4,376,732	0.5746	0.5746	4,641,889	0.5746	0.5746	4,696,727	0.5746	0.5746
		Debt Service	4,376,732	0.1414	0.1414	4,641,889	0.1758	0.1758	4,696,727	0.1608	0.1608
	Village of Longtown	General Revenue	593,590	0.3167	0.3106	630,592	0.3104	0.3104	646,252	0.3104	0.3104
	City of Perryville	General Revenue	110,736,949	0.4577	0.3300	119,436,802	0.4493	0.3100	115,353,705	0.4699	0.3100
		Parks & Recreation	110,736,949	0.1644	0.1100	119,436,802	0.1614	0.1100	115,353,705	0.1688	0.1600
		Debt Service	110,736,949	0.2425	0.2425	119,436,802	0.2500	0.2500	115,353,705	0.2500	0.2500
	Perry County Library District	General Revenue	235,147,551	0.0911	0.0911	257,185,976	0.0895	0.0895	256,640,533	0.0908	0.0908
	Perry Co 32 School District	Operating Funds-Schools	207,511,003	3.2182	3.2182	227,910,893	3.1866	3.1866	227,117,272	3.2391	3.2391
	Altenburg 48 School District	Operating Funds-Schools	12,516,473	3.1029	3.0000	13,807,619	3.0731	3.0731	14,173,603	3.0738	3.0738
	Perry County	General Revenue	235,147,551	0.4349	0.1800	257,185,976	0.4273	0.1800	256,640,533	0.4337	0.1800
		Road & Bridge	235,147,551	0.3135	0.3000	257,185,976	0.3080	0.3000	256,640,533	0.3126	0.3000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Perry	Perry County	Health	235,147,551	0.1820	0.1820	257,185,976	0.1788	0.1788	256,640,533	0.1815	0.1815
		Hospital	235,147,551	0.0911	0.0911	257,185,976	0.0895	0.0895	256,640,533	0.0908	0.0908
		Mental Health	235,147,551	0.0911	0.0911	257,185,976	0.0895	0.0895	256,640,533	0.0908	0.0908
		Senate Bill 40	235,147,551	0.0911	0.0911	257,185,976	0.0895	0.0895	256,640,533	0.0908	0.0908
Pettis	City of Green Ridge	General Revenue	2,143,951	0.9583	0.9583	2,239,186	0.9665	0.9665	2,308,990	0.9665	0.9665
		Debt Service	2,143,951	0.3748	0.3748	2,239,186	0.0000	0.0000	**	**	**
	City of Houstonia	General Revenue	911,245	1.0000	1.0000	1,055,411	0.9265	0.9265	983,553	1.0000	0.9265
	Village of Hughesville	General Revenue	836,991	0.4051	0.4051	897,585	0.4051	0.4051	925,775	0.4101	0.4101
		General Revenue-Temp	836,991	0.3000	0.3000 A	897,585	0.3000	0.3000	925,775	0.3000	0.3000
	City of La Monte	General Revenue	4,880,455	0.8718	0.8718	5,028,515	0.8718	0.8718	4,970,264	0.8820	0.8820
		Parks & Recreation	4,880,455	0.0400	0.0400	5,028,515	0.0400	0.0400	4,970,264	0.0400	0.0400
	City of Sedalia	General Revenue	192,341,473	0.4611	0.4611	192,910,984	0.4644	0.4644	199,823,926	0.4674	0.4674
		Parks & Recreation	192,341,473	0.3207	0.1507	192,910,984	0.3230	0.1615	199,823,926	0.3251	0.1625
		Library	162,544,523	0.2230	0.2230	166,121,556	0.2230	0.2230	166,427,439	0.2277	0.2277
		Police	192,341,473	0.0902	0.0902	192,910,984	0.0908	0.0908	199,823,926	0.0914	0.0914
		Fire	192,341,473	0.0500	0.0500	192,910,984	0.0500	0.0500	199,823,926	0.0500	0.0500
	City of Smithton	General Revenue	3,285,570	0.8552	0.8552	3,340,247	0.8552	0.8552	3,433,865	0.8552	0.8552
	Boonslick Regional Library	General Revenue	611,385,235	0.1430	0.1430	646,905,732	0.1430	0.1430	671,780,873	0.1430	0.1430
	Pettis County Fire Prot Dist #1	General Revenue	160,203,195	0.3000	0.2772	169,882,543	0.3000	0.2772	174,225,647	0.3000	0.2772
	Sedalia Special Business District	General Revenue	4,005,030	0.8005	0.8005	4,090,840	0.8005	0.8005	3,986,620	0.8214	0.8214
	State Fair Community College	General Revenue	611,472,716	0.4244	0.4087	638,430,870	0.4244	0.4244	664,193,903	0.4244	0.4244
	Pettis Co R-V School District	Operating Funds-Schools	18,305,166	3.3212	3.3212	19,035,532	3.3136	3.3136	19,854,640	3.3995	3.3995
		Debt Service	18,305,166	0.5381	0.4303	19,035,532	0.5327	0.4303	19,854,640	0.4464	0.4303
	La Monte R-IV School District	Operating Funds-Schools	14,344,498	3.3402	2.9500	14,712,950	3.3008	2.9500	15,194,641	3.3545	2.9500
		Debt Service	14,344,498	1.0127	0.7500	14,712,950	1.1537	0.7500	15,194,641	0.8489	0.8000
	Smithton R-VI School District	Operating Funds-Schools	28,077,358	2.8927	2.8756	29,479,823	2.8898	2.8756	30,711,217	2.9284	2.8756
		Operating Funds-Temp	28,077,358	0.6000	0.6000 A	29,479,823	0.6000	0.6000	30,711,217	0.6000	0.6000
		Debt Service	28,077,358	0.3516	0.3516	29,479,823	0.3800	0.3800	30,711,217	0.4001	0.4001
	Green Ridge R-VIII School District	Operating Funds-Schools	16,444,279	3.5121	3.5121	17,564,170	3.5016	3.5016	18,523,130	3.4992	3.4992
		Debt Service	16,444,279	0.8564	0.3779	17,564,170	0.5777	0.3884	18,523,130	0.5606	0.3908
	Pettis Co R-XII School District	Operating Funds-Schools	44,400,675	3.4500	2.9900	46,855,990	3.4471	2.9900	44,262,810	3.4500	2.9900
	Sedalia 200 School District	Operating Funds-Schools	260,872,913	3.2016	3.2016	267,898,282	3.1691	3.1691	279,595,672	3.2229	3.2229
		Op. Funds-Cap. Imp.	260,872,913	0.4163	0.0000	**	**	**	**	**	**
	Pettis County	General Revenue	429,350,862	0.4136	0.0400	439,547,365	0.4136	0.0385	452,583,073	0.4136	0.0355
		Johnson Grass	429,350,862	0.0500	0.0050	439,547,365	0.0500	0.0050	452,583,073	0.0500	0.0050
		Road & Bridge	429,350,862	0.2998	0.2998	439,547,365	0.2998	0.2998	452,583,073	0.2998	0.2998
		Health	429,350,862	0.0931	0.0884	439,547,365	0.0931	0.0931	452,583,073	0.0931	0.0931
		Developmentally Disabled	429,350,862	0.0931	0.0931	439,547,365	0.0931	0.0931	452,583,073	0.0931	0.0931

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Phelps	St James Ambulance District	General Revenue	72,160,322	0.1619	0.1619	79,083,717	0.1619	0.1619	81,304,946	0.1619	0.0119
	City of Doolittle	General Revenue	3,343,132	0.4696	0.4649	3,486,018	0.4696	0.4696	2,506,565	0.4373	0.4373
	City of Newburg	General Revenue	1,203,258	0.7285	0.7285	1,182,942	0.7410	0.7410	1,266,387	0.7410	0.7410
		Library	1,203,258	0.2000	0.2000	1,182,942	0.2000	0.2000	1,266,387	0.2000	0.2000
	City of Rolla	General Revenue	153,125,947	0.6745	0.6745	158,709,746	0.6745	0.6745	126,343,343	0.6267	0.6267
		Parks & Recreation	153,125,947	0.1712	0.1712	158,709,746	0.1712	0.1712	126,343,343	0.1543	0.1543
		Library	153,125,947	0.2818	0.2818	158,709,746	0.2818	0.2818	126,343,343	0.2614	0.2614
	City of St James	General Revenue	19,999,031	0.5669	0.5669	33,814,484	0.5669	0.5669	22,337,146	0.5641	0.5641
		Parks & Recreation	19,999,031	0.0880	0.0880	33,814,484	0.0880	0.0880	22,337,146	0.0876	0.0876
	City of Edgar Springs	General Revenue	785,975	0.6999	0.6999	905,728	0.7000	0.7000	915,287	0.7015	0.7015
		Debt Service	785,975	0.3924	0.3924	905,728	0.2840	0.2840	915,287	0.3029	0.3029
	Doolittle Rural Fire Protection Dis	General Revenue	10,366,726	0.3000	0.3000 A	15,102,364	0.3000	0.3000	16,283,246	0.2978	0.2978
	Rolla Rural Fire Protection Dist	General Revenue	61,930,812	0.3000	0.3000 A	87,526,805	0.3000	0.3000	94,876,781	0.2918	0.2918
	Duke Fire Protection District	General Revenue	**	**	**	3,163,464	0.3000	0.3000 A	3,369,078	0.2982	0.2982
	St. James Fire Protection District	General Revenue	**	**	**	**	**	**	69,635,382	0.3000	0.3000 A
	St. James R-I School District	Operating Funds-Schools	67,305,438	2.7953	2.7500	74,533,551	2.7516	2.7516	76,482,574	3.2500	3.2500 B
		Debt Service	67,305,438	1.6770	0.5300	74,533,551	1.2248	0.5284	76,482,574	1.1915	0.5300
	Newburg R-II School District	Operating Funds-Schools	15,358,170	2.9631	2.9631	15,995,892	2.9576	2.9576	17,305,096	2.9517	2.9517
		Debt Service	15,358,170	0.3954	0.3954	15,995,892	0.4228	0.4228	17,305,096	0.4671	0.4228
	Rolla 31 School District	Operating Funds-Schools	234,494,632	3.5510	2.9324	244,957,347	3.6349	3.0794	260,026,053	4.1615	3.5400 B
		Operating Funds Temp	234,494,632	0.6105	0.6105	244,957,347	0.6134	0.6134	**	**	**
		Debt Service	234,494,632	0.4503	0.3299	244,957,347	0.2664	0.1800	260,026,053	0.3351	0.3299
	Phelps Co R-III School District	Operating Funds-Schools	9,700,362	2.7500	2.7500	10,561,987	2.7500	2.7500	11,238,712	2.7500	2.7500
		Debt Service	9,700,362	0.3740	0.3740	10,561,987	0.3537	0.3537	11,238,712	0.3185	0.3185
	Phelps County	General Revenue	336,066,039	0.3539	0.1611	355,042,841	0.3539	0.1611	374,069,777	0.3539	0.1673
		Road & Bridge	336,066,039	0.2528	0.0859	355,042,841	0.2528	0.0991	374,069,777	0.2528	0.1030
		Developmentally Disabled	336,066,039	0.0910	0.0910	355,042,841	0.0910	0.0910	374,069,777	0.0910	0.0910
Pike	Village of Annada	General Revenue	383,734	0.5019	0.5019	407,877	0.5417	0.5417	431,414	0.5454	0.5454
	City of Bowling Green	General Revenue	22,776,232	0.6467	0.6467	24,528,395	0.6467	0.6467	25,213,970	0.6484	0.6484
		Parks & Recreation	22,776,232	0.1000	0.0000	24,528,395	0.1000	0.0000	25,213,970	0.1000	0.0000
		Library	22,776,232	0.2000	0.2000	24,528,395	0.2000	0.2000	25,213,970	0.2000	0.2000
		Cemetery	22,776,232	0.1000	0.1000	24,528,395	0.1000	0.1000	25,213,970	0.1000	0.1000
	City of Clarksville	General Revenue	2,785,896	0.7578	0.7500	3,308,162	0.7279	0.7279	3,337,919	0.7315	0.7315
		Debt Service	2,785,896	0.5277	0.2700	3,308,162	0.2237	0.2237	3,337,919	0.3433	0.2201
	City of Curryville	General Revenue	1,225,500	0.8992	0.8992	1,203,692	0.9405	0.9405	1,187,979	0.9854	0.9854
	Village of Eolia	General Revenue	2,767,280	0.4412	0.4200	3,039,562	0.4366	0.4366	3,243,460	0.4366	0.4366
	City of Frankford	General Revenue	1,560,386	0.9996	0.9996	1,705,561	0.9997	0.9997	1,704,436	1.0000	1.0000
	City of Louisiana	General Revenue	29,043,944	0.7320	0.7308	30,391,425	0.7320	0.7308	30,509,311	0.7350	0.7308

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Pike	City of Louisiana	Library	29,043,944	0.1000	0.1000	30,391,425	0.1000	0.1000	30,509,311	0.1000	0.1000
	Buffalo Township Fire Prot Dist	General Revenue	32,055,773	0.3006	0.3006	30,456,183	0.3028	0.3028	31,753,251	0.3028	0.3028
	Pike Co Agency for Dev Disabilities	General Revenue	190,559,938	0.1936	0.1936	191,886,712	0.1990	0.1990	197,639,643	0.1990	0.1990
	Bowling Green R-I School District	Operating Funds-Schools	67,547,142	3.4839	3.4839	71,827,426	3.4402	3.4402	74,673,610	3.3986	3.3986
	Pike Co R-III School District	Operating Funds-Schools	33,523,905	3.7500	3.5500	34,129,775	3.7500	3.5500	36,823,084	3.7127	3.5500
		Debt Service	33,523,905	0.7666	0.6900	34,129,775	0.9415	0.6900	36,823,084	0.7723	0.6900
	Boncl R-X School District	Operating Funds-Schools	8,930,636	4.8720	3.8500	8,965,331	4.9345	3.9500	9,183,463	5.0155	3.9500
	Louisiana R-II School District	Operating Funds-Schools	40,172,636	3.4003	3.3000	42,259,107	3.4218	3.3787	43,227,268	3.3212	3.3212
		Debt Service	40,172,636	0.8561	0.5700	42,259,107	0.7239	0.5700	43,227,268	0.7102	0.5700
	Pike County	General Revenue	190,559,938	0.4301	0.2658	191,886,712	0.4421	0.2726	197,639,643	0.4421	0.2746
		Road & Bridge	190,559,938	0.3118	0.3118	191,886,712	0.3205	0.3205	197,639,643	0.3205	0.3205
		Health	190,559,938	0.2500	0.1600	191,886,712	0.2500	0.1600	197,639,643	0.2500	0.1600
		Hospital	190,559,938	0.2200	0.2200	191,886,712	0.2200	0.2200	197,639,643	0.2200	0.2200
	Northland Ambulance District No. 1	General Revenue	321,955,093	0.2886	0.2886	350,371,132	0.2886	0.2886	381,563,021	0.4386	0.4386
	Southern Platte County Ambulance	General Revenue	**	**	**	**	**	**	388,035,707	0.2100	0.1400 A
Platte	Platte Co Drainage Ditch Dist 1	General Revenue	1,890,094	0.0945	0.0945	1,866,405	0.0965	0.0965	1,881,233	0.0965	0.0965
	Farley Special Road Dist, Platte Co	Road & Bridge	13,970,546	0.3011	0.3011	13,531,236	0.3157	0.3157	13,543,613	0.3209	0.3209
		Special Road and Bridge	13,970,546	0.3284	0.3284	13,531,236	0.3500	0.3500 A	13,543,613	0.3500	0.3500
	Parkville Spec Road Dist Platte Co	Road & Bridge	512,243,563	0.2662	0.2662	545,262,711	0.2662	0.2662	575,395,057	0.2662	0.2662
	Platte City Spec Rd Dist Platte Co	Road & Bridge	676,344,145	0.2900	0.2400	759,224,315	0.2900	0.2500	791,754,203	0.2900	0.2500
	Weston Spec Rd Dist Platte Co	Road & Bridge	41,208,960	0.2578	0.2578	42,486,049	0.2603	0.2603	43,173,370	0.2603	0.2603
		Special Road and Bridge	41,208,960	0.3500	0.3500 A	42,486,049	0.3500	0.3500	43,173,370	0.3500	0.3500
	City of Camden Point	General Revenue	4,359,504	0.7830	0.7830	4,447,469	0.7844	0.7844	4,577,056	0.7844	0.7844
	City of Dearborn	General Revenue	3,992,941	0.5539	0.5539	4,110,705	0.5598	0.5598	4,006,398	0.5754	0.5754
	City of Edgerton	General Revenue	3,833,706	0.8093	0.8093	3,854,548	0.8158	0.8158	3,984,329	0.8158	0.8158
	Village of Farley	General Revenue	2,384,625	0.4451	0.4451	2,549,241	0.4451	0.4451	2,607,294	0.4451	0.4451
	Village of Ferrelview	General Revenue	1,859,026	0.5830	0.5830	1,882,425	0.5830	0.5830	1,847,093	0.5942	0.5830
	Village of Iatan	General Revenue	206,053	0.5000	0.5000	215,623	0.5000	0.5000	166,809	0.5000	0.5000
	City of Platte City	General Revenue	47,703,971	0.5945	0.5600	59,877,301	0.5945	0.5600	63,390,015	0.5945	0.5600
		Debt Service	47,703,971	1.3126	0.5000	59,877,301	1.4321	0.5000	63,390,015	1.4208	0.5000
	City of Platte Woods	General Revenue	7,562,308	0.5722	0.5722	7,602,182	0.9000	0.8300	8,181,424	0.9000	0.8000
	City of Tracy	General Revenue	1,585,215	0.7965	0.7965	1,600,078	0.7965	0.7965	1,586,270	0.8035	0.8035
		Debt Service	1,585,215	1.3776	1.3776	1,600,078	1.2739	0.3990	1,586,270	0.7656	0.7656
	City of Weatherby Lake	General Revenue	32,689,609	0.8043	0.8043	39,694,815	0.6989	0.6989	40,003,477	0.7019	0.7019
		Parks & Recreation	32,689,609	0.2371	0.2314	39,694,815	0.2060	0.2060	40,003,477	0.2069	0.2069
		Debt Service	32,689,609	0.6297	0.6297	39,694,815	0.5596	0.5596	40,003,477	0.4847	0.4847
	City of Weston	General Revenue	14,712,603	0.5469	0.5469	14,864,470	0.5493	0.5493	15,375,572	0.5493	0.5493
		Parks & Recreation	14,712,603	0.1000	0.1000	14,864,470	0.1000	0.1000	15,375,572	0.2000	0.2000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Platte	City of Weston	Lights	14,712,603	0.1547	0.1547	14,864,470	0.1554	0.1554	15,375,572	0.1554	0.1554
	City of Lake Waukomis	General Revenue	11,943,689	0.8744	0.8744	13,748,134	0.7879	0.7879	13,816,884	0.7879	0.7879
		General Revenue-Temp	11,943,689	1.2422	1.2422	13,748,134	1.1194	1.1194	**	**	**
		GR - Temp	**	**	**	**	**	**	13,816,884	0.7000	0.7000 A
	City of Parkville	General Revenue	125,240,568	0.4900	0.4900	141,108,956	0.4860	0.4860	151,980,941	0.4860	0.4860
		General Revenue-Temp	125,240,568	0.1853	0.0827 A	141,108,956	0.1838	0.0950	151,980,941	0.1838	0.0960
		Debt Service	125,240,568	0.0832	0.0832	141,108,956	0.0702	0.0702	151,980,941	0.0618	0.0618
	City of Northmoor	General Revenue	5,207,967	0.3263	0.0000	5,086,104	0.3442	0.0000	5,061,583	0.3467	0.0000
	Town of Ridgely	General Revenue	923,233	0.3132	0.3132	957,161	0.3132	0.3132	971,328	0.3238	0.3238
	City of Houston Lake	General Revenue	1,849,276	0.9684	0.9684	1,845,316	0.9705	0.9705	1,858,687	0.9705	0.9705
		Streets	1,849,276	0.2500	0.2500	1,845,316	0.2500	0.2500	1,858,687	0.2500	0.0000
		Fire	**	**	**	**	**	**	1,858,687	1.1000	1.1000 A
	Central Platte Fire Protection Dist	General Revenue	122,493,611	0.3370	0.3370	137,121,161	0.3370	0.3370	150,663,553	0.3370	0.3370
		Debt Service	122,493,611	0.1650	0.1650	137,121,161	0.2178	0.1800	150,663,553	0.2960	0.1800
	Southern Platte Fire Prot Dist	General Revenue	289,849,224	0.9726	0.9726	317,516,476	0.9722	0.9722	333,898,376	0.9722	0.9722
		Debt Service	289,849,224	0.0923	0.0923	317,516,476	0.0915	0.0915	333,898,376	0.0909	0.0909
	Weatherby Lake Fire Protection Dist	General Revenue	32,662,959	0.9100	0.9100	39,665,710	1.1300	1.1300	40,003,477	1.1300	1.1300
	West Platte Fire Protection Dist	General Revenue	52,744,065	0.3746	0.3746	54,101,922	0.3795	0.3795	54,468,997	0.3796	0.3796
		Ambulance	52,744,065	0.3746	0.3746	54,101,922	0.3795	0.3795	54,468,997	0.3796	0.3796
	Camden Point Fire Protection Dist	General Revenue	15,726,211	0.4833	0.4833	16,193,933	0.4918	0.4918	16,657,376	0.5007	0.5007
	Smithville Area Fire Prot Dist	General Revenue	168,581,328	0.2794	0.2784	186,370,514	0.2788	0.2788	197,777,292	0.2788	0.2788
	Edgerton-Trimble Fire Prot Dist	General Revenue	25,980,764	0.5161	0.5161	28,428,872	0.5161	0.5161	30,730,137	0.5161	0.5161
	Dearborn Area Fire Protection Dist	General Revenue	20,603,719	0.5500	0.5500	21,954,319	0.5500	0.5500	22,154,015	0.5500	0.5500
	North Platte Co R-I School District	Operating Funds-Schools	40,661,244	3.9462	3.9363 B	42,475,942	3.9462	3.9462	44,127,487	3.9462	3.7262
		Operating Funds-Temp	40,661,244	0.3120	0.3120	42,475,942	0.3120	0.3120	44,127,487	0.3120	0.3120
		Operating -Temp	**	**	**	42,475,942	0.2200	0.2200 A	44,127,487	0.2200	0.0000
	West Platte Co R-II School District	Operating Funds-Schools	60,867,513	4.1000	4.1000 B	62,342,283	4.1000	4.1000	62,985,497	4.1000	4.1000
		Debt Service	60,867,513	1.9423	0.8560	62,342,283	1.6762	0.8560	62,985,497	1.4277	0.8560
	Platte Co R-III School District	Operating Funds-Schools	299,842,698	3.7373	3.4535	324,774,867	3.7052	3.4240	353,554,988	3.6719	3.4106
		Debt Service	299,842,698	2.2559	0.9600	324,774,867	1.9274	0.9600	353,554,988	1.6670	0.9600
	Park Hill R-V School District	Operating Funds-Schools	995,448,172	4.9970	4.9970	1,085,590,416	4.9607	4.9607	1,136,192,317	4.9467	4.9467
		Debt Service	995,448,172	0.9167	0.6562	1,085,590,416	0.8626	0.6562	1,136,192,317	0.9188	0.6562
	Platte County	General Revenue	1,453,911,645	0.3346	0.0400	1,585,012,806	0.3346	0.0400	1,659,935,428	0.3346	0.0400
		Road & Bridge	212,116,021	0.2521	0.2521	224,508,496	0.2521	0.2521	236,069,186	0.2521	0.2521
		Health	1,453,911,645	0.0785	0.0785	1,585,012,806	0.0785	0.0785	1,659,935,428	0.0785	0.0785
		Mental Health	1,453,911,645	0.0982	0.0982	1,585,012,806	0.0982	0.0982	1,659,935,428	0.0982	0.0982
		Senate Bill 40	1,453,911,645	0.1276	0.1276	1,585,012,806	0.1276	0.1276	1,659,935,428	0.1276	0.1276
		Senior Services	1,453,911,645	0.0491	0.0491	1,585,012,806	0.0491	0.0491	1,659,935,428	0.0491	0.0491

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Platte	Platte County	Debt Service	1,453,911,645	0.0575	0.0000	1,585,012,806	0.7624	0.0000	1,659,935,428	0.2753	0.0000
Polk	Blue Mound Spec Rd Dist Polk Co	Road & Bridge	1,827,821	0.3500	0.3500	1,922,951	0.3500	0.3500	2,031,280	0.3500	0.3500
	Bolivar Spec Rd Dist Polk Co	Road & Bridge	77,303,142	0.1966	0.1966	81,364,263	0.1966	0.1966	85,044,212	0.1990	0.1990
	Flemington Spec Rd Dist Polk Co	Road & Bridge	1,357,881	0.3435	0.3435	1,436,726	0.3435	0.3435	1,416,389	0.3484	0.3484
	Humansville Spec Rd Dist Polk Co	Road & Bridge	9,402,255	0.2629	0.2629	9,634,924	0.2662	0.2662	9,807,614	0.2685	0.2685
		Special Road and Bridge	**	**	**	9,634,924	0.3500	0.3500 A	9,807,614	0.3500	0.3500
	Providence Spec Rd Dist Polk Co	Road & Bridge	1,505,563	0.3500	0.3500	1,550,493	0.3499	0.3499	1,552,809	0.3499	0.3499
	Rock Prairie Spec Road Dist Polk Co	Road & Bridge	1,513,409	0.2225	0.2225	1,671,740	0.2190	0.2190	1,782,152	0.2134	0.2134
	Southwest Special Rd Dist Polk Co	Road & Bridge	953,825	0.3491	0.3491	1,011,454	0.3492	0.3492	1,029,598	0.3500	0.3500
	Polk County Road District	Road & Bridge	122,885,494	0.2669	0.2669	131,522,743	0.2669	0.2669	139,346,203	0.2653	0.2653
	Village of Aldrich	General Revenue	422,766	0.3442	0.3442	442,893	0.3441	0.3441	457,790	0.3597	0.3597
	City of Bolivar	General Revenue	74,326,409	0.4537	0.0000	78,152,447	0.4537	0.0000	81,567,375	0.4543	0.0000
		Parks & Recreation	74,326,409	0.0888	0.0000	78,152,447	0.0888	0.0000	81,567,375	0.0889	0.0000
	City of Fair Play	General Revenue	1,821,901	0.9620	0.9600	1,939,425	0.9620	0.9600	2,025,495	1.0000	1.0000
	City of Humansville	General Revenue	4,517,279	0.5942	0.5942	4,636,610	0.6064	0.6064	4,591,211	0.6124	0.6124
	City of Morrisville	General Revenue	1,197,138	0.5686	0.5686	1,431,806	0.5666	0.5666	1,683,246	0.4989	0.4989
	Polk County Library District	General Revenue	216,749,390	0.0899	0.0899	230,115,294	0.0899	0.0899	242,010,257	0.0905	0.0905
	Bolivar R-I School District	Operating Funds-Schools	115,670,500	2.9440	2.8940 B	123,527,190	3.3834	3.3800	130,040,505	3.3802	3.2300
		Building - Temp	115,670,500	0.4360	0.4360	**	**	**	**	**	**
		Debt Service	115,670,500	0.9169	0.4500	123,527,190	0.8920	0.4000	130,040,505	0.9871	0.4500
	Fair Play R-II School District	Operating Funds-Schools	13,415,010	3.2241	3.2234	14,180,310	3.1910	3.1910	14,857,810	3.1786	2.7500
		Debt Service	13,415,010	1.2001	0.5066	14,180,310	1.2955	0.5658	14,857,810	1.9105	0.9800
	Halfway R-III School District	Operating Funds-Schools	13,907,190	3.3537	3.3000	14,579,120	3.3251	3.3251	15,091,180	3.3317	3.3317
	Humansville R-IV School District	Operating Funds-Schools	16,366,145	2.8471	2.7771	16,924,562	2.8431	2.8431	17,557,042	2.8845	2.8400
		Debt Service	16,366,145	0.5521	0.4821	16,924,562	0.4200	0.4200	17,557,042	0.3903	0.3900
	Marion C. Early R-V School District	Operating Funds-Schools	23,515,510	3.2322	2.8100	25,676,270	3.2068	2.8100	27,493,390	3.2255	2.8100
		Debt Service	23,515,510	0.6150	0.5000	25,676,270	0.6002	0.4500	27,493,390	0.5606	0.4500
	Pleasant Hope R-VI School District	Operating Funds-Schools	29,279,620	2.5601	2.5601	31,579,440	2.4814	2.4814	33,496,240	2.5093	2.5093
		Capital Improvements	29,279,620	0.6700	0.6700	31,579,440	0.6700	0.6700	33,496,240	0.6700	0.6700
		Debt Service	29,279,620	0.7385	0.6000	31,579,440	0.9283	0.6000	33,496,240	0.8882	0.6000
	Polk County	General Revenue	216,749,390	0.3197	0.3197	230,115,294	0.3197	0.3197	242,010,257	0.3218	0.3218
		Health	216,749,390	0.0899	0.0899	230,115,294	0.0899	0.0899	242,010,257	0.0905	0.0905
		Senate Bill 40	216,749,390	0.0899	0.0200	230,115,294	0.0899	0.0200	242,010,257	0.0905	0.0200
		Senior Services	**	**	**	**	**	**	242,010,257	0.0500	0.0500 A
Pulaski	Dixon Ambulance District	General Revenue	43,699,912	0.2914	0.2914	49,353,496	0.2791	0.2791	53,108,438	0.2812	0.2812
	Pulaski County Ambulance District	General Revenue	200,342,619	0.2952	0.2951	237,648,512	0.2778	0.2778	265,728,756	0.2778	0.2778
	City of Crocker	General Revenue	4,271,479	0.7968	0.7968	6,536,118	0.7177	0.7177	6,735,149	0.7241	0.7241
		Parks & Recreation	4,271,479	0.2000	0.2000	6,536,118	0.1802	0.1802	6,735,149	0.1818	0.1818

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Pulaski	City of Dixon	General Revenue	9,365,360	0.4851	0.4851	10,689,060	0.4507	0.4500	11,316,549	0.4601	0.4601
		Library	9,365,360	0.0500	0.0500	10,689,060	0.0465	0.0465	11,316,549	0.0475	0.0475
		Debt Service	9,365,360	1.0996	0.5800	10,689,060	1.0108	0.6100	11,316,549	0.9442	0.6100
	City of St Robert	General Revenue	45,097,301	0.3538	0.3538	55,578,651	0.3258	0.3258	61,658,363	0.3258	0.3258
	City of Waynesville	General Revenue	26,334,802	0.6658	0.6658	31,004,644	0.6123	0.6123	33,734,524	0.6137	0.6137
	City of Richland	General Revenue	9,525,603	0.6730	0.6700	11,132,837	0.6297	0.6297	11,647,439	0.6300	0.6300
	Pulaski County Library	General Revenue	216,768,140	0.1487	0.1487	256,549,852	0.1402	0.1402	268,382,229	0.1456	0.1402
	Hazeltree Fire Protection District	General Revenue	13,417,520	0.2988	0.2988	14,889,380	0.2954	0.2954	16,003,368	0.2957	0.2957
	Crocker Fire Protection District	General Revenue	17,721,928	0.2840	0.2840	20,329,372	0.2727	0.2727	22,004,008	0.2732	0.2732
	Waynesville Rural Fire Prot Dist	General Revenue	70,653,468	0.2834	0.2834	85,029,309	0.2696	0.2696	98,422,665	0.2459	0.2459
	Dixon Rural Fire Protection Dist	General Revenue	46,854,354	0.2858	0.2749	52,652,177	0.2722	0.2722	54,914,712	0.2749	0.2749
	Swedeborg R-III School District	Operating Funds-Schools	3,090,430	2.8494	2.7500	3,610,670	2.7531	2.7531	3,753,842	2.7608	2.7608
		Operating Funds-Temp	3,090,430	0.3500	0.3500	3,610,670	0.3397	0.3397	**	**	**
	Pulaski Co R-IV School District	Operating Funds-Schools	20,852,671	2.8952	2.8952	23,675,049	2.8038	2.8038	24,947,163	2.7883	2.7883
		Operating Funds-Temp	20,852,671	0.2500	0.2500	23,675,049	0.2415	0.2415	**	**	**
	Laquey R-V School District	Operating Funds-Schools	18,627,510	2.7500	2.7500	21,102,370	2.7500	2.7500	22,589,112	2.7500	2.7500
		Debt Service	18,627,510	0.1649	0.1649	21,102,370	0.1615	0.1615	22,589,112	0.2057	0.2057
	Waynesville R-VI School District	Operating Funds-Schools	126,986,856	2.7500	2.7500	154,124,966	2.7500	2.7500	174,227,343	2.7500	2.7500
	Dixon R-I School District	Operating Funds-Schools	37,999,594	2.7500	2.7500	43,523,353	2.7500	2.7500	46,234,223	2.7500	2.7500
		Debt Service	37,999,594	0.2858	0.2700	43,523,353	0.4091	0.2700	46,234,223	0.2700	0.2700
	Crocker R-II School District	Operating Funds-Schools	17,638,090	2.9682	2.7500	20,500,270	2.7500	2.7500	21,544,748	2.7500	2.7500
		Debt Service	17,638,090	0.8985	0.8900	20,500,270	0.9516	0.8900	21,544,748	0.9088	0.8900
	Pulaski County	General Revenue	226,133,502	0.2979	0.0000	267,238,911	0.2807	0.0000	297,922,964	0.2808	0.0000
		Road & Bridge	226,133,502	0.2186	0.1673	267,238,911	0.2060	0.1542	297,922,964	0.2061	0.1826
		Health	226,133,502	0.0794	0.0794	267,238,911	0.0748	0.0748	297,922,964	0.0748	0.0748
		Senate Bill 40	226,133,502	0.0794	0.0794	267,238,911	0.0748	0.0748	297,922,964	0.0748	0.0748
		Senior Services	226,133,502	0.0496	0.0496	267,238,911	0.0467	0.0467	297,922,964	0.0467	0.0467
Putnam	Putnam County Ambulance District	General Revenue	53,684,537	0.4000	0.4000	60,985,930	0.3814	0.3814	64,096,533	0.3814	0.3814
	Putnam County Care Center	General Revenue	53,684,537	0.1500	0.1500	60,985,930	0.1430	0.1430	64,096,533	0.1430	0.1430
	Unionville Spec Road Dist Putnam Co	Road & Bridge	9,489,205	0.3239	0.3239	10,376,457	0.3144	0.3144	10,527,746	0.3144	0.3144
		Special Road and Bridge	9,489,205	0.3500	0.3500	10,376,457	0.3397	0.3397	10,527,746	0.3500	0.3500 A
	Lake Thunderhead Spec Rd District	Road & Bridge	8,242,648	0.4481	0.4481	11,529,635	0.3516	0.3516	12,057,039	0.3516	0.3516
		Special Road and Bridge	8,242,648	0.3246	0.3246	12,052,425	0.3500	0.3500 A	12,057,039	0.3500	0.3500
	Village of Livonia	General Revenue	248,418	0.5000	0.5000	273,214	0.4824	0.4824	283,806	0.4951	0.4951
	Village of Lucerne	General Revenue	1,343,885	0.4366	0.4366	1,332,819	0.4402	0.4402	1,351,219	0.4402	0.4402
	Village of Powersville	General Revenue	307,313	0.5000	0.5000	304,609	0.5000	0.5000	300,484	0.5000	0.5000
	City of Unionville	General Revenue	9,079,165	0.9817	0.9817	9,918,891	0.9558	0.9558	10,139,581	0.9558	0.9558
		Parks & Recreation	9,079,165	0.1984	0.1984	9,918,891	0.1932	0.1932	10,139,581	0.1932	0.1932

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Putnam	City of Unionville	Fire	9,079,165	0.1984	0.1984	9,918,891	0.1932	0.1932	10,139,581	0.1932	0.1932
	Village of Worthington	General Revenue	103,565	0.5000	0.5000	132,302	0.4123	0.4123	164,935	0.3637	0.3637
	Elm Township of Putnam Co	Road & Bridge	4,683,127	0.4116	0.4116	5,171,882	0.3999	0.3999	5,545,830	0.3999	0.3999
		Special Road and Bridge	4,683,127	0.3494	0.3494	5,171,882	0.3394	0.3394	5,545,830	0.3394	0.3394
	Grant Township of Putnam Co	Road & Bridge	1,540,240	0.4606	0.4606	1,693,026	0.4463	0.4463	1,773,532	0.4463	0.4463
		Special Road and Bridge	1,540,240	0.3500	0.3500	1,693,026	0.3500	0.3500 A	1,773,532	0.3500	0.3500
	Jackson Township of Putnam Co	Road & Bridge	2,135,265	0.5000	0.5000	2,374,411	0.4895	0.4895	2,423,898	0.4895	0.4895
		Special Road and Bridge	2,135,265	0.3500	0.3500	2,374,411	0.3427	0.3427	2,423,898	0.3427	0.3427
	Liberty Township of Putnam Co	Road & Bridge	2,371,092	0.5000	0.5000	2,566,694	0.5000	0.5000	2,818,641	0.5000	0.5000
		Special Road and Bridge	2,371,092	0.3500	0.3500	2,566,694	0.3500	0.3500 A	2,818,641	0.3500	0.3500
	Lincoln Township of Putnam Co	Road & Bridge	4,229,262	0.5000	0.5000	4,844,267	0.5000	0.5000	5,052,441	0.5000	0.5000
		Special Road and Bridge	4,229,262	0.3500	0.3500	4,844,267	0.3500	0.3500 A	5,052,441	0.3500	0.3500
	Medicine Township of Putnam Co	Road & Bridge	7,071,162	0.4995	0.4995	7,293,874	0.4995	0.4995	7,748,672	0.4995	0.4995
		Special Road and Bridge	7,071,162	0.3497	0.3497	7,293,874	0.3500	0.3500 A	7,748,672	0.3500	0.3500
	Richland Township of Putnam Co	Road & Bridge	2,613,697	0.4800	0.4800	2,902,924	0.4777	0.4777	2,989,868	0.4777	0.4777
		Special Road and Bridge	2,613,697	0.3435	0.3435	2,902,924	0.3500	0.3500 A	2,989,868	0.3500	0.3500
	Sherman Township of Putnam Co	Road & Bridge	1,628,771	0.5000	0.5000	1,760,983	0.5000	0.5000	1,953,394	0.5000	0.5000
		Special Road and Bridge	1,628,771	0.3500	0.3500	1,760,983	0.3500	0.3500 A	1,953,394	0.3500	0.3500
	Union Township of Putnam Co	Road & Bridge	3,420,796	0.5000	0.5000	3,808,274	0.4859	0.4859	4,181,245	0.4859	0.4859
		Special Road and Bridge	3,420,796	0.3500	0.3500	3,808,274	0.3401	0.3401	4,181,245	0.3401	0.3401
	Wilson Township of Putnam Co	Road & Bridge	3,159,285	0.5000	0.5000	3,349,420	0.5000	0.5000	3,527,162	0.5000	0.5000
		Special Road and Bridge	3,159,285	0.3500	0.3500	3,349,420	0.3500	0.3500 A	3,527,162	0.3500	0.3500
	York Township of Putnam Co	Road & Bridge	3,156,784	0.5000	0.5000	3,334,313	0.4993	0.4993	3,523,100	0.4993	0.4993
		Special Road and Bridge	3,156,784	0.3500	0.3500	3,334,313	0.3500	0.3500 A	3,523,100	0.3500	0.3500
		Debt Service	3,156,784	0.4189	0.4189	3,334,313	0.3580	0.3580	3,523,100	0.3118	0.3118
	Elm Township Fire Protection Dist	General Revenue	4,683,127	0.2940	0.2900	5,171,882	0.2856	0.2856	5,545,830	0.2856	0.2856
	Liberty Fire Protection District	General Revenue	2,371,092	0.3000	0.3000	2,566,694	0.3000	0.3000	2,818,641	0.3000	0.3000
	Grant Township Fire Protection Dist	General Revenue	1,540,240	0.3000	0.3000	1,693,026	0.2907	0.2907	1,773,532	0.2907	0.2907
	Putnam Co R-I School District	Operating Funds-Schools	50,249,051	3.5389	3.3800	57,238,710	3.3748	3.3500	59,969,788	3.3782	3.3500
		Debt Service	50,249,051	0.4117	0.3700	57,238,710	0.8401	0.3700	59,969,788	0.9626	0.3700
	Putnam County	General Revenue	53,684,537	0.5000	0.5000	60,985,930	0.4768	0.4768	64,096,533	0.4768	0.4768
		Library	53,684,537	0.1500	0.1500	60,985,930	0.1430	0.1430	64,096,533	0.1430	0.1430
		Health	53,684,537	0.3000	0.3000	60,985,930	0.2861	0.2861	64,096,533	0.2861	0.2861
		Hospital	53,684,537	0.5000	0.5000	60,985,930	0.4768	0.4768	64,096,533	0.4768	0.4768
		Senior Services	53,684,537	0.0500	0.0500	60,985,930	0.0477	0.0477	64,096,533	0.0477	0.0477
Ralls	Ralls County Ambulance District #3	General Revenue	105,210,878	0.1800	0.1600	113,169,118	0.1800	0.1800	113,080,317	0.1800	0.1800
	City of Center	General Revenue	3,991,089	0.7433	0.7348	4,090,129	0.7433	0.7348	4,048,308	0.7510	0.7348
		Fire	3,991,089	0.1981	0.1959	4,090,129	0.1981	0.1959	4,048,308	0.2000	0.1959

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Ralls	City of New London	General Revenue	6,043,233	0.4676	0.4676	6,130,734	0.4676	0.4676	6,124,975	0.4712	0.4712
	City of Perry	General Revenue	5,680,296	0.5409	0.5409	6,114,612	0.5407	0.5407	6,044,808	0.5472	0.5472
		Fire	5,680,296	0.0960	0.0960	6,114,612	0.0960	0.0960	6,044,808	0.0972	0.0972
	Ralls County Public Library	General Revenue	120,160,219	0.1300	0.1296	129,631,992	0.1300	0.1296	130,465,716	0.1300	0.1296
	Hannibal Rural Fire Protection Dist	General Revenue	56,396,306	0.1488	0.1483	60,310,954	0.1500	0.1500	59,905,452	0.1500	0.1488
	Ralls Co R-II School District	Operating Funds-Schools	53,462,328	2.7500	2.7500	57,557,227	2.7500	2.7500	58,158,075	2.7500	2.7500
		Debt Service	53,462,328	0.7143	0.7100	57,557,227	0.9320	0.7100	58,158,075	0.8196	0.7100
	Ralls County	General Revenue	146,091,455	0.3772	0.2300	157,476,097	0.3772	0.2490	155,108,171	0.3895	0.2490
		Road & Bridge	146,091,455	0.2829	0.2700	157,476,097	0.2829	0.2700	155,108,171	0.2921	0.2700
		Health	146,091,455	0.1000	0.1000	157,476,097	0.1000	0.1000	155,108,171	0.1000	0.1000
Randolph	Randolph County Ambulance District	General Revenue	286,697,300	0.1900	0.1900	293,995,127	0.1900	0.1900	299,450,050	0.1900	0.0954
	Moberly Spec Rd Dist Randolph Co	Special Road and Bridge	138,280,639	0.0900	0.0900 A	150,172,961	0.0881	0.0881	153,373,971	0.0885	0.0885
	Village of Cairo	General Revenue	1,270,441	0.5000	0.5000	1,523,292	0.4824	0.4824	1,486,636	0.4972	0.4972
		General Revenue-Temp	1,270,441	0.2100	0.2100 A	1,523,292	0.2026	0.2026	1,486,636	0.2088	0.2088
	City of Clark	General Revenue	1,288,410	1.0000	1.0000	1,337,197	1.0000	1.0000	1,414,502	1.0000	1.0000
	City of Clifton Hill	General Revenue	591,768	0.7500	0.7500	617,591	0.7437	0.7437	641,623	0.7437	0.7437
	City of Higbee	General Revenue	2,087,557	0.9183	0.9183	2,344,056	0.8776	0.8776	2,298,752	0.9050	0.9050
		Parks & Recreation	2,087,557	0.1500	0.1048	2,344,056	0.1434	0.0953	2,298,752	0.1479	0.1305
		Debt Service	2,087,557	1.1554	0.7185	2,344,056	0.5171	0.5171	**	**	**
	City of Huntsville	General Revenue	7,881,842	0.7537	0.7537	8,540,312	0.7342	0.7342	9,147,597	0.7342	0.7342
		Parks & Recreation	7,881,842	0.1000	0.1000	8,540,312	0.0974	0.0974	9,147,597	0.0974	0.0974
		Fire	7,881,842	0.1962	0.1962	8,540,312	0.1911	0.1911	9,147,597	0.1911	0.1911
		Cemetery	7,881,842	0.1858	0.1858	8,540,312	0.1810	0.1810	9,147,597	0.1810	0.1810
	Village of Jacksonville	General Revenue	400,426	0.5000	0.5000	408,424	0.5000	0.5000	488,043	0.4999	0.4999
		Parks & Recreation	400,426	0.4000	0.4000	408,424	0.4000	0.4000	488,043	0.4000	0.4000
	City of Moberly	General Revenue	108,965,058	0.7023	0.7023	118,167,887	0.6887	0.6887	120,037,918	0.6945	0.6945
		Parks & Recreation	108,965,058	0.3258	0.3258	118,167,887	0.3195	0.3195	120,037,918	0.3222	0.3222
	Village of Renick	General Revenue	831,523	0.5000	0.5000	858,434	0.5000	0.5000	898,022	0.5000	0.5000
	Randolph County Library	General Revenue	286,697,300	0.1700	0.1700	293,995,127	0.2500	0.2100	299,450,050	0.2500	0.2400
	Higbee Fire Protection District	General Revenue	13,050,459	0.2553	0.2553	14,110,581	0.2448	0.2448	14,540,444	0.2454	0.2448
	Moberly Area Jr. College	General Revenue	137,357,258	0.3386	0.3386	149,512,628	0.3322	0.3322	153,716,087	0.3322	0.3322
	Northeast Randolph Co R-IV Sch Dist	Operating Funds-Schools	14,885,797	3.6850	3.5108	16,571,556	3.5223	3.5223	17,521,924	3.5136	3.5136
		Debt Service	14,885,797	1.3011	0.8700	16,571,556	1.0666	0.8585	17,521,924	0.9653	0.8700
	Renick R-V School District	Operating Funds-Schools	8,614,884	4.5557	4.0700	9,198,004	4.5258	4.5200	9,851,108	3.9413	3.9413
		Operating Funds - Temp	**	**	**	**	**	**	9,851,108	0.4700	0.1587 A
	Higbee R-VIII School District	Operating Funds-Schools	7,472,514	3.7170	3.7170	8,126,306	3.7569	3.7569	8,814,497	3.6517	3.6517
		Debt Service	7,472,514	2.0595	1.0000	8,126,306	1.9596	1.0000	8,814,497	1.6036	1.0000
	Westran R-I School District	Operating Funds-Schools	95,190,753	3.7500	3.7500	86,368,187	3.7500	3.7500	86,298,955	3.7500	3.7500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Randolph	Moberly School District	Operating Funds-Schools	123,503,429	3.8098	3.4000 B	135,044,587	3.7336	3.4000	138,521,645	3.7252	3.4300
		Debt Service	123,503,429	0.6030	0.5800	135,044,587	1.1224	0.5800	138,521,645	1.0622	0.5800
	Randolph County	General Revenue	286,697,300	0.3755	0.1700	293,995,127	0.3769	0.1658	303,673,013	0.3769	0.1683
		Road & Bridge	148,416,685	0.3200	0.3200	293,995,127	0.2013	0.2013	303,673,013	0.2013	0.2593 C
		Health	286,697,300	0.1500	0.1500	293,995,127	0.1500	0.1500	303,673,013	0.1500	0.1500
Ray	Ray County Ambulance District	General Revenue	194,698,765	0.2974	0.2974	201,724,678	0.2974	0.2974	208,875,850	0.2974	0.2974
	Shirkey Leisure Acres Nursing Home	General Revenue	238,685,633	0.1419	0.1419	248,853,008	0.1419	0.1419	257,734,012	0.1419	0.1419
	Willow Creek Watershed Subdistrict	General Revenue	**	**	**	**	**	**	12,776,840	0.4000	0.4000 A
	Camden Special Road Dist Ray Co	Road & Bridge	7,691,251	0.3500	0.2400	8,025,229	0.3500	0.3500	8,147,302	0.3500	0.3500
		Special Road and Bridge	7,691,251	0.2400	0.2400 A	8,025,229	0.2400	0.2400	8,147,302	0.2400	0.2400
	Hardin Spec Rd Dist Ray Co	Road & Bridge	10,920,210	0.3500	0.3500	11,107,824	0.3500	0.3500	11,282,521	0.3500	0.3500
	Henrietta Spec Rd Dist Ray Co	Road & Bridge	4,717,705	0.3500	0.3500	4,700,775	0.3500	0.3500	4,728,734	0.3500	0.3500
	Lawson Special Road Dist Ray Co	Road & Bridge	28,905,531	0.2481	0.2481	31,101,456	0.2481	0.2481	9,621,978	0.3500	0.3000
		Special Road and Bridge	28,905,531	0.3000	0.3000 A	31,101,456	0.3000	0.3000	9,621,978	0.3000	0.3000
	Orrick Spec Rd Dist Ray Co	Road & Bridge	14,033,426	0.3348	0.3348	14,267,408	0.3348	0.3348	14,493,981	0.3348	0.3348
	Richmond Spec Rd Dist Ray Co	Road & Bridge	73,780,292	0.2467	0.2467	76,675,584	0.2467	0.2467	80,510,011	0.2467	0.2467
	Ray County Special Road District	Road & Bridge	96,467,832	0.2464	0.2464	101,276,351	0.2464	0.2464	104,364,212	0.2464	0.2464
	City of Camden	General Revenue	1,159,369	0.6319	0.6319	1,233,559	0.6283	0.6283	1,259,051	0.6283	0.6283
		Streets	1,159,369	1.3906	1.3906 A	1,233,559	1.3827	1.3827	1,259,051	1.3827	1.3827
		Fire	1,159,369	0.1500	0.1500	**	**	**	**	**	**
		Fire	1,159,369	0.0500	0.0500 A	1,233,559	0.0497	0.0497	1,259,051	0.0497	0.0497
		Fire Temporary	**	**	**	1,233,559	0.1500	0.1500 A	1,259,051	0.1500	0.1500
	Village of Elmira	General Revenue	428,855	0.4414	0.4414	439,634	0.4415	0.4415	476,458	0.4414	0.4414
	City of Hardin	General Revenue	5,094,088	1.0000	1.0000	5,269,396	1.0000	1.0000	5,221,124	1.0000	1.0000
	City of Henrietta	General Revenue	2,789,244	0.9641	0.9641	2,819,907	0.9641	0.9641	2,588,575	1.0000	0.9641
		Fire	2,789,244	0.3000	0.3000	2,819,907	0.3000	0.3000 A	2,588,575	0.3000	0.3000
		Streets	2,789,244	0.3000	0.3000	**	**	**	2,588,575	0.3000	0.3000 A
		General Revenue	5,810,665	0.6321	0.6321	6,093,072	0.6321	0.6321	5,979,240	0.6518	0.6518
	City of Orrick	Debt Service	5,810,665	0.1536	0.1536	6,093,072	0.2627	0.2627	5,979,240	0.2594	0.2594
		General Revenue	**	**	**	738,147	1.0000	1.0000 A	795,495	1.0000	0.5000
	Village of Rayville	Fire	**	**	**	738,147	0.6500	0.6500 A	795,495	0.6500	0.6500
		General Revenue	686,596	0.7500	0.7500	**	**	**	**	**	**
		Streets	686,596	0.4000	0.4000	**	**	**	**	**	**
	City of Richmond	General Revenue	51,673,961	0.5926	0.5926	53,812,661	0.5926	0.5926	56,538,289	0.5926	0.5926
		Parks & Recreation	51,673,961	0.1481	0.1481	53,812,661	0.1481	0.1481	56,538,289	0.1481	0.1481
		Debt Service	51,673,961	0.4253	0.4253	53,812,661	0.7101	0.4253	56,538,289	0.7996	0.4253
	City of Wood Heights	General Revenue	6,911,863	0.3496	0.3496	7,336,065	0.3496	0.3496	7,376,538	0.3500	0.3500
		Debt Service	6,911,863	0.5573	0.5573	7,336,065	0.6627	0.6627	7,376,538	0.5543	0.5543

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Ray	City of Homestead Village	General Revenue	869,564	0.5000	0.4871	873,847	0.5000	0.5000	885,555	0.5000	0.5000
	City of Crystal Lakes	General Revenue	3,600,322	1.0000	1.0000	3,784,229	1.0000	1.0000	3,854,434	1.0000	1.0000
		Streets	3,600,322	0.3000	0.3000	3,784,229	0.3000	0.3000	3,854,434	0.3000	0.3000 A
	City of Lawson	General Revenue	21,330,964	0.6362	0.4400	22,589,833	0.6362	0.4400	19,741,971	0.7405	0.6300
		Debt Service	21,330,964	1.0570	0.9700	22,589,833	0.9716	0.9700	19,741,971	1.3802	1.1700
	Ray County Free Library District	General Revenue	240,408,388	0.1043	0.1043	250,038,841	0.1043	0.1043	258,987,380	0.1043	0.1043
	Orrick Fire Protection District	General Revenue	23,799,618	0.2963	0.1570	24,362,969	0.2963	0.0440	24,725,795	0.2963	0.0400
	Wood Heights Fire Protection Dist	General Revenue	37,429,303	0.2602	0.2602	39,186,550	0.2602	0.2602	40,392,586	0.2779	0.2779
	Lawson Community Fire & Rescue Dist	General Revenue	74,142,276	0.2637	0.2637	75,126,104	0.2701	0.2701	75,767,967	0.2744	0.2744
		Ambulance	74,142,276	0.2852	0.2852	75,126,104	0.6852	0.6852	75,767,967	0.6852	0.6852
	Hardin Fire Protection District	General Revenue	14,598,913	0.1589	0.1589	14,947,928	0.1589	0.1589	15,342,432	0.1589	0.1589
	Stet Fire Protection District	Fire	10,592,681	0.1790	0.1790	10,054,805	0.1800	0.1800	10,916,462	0.1800	0.1800
	Stet R-XV School District	Operating Funds-Schools	6,948,508	5.2660	5.2660	6,951,535	5.2332	5.2332	12,344,135	5.1824	5.1824
	Lawson R-XIV School District	Operating Funds-Schools	56,528,534	3.3145	3.3145	61,618,360	3.3087	3.3087	62,733,692	3.3394	3.3394
		Debt Service	56,528,534	1.7716	0.9500	61,618,360	1.6727	0.9500	62,733,692	1.2771	0.9500
	Orrick R-XI School District	Operating Funds-Schools	18,675,499	3.8641	3.8000	19,368,981	3.8537	3.8537	19,331,468	3.8555	3.8500
		Debt Service	18,675,499	0.4949	0.2500	19,368,981	0.1807	0.1807	19,331,468	1.3648	0.7500
	Hardin-Central C-2 School District	Operating Funds-Schools	11,490,586	4.8478	4.8478	11,781,271	4.8533	4.8533	11,955,858	4.9832	4.9832
	Richmond R-XVI School District	Operating Funds-Schools	91,433,783	3.7507	3.4512	95,689,588	4.0946	4.0946 B	99,813,607	4.0946	3.3747
		Debt Service	91,433,783	0.6033	0.3000	95,689,588	0.8083	0.3400	99,813,607	0.7082	0.3700
	Ray County	General Revenue	239,862,818	0.3882	0.0000	250,038,842	0.3882	0.0000	258,890,404	0.3882	0.0000
		Health	239,862,818	0.0947	0.0947	250,038,842	0.0947	0.0947	258,890,404	0.0947	0.0947
		Hospital	239,862,818	0.1704	0.1704	250,038,842	0.1704	0.1704	258,890,404	0.1704	0.1704
		Mental Health	239,862,818	0.0948	0.0948	250,038,842	0.0948	0.0948	258,890,404	0.0948	0.0948
		Senate Bill 40	239,862,818	0.1704	0.1704	250,038,842	0.1704	0.1704	258,890,404	0.1704	0.1704
		Noxious Weed	239,862,818	0.0473	0.0000	250,038,842	0.0473	0.0000	258,890,404	0.0473	0.0000
Reynolds	Reynolds County Ambulance District	General Revenue	95,722,456	0.1500	0.1200	102,590,268	0.1500	0.1398	104,958,043	0.1500	0.1500
	City of Bunker	General Revenue	1,690,246	0.4833	0.4650	1,932,844	0.4391	0.4391	1,962,256	0.4424	0.4424
	City of Centerville	General Revenue	869,391	0.5292	0.3500	898,103	0.5311	0.3500	896,216	0.5418	0.3500
		Debt Service	869,391	3.8019	0.0000	**	**	**	**	**	**
	Reynolds County Library District	General Revenue	94,160,056	0.1982	0.1200	100,737,914	0.1982	0.1200	103,022,663	0.1982	0.1200
	Garwood Fire Protection District	General Revenue	2,278,384	0.3000	0.3000	2,388,827	0.3000	0.3000	2,423,443	0.3000	0.3000
	Northern Reynolds County Fire Prot	General Revenue	**	**	**	**	**	**	25,601,465	0.3000	0.2000 A
	Centerville R-I School District	Operating Funds-Schools	5,268,300	3.8492	3.7500	5,518,855	3.8934	3.7500	5,570,531	3.9189	3.8000
	Southern Reynolds Co R-II Sch Dist	Operating Funds-Schools	24,967,338	3.7000	2.8681	26,398,088	3.7000	2.9272	26,906,318	3.7000	2.8540
		Debt Service	24,967,338	0.7800	0.7800	26,398,088	0.8004	0.7800	26,906,318	1.0159	0.8532
	Bunker R-III School District	Operating Funds-Schools	32,890,728	3.0287	2.7500	37,265,287	2.8777	2.7500	37,325,318	2.8811	2.7500
	Lesterville R-IV School District	Operating Funds-Schools	23,682,903	3.5631	3.1600	24,080,203	3.5596	3.4300	25,675,255	3.4683	3.4300

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Reynolds	Reynolds County	General Revenue	94,160,056	0.3960	0.1200	100,737,914	0.3960	0.2040	103,022,663	0.3960	0.1480
		Road & Bridge	94,160,056	0.2913	0.1600	100,737,914	0.2913	0.2000	103,022,663	0.2913	0.2913
		Health	94,160,056	0.1000	0.1000	100,737,914	0.1000	0.1000	103,022,663	0.1000	0.1000
		Senate Bill 40	94,160,056	0.1000	0.1000	100,737,914	0.1000	0.1000	103,022,663	0.1000	0.1000
		Senior Services	94,160,056	0.0300	0.0300	100,737,914	0.0300	0.0300	103,022,663	0.0300	0.0300
Ripley	Ripley County Ambulance District	General Revenue	58,790,624	0.3000	0.1200	62,679,473	0.3000	0.1200	64,282,816	0.3000	0.1200
	Ripley County Memorial Hospital	General Revenue	70,597,276	0.3000	0.3000	75,019,955	0.3000	0.3000	77,003,179	0.3000	0.3000
	Fourche Creek Watershed Sub Dist	General Revenue	3,332,260	0.1549	0.1549	3,508,580	0.1549	0.1549	3,507,260	0.1554	0.1554
	Bennett Special Road Dist Ripley Co	Road & Bridge	359,057	0.1994	0.1700	368,131	0.2063	0.1700	368,374	0.2063	0.1700
	Current River Sp Rd Dist Ripley Co	Road & Bridge	539,566	0.2317	0.2317	575,517	0.2317	0.2317	593,757	0.2316	0.2316
	Doniphan Spec Rd Dist Ripley Co	Road & Bridge	33,685,265	0.2281	0.2281	35,994,197	0.2281	0.2281	36,862,519	0.2281	0.2281
		Special Road and Bridge	33,685,265	0.1500	0.1500	35,994,197	0.1500	0.1500	36,862,519	0.1500	0.1500 A
	Fairdealing Spec Rd Dist Ripley Co	Road & Bridge	3,463,104	0.2061	0.2061	3,643,045	0.2061	0.2061	3,807,424	0.2068	0.2068
	Flatwoods Spec Rd Dist Ripley Co	Road & Bridge	1,702,035	0.3500	0.3500	1,842,633	0.3500	0.3500	1,940,909	0.3500	0.3500
	Jordan Spec Rd Dist Ripley Co	Road & Bridge	6,654,814	0.2015	0.2015	7,024,465	0.2015	0.2015	7,326,733	0.2015	0.2015
	Little Black Spec Rd Dist Ripley Co	Road & Bridge	1,195,146	0.3500	0.3500	1,283,171	0.3500	0.3500	1,292,927	0.3500	0.3500
	Logan Creek Spec Rd Dist Ripley Co	Road & Bridge	3,303,801	0.2049	0.2049	3,572,385	0.2049	0.2049	3,688,014	0.2055	0.2055
	Mabrey Bay Spec Rd Dist Ripley Co	Road & Bridge	171,396	0.2168	0.2168	191,796	0.2191	0.2191	207,336	0.2188	0.2188
	Naylor Spec Rd Dist Ripley Co	Road & Bridge	5,105,290	0.3020	0.3020	5,270,089	0.3057	0.3057	5,376,598	0.3057	0.3057
		Special Road and Bridge	5,105,290	0.5000	0.5000 A	5,270,089	0.5000	0.5000	5,376,598	0.5000	0.5000
	Oxly Spec Rd Dist Ripley Co	Road & Bridge	2,237,567	0.3390	0.3390	2,362,314	0.3390	0.3390	2,419,637	0.3404	0.3404
	Pine Bardley Spec Rd Dist Ripley Co	Road & Bridge	2,323,051	0.1826	0.1826	2,403,283	0.1843	0.1843	2,450,328	0.1843	0.1843
	Ponder Gatewood Road Dist Ripley Co	Road & Bridge	4,628,963	0.1630	0.1601	4,848,709	0.1630	0.1630	4,914,133	0.1630	0.1630
		Special Road and Bridge	4,628,963	0.3399	0.3399 A	4,848,709	0.3399	0.3399	4,914,133	0.3399	0.3399
	Poynor Spec Rd Dist Ripley Co	Road & Bridge	1,601,514	0.1881	0.1881	1,709,283	0.1881	0.1881	1,779,662	0.1881	0.1881
	Pratt Spec Rd Dist Ripley Co	Road & Bridge	326,325	0.2430	0.2430	358,396	0.2431	0.2431	360,108	0.2466	0.2466
	Purman Spec Rd Dist Ripley Co	Road & Bridge	2,061,875	0.1642	0.1642	2,224,959	0.1642	0.1642	2,267,109	0.1642	0.1642
		Special Road and Bridge	2,061,875	0.3000	0.3000 A	2,224,959	0.3000	0.3000	2,267,109	0.3000	0.3000
	Running Water Sp Rd Dist Ripley Co	Road & Bridge	334,049	0.2164	0.1800	345,066	0.2205	0.1800	349,505	0.2205	0.1800
	Tucker Bay Spec Rd Dist Ripley Co	Road & Bridge	226,288	0.1734	0.1500	222,087	0.1765	0.1500	220,072	0.1781	0.1500
	Wolfe Creek Spec Rd Dist Ripley Co	Road & Bridge	678,167	0.2910	0.2910	780,429	0.2808	0.2808	778,028	0.2816	0.2816
		Special Road and Bridge	678,167	0.1000	0.1000 A	780,429	0.0965	0.0965	778,028	0.0968	0.0968
	City of Doniphan	General Revenue	13,562,929	0.4009	0.4009	14,717,701	0.3891	0.3891	14,889,743	0.3891	0.3891
	City of Naylor	General Revenue	1,838,438	0.7213	0.7213	1,938,554	0.7399	0.7399	1,986,240	0.7413	0.7413
	Doniphan-Ripley County Library	General Revenue	70,597,276	0.1811	0.1811	75,019,955	0.1811	0.1811	77,003,179	0.1811	0.1811
		Debt Service	70,597,276	0.0418	0.0300	75,019,955	0.0340	0.0300	77,003,179	0.0250	0.0250
	Naylor R-II School District	Operating Funds-Schools	6,020,904	3.2932	3.2500	8,618,790	3.2868	3.2800	8,842,595	3.2968	3.2900
	Doniphan R-I School District	Operating Funds-Schools	50,320,853	2.7500	2.7500	54,232,260	2.7500	2.7500	55,771,935	2.7500	2.7500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Ripley	Ripley Co R-IV School District	Operating Funds-Schools	4,336,264	2.8380	2.7500	4,385,021	2.8500	2.7500	4,547,391	2.8500	2.7500
	Ripley Co R-III School District	Operating Funds-Schools	3,971,894	2.7500	2.7500	4,191,946	2.7500	2.7500	4,234,689	2.7500	2.7500
	Ripley County	General Revenue	70,597,276	0.3120	0.3120	75,019,955	0.3120	0.3120	77,003,179	0.3120	0.3120
		Health	70,597,276	0.1500	0.1500	75,019,955	0.1500	0.1500	77,003,179	0.1500	0.1500
		Senate Bill 40	70,597,276	0.1000	0.1000	75,019,955	0.1000	0.1000	77,003,179	0.1000	0.1000
		Senior Services	70,597,276	0.0500	0.0500	75,019,955	0.0500	0.0500	77,003,179	0.0500	0.0500
St. Charles	St Charles County Ambulance Dist	General Revenue	5,287,724,216	0.1335	0.1335	6,170,477,015	0.1241	0.1241	6,517,802,573	0.1241	0.1241
		Debt Service	5,287,724,216	0.0213	0.0200	6,170,477,015	0.0288	0.0200	6,517,802,573	0.0240	0.0200
	Town of Augusta	General Revenue	5,104,806	0.2141	0.2141	5,666,695	0.2096	0.2096	6,040,042	0.2096	0.2096
		Lights	5,104,806	0.1070	0.1070	5,666,695	0.1047	0.1047	6,040,042	0.1047	0.1047
	City of Lake St Louis	General Revenue	206,423,137	0.7005	0.7005	250,772,596	0.6435	0.6435	265,052,240	0.6435	0.6435
		Debt Service	206,423,137	0.3994	0.3994	250,772,596	0.3997	0.3994	265,052,240	0.3994	0.3994
	City of O'Fallon	General Revenue	1,067,501,244	0.3770	0.3750	1,284,361,194	0.3486	0.3483	1,377,230,459	0.3486	0.3483
		Parks & Recreation	1,067,501,244	0.1371	0.1350	1,284,361,194	0.1268	0.1267	1,377,230,459	0.1268	0.1267
		Debt Service	1,067,501,244	0.4975	0.3100	1,284,361,194	0.4776	0.3100	1,377,230,459	0.3577	0.3100
	City of Portage Des Sioux	General Revenue	3,799,100	0.7674	0.7674	4,083,583	0.7499	0.7499	4,274,593	0.7499	0.7499
		Debt Service	3,799,100	0.4609	0.4609	4,083,583	0.4506	0.4506	4,274,593	0.0000	0.0000
	City of St Charles	General Revenue	954,153,023	0.5688	0.5650	1,081,112,449	0.5298	0.5270	1,135,012,311	0.5298	0.5270
		Parks & Recreation	954,153,023	0.2568	0.2550	1,081,112,449	0.2392	0.2370	1,135,012,311	0.2392	0.2370
		Debt Service	954,153,023	0.2044	0.1500	1,081,112,449	0.1869	0.1560	1,135,012,311	0.2662	0.1560
	City of St Peters	General Revenue	858,143,527	0.5918	0.5890	969,454,773	0.5559	0.5500	998,541,542	0.5559	0.5500
		Debt Service	858,143,527	0.4163	0.2610	969,454,773	0.4872	0.2500	998,541,542	0.4474	0.2500
	City of Wentzville	General Revenue	357,033,073	0.9500	0.9425	437,876,649	0.8930	0.8926	505,099,609	0.8930	0.8930
		Parks & Recreation	357,033,073	0.0855	0.0848	437,876,649	0.0804	0.0803	505,099,609	0.0804	0.0804
	City of St Paul	General Revenue	26,170,362	0.2090	0.2090	30,449,295	0.1887	0.1887	31,267,190	0.1887	0.1887
	Town of Weldon Springs Heights	General Revenue	1,913,254	0.4747	0.4747	2,127,095	0.4481	0.4481	2,174,647	0.4482	0.4481
	City of New Melle	General Revenue	9,120,941	0.2483	0.2483	11,169,071	0.2320	0.2320	11,909,240	0.2325	0.2325
	City of Cottleville	General Revenue	42,303,267	0.3757	0.3757	60,467,444	0.3400	0.3400	69,623,438	0.3400	0.3400
	Town of Dardenne Prairie	General Revenue	149,670,369	0.1345	0.1345	182,102,086	0.1238	0.1238	199,405,449	0.1238	0.1238
	St Charles City-County Library	General Revenue	5,287,724,216	0.2221	0.2221	6,170,477,015	0.2064	0.2064	6,517,802,573	0.2064	0.2064
	Cottleville Com Fire Prot District	General Revenue	871,324,779	0.5069	0.5069	1,028,393,535	0.4714	0.4714	1,076,423,148	0.4714	0.4714
		Pension	871,324,779	0.0889	0.0663	1,028,393,535	0.0827	0.0568	1,076,423,148	0.0827	0.0500
		Debt Service	871,324,779	0.0785	0.0785	1,028,393,535	0.0813	0.0404	1,076,423,148	0.0777	0.0500
	Lake St Louis Fire Prot District	General Revenue	193,917,598	0.4134	0.4134	223,377,341	0.3898	0.3898	230,968,276	0.3898	0.3898
		Pension	193,917,598	0.0270	0.0270	223,377,341	0.0255	0.0255	230,968,276	0.0255	0.0255
	O'Fallon Fire Protection District	General Revenue	1,026,890,190	0.5913	0.5913	1,218,202,892	0.5422	0.5422	1,284,703,695	0.5422	0.5422
		Pension	1,026,890,190	0.0428	0.0428	1,218,202,892	0.0392	0.0392	1,284,703,695	0.0392	0.0392
	Wentzville Fire Protection Dist 13	General Revenue	732,892,885	0.5017	0.5017	905,877,952	0.4644	0.4644	1,024,237,583	0.4644	0.4644

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Charles	Augusta Fire Protection District	General Revenue	33,758,707	0.2612	0.2612	38,647,016	0.2495	0.2495	40,369,643	0.2495	0.2495
	New Melle Fire Protection District	General Revenue	139,293,436	0.5625	0.5625	161,333,186	0.5219	0.5219	170,582,839	0.5219	0.5219
	Orchard Farm Fire Protection Dist	General Revenue	24,983,013	0.2988	0.2988	26,833,773	0.2955	0.2955	26,840,938	0.2972	0.2972
	Central County Fire and Rescue	General Revenue	1,274,092,847	0.5248	0.5248	1,449,652,907	0.4893	0.4893	1,490,253,293	0.4893	0.4893
		Pension	1,274,092,847	0.0453	0.0453	1,449,652,907	0.0422	0.0422	1,490,253,293	0.0422	0.0422
		Debt Service	1,274,092,847	0.0474	0.0474	1,449,652,907	0.0427	0.0427	1,490,253,293	0.0497	0.0497
	West Alton Fire Protection District	Fire	24,303,732	0.3000	0.2000	25,199,379	0.3000	0.2000	25,921,035	0.3000	0.2000
	St. Charles Co. Community College	General Revenue	5,258,015,521	0.1718	0.1718	6,136,867,553	0.1596	0.1596	6,484,128,289	0.1796	0.1796
		Debt Service	5,258,015,521	0.0900	0.0600	6,136,867,553	0.0823	0.0600	6,484,128,289	0.0836	0.0400
	Fort Zumwalt R-II School District	Operating Funds-Schools	1,591,292,409	4.1538	4.1538 B	1,851,339,048	3.8464	3.8464	1,942,033,111	3.8572	3.8572
		Operating Funds-Temp	1,591,292,409	0.2000	0.1000 A	1,851,339,048	0.1852	0.0857	1,942,033,111	0.1857	0.0857
		Debt Service	1,591,292,409	0.7000	0.7000	1,851,339,048	0.6200	0.6200	1,942,033,111	0.6201	0.6200
	Francis Howell R-III School Dist	Operating Funds-Schools	1,695,455,377	4.4207	4.1707 B	2,001,363,568	4.1097	3.8597	2,092,239,030	4.1105	3.8605
		Operating Funds-Temp	1,695,455,377	0.2000	0.2000 A	2,001,363,568	0.1858	0.1858	2,092,239,030	0.1858	0.1858
		Debt Service	1,695,455,377	0.6713	0.6713	2,001,363,568	0.6713	0.6713	2,092,239,030	0.6713	0.6713
	Wentzville R-IV School District	Operating Funds-Schools	902,955,629	3.9191	3.9469 B	1,103,154,949	3.7633	3.7854	1,222,621,324	3.7743	3.7843 C
		Debt Service	902,955,629	1.2159	0.6200	1,103,154,949	1.0608	0.6200	1,222,621,324	1.0407	0.6200
	St Charles R-VI School District	Operating Funds-Schools	756,840,448	3.4449	3.4449	858,348,620	3.1601	3.1601	871,183,493	3.4401	3.4401 B
		Debt Service	756,840,448	1.2099	1.1251	858,348,620	1.4589	1.3099	871,183,493	1.2326	1.0299
	St Charles Co R-V School District	Operating Funds-Schools	172,369,557	4.2144	3.9803 B	187,579,860	4.1157	3.9064	210,677,062	4.0764	3.8884
		Debt Service	172,369,557	0.9232	0.7020	187,579,860	0.7982	0.7120	210,677,062	0.7642	0.7300
	St. Charles County	General Revenue	5,274,608,870	0.2402	0.0040	6,170,477,015	0.2233	0.0030	6,517,802,573	0.2233	0.0025
		Johnson Grass	5,274,608,870	0.0445	0.0000	6,170,477,015	0.0414	0.0000	6,517,802,573	0.0414	0.0000
		Road & Bridge	5,274,608,870	0.2314	0.2250	6,170,477,015	0.2151	0.2148	6,517,802,573	0.2151	0.2148
		Senate Bill 40	5,274,608,870	0.1423	0.1422	6,170,477,015	0.1323	0.1323	6,517,802,573	0.1323	0.1323
		Dispatch	5,274,608,870	0.0445	0.0444	6,170,477,015	0.0414	0.0413	6,517,802,573	0.0414	0.0413
St. Clair	Ellett Memorial Hospital District	General Revenue	30,498,032	0.4937	0.4937	31,520,435	0.4963	0.4963	32,239,537	0.4963	0.4963
	Chloe Spec Rd Dist St Clair Co	Special Road and Bridge	1,951,611	0.2900	0.2900	2,005,706	0.2900	0.2900	2,015,220	0.2900	0.2900
	Collins Spec Rd Dist St Clair Co	Special Road and Bridge	5,366,168	0.2800	0.2800	5,571,491	0.2800	0.2800	5,811,611	0.2800	0.2800 A
	Hillsdale Spec Rd Dist St Clair Co	Special Road and Bridge	1,274,543	0.3500	0.3500	1,320,534	0.3500	0.3500 A	1,432,803	0.3500	0.3500
	Lowry City Sp Rd Dist St Clair Co	Special Road and Bridge	3,610,782	0.3200	0.3200	3,630,560	0.3200	0.3200	3,746,812	0.3200	0.3200
	Osceola Spec Rd Dist St Clair Co	Special Road and Bridge	12,359,315	0.3100	0.3100	12,377,643	0.3100	0.3100	13,221,178	0.3100	0.3100
	Vista Spec Rd Dist St Clair Co	Special Road and Bridge	2,700,028	0.5500	0.5500 A	2,791,563	0.5500	0.5500	2,956,561	0.5500	0.5500
	City of Appleton City	General Revenue	6,725,150	0.6398	0.6398	6,758,965	0.6530	0.6530	6,936,782	0.6530	0.6530
		Parks & Recreation	6,725,150	0.3612	0.3612	6,758,965	0.3686	0.3686	6,936,782	0.3686	0.3686
		Library	6,725,150	0.2271	0.2271	6,758,965	0.2318	0.2318	6,936,782	0.2318	0.2318
		Police & Fire	6,725,150	0.1960	0.1960	6,758,965	0.2001	0.2001	6,936,782	0.2001	0.2001
	City of Lowry City	General Revenue	3,613,338	0.6373	0.6373	3,627,384	0.6415	0.6415	3,743,976	0.6415	0.6415

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Clair	City of Lowry City	Lights	3,613,338	0.1977	0.1977	3,627,384	0.1990	0.1990	3,743,976	0.1990	0.1990
		Health	3,613,338	0.1648	0.0000	3,627,384	0.1658	0.0000	3,743,976	0.1658	0.0000
	City of Osceola	General Revenue	4,700,527	0.7005	0.7000	4,690,606	0.7154	0.7100	5,269,750	0.7154	0.7100
		Parks & Recreation	4,700,527	0.1000	0.1000	4,690,606	0.1000	0.1000	5,269,750	0.1000	0.1000
	Village of Roscoe	General Revenue	508,820	0.4403	0.4169	519,337	0.4809	0.4407	516,053	0.5000	0.4809
	St Clair County Library	General Revenue	73,420,196	0.1939	0.1800	75,939,642	0.1954	0.1954	79,506,897	0.1954	0.1954
	Iconium Fire Protection District	General Revenue	7,965,843	0.3000	0.1500	8,360,259	0.3000	0.2500	8,706,274	0.3000	0.2500
	Sac Osage Fire Protection District	General Revenue	36,466,636	0.2500	0.2500 A	22,509,765	0.2500	0.2500	24,122,567	0.2500	0.2500
	Appleton City R-II School District	Operating Funds-Schools	19,074,660	3.3507	3.3165	19,231,400	3.3850	3.3850	20,528,595	3.4125	3.4125
	Roscoe C-1 School District	Operating Funds-Schools	5,414,710	2.9863	2.9863	5,815,818	3.0588	3.0588	5,872,044	3.1740	3.1740
		Debt Service	5,414,710	0.4807	0.4807	5,815,818	0.6278	0.6278	5,872,044	0.4683	0.4683
	Lakeland R-III School District	Operating Funds-Schools	23,196,760	3.1587	3.1587	24,287,614	3.1783	3.1783	25,557,643	3.2045	3.2045
		Debt Service	23,196,760	1.7062	0.6200	24,287,614	1.6646	0.6200	25,557,643	1.6883	0.6700
	Osceola School District	Operating Funds-Schools	22,420,675	2.3623	2.3623	22,899,803	2.3645	2.3645	24,565,802	2.3775	2.3775
		Building-Temp.	22,420,675	0.9126	0.9126	22,899,803	0.9172	0.9172	24,565,802	0.9185	0.9185
	St. Clair County	General Revenue	80,142,638	0.4905	0.3470	82,692,231	0.4947	0.3325	86,429,702	0.4947	0.3370
		Road & Bridge	42,591,695	0.3500	0.2860	82,692,231	0.2886	0.2886	86,429,702	0.2886	0.2886
		Common Road District	42,591,695	0.3200	0.3200	44,699,621	0.3200	0.3200	46,551,119	0.3200	0.3200
		Health	80,142,638	0.2100	0.2100	82,692,231	0.2100	0.2100	86,429,702	0.2100	0.2100
St. Francois	Flat River Sp Rd #2 St Francois Co	Road & Bridge	23,932,996	0.2256	0.2256	24,914,046	0.2256	0.2256	26,519,307	0.2256	0.2256
	City of Bismarck	General Revenue	7,745,394	0.5069	0.4900	8,148,594	0.5069	0.4900	8,333,965	0.5099	0.4900
		Health	7,745,394	0.1595	0.1595	8,148,594	0.1595	0.1500	8,333,965	0.1604	0.1500
	City of Desloge	General Revenue	27,739,652	0.4634	0.4634	29,608,253	0.4618	0.4618	30,444,707	0.4618	0.4618
		Debt Service	27,739,652	0.0435	0.0435	29,608,253	0.0076	0.0076	**	**	**
	City of Farmington	General Revenue	136,701,641	0.4449	0.4200	147,779,713	0.4449	0.4200	155,684,066	0.4449	0.4449
		Debt Service	136,701,641	0.0779	0.0600	147,779,713	0.0990	0.0600	155,684,066	0.1179	0.1179
	City of Leadington	General Revenue	5,908,891	0.3487	0.2900	6,102,755	0.3487	0.2900	6,708,178	0.3487	0.2900
	City of Leadwood	General Revenue	3,960,848	0.8268	0.8268	4,140,605	0.8268	0.8268	4,273,802	0.8330	0.8330
		Debt Service	3,960,848	1.0734	1.0734	4,140,605	0.8356	0.8356	4,273,802	0.0000	0.0000
	City of Iron Mountain Lake	General Revenue	2,397,111	0.7338	0.7338	2,463,869	0.7338	0.7338	2,532,173	0.7450	0.7450
		Debt Service	2,397,111	2.9218	2.0200	2,463,869	2.3526	2.0200	2,532,173	1.9935	1.9935
	City of Park Hills	General Revenue	49,512,398	0.6840	0.6840	38,576,876	0.6840	0.6840	55,974,214	0.6840	0.6840
	Leadwood Fire Protection District	General Revenue	11,408,670	0.5466	0.5466	11,957,316	0.5466	0.5466	12,349,479	0.5471	0.5471
	Doe Run Fire Protection District	General Revenue	34,457,104	0.3188	0.3188	36,310,747	0.3188	0.3188	38,734,301	0.3188	0.3188
	Mineral Area College	General Revenue	625,196,661	0.3357	0.3357	667,150,015	0.3357	0.3357	699,010,923	0.3357	0.3357
		Debt Service	625,196,661	0.2271	0.1300	667,150,015	0.2096	0.1300	699,010,923	0.2137	0.1300
	Bismarck R-V School District	Operating Funds-Schools	19,319,325	3.5056	3.1000	20,117,985	3.5033	3.5033	21,194,405	3.5860	3.4300
		Debt Service	19,319,325	2.3354	0.6500	20,117,985	1.5771	0.6500	21,194,405	0.9545	0.6500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Francois	Farmington R-VII School District	Operating Funds-Schools	230,852,779	3.0016	3.0016	249,621,960	2.9992	2.9992	265,435,396	2.9906	2.9906
		Debt Service	230,852,779	0.7854	0.6200	249,621,960	0.7624	0.6200	265,435,396	0.9866	0.6200
	North St. Francois Co R-I Sch Dist	Operating Funds-Schools	123,414,178	3.5241	3.2500	130,368,214	3.4836	3.4836	135,735,297	3.4796	3.4796
		Debt Service	123,414,178	1.6722	0.7500	130,368,214	2.1804	0.7500	135,735,297	2.1156	0.7540
	Central R-III School District	Operating Funds-Schools	68,595,815	3.4040	3.3000	74,342,079	3.3455	3.3400	77,709,521	3.3211	3.2000
		Debt Service	68,595,815	1.6030	0.7583	74,342,079	1.2614	0.7100	77,709,521	1.7903	0.8583
	West St Francois Co R-IV Sch Dist	Operating Funds-Schools	30,984,199	3.3727	3.1200	33,884,708	3.3659	3.3000	35,366,884	3.3918	3.1200
		Debt Service	30,984,199	1.6750	0.9300	33,884,708	1.8728	0.7500	35,366,884	1.8197	0.9300
	St. Francois County	General Revenue	509,502,382	0.3315	0.0240	542,482,779	0.3315	0.0300	568,183,832	0.3315	0.0310
		Road & Bridge	485,569,386	0.2493	0.2275	517,568,733	0.2493	0.2493	541,664,525	0.2493	0.2493
		Health	509,502,382	0.0921	0.0921	542,482,779	0.0921	0.0921	568,183,832	0.0921	0.0921
		Ambulance	509,502,382	0.1381	0.1381	542,482,779	0.1381	0.1381	568,183,832	0.1381	0.0000
		Developmentally Disabled	509,502,382	0.0921	0.0921	542,482,779	0.0921	0.0921	568,183,832	0.0921	0.0921
		Senior Services	509,502,382	0.0500	0.0500 A	542,482,779	0.0500	0.0500	568,183,832	0.0500	0.0500
Ste. Genevieve	City of Bloomsdale	General Revenue	5,290,443	0.3243	0.3243	6,003,998	0.3178	0.3178	6,007,564	0.3269	0.3269
		General Revenue	3,094,035	0.9409	0.9409	3,481,613	0.8855	0.8855	3,560,605	0.8855	0.8855
	City of St Mary	General Revenue	46,217,641	0.5009	0.5009	50,415,798	0.4857	0.4857	51,598,442	0.4872	0.4872
		Parks & Recreation	46,217,641	0.1302	0.1302	50,415,798	0.1263	0.1263	51,598,442	0.1267	0.1267
	City of Ste Genevieve	Band	46,217,641	0.0802	0.0802	50,415,798	0.0778	0.0778	51,598,442	0.0780	0.0780
		Cemetery	46,217,641	0.0500	0.0500	50,415,798	0.0485	0.0485	51,598,442	0.0487	0.0487
	Ste. Genevieve County Library	General Revenue	269,384,878	0.1000	0.1000	294,349,688	0.0987	0.0987	305,848,483	0.0988	0.0988
	Ste. Genevieve Co R-II School Dist	Operating Funds-Schools	222,267,680	3.0000	3.0481	243,798,006	3.1000	3.0481 B	254,245,138	3.1000	3.1000
		Debt Service	222,267,680	0.3258	0.2600	243,798,006	0.4259	0.2600	254,245,138	0.3551	0.2600
	Ste. Genevieve County	General Revenue	269,384,878	0.3726	0.2442	294,349,688	0.3677	0.2382	305,848,483	0.3679	0.2403
		Road & Bridge	269,384,878	0.2819	0.2819	294,349,688	0.2782	0.2782	305,848,483	0.2784	0.2784
		Health	269,384,878	0.1000	0.1000	294,349,688	0.0987	0.0987	305,848,483	0.0988	0.0988
		Hospital	269,384,878	0.1712	0.1789	294,349,688	0.1690	0.1690	305,848,483	0.1691	0.1690
		Ambulance	269,384,878	0.1410	0.1410	294,349,688	0.1392	0.1392	305,848,483	0.1393	0.1393
		Mental Health	269,384,878	0.1000	0.1000	294,349,688	0.0987	0.0987	305,848,483	0.0988	0.0988
		Senate Bill 40	269,384,878	0.1000	0.0700	294,349,688	0.0987	0.0700	305,848,483	0.0988	0.0700
		Senior Services	269,384,878	0.0500	0.0300	294,349,688	0.0493	0.0300	305,848,483	0.0493	0.0350
		General Revenue	264,539,478	0.6980	0.6980	301,810,811	0.6622	0.6647	321,044,144	0.6622	0.6622
St. Louis	Eureka Fire Protection District	Ambulance	264,539,478	0.2811	0.2810	301,810,811	0.2667	0.2679	321,044,144	0.2667	0.2667
		Pension	264,539,478	0.0937	0.0930	301,810,811	0.0890	0.0893	321,044,144	0.0890	0.0890
		Dispatch	264,539,478	0.0281	0.0280	301,810,811	0.0266	0.0267	321,044,144	0.0266	0.0266
		Debt Service	264,539,478	0.1500	0.1500	301,810,811	0.1500	0.1500	321,044,144	0.1500	0.1500
		General Revenue -Gen. Adm	21,371,590,710	0.0197	0.0190	23,834,740,810	0.0186	0.0186	24,221,145,601	0.0187	0.0187

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Louis	Metropolitan Sewer Dist St Louis Co	General Revenue -Storm	12,651,835,499	0.0681	0.0500	14,171,203,173	0.0637	0.0500	14,365,302,952	0.0640	0.0500
	Metro Zoological Park & Museum Dist	Art Museum	21,763,846,237	0.0787	0.0787	24,262,856,477	0.0744	0.0763	24,750,210,488	0.0746	0.0746
		Botanical Garden	21,763,846,237	0.0394	0.0394	24,262,856,477	0.0371	0.0376	24,750,210,488	0.0372	0.0373 C
		Museum of Mo. History	21,763,846,237	0.0394	0.0394	24,262,856,477	0.0371	0.0376	24,750,210,488	0.0372	0.0373 C
		Museum of Nat. History	21,763,846,237	0.0394	0.0394	24,262,856,477	0.0371	0.0376	24,750,210,488	0.0372	0.0373 C
		Zoological Park	21,763,846,237	0.0787	0.0787	24,262,856,477	0.0744	0.0763	24,750,210,488	0.0746	0.0746
Saline	Rockwood R-VI School District	Operating Funds-Schools	2,519,395,500	3.8464	3.8834	2,823,917,500	3.6809	3.7574	2,913,395,160	3.6643	3.6677 C
		Debt Service	2,519,395,500	0.7569	0.7500	2,823,917,500	0.7562	0.7500	2,913,395,160	0.7580	0.7500
	Special Sch Dist of St. Louis Co	Operating Funds-Schools	18,437,235,879	0.8630	0.9051	20,480,719,495	0.8230	0.8399	20,917,764,888	0.8235	0.8235
	Saline Co Ambulance Dist No 3	General Revenue	158,569,321	0.2131	0.2131	166,026,800	0.2121	0.2121	173,650,363	0.2121	0.2121
	Slater Ambulance District No 1	General Revenue	33,984,475	0.3700	0.3700	34,974,072	0.3700	0.3700	35,691,445	0.3700	0.3700
	Sweet Springs Ambulance District	General Revenue	41,578,802	0.4339	0.4339	42,899,162	0.4339	0.3500	43,873,489	0.4339	0.3500
	Blackburn Elmwood Sp Rd Saline Co	Road & Bridge	5,270,597	0.3178	0.3178	5,385,859	0.3178	0.3178	5,615,598	0.3178	0.3178
		Special Road and Bridge	5,270,597	0.3524	0.3524	5,385,859	0.3524	0.3524	5,615,598	0.3600	0.3600 A
		Debt Service	5,270,597	0.5218	0.5218	5,385,859	0.5021	0.5021	5,615,598	0.4933	0.4933
	Gilliam Spec Rd Dist Saline Co	Road & Bridge	6,431,746	0.3086	0.3086	6,791,696	0.3086	0.3086	6,779,458	0.3118	0.3118
		Special Road and Bridge	6,431,746	0.2868	0.2868	6,791,696	0.2900	0.2900 A	6,779,458	0.2900	0.2900
	Grand Pass Spec Road Dist Saline Co	Road & Bridge	3,533,227	0.2953	0.2953	3,840,875	0.2983	0.2983	3,959,139	0.2983	0.2983
		Special Road and Bridge	3,533,227	0.3600	0.3600	3,840,875	0.3600	0.3600	3,959,139	0.3600	0.3600
	Marshall Spec Rd Dist Saline Co	Road & Bridge	112,898,334	0.2731	0.2731	118,225,334	0.2731	0.2731	123,801,727	0.2731	0.2731
	Slater Spec Rd Dist Saline Co	Road & Bridge	21,678,990	0.3172	0.3172	22,289,252	0.3172	0.3172	22,548,157	0.3172	0.3172
		Special Road and Bridge	21,678,990	0.3600	0.3600	22,289,252	0.3600	0.3600	22,548,157	0.3600	0.3600 A
	Sweet Springs Sp Rd Dist Saline Co	Road & Bridge	19,317,382	0.2991	0.2991	20,151,876	0.2991	0.2991	19,704,981	0.3069	0.3069
		Special Road and Bridge	19,317,382	0.2803	0.2803	20,151,876	0.3000	0.3000 A	19,704,981	0.3000	0.3000
	Malta Bend Spec Rd Dist Saline Co	Road & Bridge	9,464,561	0.3104	0.3104	9,985,887	0.3104	0.3104	12,106,972	0.3104	0.3104
		Special Road and Bridge	9,464,561	0.2963	0.2963	9,985,887	0.3000	0.3000 A	12,106,972	0.3000	0.3000
	Village of Arrow Rock	General Revenue	819,799	0.3422	0.3422	937,785	0.3099	0.3099	959,312	0.3105	0.3105
		General Revenue-Temp	819,799	0.3000	0.3000 A	937,785	0.2717	0.2717	959,312	0.2722	0.2722
	City of Blackburn	General Revenue	1,509,983	0.5616	0.5616	1,517,667	0.5634	0.5634	1,607,370	0.5634	0.5634
		Lights	1,509,983	0.1142	0.1142	1,517,667	0.1145	0.1145	1,607,370	0.1145	0.1145
		General Revenue-Temp	1,509,983	0.2731	0.2731	1,517,667	0.2740	0.2740	**	**	**
		GR Temp	**	**	**	**	**	**	1,607,370	0.2900	0.2900 A
	City of Gilliam	General Revenue	899,677	0.7287	0.7287	943,816	0.7287	0.7287	904,517	0.7500	0.7500
		Lights	899,677	0.3885	0.3885	943,816	0.3885	0.3885	904,517	0.4000	0.4000
	Village of Grand Pass	General Revenue	360,044	0.4574	0.4574	395,137	0.4617	0.4617	322,050	0.5000	0.4617
	City of Malta Bend	General Revenue	1,268,108	0.7828	0.7828	943,986	1.0000	0.7828	1,283,440	0.7615	0.7615
	City of Marshall	General Revenue	97,968,848	0.6962	0.6962	102,740,366	0.6962	0.6962	108,048,408	0.6962	0.6962
		Parks & Recreation	97,968,848	0.3010	0.3010	102,740,366	0.3010	0.3010	108,048,408	0.3010	0.3010

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Saline	City of Marshall	Library	97,968,848	0.1787	0.1787	102,740,366	0.1787	0.1787	108,048,408	0.1787	0.1787
		Band	97,968,848	0.0467	0.0467	102,740,366	0.0467	0.0467	108,048,408	0.0467	0.0467
	City of Miami	General Revenue	991,022	0.4767	0.4767	998,382	0.4767	0.4767	996,697	0.4798	0.4798
		Streets	991,022	0.6196	0.6196	998,382	0.6196	0.6196	996,697	0.6237	0.6237
	Village of Mount Leonard	General Revenue	261,626	0.9632	0.9632	273,051	0.9568	0.9568	258,139	1.0000	1.0000
	City of Nelson	General Revenue	749,863	0.8406	0.8406	750,292	0.8420	0.8420	766,232	0.8419	0.8419
	City of Slater	General Revenue	11,583,625	0.7126	0.7126	11,927,494	0.7126	0.7126	11,846,671	0.7200	0.7200
		Parks & Recreation	11,583,625	0.2000	0.2000	11,927,494	0.2000	0.2000	11,846,671	0.2000	0.2000
		Library	11,583,625	0.2227	0.2227	11,927,494	0.2227	0.2227	11,846,671	0.2250	0.2250
	City of Sweet Springs	General Revenue	9,064,591	0.7571	0.7571	9,286,776	0.7571	0.7571	9,577,018	0.7571	0.7571
		Parks & Recreation	9,064,591	0.3598	0.3598	9,286,776	0.3598	0.3598	9,577,018	0.3598	0.3598
		Library	9,064,591	0.2163	0.2163	9,286,776	0.2163	0.2163	9,577,018	0.2163	0.2163
		Debt Service	9,064,591	0.2225	0.2000	9,286,776	0.2194	0.2194	9,577,018	0.1923	0.1923
	City of Emma	General Revenue	1,742,840	0.4906	0.4906	1,775,849	0.4906	0.4906	1,838,720	0.4983	0.4983
	Malta Bend Fire Protection District	General Revenue	10,189,810	0.2776	0.2776	10,381,114	0.2776	0.2776	10,820,283	0.2776	0.2776
	Miami R-I School District	Operating Funds-Schools	7,473,958	3.9291	3.9291 B	7,608,396	3.9291	3.9291	7,893,999	3.9171	3.9171
	Orearville R-IV School District	Operating Funds-Schools	4,785,967	3.7898	3.7898	5,121,423	3.7785	3.6973	5,244,560	3.6766	3.6766
		Debt Service	4,785,967	1.6421	0.8500	5,121,423	1.1473	0.8500	5,244,560	0.8568	0.8500
	Malta Bend R-V School District	Operating Funds-Schools	7,818,916	4.2817	4.2817	8,000,103	4.3627	4.3627	8,397,336	4.4145	4.2139
		Debt Service	7,818,916	0.7754	0.7754	8,000,103	0.6322	0.6322	8,397,336	0.7810	0.7810
	Hardeman R-X School District	Operating Funds-Schools	5,635,593	3.7808	3.7808	5,981,343	3.7134	3.7134	6,018,598	3.8463	3.8463
		Debt Service	5,635,593	1.0336	1.0336	5,981,343	0.9337	0.9337	6,018,598	0.9337	0.9337
	Gilliam C-4 School District	Operating Funds-Schools	2,407,418	4.4361	4.4000	2,530,943	4.3350	4.3350	2,459,148	4.5342	4.4000
	Marshall School District	Operating Funds-Schools	116,490,120	3.3361	3.3361 B	122,893,747	3.3552	3.3552	128,514,864	3.3248	3.3248
	Slater School District	Operating Funds-Schools	15,628,892	3.7489	3.7489	16,100,703	3.7576	3.7576	16,273,810	3.7303	3.7303
		Debt Service	15,628,892	0.5639	0.5400	16,100,703	0.7310	0.5400	16,273,810	0.5850	0.5400
	Sweet Springs R-VII School District	Operating Funds-Schools	20,978,092	3.4863	3.4000	21,554,235	4.0468	4.0000 B	22,255,063	4.0468	3.3500
		Debt Service	20,978,092	1.1117	0.6400	21,554,235	0.6803	0.6400	22,255,063	0.6570	0.6400
	Saline County	General Revenue	225,033,032	0.3991	0.1995	234,620,426	0.3984	0.1992	243,387,278	0.3984	0.1992
		Common Road District	47,541,954	0.2901	0.2901	49,479,471	0.2891	0.2891	51,500,812	0.2891	0.2891
		Special Road and Bridge	47,541,954	0.3600	0.3600	49,479,471	0.3587	0.3587	51,500,812	0.3587	0.3587
		Health	225,033,032	0.1400	0.1400 A	234,620,426	0.1397	0.1397	243,387,278	0.1397	0.1397
		Senate Bill 40	225,033,032	0.0664	0.0664	234,620,426	0.0663	0.0663	243,387,278	0.0663	0.0663
		Common Road-Temp	**	**	**	**	**	**	243,387,278	0.2500	0.2500 A
Schuyler	Schuyler County Ambulance District	General Revenue	35,633,339	0.3000	0.3000	36,751,852	0.3000	0.3000	37,713,206	0.3000	0.3000
	Schuyler County Nursing Home Dist	General Revenue	35,633,339	0.1500	0.1500	36,751,852	0.1500	0.1500	37,713,206	0.1500	0.1500
	Glenwood Chariton SRD 4 Schuyler Co	Road & Bridge	4,782,905	0.3221	0.3221	4,917,017	0.3221	0.3221	5,053,423	0.3221	0.3221
		Special Road and Bridge	4,782,905	0.3600	0.3600 A	4,917,017	0.3600	0.3600	5,053,423	0.3600	0.3600

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Schuyler	City of Downing	General Revenue	1,676,630	1.0000	1.0000	1,695,227	1.0000	1.0000	1,761,792	1.0000	1.0007 D
	Village of Glenwood	General Revenue	975,282	0.4761	0.4761	997,086	0.4774	0.4774	995,796	0.4784	0.4774
		Debt Service	975,282	0.5018	0.4100	997,086	0.5920	0.4500	995,796	0.3334	0.3300
	City of Greentop	General Revenue	2,202,812	0.9216	0.9216	2,273,965	0.9216	0.9216	2,306,250	0.9244	0.9222
	City of Lancaster	General Revenue	4,963,983	0.8501	0.8500	4,965,156	0.8568	0.8500	4,963,891	0.8605	0.8600
		Parks & Recreation	4,963,983	0.1890	0.1800	4,965,156	0.1905	0.1900	4,963,891	0.1913	0.1900
	City of Queen City	General Revenue	2,624,895	1.0000	1.0000	2,753,322	1.0000	1.0000	2,848,453	1.0000	1.0000
	Schuyler County Library	General Revenue	35,633,339	0.1500	0.1500	36,751,852	0.1500	0.1500	37,713,206	0.1500	0.1500
	Schuyler Co R-I School District	Operating Funds-Schools	30,297,040	3.3479	2.7500	31,402,080	3.3672	2.7500	32,346,288	3.3534	2.7500
		Debt Service	30,297,040	0.9670	0.7700	31,402,080	1.0083	0.7700	32,346,288	1.0035	0.7700
	Schuyler County	General Revenue	35,633,339	0.5000	0.2900	36,751,852	0.5000	0.3300	37,713,206	0.5000	0.3300
		Common Road District	30,850,434	0.5000	0.5000	31,834,835	0.5000	0.5000	32,659,783	0.5000	0.5000
		Special Road and Bridge	30,850,434	0.2600	0.2600 A	31,834,835	0.2600	0.2600	32,659,783	0.2600	0.2600
		Health	35,633,339	0.3000	0.1800	36,751,852	0.3000	0.2500	37,713,206	0.3000	0.2500
		Senior Services	35,633,339	0.0500	0.0500	36,751,852	0.0500	0.0500	37,713,206	0.0500	0.0500
Scotland	Scotland County Ambulance District	General Revenue	46,935,647	0.2500	0.2500	48,711,271	0.2500	0.2500	50,550,637	0.2500	0.2500
	Scotland County Memorial Hosp Dist	General Revenue	46,935,647	0.4977	0.4977	48,711,271	0.4977	0.4977	50,550,637	0.4977	0.4977
	Scotland County Nursing Home Dist	General Revenue	46,935,647	0.3000	0.3000	48,711,271	0.3000	0.3000	50,550,637	0.3000	0.3000
	Bear Creek Watershed Subdistrict	General Revenue	996,448	0.4000	0.4000	996,783	0.4000	0.4000	996,081	0.4000	0.4000
	Village of Arbela	General Revenue	142,028	0.5000	0.5000	144,267	0.5000	0.5000	139,991	0.5000	0.5000
	Village of Granger	General Revenue	210,427	0.8000	0.6400	198,003	0.8000	0.6400	179,174	0.8000	0.6400
	City of Memphis	General Revenue	12,024,457	0.2986	0.2700	12,630,886	0.2986	0.2700	12,969,168	0.2986	0.2700
		Streets	12,024,457	0.3733	0.3400	12,630,886	0.3733	0.3400	12,969,168	0.3733	0.3400
		Fire	12,024,457	0.1707	0.1300	12,630,886	0.1707	0.1300	12,969,168	0.1707	0.1300
		Cemetery	12,024,457	0.1000	0.1000	12,630,886	0.1000	0.1000	12,969,168	0.1000	0.1000
		Swimming Pool	12,024,457	0.1814	0.1600	12,630,886	0.1814	0.1600	12,969,168	0.1814	0.1600
	Village of Rutledge	General Revenue	390,609	0.4237	0.4230	395,938	0.4237	0.4230	406,946	0.4237	0.4230
	City of South Gorin	General Revenue	558,331	0.7999	0.7999	547,592	0.8000	0.8000	685,500	0.7410	0.7410
		Fire	558,331	0.2000	0.2000	547,592	0.2000	0.2000	685,500	0.1852	0.1852
	Scotland County Library District	General Revenue	46,935,647	0.1900	0.1900	48,711,271	0.1900	0.1900	50,550,637	0.1900	0.1900
	Gorin R-III School District	Operating Funds-Schools	3,064,936	5.1209	4.2734	3,019,739	5.2650	4.4646	3,192,878	5.2871	4.6679
	Scotland Co R-I School District	Operating Funds-Schools	38,165,818	3.6900	3.3600	39,681,302	3.6735	3.6500	41,192,577	3.6284	3.3600
	Scotland County	General Revenue	46,935,647	0.4977	0.4977	48,711,271	0.4977	0.4977	50,550,637	0.4977	0.4977
		Road & Bridge	46,935,647	0.3452	0.3452	48,711,271	0.3452	0.3452	50,550,637	0.3452	0.3452
		Special Road and Bridge	46,935,647	0.3100	0.3100 A	48,711,271	0.3100	0.3100	50,550,637	0.3100	0.3100
		Health	46,935,647	0.1500	0.1500	48,711,271	0.1500	0.1500	50,550,637	0.1500	0.1500
Scott	Southern Scott Co Ambulance Dist	General Revenue	207,722,659	0.3000	0.2700	215,341,173	0.3000	0.2700	218,077,279	0.3000	0.3000
	North Scott Co Ambulance District	General Revenue	148,180,642	0.3000	0.3000	157,313,162	0.3000	0.3000	163,148,056	0.3000	0.3000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Scott	Illmo Special Road Dist Scott Co	Road & Bridge	47,302,828	0.3096	0.3096	51,027,049	0.3096	0.3096	54,977,456	0.3096	0.3096
	Sikeston Special Road Dist Scott Co	Road & Bridge	176,888,146	0.1800	0.1400	182,499,428	0.1800	0.1400	184,495,749	0.1800	0.1800
	City of Benton	General Revenue	5,069,974	0.5859	0.5859	5,485,355	0.5859	0.5859	5,849,319	0.5859	0.5859
		Parks & Recreation	5,069,974	0.1819	0.1819	5,485,355	0.1819	0.1819	5,849,319	0.1819	0.1819
	Village of Blodgett	General Revenue	1,161,199	0.3802	0.2800	1,198,365	0.3802	0.2800	1,202,355	0.3814	0.2800
	City of Chaffee	General Revenue	16,159,018	0.7679	0.7679	16,804,337	0.7679	0.7679	17,003,156	0.7691	0.7691
		Parks & Recreation	16,159,018	0.1638	0.1638	16,804,337	0.1638	0.1638	17,003,156	0.1641	0.1641
		Library	16,159,018	0.1638	0.1638	16,804,337	0.1638	0.1638	17,003,156	0.1641	0.1641
	Village of Commerce	General Revenue	615,605	0.5000	0.5000	639,343	0.5000	0.5000	632,502	0.5000	0.5000
	Village of Diehlstadt	General Revenue	482,724	0.3439	0.3439	489,427	0.3439	0.3439	523,276	0.3439	0.3439
	Village of Haywood City	General Revenue	383,993	0.5000	0.2900	419,431	0.5000	0.2900	427,987	0.5000	0.2900
	Village of Kelso	General Revenue	4,794,805	0.5000	0.5000	5,213,863	0.4993	0.4993	5,315,203	0.4993	0.4993
		Fire	4,794,805	0.1300	0.1300	5,213,863	0.1298	0.1298	5,315,203	0.1300	0.1300 A
	City of Miner	General Revenue	20,116,242	0.2967	0.1900	20,985,646	0.2967	0.1900	21,125,236	0.2967	0.1900
	City of Morley	General Revenue	3,497,009	0.6079	0.6079	3,690,584	0.6079	0.6079	3,763,810	0.6079	0.6079
	City of Oran	General Revenue	6,927,784	0.6270	0.6270	7,289,475	0.6270	0.6270	7,746,797	0.6270	0.6270
		Parks & Recreation	6,927,784	0.1882	0.1882	7,289,475	0.1882	0.1882	7,746,797	0.1882	0.1882
	City of Scott City	General Revenue	35,846,400	0.4706	0.4706	37,543,131	0.4706	0.4706	41,067,037	0.4706	0.4706
		Parks & Recreation	35,846,400	0.1681	0.1681	37,543,131	0.1681	0.1681	41,067,037	0.1681	0.1681
		Cemetery	35,846,400	0.0500	0.0500	37,543,131	0.0500	0.0500	41,067,037	0.0500	0.0500
		Debt Service	35,846,400	0.4180	0.4180	37,543,131	0.3711	0.3711	41,067,037	0.4566	0.4566
	Village of Vanduser	General Revenue	1,055,540	0.3478	0.3478	1,152,967	0.3476	0.3476	1,171,256	0.3476	0.3476
		Fire	1,055,540	0.1000	0.1000	1,152,967	0.1000	0.1000	1,171,256	0.1000	0.1000
	City of Sikeston	General Revenue	167,727,437	0.5530	0.3693	172,937,794	0.5530	0.3693	176,999,205	0.5530	0.3693
		Parks & Recreation	167,727,437	0.1609	0.1609	172,937,794	0.1609	0.1609	176,999,205	0.1609	0.1609
		Library	167,727,437	0.1609	0.1609	172,937,794	0.1609	0.1609	176,999,205	0.1609	0.1609
	Scott County Library	General Revenue	228,816,568	0.0968	0.0968	242,682,179	0.0968	0.0968	249,705,621	0.0968	0.0968
	Sikeston Fire Protection District	General Revenue	40,602,917	0.3000	0.1100	41,385,361	0.3000	0.0800	41,856,302	0.3000	0.0800
	NBC Fire Protection District	General Revenue	35,292,998	0.3000	0.3000	37,935,278	0.3000	0.3000	38,422,984	0.3000	0.3000
	Scott County Rural Fire Prot Dist	General Revenue	32,553,009	0.3000	0.3000	34,298,280	0.3000	0.3000	35,409,037	0.3000	0.3000
	Oran Fire Protection District	General Revenue	12,956,996	0.4019	0.4019	13,790,586	0.4019	0.4019	14,523,298	0.4019	0.4019
	Scott City R-I School District	Operating Funds-Schools	43,132,990	3.0223	2.7500	46,943,790	2.9933	2.7500	50,529,520	2.9979	2.7500
		Debt Service	43,132,990	0.6068	0.4900	46,943,790	0.5938	0.4900	50,529,520	0.7546	0.4900
	Chaffee R-II School District	Operating Funds-Schools	20,642,830	2.8771	2.8771	21,719,830	2.8731	2.8731	21,984,770	2.8729	2.8729
		Debt Service	20,642,830	1.9038	0.8500	21,719,830	2.6685	1.1800	21,984,770	1.5018	1.1500
	Scott Co R-IV School District	Operating Funds-Schools	41,988,330	2.7500	2.7500	45,710,060	2.7500	2.7500	47,407,470	2.7500	2.7500
		Debt Service	41,988,330	0.4204	0.4200	45,710,060	0.5692	0.4200	47,407,470	0.4706	0.4200
	Scott Co R-V School District	Operating Funds-Schools	12,755,570	3.1993	2.7900	13,284,390	3.1947	3.1947	13,573,610	3.2057	2.7900

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Scott	Scott Co R-V School District	Debt Service	12,755,570	2.1831	1.1000	13,284,390	1.4739	1.1000	13,573,610	1.1237	1.1000
	Sikeston R-VI School District	Operating Funds-Schools	191,695,379	3.4085	3.2500	201,712,308	3.3944	3.2500	205,501,384	3.4156	3.2500
		Debt Service	**	**	**	201,712,308	0.2910	0.1900	205,501,384	0.2247	0.1900
	Kelso C-7 School District	Operating Funds-Schools	18,887,170	2.8328	2.8328	20,485,130	2.8531	2.8531	20,861,780	2.8537	2.8537
	Oran R-III School District	Operating Funds-Schools	16,448,340	3.5800	3.3200	17,299,590	3.5489	3.3200	17,900,030	3.5290	2.7500
		Debt Service	16,448,340	0.8257	0.1800	17,299,590	0.9881	0.1800	17,900,030	1.8277	0.7500
	Scott County	General Revenue	355,903,302	0.3760	0.1000	372,654,339	0.3760	0.1000	381,225,334	0.3760	0.1000
		Johnson Grass	355,903,302	0.0100	0.0100	372,654,339	0.0100	0.0100	381,225,334	0.0100	0.0100
		Common Road District	131,712,326	0.2992	0.2992	139,127,858	0.2992	0.2992	141,752,130	0.2993	0.2993
		Health	355,903,302	0.1000	0.1000	372,654,339	0.1000	0.1000	381,225,334	0.1000	0.1000
		Senate Bill 40	355,903,302	0.1000	0.0400	372,654,339	0.1000	0.0400	381,225,334	0.1000	0.0400
Shannon	Shannon County Ambulance District	General Revenue	45,994,138	0.1281	0.1281	47,582,498	0.1285	0.1285	48,816,471	0.1288	0.1288
	City of Birch Tree	General Revenue	3,215,963	0.3984	0.3984	3,346,724	0.3984	0.3984	3,407,677	0.4002	0.3984
	City of Winona	General Revenue	6,145,200	0.0000	0.0000	6,261,855	0.0000	0.0000	6,420,069	0.0000	0.0000
	Timber Community Fire Prot Dist	General Revenue	2,837,965	0.3000	0.3000	2,993,095	0.3000	0.3000	3,098,380	0.3000	0.3000
	Winona R-III School District	Operating Funds-Schools	13,523,574	2.7500	2.7500	14,047,876	2.7500	2.7500	14,453,003	2.7500	2.7500
	Eminence R-I School District	Operating Funds-Schools	15,621,290	2.7500	2.7500	16,294,930	2.7500	2.7500	16,666,314	2.7500	2.7500
		Debt Service	15,621,290	0.6900	0.6900	16,294,930	0.6931	0.6900	16,666,314	0.6900	0.6900
	Shannon County	General Revenue	58,326,416	0.3053	0.1100	60,285,698	0.3066	0.1300	61,995,344	0.3071	0.1300
		Road & Bridge	58,326,416	0.2363	0.2358	60,285,698	0.2373	0.2358	61,995,344	0.2377	0.2358
		Health	58,326,416	0.0977	0.0977	60,285,698	0.0981	0.0977	61,995,344	0.0983	0.0981
		Senate Bill 40	58,326,416	0.0977	0.0975	60,285,698	0.0981	0.0975	61,995,344	0.0983	0.0975
		Senior Services	58,326,416	0.0488	0.0488	60,285,698	0.0490	0.0490	61,995,344	0.0491	0.0491
Shelby	Salt River Ambulance District	General Revenue	68,389,955	0.2500	0.2500	71,244,733	0.2500	0.2500	76,582,448	0.2500	0.1373
	Clarence Nursing Home District	General Revenue	19,044,539	0.2200	0.2200	19,817,317	0.2200	0.2200	20,675,702	0.2200	0.2200
	Salt River Nursing Home District	General Revenue	59,143,104	0.1500	0.1500	61,999,872	0.1500	0.1500	66,763,053	0.3000	0.3000
	Shelbina Special Rd Dist Shelby Co	Road & Bridge	19,462,581	0.4700	0.4700	20,218,915	0.4700	0.4700	39,728,776	0.4700	0.4700
	Village of Bethel	General Revenue	500,940	0.7500	0.7500	501,697	0.7500	0.7500	528,711	0.7500	0.7500
		Lights	500,940	0.2500	0.2500	501,697	0.2500	0.2500	528,711	0.2500	0.2500
	City of Clarence	General Revenue	4,601,347	1.0000	1.0000	4,697,716	1.0000	1.0000	5,009,473	1.0000	1.0000
		Library	4,601,347	0.1000	0.1000	4,697,716	0.1000	0.1000	5,009,473	0.1000	0.1000
		Streets	4,601,347	0.2000	0.2000	4,697,716	0.2000	0.2000	5,009,473	0.2000	0.2000
	City of Hunnewell	General Revenue	896,583	0.8752	0.8500	921,774	0.8773	0.8500	916,318	0.8826	0.8500
	Village of Leonard	General Revenue	543,496	0.4999	0.4600	633,773	0.4999	0.4600	643,126	0.5000	0.4600
	City of Shelbina	General Revenue	14,863,195	0.8111	0.8100	15,244,698	0.8111	0.8100	18,392,389	0.8157	0.7200
		Library	14,863,195	0.2380	0.2300	15,244,698	0.2380	0.2300	18,392,389	0.2394	0.2100
	City of Shelbyville	General Revenue	3,205,646	0.8488	0.8488	3,344,189	0.8488	0.8488	3,465,397	0.8517	0.8517
		Gen Rev-Temp	3,205,646	0.3000	0.3000	3,344,189	0.3000	0.3000	**	**	**

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Shelby	City of Shelbyville	General Revenue - Temp	**	**	**	**	**	**	3,465,397	0.3000	0.3000 A
	Shelbina Fire Protection District	General Revenue	33,894,479	0.2193	0.2193	35,882,209	0.2193	0.2193	38,089,734	0.2253	0.2253
	North Shelby School District	Operating Funds-Schools	23,478,719	4.0890	3.5200	24,627,683	4.0938	4.0900	25,887,170	4.0775	3.6300
		Debt Service	23,478,719	0.6027	0.3300	24,627,683	0.3459	0.1800	25,887,170	0.2285	0.2200
	Shelby Co R-IV School District	Operating Funds-Schools	45,795,112	3.3700	3.3700	47,987,801	3.3700	3.3700	52,051,237	3.3700	3.3700
		Operating Funds-Temp	45,795,112	0.3800	0.3800	47,987,801	0.3800	0.3800	52,051,237	0.3800	0.3800
	Shelby County	General Revenue	72,312,649	0.4757	0.3600	75,312,119	0.4757	0.3300	80,687,446	0.4765	0.3400
		Road & Bridge	50,331,001	0.3500	0.3500	55,093,177	0.3435	0.3435	57,303,797	0.3500	0.3439
		Health	72,312,649	0.2500	0.2500	75,312,119	0.2500	0.2500	80,687,446	0.2500	0.2500
Stoddard	Stoddard County Ambulance District	General Revenue	325,692,889	0.2004	0.2004	342,754,834	0.2004	0.2004	360,203,148	0.2004	0.2004
	Bluff Spec Rd Dist Stoddard Co	Johnson Grass	9,005,555	0.0500	0.0500	8,254,929	0.0500	0.0500	8,315,935	0.0500	0.0500
		Road & Bridge	9,005,555	0.1460	0.1460	8,254,929	0.1605	0.1605	8,315,935	0.1605	0.1605
		Special Road and Bridge	9,005,555	0.3500	0.3500	8,254,929	0.3500	0.3500	8,315,935	0.3500	0.3500 A
	Crowder Zeta Sp Rd Dist Stoddard Co	Johnson Grass	2,755,411	0.0500	0.0500	2,709,521	0.0500	0.0500	2,780,102	0.0500	0.0500
		Road & Bridge	2,755,411	0.2788	0.2788	2,709,521	0.2857	0.2857	2,780,102	0.2887	0.2887
	Dudley Spec Rd Dist Stoddard Co	Johnson Grass	11,947,708	0.0500	0.0500	12,834,821	0.0500	0.0500	14,603,519	0.0500	0.0500
		Road & Bridge	11,947,708	0.2618	0.2618	12,834,821	0.2631	0.2631	14,603,519	0.2631	0.2631
		Special Road and Bridge	11,947,708	0.2500	0.2500	12,834,821	0.2500	0.2500	14,603,519	0.2500	0.2500
	Essex Spec Rd Dist Stoddard Co	Johnson Grass	12,959,675	0.0500	0.0500	13,257,780	0.0500	0.0500	13,410,535	0.0500	0.0500
		Road & Bridge	12,959,675	0.2416	0.2416	13,257,780	0.2428	0.2428	13,410,535	0.2428	0.2428
		Special Road and Bridge	12,959,675	0.3500	0.3500	13,257,780	0.3500	0.3500 A	13,410,535	0.3500	0.3500
	Gray Ridge Spec Rd Dist Stoddard Co	Road & Bridge	8,163,665	0.3067	0.3067	8,513,868	0.3106	0.3106	8,687,154	0.3106	0.3106
	Lavalle Spec Road Dist Stoddard Co	Road & Bridge	2,343,083	0.3500	0.3500	2,378,478	0.3500	0.3500	2,340,920	0.3500	0.3500
	City of Bell City	General Revenue	1,943,648	0.6828	0.6828	1,994,689	0.6828	0.6828	1,990,449	0.6864	0.6864
	City of Bernie	General Revenue	12,261,601	0.4960	0.4960	12,584,343	0.4960	0.4960	12,921,830	0.4960	0.4960
		Parks & Recreation	12,261,601	0.0900	0.0900	12,584,343	0.0900	0.0900	12,921,830	0.0900	0.0900
	City of Bloomfield	General Revenue	9,659,987	0.4835	0.4835	10,260,573	0.4800	0.4800	10,779,773	0.4800	0.4800
		Library	9,659,987	0.1410	0.1410	10,260,573	0.1400	0.1400	10,779,773	0.1400	0.1400
		Debt Service	9,659,987	0.2652	0.2652	10,260,573	0.2529	0.2529	10,779,773	0.2275	0.2275
	City of Dexter	General Revenue	80,165,837	0.4972	0.4972	86,573,707	0.4972	0.4972	94,464,799	0.4972	0.4972
		Library	80,165,837	0.1392	0.1392	86,573,707	0.1392	0.1392	94,464,799	0.1392	0.1392
	City of Dudley	General Revenue	4,844,477	0.5376	0.5376	6,010,213	0.5376	0.5376	7,573,077	0.5387	0.5387
	City of Essex	General Revenue	2,906,539	0.3940	0.3940	3,102,576	0.3940	0.3940	3,075,368	0.3980	0.3980
	City of Puxico	General Revenue	5,497,786	0.4948	0.4948	5,764,450	0.4948	0.4948	6,253,280	0.4948	0.4948
		Parks & Recreation	5,497,786	0.2120	0.2120	5,764,450	0.2120	0.2120	6,253,280	0.2120	0.2120
		Library	5,497,786	0.0707	0.0707	5,764,450	0.0707	0.0707	6,253,280	0.0707	0.0707
		Health	5,497,786	0.1009	0.1009	5,764,450	0.1009	0.1009	6,253,280	0.1009	0.1009
		Cemetery	5,497,786	0.1009	0.1009	5,764,450	0.1009	0.1009	6,253,280	0.1009	0.1009

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Stoddard	Village of Pendermon	General Revenue	141,199	0.3990	0.3990	151,136	0.3989	0.3989	145,873	0.4134	0.4134
	Castor Township of Stoddard Co	General Revenue	45,341,593	0.0700	0.0700	46,760,724	0.0700	0.0700	48,688,175	0.0700	0.0700
		Road & Bridge	36,336,038	0.2210	0.2210	38,505,795	0.2210	0.2210	40,372,240	0.2210	0.2210
	Duck Creek Township of Stoddard Co	General Revenue	34,686,410	0.1000	0.1000	36,800,174	0.1000	0.1000	39,507,946	0.1000	0.1000
		Johnson Grass	34,686,410	0.0376	0.0376	36,800,174	0.0376	0.0376	24,904,427	0.0500	0.0500
		Road & Bridge	22,738,702	0.2518	0.2518	23,965,353	0.2518	0.2518	24,904,427	0.2528	0.2528
		Special Road and Bridge	22,738,702	0.3500	0.3500 A	23,965,353	0.3500	0.3500	24,904,427	0.3500	0.3500
	Elk Township of Stoddard Co	General Revenue	12,093,578	0.1000	0.1000	11,984,637	0.1000	0.1000	12,288,024	0.1000	0.1000
		Road & Bridge	9,750,495	0.3102	0.3102	9,606,159	0.3157	0.3157	9,947,104	0.3159	0.3159
		Special Road and Bridge	9,750,495	0.3500	0.3500	9,606,159	0.3500	0.3500	9,947,104	0.3500	0.3500
	Liberty Township of Stoddard Co	General Revenue	158,482,425	0.0800	0.0700	168,766,262	0.0800	0.0800	178,628,189	0.0800	0.0800
		Johnson Grass	158,482,425	0.0500	0.0500	168,766,262	0.0500	0.0500	178,628,189	0.0500	0.0500
		Road & Bridge	158,482,425	0.3500	0.0800	168,766,262	0.3500	0.1000	178,628,189	0.3500	0.1100
		Special Road and Bridge	158,482,425	0.3500	0.3500 A	168,766,262	0.3500	0.3500	178,628,189	0.3500	0.3500
	New Lisbon Township of Stoddard Co	General Revenue	8,889,548	0.0809	0.0809	9,306,725	0.0809	0.0809	9,679,186	0.0813	0.0813
		Johnson Grass	8,889,548	0.0500	0.0500	9,306,725	0.0500	0.0500	9,679,186	0.0500	0.0500
		Road & Bridge	8,889,548	0.2325	0.2325	9,306,725	0.2325	0.2325	9,679,186	0.2336	0.2336
		Special Road and Bridge	8,889,548	0.3500	0.3500	9,306,725	0.3500	0.3500 A	9,679,186	0.3500	0.3500
	Pike Township of Stoddard Co	General Revenue	43,441,394	0.0905	0.0905	45,772,412	0.0905	0.0905	47,628,792	0.0906	0.0906
		Johnson Grass	43,441,394	0.0407	0.0407	45,772,412	0.0407	0.0407	44,848,690	0.0430	0.0430
		Road & Bridge	40,685,983	0.2314	0.2314	43,062,891	0.2314	0.2314	44,848,690	0.2315	0.2315
	Richland Township of Stoddard Co	General Revenue	22,757,943	0.0813	0.0813	23,363,900	0.0820	0.0820	23,782,836	0.0820	0.0820
		Road & Bridge	1,634,603	0.3500	0.3500	1,592,252	0.3500	0.3500	1,685,147	0.3500	0.3500
	Richland R-I School District	Operating Funds-Schools	19,648,482	4.1978	3.5700	20,196,143	4.2400	3.6700	20,691,134	4.2637	3.2669
		Debt Service	19,648,482	0.3464	0.3300	20,196,143	0.3467	0.3300	20,691,134	0.3752	0.3300
	Bell City R-II School District	Operating Funds-Schools	19,258,188	3.3347	3.1500	21,059,112	3.2760	3.1500	22,441,575	3.2839	3.1500
	Advance R-IV School District	Operating Funds-Schools	24,977,540	2.7862	2.7500	26,019,000	2.7500	2.7500	26,654,659	2.8136	2.7500
		Debt Service	24,977,540	0.6190	0.4300	26,019,000	0.6137	0.4300	26,654,659	1.1001	0.6800
	Puxico R-VIII School District	Operating Funds-Schools	63,914,342	2.7500	2.7500	33,676,411	2.7500	2.7500	35,240,114	2.7500	2.7500
		Debt Service	**	**	**	**	**	**	35,240,114	1.1587	0.7900
	Bloomfield R-XIV School District	Operating Funds-Schools	34,563,120	2.7928	2.7500	35,799,453	2.7956	2.7500	37,061,736	2.8289	2.7500
	Dexter R-XI School District	Operating Funds-Schools	134,412,362	2.7500	2.7500	145,399,817	2.7500	2.7500	157,235,714	2.7500	2.7500
		Debt Service	134,412,362	0.8819	0.5700	145,399,817	0.5913	0.5700	157,235,714	0.5703	0.5700
	Bernie R-XIII School District	Operating Funds-Schools	27,229,774	2.8743	2.8641	27,531,923	2.8740	2.8740	28,792,964	2.9447	2.9447
		Debt Service	27,229,774	0.4183	0.3000	27,531,923	0.5613	0.3000	28,792,964	0.4688	0.3000
	Stoddard County	General Revenue	325,692,889	0.2505	0.0000	342,754,834	0.2505	0.0000	360,203,148	0.2505	0.0000
		Johnson Grass	325,692,889	0.0500	0.0000	342,754,834	0.0500	0.0000	360,203,148	0.0500	0.0000
		Health	325,692,889	0.1000	0.1000	342,754,834	0.1000	0.1000	360,203,148	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Stoddard	Stoddard County	Senate Bill 40	325,692,889	0.0802	0.0800	342,754,834	0.0802	0.0800	360,203,148	0.0802	0.0800
Stone	City of Crane	General Revenue	5,880,614	0.8335	0.8335	6,430,601	0.8022	0.8022	6,726,436	0.8022	0.8022
		Parks & Recreation	5,880,614	0.1316	0.1316	6,430,601	0.1267	0.1267	6,726,436	0.1267	0.1267
		Library	5,880,614	0.1316	0.0000	6,430,601	0.1267	0.0000	6,726,436	0.1267	0.0000
		General Revenue	2,241,463	0.5174	0.5174	2,484,842	0.5052	0.5052	2,547,497	0.5052	0.5052
	City of Galena	General Revenue	594,351	0.6435	0.6435	625,725	0.6435	0.6435	622,963	0.6668	0.6435
	City of Hurley	General Revenue	32,251,127	0.4664	0.4664	36,053,319	0.4410	0.4410	37,126,975	0.4410	0.4410
	City of Kimberling City	General Revenue	3,621,494	0.6666	0.6666	4,183,129	0.6560	0.6560	4,405,852	0.6643	0.6643
	City of Reeds Spring	General Revenue	852,391	0.5000	0.5000	901,706	0.4966	0.4966	874,928	0.5000	0.4966
	Village of McCord Bend	General Revenue	363,424,924	0.0702	0.0702	406,480,802	0.0682	0.0682	423,162,763	0.1000	0.1000
	Stone County Library	General Revenue	287,280,622	0.2713	0.0000	323,679,229	0.2620	0.0000	337,239,012	0.2620	0.0000
	Southern Stone Co Fire Prot Dist	General Revenue	10,863,626	0.3243	0.3243	11,875,014	0.3243	0.3243	12,296,400	0.3243	0.3243
	Hurley Fire Protection District	General Revenue	22,011,048	0.2929	0.2929	23,950,678	0.2924	0.2924	24,720,850	0.2924	0.2924
	North Stone-Northeast Barry FPD	General Revenue	7,681,725	3.9700	3.9700	8,340,414	3.9700	3.9700	8,677,124	3.9700	3.9700
	Hurley R-I School District	Operating Funds-Schools	7,681,725	0.5893	0.5802	8,340,414	0.5830	0.5830	8,677,124	0.5830	0.5830
		Debt Service	20,499,327	3.2248	3.2248	22,198,339	3.2039	3.2039	23,412,066	3.2104	3.2039
		Debt Service	20,499,327	0.5601	0.5601	22,198,339	0.8755	0.5322	23,412,066	0.8617	0.5322
	Galena R-II School District	Operating Funds-Schools	15,800,517	3.2210	3.2210	20,577,576	3.1521	3.1521	21,187,250	3.1424	3.1424
		Debt Service	**	**	**	**	**	**	21,187,250	0.5207	0.4500
	Reeds Spring R-IV School District	Operating Funds-Schools	222,510,782	2.9500	2.9500 B	253,440,359	3.0500	3.0500 B	264,837,279	3.0507	3.0500
		Debt Service	222,510,782	1.3848	0.7100	253,440,359	1.2315	0.7100	264,837,279	1.2446	0.7100
	Blue Eye R-V School District	Operating Funds-Schools	63,037,466	3.3500	3.2000 B	69,685,208	3.2602	3.2602	71,594,793	3.2691	3.2691
		Debt Service	63,037,466	1.1222	0.8000	69,685,208	1.3374	0.8000	71,594,793	1.1857	0.8000
	Stone County	General Revenue	363,424,924	0.2912	0.1300	406,480,802	0.2828	0.1300	423,162,763	0.2828	0.1300
		Road & Bridge	363,424,924	0.2109	0.0000	406,480,802	0.2048	0.0000	423,162,763	0.2048	0.0000
		Health	363,424,924	0.0803	0.0803	406,480,802	0.0780	0.0780	423,162,763	0.0780	0.0780
		Senior Services	363,424,924	0.0494	0.0494	406,480,802	0.0480	0.0480	423,162,763	0.0480	0.0480
Sullivan	Sullivan County Ambulance District	General Revenue	66,333,065	0.5013	0.5013	68,712,025	0.5013	0.5000	72,905,759	0.5013	0.5000
	Locust Creek Watershed Subdistrict	General Revenue	20,166,478	0.3858	0.3858	20,555,146	0.3858	0.3858	21,406,673	0.3858	0.3858
	Harris Spec Rd Dist Sullivan Co	Road & Bridge	427,992	0.3498	0.3498	435,584	0.3497	0.3497	473,597	0.3469	0.3469
	Milan Special Road Dist Sullivan Co	Road & Bridge	10,488,392	0.3134	0.3134	11,047,927	0.3171	0.3171	11,076,463	0.3188	0.3188
	West Buchanan Road Dist Sullivan Co	Road & Bridge	2,302,720	0.3500	0.3500	2,493,099	0.3500	0.3500	2,609,835	0.3500	0.3500
		Special Road and Bridge	2,302,720	0.3500	0.3500	2,493,099	0.3500	0.3500	2,609,835	0.3500	0.3500
	City of Green Castle	General Revenue	879,240	0.5557	0.5557	941,499	0.5557	0.5557	927,812	0.5678	0.5678
	City of Green City	General Revenue	3,933,684	0.5039	0.5000	4,044,862	0.5039	0.5000	4,134,525	0.5060	0.5060
		Lights	3,933,684	0.1800	0.1800	4,044,862	0.1800	0.1800	4,134,525	0.1800	0.1800
		Fire	3,933,684	0.3066	0.3000	4,044,862	0.3066	0.3000	4,134,525	0.3079	0.3079
	City of Harris	General Revenue	151,024	0.9000	0.9000	148,378	0.9000	0.0000	186,655	0.8998	0.0000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Sullivan	Village of Humphreys	General Revenue	306,312	0.7349	0.7300	232,621	0.7500	0.0100	237,436	0.7500	0.7300
		Parks & Recreation	306,312	0.4902	0.4900	232,621	0.5000	0.0100	237,436	0.4998	0.4900
		Lights	306,312	1.4238	0.0100	232,621	1.5000	0.5000	237,436	1.4997	0.0100
		Streets	306,312	0.9492	0.0100	232,621	1.0000	0.7500	237,436	1.0000	0.0100
	City of Milan	General Revenue	10,376,507	0.7329	0.6800	10,963,442	0.7417	0.6800	11,051,715	0.7457	0.6800
		Park	10,376,507	0.1000	0.1000	10,963,442	0.1000	0.1000	11,051,715	0.1000	0.1000
		Recreation	10,376,507	0.0500	0.0500	10,963,442	0.0500	0.0500	11,051,715	0.0500	0.0500
	Village of Newtown	General Revenue	685,206	2.4667	1.9120	667,946	1.0000	1.0000	680,361	0.9999	0.9999
		Parks & Recreation	**	**	**	**	**	**	680,361	0.2000	0.2000 A
		GR - Temp	**	**	**	**	**	**	680,361	0.3000	0.3000 A
		Debt Service	685,206	0.2036	0.2036	667,946	0.4342	0.4342	680,361	0.4189	0.4189
	Village of Osgood	General Revenue	95,672	1.2449	1.2300	116,493	1.0000	1.0000	122,644	0.9998	0.9998
		General Revenue-temp	95,672	0.3000	0.3000	116,493	0.3000	0.3000 A	122,644	0.2996	0.2996
	Sullivan County Library	General Revenue	66,333,065	0.1000	0.1000	68,712,025	0.1000	0.1000	72,905,759	0.1000	0.1000
	Bowman Township of Sullivan Co	General Revenue	5,463,877	0.1000	0.1000	5,589,173	0.1000	0.1000	5,722,667	0.1000	0.1000
		Road & Bridge	5,463,877	0.5000	0.5000	5,589,173	0.5000	0.5000	5,722,667	0.5000	0.5000
		Special Road and Bridge	5,463,877	0.3500	0.3500	5,589,173	0.3500	0.3500 A	5,722,667	0.3500	0.3500
	Buchanan Township of Sullivan Co	General Revenue	3,422,874	0.1000	0.1000	3,662,985	0.1000	0.1000	3,777,237	0.1000	0.1000
		Road & Bridge	3,422,874	0.5000	0.5000	3,662,985	0.5000	0.5000	3,777,237	0.5000	0.5000
		Special Road and Bridge	3,422,874	0.3500	0.3500	3,662,985	0.3500	0.3500 A	3,777,237	0.3500	0.3500
	Clay Township of Sullivan Co	General Revenue	5,194,377	0.0983	0.0983	5,072,018	0.1000	0.1000	5,369,043	0.1000	0.1000
		Road & Bridge	5,194,377	0.4917	0.4917	5,072,018	0.5000	0.5000	5,369,043	0.5000	0.5000
		Special Road and Bridge	5,194,377	0.3442	0.3442	5,072,018	0.3500	0.3500	5,369,043	0.3500	0.3500
	Duncan Township of Sullivan Co	General Revenue	3,280,773	0.1000	0.1000	3,414,441	0.1000	0.1000	3,525,534	0.1000	0.1000
		Road & Bridge	3,280,773	0.5000	0.5000	3,414,441	0.5000	0.5000	3,525,534	0.5000	0.5000
		Special Road and Bridge	3,280,773	0.3500	0.3500	3,414,441	0.3500	0.3500	3,525,534	0.3500	0.3500
	Jackson Township of Sullivan Co	General Revenue	4,099,122	0.1000	0.1000	4,237,520	0.1000	0.1000	4,425,014	0.1000	0.1000
		Road & Bridge	4,099,122	0.4780	0.4780	4,237,520	0.4780	0.4780	4,425,014	0.4780	0.4780
		Special Road and Bridge	4,099,122	0.3500	0.3500	4,237,520	0.3500	0.3500 A	4,425,014	0.3500	0.3500
	Liberty Township of Sullivan Co	General Revenue	2,665,152	0.1000	0.1000	2,815,590	0.1000	0.1000	2,926,451	0.1000	0.1000
		Road & Bridge	2,665,152	0.5000	0.5000	2,815,590	0.5000	0.5000	2,926,451	0.5000	0.5000
		Special Road and Bridge	2,665,152	0.3500	0.3500 A	2,815,590	0.3500	0.3500	2,926,451	0.3500	0.3500
	Morris Township of Sullivan Co	General Revenue	2,447,850	0.1000	0.1000	2,503,664	0.1000	0.1000	2,864,315	0.1000	0.1000
		Road & Bridge	2,447,850	0.5000	0.5000	2,503,664	0.5000	0.5000	2,864,315	0.5000	0.5000
		Special Road and Bridge	2,447,850	0.3500	0.3500	2,503,664	0.3500	0.3500 A	2,864,315	0.3500	0.3500
	Penn Township of Sullivan Co	General Revenue	9,354,918	0.1000	0.1000	9,826,212	0.1000	0.1000	11,446,543	0.1000	0.1000
		Road & Bridge	9,354,918	0.5000	0.5000	9,826,212	0.5000	0.5000	11,446,543	0.5000	0.5000
	Pleasant Hill Township, Sullivan Co	General Revenue	3,548,216	0.1000	0.1000	3,588,020	0.1000	0.1000	3,797,027	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Sullivan	Pleasant Hill Township, Sullivan Co	Road & Bridge	3,548,216	0.5000	0.5000	3,588,020	0.5000	0.5000	3,797,027	0.5000	0.5000
		Special Road and Bridge	3,548,216	0.3500	0.3500	3,588,020	0.3500	0.3500	3,797,027	0.3500	0.3500
	Polk Township of Sullivan Co	General Revenue	21,377,976	0.1000	0.1000	22,132,576	0.1000	0.1000	22,933,482	0.1000	0.1000
		Road & Bridge	21,377,976	0.5000	0.5000	22,132,576	0.5000	0.5000	22,933,482	0.5000	0.5000
		Special Road and Bridge	21,377,976	0.3500	0.3500 A	22,132,576	0.3500	0.3500	22,933,482	0.3500	0.3500
	Taylor Township of Sullivan Co	General Revenue	1,481,610	0.1000	0.1000	1,612,877	0.1000	0.1000	1,673,221	0.1000	0.1000
		Road & Bridge	1,481,610	0.5000	0.5000	1,612,877	0.5000	0.5000	1,673,221	0.5000	0.5000
		Special Road and Bridge	1,481,610	0.3500	0.3500	1,612,877	0.3500	0.3500	1,673,221	0.3500	0.3500
	Union Township of Sullivan Co	General Revenue	3,928,929	0.1000	0.1000	4,162,587	0.1000	0.1000	4,338,187	0.1000	0.1000
		Road & Bridge	3,928,929	0.5000	0.5000	4,162,587	0.5000	0.5000	4,338,187	0.5000	0.5000
		Special Road and Bridge	3,928,929	0.3500	0.3500	4,162,587	0.3500	0.3500	4,338,187	0.3500	0.3500
	Medicine Creek Fire Protection Dist	General Revenue	20,488,403	0.3000	0.3000	21,607,669	0.3000	0.3000	21,986,976	0.3000	0.3000
	Galt Fire Protection District	General Revenue	11,431,909	0.3000	0.3000	11,391,565	0.3000	0.3000	11,652,632	0.3000	0.3000
	Green City R-I School District	Operating Funds-Schools	17,109,277	4.4969	3.8412	17,996,087	4.4603	3.7632	22,600,415	4.4602	3.7941
		Debt Service	17,109,277	0.9568	0.5800	17,996,087	0.8151	0.5800	22,600,415	0.6244	0.5800
	Milan C-2 School District	Operating Funds-Schools	31,349,876	3.7400	3.3500	32,450,122	3.7400	3.7400	33,771,560	3.7400	3.3500
	Newtown-Harris R-III School Dist	Operating Funds-Schools	9,149,667	6.7206	5.0000	9,542,580	6.7015	5.0000	9,423,093	6.8070	5.0000
	Sullivan County	General Revenue	66,333,065	0.4000	0.2707	68,712,025	0.4000	0.2312	72,905,759	0.4000	0.2436
		Health	66,333,065	0.2504	0.2504	68,712,025	0.2504	0.2504	72,905,759	0.2504	0.2504
		Hospital	66,333,065	0.4300	0.4300	68,712,025	0.4300	0.4300	72,905,759	0.4300	0.4300
Taney	Taney County Ambulance District	General Revenue	703,019,206	0.2014	0.0000	738,690,163	0.2014	0.0000	780,797,702	0.2015	0.0000
	City of Branson	General Revenue	362,056,586	0.4853	0.4853	378,311,049	0.4853	0.4853	390,306,697	0.4902	0.4902
	City of Forsyth	General Revenue	19,136,770	0.5344	0.5344	19,883,949	0.5336	0.5336	20,476,320	0.5337	0.5337
		Debt Service	19,136,770	0.4816	0.3500	19,883,949	0.4600	0.3500	20,476,320	0.3919	0.3500
	City of Hollister	General Revenue	35,213,693	0.5677	0.5677	36,240,256	0.5677	0.5677	37,584,249	0.5691	0.5690
		Debt Service	35,213,693	0.1285	0.1285	36,240,256	0.6961	0.1285	37,584,249	0.6898	0.1272
	City of Rockaway Beach	General Revenue	5,129,360	0.6857	0.6857	5,111,575	0.6923	0.6923	5,405,404	0.6958	0.6958
		Debt Service	5,129,360	0.9928	0.9928	5,111,575	0.5801	0.5801	**	**	**
	Village of Merriam Woods	General Revenue	5,197,198	0.5000	0.5000	5,346,867	0.5000	0.5000	5,826,715	0.5000	0.5000
		Debt Service	5,197,198	0.2703	0.2703	5,346,867	0.1942	0.1942	**	**	**
	Village of Bull Creek	General Revenue	469,107	0.5000	0.4945	472,879	0.5000	0.4945	456,596	0.5000	0.4945
	Western Taney Co Fire Prot Dist	General Revenue	213,112,281	0.3900	0.3900	227,942,830	0.3900	0.3900	250,040,908	0.3900	0.3900
	Central Taney County Fire Prot Dist	General Revenue	55,142,520	0.4100	0.4100	57,684,868	0.4100	0.4100	62,460,773	0.4100	0.4100
	Cedarcreek Fire Protection Dist	General Revenue	**	**	**	3,866,414	0.3000	0.3000 A	3,953,448	0.3000	0.3000
	Protem Fire Protection District	General Revenue	**	**	**	5,291,706	0.3000	0.3000 A	5,560,516	0.3000	0.3000
	Bradleyville R-I School District	Operating Funds-Schools	6,289,995	3.9124	3.7000 B	6,630,217	3.9124	3.7000	7,166,065	3.9124	3.7000
	Taneyville R-II School District	Operating Funds-Schools	7,854,155	3.3208	3.3208	8,256,912	3.3384	3.3384	8,817,878	3.5516	3.4300 B
		Debt Service	7,854,155	1.1688	0.8494	8,256,912	0.8940	0.8318	8,817,878	0.9536	0.8344

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Taney	Forsyth R-III School District	Operating Funds-Schools	56,934,739	3.3200	3.3200 B	59,456,035	3.3207	3.3207	63,546,040	3.3233	3.3233
		Debt Service	56,934,739	0.6700	0.4200	59,456,035	0.7253	0.4200	63,546,040	0.9658	0.4200
	Branson R-IV School District	Operating Funds-Schools	474,373,969	2.7500	2.7500	497,140,209	2.7500	2.7500	522,078,775	2.7500	2.7500
		Debt Service	474,373,969	0.8214	0.7000	497,140,209	0.9862	0.7000	522,078,775	1.1330	0.7000
	Hollister R-V School District	Operating Funds-Schools	104,156,729	3.6626	3.4400	112,684,049	3.6618	3.6604	120,559,753	3.6638	3.5604
		Debt Service	104,156,729	0.8075	0.8000	112,684,049	0.5796	0.5796	120,559,753	0.6960	0.6796
	Kirbyville R-VI School District	Operating Funds-Schools	25,646,649	3.3725	3.3725 B	26,306,206	3.3824	3.3824	27,888,112	3.3907	3.3907
		Debt Service	25,646,649	1.4445	0.9000	26,306,206	1.5460	0.9000	27,888,112	1.5643	0.9000
	Mark Twain R-VIII School District	Operating Funds-Schools	4,965,926	3.5013	3.5000 B	5,296,046	3.5013	3.5000	5,317,818	3.5013	3.4935
	Taney County	General Revenue	703,019,206	0.2618	0.0000	738,690,163	0.2618	0.0000	780,797,702	0.2620	0.0000
		Road & Bridge	703,019,206	0.2014	0.0000	738,690,163	0.2014	0.0000	780,797,702	0.2015	0.0000
		Health	703,019,206	0.1404	0.1404	738,690,163	0.1404	0.1404	780,797,702	0.1404	0.1404
		Developmentally Disabled	703,019,206	0.0906	0.0904	738,690,163	0.0906	0.0906	780,797,702	0.0907	0.0907
Texas	City of Cabool	General Revenue	14,123,535	0.7542	0.7542	14,950,064	0.7468	0.7468	15,614,190	0.7496	0.7496
	City of Houston	General Revenue	17,856,675	0.3409	0.3409	18,482,996	0.3409	0.3409	18,986,569	0.3433	0.3433
		Debt Service	17,856,675	0.3526	0.3526	18,482,996	0.3117	0.3117	18,986,569	0.2840	0.2840
	City of Licking	General Revenue	8,561,939	0.4489	0.4489	9,340,046	0.4424	0.4424	9,786,168	0.4424	0.4424
		Debt Service	8,561,939	0.2815	0.2311	9,340,046	0.2677	0.2677	9,786,168	0.3995	0.3995
	Village of Raymondville	General Revenue	1,667,947	0.3582	0.3582	1,803,089	0.3582	0.3582	2,085,821	0.3582	0.3582
	City of Summersville	General Revenue	2,491,170	0.6365	0.6365	2,697,853	0.6289	0.6289	2,857,853	0.6289	0.6289
		Debt Service	2,491,170	0.8869	0.8869	2,697,853	0.8374	0.8374	2,857,853	0.7734	0.7734
	Texas County Library District	General Revenue	146,875,074	0.1000	0.1000	158,183,821	0.1000	0.1000	165,519,461	0.1000	0.1000
	Boone Township of Texas Co	General Revenue	1,505,357	0.1000	0.0750	1,565,272	0.1000	0.0750	1,685,703	0.1000	0.0750
		Road & Bridge	1,505,357	0.2835	0.2469	1,565,272	0.2835	0.2469	1,685,703	0.2843	0.2469
	Burdine Township of Texas Co	General Revenue	22,575,871	0.0932	0.0932	24,301,063	0.0928	0.0928	25,346,583	0.0928	0.0928
		Road & Bridge	22,575,871	0.3108	0.3108	24,301,063	0.3096	0.3096	25,346,583	0.3096	0.3096
	Carroll Township of Texas Co	General Revenue	5,860,278	0.1000	0.1000	6,491,304	0.1000	0.1000	6,795,904	0.1000	0.1000
		Road & Bridge	5,860,278	0.3530	0.3530	6,491,304	0.3530	0.3530	6,795,904	0.3530	0.3530
	Cass Township of Texas Co	General Revenue	7,491,884	0.1000	0.1000	8,083,046	0.1000	0.1000	8,496,222	0.1000	0.1000
		Road & Bridge	7,491,884	0.3352	0.3352	8,083,046	0.3352	0.3352	8,496,222	0.3352	0.3352
	Clinton Township of Texas Co	General Revenue	11,014,121	0.1000	0.1000	11,833,165	0.1000	0.1000	12,133,810	0.1000	0.1000
		Road & Bridge	11,014,121	0.5000	0.5000	11,833,165	0.5000	0.5000	12,133,810	0.5000	0.5000
	Current Township of Texas Co	General Revenue	1,466,459	0.0994	0.0994	1,523,546	0.0994	0.0994	1,588,839	0.0993	0.0993
		Road & Bridge	1,466,459	0.3018	0.3018	1,523,546	0.3018	0.3018	1,588,839	0.3018	0.3018
	Date Township of Texas Co	General Revenue	2,820,771	0.0920	0.0920	2,953,007	0.0920	0.0920	3,064,983	0.0920	0.0920
		Road & Bridge	2,820,771	0.2864	0.2864	2,953,007	0.2864	0.2864	3,064,983	0.2864	0.2864
	Jackson Township of Texas Co	General Revenue	6,609,392	0.1000	0.1000	7,119,666	0.1000	0.1000	7,632,227	0.1000	0.1000
		Road & Bridge	6,609,392	0.3598	0.3598	7,119,666	0.3598	0.3598	7,632,227	0.3598	0.3598

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Texas	Lynch Township of Texas Co	General Revenue	7,974,071	0.1000	0.1000	8,502,325	0.0999	0.0999	8,801,804	0.1000	0.1000
		Road & Bridge	7,974,071	0.3058	0.3058	8,502,325	0.3054	0.3054	8,801,804	0.3086	0.3086
	Morris Township of Texas Co	General Revenue	5,385,710	0.1000	0.1000	5,799,369	0.1000	0.1000	5,748,420	0.1000	0.1000
		Road & Bridge	5,385,710	0.3237	0.3237	5,799,369	0.3237	0.3237	5,748,420	0.3269	0.3269
	Ozark Township of Texas Co	General Revenue	3,372,648	0.1000	0.1000	3,577,102	0.1000	0.1000	3,639,774	0.1000	0.1000
		Road & Bridge	3,372,648	0.3460	0.3460	3,577,102	0.3460	0.3460	3,639,774	0.3460	0.3460
	Pierce Township of Texas Co	General Revenue	2,881,420	0.1000	0.1000	2,992,047	0.1000	0.1000	3,103,635	0.1000	0.1000
		Road & Bridge	2,881,420	0.3257	0.3257	2,992,047	0.3257	0.3257	3,103,635	0.3257	0.3257
	Piney Township of Texas Co	General Revenue	32,775,637	0.1000	0.1000	34,426,740	0.1000	0.1000	35,870,150	0.1000	0.1000
		Road & Bridge	32,775,637	0.3116	0.3116	34,426,740	0.3116	0.3116	35,870,150	0.3122	0.3122
	Roubidoux Township of Texas Co	General Revenue	8,959,290	0.1000	0.1000	10,267,247	0.0978	0.0978	11,393,243	0.0978	0.0978
		Road & Bridge	8,959,290	0.2987	0.2987	10,267,247	0.2921	0.2921	11,393,243	0.2922	0.2922
	Sargent Township of Texas Co	General Revenue	2,383,910	0.0700	0.0700	2,465,473	0.0700	0.0700	2,504,208	0.0700	0.0700
		Road & Bridge	2,383,910	0.2800	0.2800	2,465,473	0.2800	0.2800	2,504,208	0.2800	0.2800
	Sherrill Township of Texas Co	General Revenue	20,066,198	0.1000	0.1000	22,054,381	0.0991	0.0991	23,249,958	0.0991	0.0991
		Road & Bridge	20,066,198	0.3528	0.3528	22,054,381	0.3497	0.3497	23,249,958	0.3499	0.3499
	Upton Township of Texas Co	General Revenue	4,292,234	0.1000	0.1000	4,592,057	0.1000	0.1000	4,815,550	0.1000	0.1000
		Road & Bridge	4,292,234	0.3099	0.3099	4,592,057	0.3099	0.3099	4,815,550	0.3106	0.3106
	Success R-VI School District	Operating Funds-Schools	5,358,090	2.7500	2.7500	5,737,297	2.7500	2.7500	5,943,680	2.7500	2.7500
	Houston R-I School District	Operating Funds-Schools	39,272,363	2.8484	2.8484	41,438,440	2.8589	2.8589	43,014,495	2.8758	2.8758
		Debt Service	39,272,363	0.5568	0.5568	41,438,440	0.7851	0.6800	43,014,495	0.6056	0.6056
	Summersville R-II School District	Operating Funds-Schools	18,781,045	3.0000	3.0000	20,120,618	3.0000	3.0000	20,886,370	3.0000	3.0000
	Licking R-VIII School District	Operating Funds-Schools	25,028,295	2.7500	2.7500	27,460,797	2.7500	2.7500	29,039,754	2.7500	2.7500
	Cabool R-IV School District	Operating Funds-Schools	32,552,691	2.7500	2.7500	35,294,781	2.6472	2.6472	36,781,039	2.5961	2.5961
		Operating Schools - Temp	**	**	**	35,294,781	0.5628	0.5628 A	36,781,039	0.5628	0.5628
	Plato R-V School District	Operating Funds-Schools	19,089,427	2.9535	2.9535	21,343,394	2.9414	2.9414	23,356,107	2.9311	2.9311
	Raymondville R-VII School District	Operating Funds-Schools	5,950,827	3.1339	2.9500	6,428,747	3.1411	2.9500	6,963,385	3.1336	3.1336
		Debt Service	5,950,827	1.2141	0.7200	6,428,747	1.1239	0.7200	6,963,385	0.2026	0.2026
	Texas County	General Revenue	146,875,074	0.2776	0.0000	158,183,821	0.2776	0.0000	165,519,461	0.2776	0.0000
		Health	146,875,074	0.1000	0.1000	158,183,821	0.1000	0.1000	165,519,461	0.1000	0.1000
		Senate Bill 40	146,875,074	0.1000	0.1000	158,183,821	0.1000	0.1000	165,519,461	0.1000	0.1000
Vernon	Vernon County Ambulance District	General Revenue	200,971,351	0.1474	0.1455	204,709,781	0.1500	0.1500	210,895,439	0.1500	0.1500
	City of Bronaugh	General Revenue	908,060	0.1330	0.1300	935,453	0.1330	0.1300	956,765	0.1330	0.1300
		Streets	908,060	0.2993	0.2700	935,453	0.2994	0.2700	956,765	0.2994	0.2700
	Village of Deerfield	General Revenue	446,759	0.3500	0.3500	419,672	0.3500	0.3500	435,156	0.3500	0.3500
	Village of Harwood	General Revenue	261,750	0.9939	0.9710	267,434	1.0000	0.9939	248,938	1.0000	0.9939
	City of Metz	General Revenue	449,157	0.5610	0.5608	407,098	0.6000	0.5608	348,085	0.6000	0.5608
	Village of Milo	General Revenue	249,460	0.7500	0.7500	265,162	0.7499	0.7499	265,870	0.7500	0.7500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Vernon	Village of Moundville	General Revenue	526,697	0.3935	0.3935	534,667	0.4079	0.4079	520,966	0.4187	0.4079
		Parks & Recreation	526,697	0.2000	0.2000	534,667	0.2000	0.2000	520,966	0.2000	0.2000
	City of Nevada	General Revenue	87,782,345	0.5963	0.5400	85,156,348	0.6533	0.5350	86,360,958	0.6548	0.6548
		Parks & Recreation	87,782,345	0.1950	0.0000	85,156,348	0.1988	0.0000	86,360,958	0.1992	0.0000
		Library	87,782,345	0.1950	0.1950	85,156,348	0.1988	0.1988	86,360,958	0.1992	0.1988
	City of Richards	General Revenue	368,482	0.5000	0.3900	361,108	0.5000	0.3900	341,243	0.5000	0.5000
		Streets	368,482	0.2500	0.2000	361,108	0.2500	0.2000	341,243	0.2500	0.2500
	City of Schell City	General Revenue	994,954	0.7249	0.7249	967,072	0.7682	0.7682	983,941	0.7694	0.7694
	City of Sheldon	General Revenue	2,276,187	0.5294	0.5294	2,347,043	0.5294	0.5294	2,416,893	0.5294	0.5294
		Streets	2,276,187	0.1696	0.1696	2,347,043	0.1696	0.1696	2,416,893	0.1696	0.1696
	Village of Statesbury	General Revenue	40,640	0.3500	0.3500	38,819	0.3500	0.3500	38,243	0.3500	0.3500
		Lights	40,640	0.1000	0.1000	38,819	0.1000	0.1000	38,243	0.1000	0.1000
		Streets	40,640	0.0500	0.0500	38,819	0.0500	0.0500	38,243	0.0497	0.0497
	City of Walker	General Revenue	1,337,802	0.5182	0.4614	1,328,014	0.5264	0.5264	1,344,644	0.5296	0.5296
		Lights	1,337,802	0.0500	0.0493	1,328,014	0.0500	0.0500	1,344,644	0.0500	0.0500
		Streets	1,337,802	0.1325	0.1180	1,328,014	0.1346	0.1346	1,344,644	0.1354	0.1354
	Bacon Township of Vernon Co	General Revenue	4,444,656	0.1000	0.1000	4,528,488	0.1000	0.1000	4,882,231	0.1000	0.1000
		Road & Bridge	4,444,656	0.3733	0.3733	4,528,488	0.3809	0.3809	4,882,231	0.3809	0.3809
		Special Road and Bridge	4,444,656	0.1700	0.1700	4,528,488	0.1700	0.1700 A	4,882,231	0.1700	0.1700
	Badger Township of Vernon Co	General Revenue	4,228,503	0.0950	0.0950	4,574,064	0.0950	0.0950	4,582,694	0.0961	0.0961
		Road & Bridge	4,228,503	0.3484	0.3484	4,574,064	0.3484	0.3484	4,582,694	0.3500	0.3500
		Special Road and Bridge	4,228,503	0.3400	0.3400	4,574,064	0.3400	0.3400 A	4,582,694	0.3400	0.3400
	Blue Mound Township of Vernon Co	General Revenue	3,155,893	0.1000	0.0979	3,416,684	0.1000	0.1000	3,438,863	0.1000	0.1000
		Road & Bridge	3,155,893	0.2610	0.2545	3,416,684	0.2610	0.2610	3,438,863	0.2610	0.2610
		Special Road and Bridge	3,155,893	0.1900	0.1860	3,416,684	0.1860	0.1860 A	3,438,863	0.1860	0.1860
	Center Township of Vernon Co	General Revenue	103,569,341	0.0975	0.0975	102,549,010	0.0997	0.1020	104,759,475	0.0997	0.0997
		Road & Bridge	103,569,341	0.3034	0.3034	102,549,010	0.3283	0.3523	104,759,475	0.3283	0.3283
	Clear Creek Township of Vernon Co	General Revenue	4,557,639	0.0982	0.0820	4,738,794	0.0989	0.0989	5,127,338	0.0989	0.0989
		Road & Bridge	4,557,639	0.3493	0.3493	4,738,794	0.3518	0.3518	5,127,338	0.3518	0.3518
	Coal Township of Vernon Co	General Revenue	3,321,949	0.1000	0.1000	3,454,162	0.1000	0.1000	3,600,101	0.1000	0.1000
		Road & Bridge	3,321,949	0.3500	0.3500	3,454,162	0.3500	0.3500	3,600,101	0.3500	0.3500
	Deerfield Township of Vernon Co	General Revenue	7,863,280	0.0925	0.0925	8,077,004	0.0925	0.0925	8,569,029	0.0925	0.0925
		Road & Bridge	7,863,280	0.3500	0.3500	8,077,004	0.3500	0.3500	8,569,029	0.3500	0.3500
		Special Road and Bridge	7,863,280	0.3500	0.3500	8,077,004	0.3500	0.3500 A	8,569,029	0.3500	0.3500
	Dover Township of Vernon Co	General Revenue	4,306,989	0.0996	0.0996	4,706,282	0.0996	0.0996	5,020,963	0.0996	0.0996
		Road & Bridge	4,306,989	0.3487	0.3487	4,706,282	0.3487	0.3487	5,020,963	0.3487	0.2702
		Special Road and Bridge	4,306,989	0.3487	0.3487	4,706,282	0.3487	0.3487	5,020,963	0.0034	0.3487 E
	Drywood Township of Vernon Co	General Revenue	9,036,105	0.1000	0.1000	9,389,356	0.1000	0.1000	9,510,600	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Vernon	Drywood Township of Vernon Co	Road & Bridge	9,036,105	0.2860	0.2860	9,389,356	0.2860	0.2860	9,510,600	0.2864	0.2860
		Special Road and Bridge	9,036,105	0.2400	0.2400	9,389,356	0.2400	0.2400	9,510,600	0.2400	0.2400
	Harrison Township of Vernon Co	General Revenue	3,755,852	0.1000	0.1000	3,964,943	0.1000	0.1000	4,212,363	0.1000	0.1000
		Road & Bridge	3,755,852	0.3500	0.3500	3,964,943	0.3500	0.3500	4,212,363	0.3500	0.3500
		Special Road and Bridge	3,755,852	0.3500	0.3500	3,964,943	0.3500	0.3500 A	4,212,363	0.3500	0.3500
		General Revenue	3,206,787	0.1000	0.1000	3,409,134	0.1000	0.1000	3,356,595	0.1000	0.1000
	Henry Township of Vernon Co	Road & Bridge	3,206,787	0.3500	0.3500	3,409,134	0.3500	0.3500	3,356,595	0.3500	0.3500
		Special Road and Bridge	3,206,787	0.3500	0.3500	3,409,134	0.3500	0.3500 A	3,356,595	0.3500	0.3500
	Lake Township of Vernon Co	General Revenue	2,420,553	0.1000	0.1000	2,593,427	0.1000	0.1000	2,596,994	0.1000	0.1000
		Road & Bridge	2,420,553	0.5000	0.5000	2,593,427	0.5000	0.5000	2,596,994	0.5000	0.5000
		Special Road and Bridge	2,420,553	0.3500	0.3500	2,593,427	0.3500	0.3500 A	2,596,994	0.3500	0.3500
	Metz Township of Vernon Co	General Revenue	3,676,015	0.1000	0.1000	3,703,306	0.1000	0.1000	3,709,401	0.1000	0.1000
		Road & Bridge	3,676,015	0.3250	0.3250	3,703,306	0.3277	0.3277	3,709,401	0.3318	0.3318
		Special Road and Bridge	3,676,015	0.3500	0.3500	3,703,306	0.3500	0.3500	3,709,401	0.3500	0.3500
	Montevallo Township of Vernon Co	General Revenue	3,645,068	0.1000	0.1000	4,247,200	0.1000	0.1000	4,755,512	0.1000	0.1000
		Road & Bridge	3,645,068	0.3500	0.3500	4,247,200	0.3500	0.3500	4,755,512	0.3500	0.3500
		Special Road and Bridge	3,645,068	0.2500	0.2500	4,247,200	0.2500	0.2500 A	4,755,512	0.2500	0.2500
	Moundville Township of Vernon Co	General Revenue	5,658,453	0.1000	0.1000	5,879,659	0.1000	0.1000	5,878,838	0.1000	0.1000
		Road & Bridge	5,658,453	0.3500	0.3500	5,879,659	0.3500	0.3500	5,878,838	0.3500	0.3500
		Special Road and Bridge	5,658,453	0.2400	0.2400	5,879,659	0.2400	0.2400 A	5,878,838	0.2400	0.2400
	Osage Township of Vernon Co	General Revenue	3,749,821	0.1000	0.1000	3,760,943	0.1000	0.1000	3,918,949	0.1000	0.1000
		Road & Bridge	3,749,821	0.3500	0.3461	3,760,943	0.3500	0.3500	3,918,949	0.3500	0.3500
		Special Road and Bridge	3,749,821	0.2500	0.2500 A	3,760,943	0.2500	0.2500	3,918,949	0.2500	0.2500
	Richland Township of Vernon Co	General Revenue	2,764,442	0.1000	0.1000	2,762,374	0.1000	0.1000	2,777,500	0.1000	0.1000
		Road & Bridge	2,764,442	0.3500	0.3500	2,762,374	0.3500	0.3500	2,777,500	0.3500	0.3500
		Special Road and Bridge	2,764,442	0.3500	0.3500	2,762,374	0.3500	0.3500 A	2,777,500	0.3500	0.3500
	Virgil Township of Vernon Co	General Revenue	3,209,026	0.0809	0.0809	3,530,186	0.0809	0.0809	3,690,116	0.0809	0.0809
		Road & Bridge	3,209,026	0.2934	0.2934	3,530,186	0.2934	0.2934	3,690,116	0.2934	0.2934
	Walker Township of Vernon Co	General Revenue	5,168,742	0.0985	0.0985	5,257,935	0.0987	0.0987	5,356,864	0.0987	0.0987
		Road & Bridge	5,168,742	0.3280	0.3280	5,257,935	0.3285	0.3285	5,356,864	0.3285	0.3285
		Special Road and Bridge	5,168,742	0.3500	0.3500	5,257,935	0.3500	0.3500 A	5,356,864	0.3500	0.3500
	Washington Township of Vernon Co	General Revenue	19,232,237	0.1000	0.1000	20,166,830	0.1000	0.1000	21,151,013	0.1000	0.1000
		Road & Bridge	19,232,237	0.3500	0.3500	20,166,830	0.3500	0.3500	21,151,013	0.3500	0.3500
		Special Road and Bridge	19,232,237	0.3000	0.3000	20,166,830	0.3000	0.3000 A	21,151,013	0.3000	0.3000
	Nevada R-V School District	Operating Funds-Schools	142,824,480	3.1847	3.1800	144,982,406	3.4041	3.4202	149,111,289	3.4263	3.2965
		Operating Funds-Temp	142,824,480	0.1400	0.1400	144,982,406	0.1398	0.1398	149,111,289	0.1398	0.1398
	Bronaugh R-VII School District	Debt Service	142,824,480	0.2091	0.1500	144,982,406	0.1973	0.0100	149,111,289	0.1895	0.1400
		Operating Funds-Schools	10,130,724	3.5350	3.5350	10,752,378	3.5705	3.5705	11,050,290	3.6211	3.6211

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Vernon	Sheldon R-VIII School District	Operating Funds-Schools	8,524,987	4.1526	3.2800	9,482,992	4.1821	3.4300	9,666,390	4.1821	3.4300
		Debt Service	8,524,987	0.8683	0.6400	9,482,992	0.9079	0.4900	9,666,390	0.7770	0.4900
	Northeast Vernon County R-I	Operating Funds-Schools	14,095,895	4.1856	3.3500	15,024,269	4.1897	3.4500	15,610,341	4.2350	3.4500
	Vernon County	General Revenue	200,971,351	0.3474	0.1281	204,709,781	0.3620	0.0995	210,895,439	0.3620	0.1584
		Health	200,971,351	0.1000	0.1000	204,709,781	0.1000	0.1000	210,895,439	0.1000	0.1000
Warren	Marthasville Community Amb Dist	General Revenue	68,417,504	0.1583	0.1583	76,168,515	0.1543	0.1543	79,552,952	0.1543	0.1543
		Ambulance	68,417,504	0.1385	0.1385	76,168,515	0.1350	0.1350	79,552,952	0.1350	0.1350
	Warren County Ambulance District	General Revenue	300,610,256	0.3480	0.3480	346,899,870	0.3328	0.3328	371,619,407	0.3328	0.3328
	City of Marthasville	General Revenue	8,139,492	0.5669	0.5669	9,907,005	0.5379	0.5379	11,313,290	0.5413	0.5413
		Lights	8,139,492	0.1293	0.1293	9,907,005	0.1227	0.1227	11,313,290	0.1235	0.1235
	City of Truesdale	General Revenue	10,565,800	0.6876	0.6876	12,281,047	0.6701	0.6701	14,521,782	0.6537	0.6537
		Debt Service	10,565,800	0.1934	0.1934	12,281,047	0.0686	0.0686	14,521,782	0.0819	0.0819
	City of Warrenton	General Revenue	69,664,353	0.2690	0.2690	82,613,526	0.2592	0.2592	87,903,229	0.2592	0.2592
		Parks & Recreation	69,664,353	0.1594	0.1594	82,613,526	0.1536	0.1536	87,903,229	0.1536	0.1536
	City of Wright City	General Revenue	26,430,642	0.5197	0.5197	31,990,265	0.4937	0.4937	37,733,065	0.4934	0.4934
		Parks & Recreation	26,430,642	0.0965	0.0965	31,990,265	0.0917	0.0917	37,733,065	0.0917	0.0917
		Lights	26,430,642	0.1929	0.1929	31,990,265	0.1833	0.1833	37,733,065	0.1832	0.1832
		Debt Service	26,430,642	0.0545	0.0545	31,990,265	0.0293	0.0293	37,733,065	0.1234	0.1234
	Village of Innsbrook	General Revenue	33,575,912	0.1461	0.1461	42,598,342	0.1300	0.1300	43,463,962	0.1342	0.1342
	Village of Pendleton	General Revenue	321,904	0.5000	0.5000	319,409	0.5000	0.5000	343,053	0.5000	0.5000
	Warren County Library District	General Revenue	373,039,558	0.0694	0.0694	426,588,591	0.0667	0.0667	455,489,720	0.0667	0.0667
		Library	373,039,558	0.0396	0.0396	426,588,591	0.0381	0.0381	455,489,720	0.0381	0.0381
	Wright City Fire Protection Dist	General Revenue	128,919,552	0.4258	0.4258	146,128,797	0.4069	0.4069	157,982,281	0.4069	0.4069
	Marthasville Fire Protection Dist	General Revenue	51,581,519	0.4160	0.4149	57,550,863	0.4062	0.4047	60,022,586	0.4062	0.4062
	Warrenton Fire Protection District	General Revenue	170,509,065	0.4500	0.4500	199,198,465	0.4323	0.4323	212,980,062	0.4323	0.4323
	Wright City R-II School District	Operating Funds-Schools	121,251,869	3.2420	3.2420	137,646,646	3.0966	3.0966	149,208,573	3.0938	3.0938
		Debt Service	121,251,869	1.4049	0.6800	137,646,646	1.0874	0.6800	149,208,573	0.8651	0.8500
	Warren Co R-III School District	Operating Funds-Schools	182,362,813	3.4414	3.2914 B	212,793,441	3.3224	3.2914	227,583,282	3.3186	3.2914
		Debt Service	182,362,813	0.4689	0.4689	212,793,441	0.6819	0.6189	227,583,282	1.2866	0.6189
	Warren County	General Revenue	373,039,558	0.2477	0.0873	426,588,591	0.2381	0.0936	455,489,720	0.2381	0.0754
		Road & Bridge	373,039,558	0.1784	0.1784	426,588,591	0.1715	0.1715	455,489,720	0.1715	0.1715
		Developmentally Disabled	373,039,558	0.1882	0.1600	426,588,591	0.1809	0.1600	455,489,720	0.1809	0.1600
Washington	Washington County Ambulance Dist	General Revenue	167,934,425	0.2500	0.2500	181,214,404	0.2479	0.2479	188,727,688	0.2491	0.2491
	Village of Caledonia	General Revenue	973,075	0.1532	0.1532	1,042,510	0.1480	0.1480	1,086,799	0.1484	0.1484
	City of Irondale	General Revenue	1,653,717	0.4989	0.4989	1,800,822	0.4866	0.4866	1,858,599	0.4866	0.4866
	Village of Mineral Point	General Revenue	852,357	0.2791	0.2791	921,476	0.2714	0.2714	939,127	0.2852	0.2852
	City of Potosi	General Revenue	21,824,186	0.5870	0.5870	22,248,487	0.5870	0.5870	22,924,055	0.5889	0.5889
	Washington County Library District	General Revenue	167,934,425	0.2000	0.2000	181,214,404	0.1983	0.1983	188,727,688	0.1993	0.1993

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Washington	Potosi Fire Protection District	General Revenue	91,491,509	0.3000	0.3000	119,506,743	0.2495	0.2495	102,320,798	0.2996	0.2996
	Richwoods Fire Protection District	General Revenue	9,910,872	0.2957	0.2957	10,913,252	0.2899	0.2899	12,501,001	0.2899	0.2899
	Irondale Fire Protection District	General Revenue	7,021,863	0.5000	0.5000	7,724,786	0.4950	0.4950	8,168,449	0.4981	0.4981
	Caledonia Fire Protection District	General Revenue	3,939,959	0.3664	0.3664	4,479,374	0.3550	0.3550	4,653,084	0.3590	0.3590
	Kingston K-14 School District	Operating Funds-Schools	19,603,080	3.0294	3.0294	22,261,695	3.0694	3.0694	22,996,530	3.1196	3.0694
		Debt Service	19,603,080	2.1043	0.9100	22,261,695	1.9812	0.8700	22,996,530	1.3973	0.8700
	Potosi R-III School District	Operating Funds-Schools	62,855,777	2.7500	2.7500	67,125,881	2.7500	2.7500	70,833,230	2.7500	2.7500
		Debt Service	62,855,777	0.9119	0.5000	67,125,881	0.8065	0.5000	70,833,230	0.5206	0.5000
	Richwoods R-VII School District	Operating Funds-Schools	7,545,532	3.8403	3.2500	8,479,189	3.6728	3.2500	10,139,023	3.6734	3.2500
	Valley R-VI School District	Operating Funds-Schools	15,508,312	4.1600	4.1600	17,712,110	3.9742	3.9742	18,669,728	4.1296	4.1296
	Washington County	General Revenue	167,934,425	0.3901	0.1900	181,214,404	0.3868	0.1900	188,727,688	0.3887	0.1900
		Road & Bridge	167,934,425	0.2741	0.2741	181,214,404	0.2718	0.2718	188,727,688	0.2732	0.2732
		Health	167,934,425	0.1500	0.1500	181,214,404	0.1487	0.1487	188,727,688	0.1494	0.1494
		Hospital	167,934,425	0.2000	0.2000	181,214,404	0.1983	0.1983	188,727,688	0.1993	0.1993
		Senate Bill 40	167,934,425	0.2000	0.2000	181,214,404	0.1983	0.1983	188,727,688	0.1993	0.1993
		Senior Services	167,934,425	0.0500	0.0500	181,214,404	0.0496	0.0496	188,727,688	0.0498	0.0498
Wayne	East Wayne County Ambulance Dist	General Revenue	45,348,487	0.3000	0.3000	45,642,104	0.3000	0.3000	46,967,147	0.3000	0.3000
	Clearwater Ambulance District	General Revenue	52,162,614	0.3000	0.3000	52,868,815	0.3000	0.3000	56,423,429	0.3000	0.3000
	Village of Mill Spring	General Revenue	638,178	0.4459	0.4459	421,484	0.6752	0.4500	425,503	0.6848	1.1200 D
	City of Piedmont	General Revenue	14,895,737	0.2674	0.2200	15,022,818	0.2678	0.2200	15,504,248	0.2678	0.2200
		Lights	14,895,737	0.1749	0.1300	15,022,165	0.1751	0.1300	15,504,248	0.1751	0.1300
		Library	14,895,737	0.1132	0.1000	15,022,165	0.1134	0.1000	15,504,248	0.1134	0.1000
		Cemetery	14,895,737	0.0500	0.0300	15,022,165	0.0500	0.0300	15,504,248	0.0500	0.0300
	Clearwater Fire Protection District	General Revenue	37,059,273	0.3000	0.3000	37,791,641	0.3000	0.3000	42,569,774	0.2952	0.2952
	Greenville R-II School District	Operating Funds-Schools	30,597,684	2.7500	2.7500	30,983,591	2.7500	2.7500	32,476,069	2.7500	2.7500
		Debt Service	30,597,684	0.4079	0.3600	30,983,591	0.4661	0.3600	32,476,069	0.4006	0.3600
	Clearwater R-I School District	Operating Funds-Schools	51,445,292	2.7500	2.7500	52,303,636	2.7500	2.7500	55,705,823	2.7500	2.7500
		Debt Service	51,445,292	0.4778	0.3423	52,303,636	0.8119	0.3423	55,705,823	0.3575	0.3423
	Wayne County	General Revenue	100,457,362	0.3015	0.1500	101,908,748	0.3024	0.1450	106,370,793	0.3024	0.1450
		Road & Bridge	100,457,362	0.2311	0.1100	101,908,748	0.2318	0.1100	106,370,793	0.2318	0.1100
		Health	100,457,362	0.1000	0.1000	101,908,748	0.1000	0.1000	106,370,793	0.1000	0.1000
		Senate Bill 40	100,457,362	0.0905	0.0800	101,908,748	0.0907	0.0800	106,370,793	0.0907	0.0800
Webster	Village of Diggins	General Revenue	1,691,233	0.2100	0.2100	1,776,333	0.2100	0.2100	1,806,192	0.2100	0.2100
	City of Fordland	General Revenue	3,751,395	0.4038	0.4038	3,904,698	0.4038	0.4038	3,988,853	0.4043	0.4043
	City of Marshfield	Parks & Recreation	55,116,703	0.1140	0.1000	57,457,245	0.1140	0.1000	59,252,256	0.1140	0.1000
		Cemetery	55,116,703	0.1348	0.1000	57,457,245	0.1348	0.1000	59,252,256	0.1348	0.1000
		Debt Service	55,116,703	0.3753	0.3753	57,457,245	0.3501	0.3501	59,252,256	0.4673	0.3700
	City of Niangua	General Revenue	1,535,504	0.2645	0.2645	1,514,638	0.2688	0.2688	1,559,403	0.2687	0.2687

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Webster	City of Rogersville	General Revenue	14,539,747	0.3332	0.3332	17,854,570	0.3315	0.3315	20,241,151	0.3315	0.1579
		Debt Service	14,539,747	0.9433	0.4588	17,854,570	0.6630	0.4605	20,241,151	0.6341	0.6341
	City of Seymour	General Revenue	12,417,350	0.3650	0.3600	12,780,946	0.3650	0.3600	13,121,561	0.3650	0.3600
		Parks & Recreation	12,417,350	0.0811	0.0800	12,780,946	0.0811	0.0800	13,121,561	0.0811	0.0800
		Library	12,417,350	0.0608	0.0600	12,780,946	0.0608	0.0600	13,121,561	0.0608	0.0600
		Cemetery Fund	12,417,350	0.0507	0.0500	12,780,946	0.0507	0.0500	13,121,561	0.0507	0.0500
	Webster County Library District	General Revenue	242,343,192	0.1200	0.1200	255,892,605	0.1200	0.1200	268,952,264	0.1200	0.1200
	Southern Webster Co Fire Prot Dist	General Revenue	47,703,207	0.3000	0.3000	53,349,957	0.2954	0.2954	54,858,254	0.2984	0.2984
	Niangua R-V School District	Operating Funds-Schools	10,890,367	3.0386	3.0386	11,318,208	3.1268	3.1200	11,903,502	3.1750	3.1750
	Fordland R-III School District	Operating Funds-Schools	24,047,871	2.7500	2.7500	24,681,788	2.7500	2.7500	25,329,362	2.7500	2.7500
		Debt Service	24,047,871	1.5155	0.7900	24,681,788	1.4162	0.7900	25,329,362	0.8572	0.7900
	Marshfield R-I School District	Operating Funds-Schools	129,508,574	2.7000	2.7000	136,064,031	2.7000	2.7000	142,794,021	2.7000	2.7000
		Debt Service	129,508,574	1.1591	0.4000	136,064,031	1.1798	0.4000	142,794,021	1.1771	0.5000
	Seymour R-II School District	Operating Funds-Schools	32,763,032	2.7500	2.7500	34,559,791	2.7500	2.7500	35,798,156	2.7500	2.7500
	Webster County	General Revenue	254,859,842	0.2700	0.0425	268,762,971	0.2700	0.0583	282,156,830	0.2700	0.0000
		Road & Bridge	254,859,842	0.1900	0.1900	268,762,971	0.1900	0.1900	282,156,830	0.1900	0.1900
		Health	254,859,842	0.1400	0.1400	268,762,971	0.1400	0.1400	282,156,830	0.1400	0.1400
		Senate Bill 40	254,859,842	0.0800	0.0800	268,762,971	0.0800	0.0800	282,156,830	0.0800	0.0800
Worth	Worth County Ambulance District	General Revenue	22,605,879	0.3000	0.1500	22,866,362	0.3000	0.1500	23,559,560	0.3000	0.1500
	Platte River Tributaries Sub Dist	General Revenue	577,840	0.3999	0.3999	577,840	0.3999	0.3999	577,840	0.3999	0.3999
	East Fork of Grand River Watershed	General Revenue	1,894,620	0.2000	0.2000 A	2,590,480	0.2000	0.2000	2,755,566	0.1952	0.1952
	Village of Allendale	General Revenue	426,350	0.3965	0.3965	442,897	0.4000	0.4000	440,556	0.4000	0.4000
		Gen Revenue-Temp	426,350	0.2000	0.2000	442,897	0.2000	0.2000	**	**	**
		General Revenue-Temp	**	**	**	**	**	**	440,556	0.2000	0.2000 A
	Village of Denver	General Revenue	191,297	0.4860	0.4860	200,871	0.5000	0.5000	196,689	0.5000	0.5000
	City of Grant City	General Revenue	4,347,291	1.0000	1.0000	4,325,318	1.0000	1.0000	4,473,915	1.0000	1.0000
		Health	4,347,291	0.1800	0.1800	4,325,318	0.1800	0.1800	4,473,915	0.1800	0.1800
		Special Fund	4,347,291	0.3000	0.3000	4,325,318	0.3000	0.3000	4,473,915	0.3000	0.3000
	City of Sheridan	General Revenue	818,154	0.9979	0.9979	882,418	1.0000	1.0000	863,790	1.0000	1.0000
		Fire-Temp	818,154	0.2000	0.0000	882,418	0.2000	0.0000	**	**	**
	Village of Worth	General Revenue	197,523	0.5000	0.5000	188,989	0.5000	0.5000	192,709	0.5000	0.5000
	Sheridan Fire Protection District	General Revenue	3,301,630	0.2000	0.2000 A	4,310,585	0.1701	0.1701	4,405,842	0.1701	0.1701
	Worth County Fire Protection Dist	General Revenue	9,967,800	0.2000	0.2000 A	17,183,751	0.1866	0.1866	17,686,964	0.1866	0.1866
	Worth Co R-III School District	Operating Funds-Schools	19,909,730	3.4338	3.4338	20,621,250	3.4354	3.4354	21,261,970	3.5200	3.5200
	Worth County	General Revenue	22,605,879	0.5000	0.5000	22,866,362	0.5000	0.5000	23,559,560	0.5000	0.5000
		Library	22,605,879	0.1000	0.1000	22,866,362	0.1000	0.1000	23,559,560	0.1000	0.1000
		Road & Bridge	22,605,879	0.5000	0.5000	22,866,362	0.5000	0.5000	23,559,560	0.5000	0.5000
		Senior Services	22,605,879	0.0500	0.0500	22,866,362	0.0500	0.0500	23,559,560	0.0500	0.0500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Worth	Worth County	General Revenue-Temp	22,605,879	0.3500	0.3500	22,866,362	0.3500	0.3500	23,559,560	0.3500	0.3350
		Spec Rd & Bridge-Temp	22,605,879	0.3300	0.3300	22,866,362	0.3300	0.3300	**	**	**
		Special Road and Bridge	**	**	**	**	**	**	23,559,560	0.3300	0.3300 A
Wright	City of Hartville	General Revenue	3,530,542	0.5045	0.5045	3,821,516	0.4845	0.4845	3,877,592	0.4845	0.4845
		General Revenue	8,111,965	0.4831	0.4831	8,868,042	0.4626	0.4626	8,991,629	0.4626	0.4626
		Streets	8,111,965	0.1470	0.1470	8,868,042	0.1408	0.1408	8,991,629	0.1408	0.1408
		Cemetery	8,111,965	0.1000	0.1000	8,868,042	0.0958	0.0958	8,991,629	0.0958	0.0958
	City of Mountain Grove	General Revenue	33,710,113	0.4583	0.4583	36,869,868	0.4474	0.4474	37,670,037	0.4505	0.0000
		Parks & Recreation	33,710,113	0.0611	0.0611	36,869,868	0.0597	0.0597	37,670,037	0.0601	0.0000
	City of Norwood	General Revenue	2,411,033	0.4160	0.4160	2,677,060	0.3942	0.3942	2,831,370	0.3942	0.3942
		Water	2,411,033	0.6634	0.6634	2,677,060	0.6287	0.6287	2,831,370	0.6287	0.6287
	Wright County Library	General Revenue	122,641,225	0.1437	0.1437	136,435,251	0.1397	0.1397	140,942,659	0.1398	0.1398
	Norwood R-I School District	Operating Funds-Schools	11,213,650	3.3263	3.3263	12,677,535	3.2917	3.2917	13,237,455	3.2938	3.2938
	Hartville R-II School District	Operating Funds-Schools	25,473,446	2.7500	2.7500	28,538,700	2.7500	2.7500	29,246,076	2.7500	2.7500
		Debt Service	25,473,446	1.1180	0.4800	28,538,700	0.8266	0.4800	29,246,076	0.5464	0.4800
	Mountain Grove R-III School Dist	Operating Funds-Schools	65,000,241	2.7500	2.7500	71,913,158	2.7500	2.7500	73,858,086	2.7500	2.7500
	Mansfield R-IV School District	Operating Funds-Schools	24,364,202	2.7500	2.7500	27,357,002	3.4200	3.4200 B	28,442,066	3.4200	3.4200
		Debt Service	24,364,202	1.3064	0.8000	27,357,002	0.8001	0.8000	28,442,066	0.7801	0.7800
	Manes R-V School District	Operating Funds-Schools	3,714,975	3.5566	3.5566 B	4,174,710	3.4933	3.4933	4,216,835	3.4803	3.4803
	Wright County	General Revenue	122,641,225	0.3182	0.0047	136,435,251	0.3093	0.0404	140,942,659	0.3095	0.0270
		Health	122,641,225	0.0821	0.0821	136,435,251	0.0798	0.0798	140,942,659	0.0799	0.0799
		Developmentally Disabled	122,641,225	0.0821	0.0821	136,435,251	0.0798	0.0798	140,942,659	0.0799	0.0799
St. Louis City	St Louis Public Libraries	General Revenue	3,392,622,339	0.5561	0.5561	3,866,005,847	0.5104	0.5104	3,860,761,615	0.5171	0.5171
	Baden Market Centre Spec Bus Dist	General Revenue	1,081,110	0.8500	0.8500	1,151,280	0.8261	0.8261	1,740,530	0.8261	0.8261
	Cherokee Station Special Bus Dist	General Revenue	2,268,080	0.7948	0.7948	2,373,840	0.7860	0.7860	2,392,880	0.7860	0.7860
	St. Louis Downtown Business Dist	General Revenue	6,893,300	0.3939	0.3939	0	0.0000	0.0000	**	**	**
	Kingsway Center Special Bus Dist	General Revenue	1,268,700	0.8500	0.8500	1,360,560	0.8206	0.8206	1,681,150	0.8206	0.8206
	Locust Central Business District	General Revenue	31,719,740	0.6052	0.6052	35,200,370	0.5644	0.5644	35,235,080	0.8500	0.8500
	South Grand Square Spec Bus Dist	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	**	**	**
	Central West End South SBD	General Revenue	12,223,080	0.8078	0.8078	15,006,110	0.6824	0.6824	19,632,180	0.6824	0.6824
	Central West End North SBD	General Revenue	33,953,750	0.7808	0.7808	38,938,480	0.7088	0.7088	37,929,310	0.7277	0.7277
	Soulard Special Business District	General Revenue	31,297,660	0.8500	0.2960 A	43,303,270	0.6381	0.3000	43,247,790	0.6389	0.3000
	Waterman/Lake Special Business Dist	General Revenue	2,306,450	0.7783	0.7783	3,271,860	0.8500	0.8500 A	4,138,950	0.8500	0.8500
	Westminister/Lake Special Bus Dist	General Revenue	5,253,810	0.6682	0.6682	7,666,910	0.8500	0.8500 A	7,731,990	0.8500	0.8500
	Washington Place Special Bus Dist	General Revenue	2,866,580	0.5537	0.5537	3,690,880	0.8500	0.8500 A	3,776,500	0.8500	0.8500
	East Loop/Parkview Gardens SBD	General Revenue	2,941,490	0.8500	0.8500	3,690,810	0.7011	0.7011	3,193,860	0.8102	0.8102
	Cathedral Square Special Bus Dist	General Revenue	12,290,070	0.7223	0.7223	18,778,890	0.4920	0.4920	19,256,890	0.4920	0.4920
	Central West End Southeast SBD	General Revenue	9,067,880	0.7268	0.7268	10,503,620	0.6526	0.6526	11,690,330	0.6526	0.6526

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SINGLE TAX RATE ON ALL PROPERTY

County	Political Subdivision	Purpose	2004			2005			2006		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Louis City	Cherokee-Lemp Special Business Dist	General Revenue	1,476,540	0.7165	0.7165	1,665,500	0.6574	0.6574	1,678,000	0.6574	0.6574
	Gardenside Special Business Dist	General Revenue	7,824,520	0.8113	0.8113	11,692,660	0.5624	0.5624	11,401,330	0.5768	0.5768
	St. Louis Community College	General Revenue	22,086,133,226	0.2360	0.2368	24,854,810,894	0.2208	0.2231	25,076,432,601	0.2233	0.2233
	St. Louis City School District	Operating Funds-Schools	3,317,300,286	3.6540	3.6540	3,790,385,195	3.3509	3.3509	3,783,108,406	3.3982	3.3982
		Debt Service	3,317,300,286	0.7687	0.6500	3,790,385,195	0.6254	0.6211	3,783,108,406	0.7271	0.6211
	City of St. Louis	Parks & Recreation	3,095,854,283	0.0197	0.0197	3,575,176,629	0.0179	0.0179	3,569,374,004	0.0182	0.0182
		Health	3,095,854,283	0.0197	0.0197	3,575,176,629	0.0179	0.0179	3,569,374,004	0.0182	0.0182
		Hospital	3,095,854,283	0.0987	0.0987	3,575,176,629	0.0895	0.0895	3,569,374,004	0.0908	0.0908
		Developmentally Disabled	3,392,622,339	0.1490	0.1490	3,866,005,847	0.1368	0.1368	3,860,761,615	0.1386	0.1386
		Mental Health	3,392,622,339	0.0894	0.0894	3,866,005,847	0.0821	0.0821	3,860,761,615	0.0832	0.0832
		Community Child Serv Tax	**	**	**	3,866,005,847	0.1900	0.1900 ^A	3,860,761,615	0.1900	0.1900
		County Purposes	3,095,854,283	0.3455	0.3455	3,575,176,629	0.3134	0.3134	3,569,374,004	0.3179	0.3179
		General Revenue No. 1	3,392,622,339	0.1589	0.1589	3,866,005,847	0.1458	0.1458	3,860,761,615	0.1477	0.1477
		General Revenue No. 2	3,095,854,283	0.7970	0.7970	3,575,176,629	0.7229	0.7229	3,569,374,004	0.7334	0.7334
		Debt Service	3,392,622,339	0.2051	0.1513	3,575,176,629	0.1743	0.1328	3,860,761,615	0.1486	0.1328

LEGEND:

- ** Levy did not exist in the given year or was not certified due to insufficient substantiating data
- A A new voter approved tax rate, newly formed district, or a levy voted to replace an expired levy, see Appendix X for 2006 levies.
- B A voter approved increase to an existing levy, see Appendix XI for 2006 levies.
- C Levy includes a recoupment rate authorized by state law.
- D Levied a tax rate in excess of the legally permissible tax levy as provided by state law, see Results - Table 1.2 for 2006 levies.
- E Levied a tax rate that was in excess of the legally permissible tax levy due to a dispute in ballot interpretation. A ballot was passed approving a rate a rate equal to a fraction of a cent instead of one approved in whole cents.
- F Article X, Section 11(g) of the Missouri Constitution allows the school board of the Kansas City 33 School District to set its tax levy at a rate that is lower than the court-ordered rate for the 1995 tax year (which was \$4.96). The rate so established may be changed from year to year by the school board of the district.

NOTE:

All rates in the levied column represent the rate extended and certified to the State Auditor's Office by both taxing authority and the county or counties in which the tax rate is levied.

Assessed Value column presents only the assessed valuation that the property tax is levied against.

In 2003, all political subdivisions in St. Louis County were required to levy a separate tax rate for each subclass of property per section 137.073 RSMo as revised by House Bill 1150 passed in 2002. This statute and the tax rate calculation was revised again by Senate Bill 960 (SB960) passed in 2004. Due to SB960's effective date of October 1, 2004 for all political subdivisions not within St. Louis County, all political subdivisions partially in St. Louis County and partially in another county levied a single tax rate applied to all property in 2004. Political subdivisions partially in St. Louis County and partially in another county(ies) were required by SB 267 passed in 2005 to levy a single rate on all property when one or more counties opted in and one or more counties opted out of the provisions of SB 960.

LISTING OF 2006 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Louis													
City of Bella Villa	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	0	0.0000	0.0000	0	0.0000	0.0000
City of Bellefontaine Neighbors	General Revenue	63,831,120	0.2150	0.1500	1,160	0.2500	0.1500	7,355,210	0.2310	0.1500	16,593,717	0.2360	0.0000
Village of Bellerive Acres	General Revenue	3,266,380	0.6290	0.6290	0	0.0000	0.0000	176,680	0.6020	0.6020	626,790	0.7670	0.7670
Village of Bel Nor	General Revenue	17,503,811	0.4960	0.4960	0	0.2600	0.0000	346,220	0.5180	0.5000	2,956,415	0.5530	0.5000
	Debt Service	17,503,811	0.2930	0.2930	0	0.2930	0.2930	346,220	0.2930	0.2930	2,956,415	0.2930	0.2930
Village of Bel Ridge	General Revenue	9,097,550	0.3500	0.3500	0	0.0000	0.0000	4,481,100	0.3190	0.3190	0	0.0000	0.0000
	Debt Service	9,097,550	0.4680	0.4680	0	0.4680	0.4680	4,481,100	0.4680	0.4680	0	0.4680	0.4680
City of Berkeley	General Revenue	36,797,540	0.7350	0.7350	14,270	0.8480	0.8480	92,204,815	0.8330	0.8330	50,954,630	0.9200	0.9200
	Pension	36,797,540	0.1100	0.1100	14,270	0.1100	0.1100	92,204,815	0.1100	0.1100	50,954,630	0.1100	0.1100
	Debt Service	36,797,540	0.2440	0.2440	14,270	0.2440	0.2440	92,204,815	0.2440	0.2440	50,954,630	0.2440	0.2440
City of Beverly Hills	General Revenue	2,193,190	0.2220	0.2220	0	0.0000	0.0000	1,170,696	0.2190	0.2190	1,119,626	0.2320	0.2320
City of Black Jack	Debt Service	0	0.8760	0.5000	0	0.8760	0.5000	0	0.8760	0.5000	0	0.8760	0.5000
City of Breckenridge Hills	General Revenue	19,513,320	0.3140	0.2000	0	0.0000	0.0000	9,448,419	0.2780	0.2000	5,896,749	0.0000	0.0000
City of Brentwood	General Revenue	123,988,140	0.1810	0.0000	0	0.0000	0.0000	102,050,800	0.1680	0.1670	38,850,975	0.2070	0.2070
	Library	123,988,140	0.1570	0.1570	0	0.0000	0.0000	102,050,800	0.1440	0.1440	38,850,975	0.1790	0.1790
	Pension	123,988,140	0.3880	0.3880	0	0.0000	0.0000	102,050,800	0.4110	0.4110	38,850,975	0.3850	0.3850
	Debt Service	123,988,140	0.3670	0.0500	0	0.3670	0.0500	102,050,800	0.3670	0.0500	38,850,975	0.3670	0.0500
City of Bridgeton	General Revenue	102,985,370	0.2420	0.1600	112,940	0.2500	0.0000	253,586,481	0.2430	0.2240	0	0.0000	0.0000
Village of Calverton Park	General Revenue	8,013,710	0.2920	0.2150	0	0.0000	0.0000	471,664	0.2800	0.2150	1,994,745	0.2980	0.2150
City of Charlack	General Revenue	6,302,440	0.2330	0.2290	0	0.0000	0.0000	2,253,637	0.2220	0.2180	2,262,883	0.2570	0.2570
City of Clarkson Valley	General Revenue	82,392,608	0.1290	0.1290	6,460	0.1250	0.1250	4,892,430	0.1490	0.1490	11,476,075	0.1530	0.1530
City of Clayton	General Revenue	367,546,990	0.6550	0.6340	0	0.0000	0.0000	309,355,950	0.6950	0.6940	87,907,309	0.7070	0.7070
	Debt Service	367,546,990	0.1500	0.1450	0	0.1500	0.1450	309,355,950	0.1500	0.1450	87,907,309	0.1500	0.1450
City of Cool Valley	General Revenue	5,257,360	0.1640	0.1640	0	0.0000	0.0000	5,257,841	0.1600	0.1600	3,987,477	0.1650	0.1650
City of Country Club Hills	General Revenue	4,877,650	0.6310	0.6310	0	0.0000	0.0000	886,240	0.7720	0.7720	1,377,740	0.7330	0.7330
	Parks & Recreation	4,877,650	0.2930	0.2930	0	0.0000	0.0000	886,240	0.3230	0.3230	1,377,740	0.3380	0.3380
	Health	4,877,650	0.1680	0.1680	0	0.0000	0.0000	886,240	0.1620	0.1620	1,377,740	0.1900	0.1900
Village of Country Life Acres	General Revenue	6,566,620	0.3420	0.3410	0	0.0000	0.0000	70,094	0.4240	0.4240	512,670	0.4280	0.4280
City of Crestwood	General Revenue	155,482,600	0.2400	0.2400	150	0.0000	0.0000	84,465,390	0.2630	0.2630	35,205,007	0.2790	0.2500
	GR - Temp	155,482,600	0.2000	0.2000	150	0.2000	0.2000	84,465,390	0.2000	0.2000	35,205,007	0.2000	0.2000
City of Creve Coeur	General Revenue	399,464,790	0.0900	0.0900	7,150	0.1000	0.0870	285,315,717	0.0920	0.0950	0	0.0000	0.0000
City of Crystal Lake Park	General Revenue	12,937,180	0.7000	0.7000	0	0.0000	0.0000	149,741	0.2850	0.2850	1,436,343	0.8080	0.7000
City of Dellwood	General Revenue	27,285,890	0.1910	0.1910	0	0.0000	0.0000	7,156,270	0.2270	0.2270	8,064,920	0.2350	0.2350
City of Des Peres	General Revenue	189,249,130	0.2830	0.0000	172,970	0.3530	0.0000	84,821,420	0.2270	0.0000	51,716,400	0.0000	0.0000
City of Edmundson	General Revenue	3,447,330	0.5000	0.3600	0	0.0000	0.0000	20,215,290	0.5000	0.3870	4,620,540	0.0000	0.0000
City of Ellisville	General Revenue	125,779,930	0.3690	0.1500	700	0.6500	0.1500	75,482,341	0.4240	0.1500	36,083,000	0.4170	0.0000

LISTING OF 2006 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Eureka	General Revenue	124,462,340	0.4510	0.3730	131,000	0.6500	0.3730	48,347,301	0.4260	0.3900	37,182,585	0.4910	0.3900
City of Ferguson	General Revenue	107,956,060	0.4230	0.4230	13,400	0.2530	0.2530	42,498,260	0.4320	0.4320	44,360,507	0.4500	0.4500
	Parks & Recreation	107,956,060	0.1770	0.1770	13,400	0.1040	0.1040	42,498,260	0.1860	0.1860	44,360,507	0.1980	0.1980
City of Flordell Hills	General Revenue	3,467,660	0.4380	0.4220	0	0.0000	0.0000	1,067,582	0.7620	0.7620	0	0.0000	0.0000
City of Florissant	General Revenue	357,025,210	0.1020	0.0000	38,760	0.1190	0.0000	111,850,361	0.1210	0.0000	98,965,790	0.1200	0.0000
City of Frontenac	General Revenue	148,546,800	0.5080	0.5080	0	0.0000	0.0000	33,005,250	0.6200	0.6200	20,395,620	0.5530	0.5530
Village of Glen Echo Park	General Revenue	975,350	0.5000	0.5000	0	0.0000	0.0000	29,762	0.5000	0.5000	233,303	0.5000	0.5000
City of Glendale	General Revenue	116,642,700	0.4460	0.4460	0	0.0000	0.0000	5,348,819	0.4200	0.4200	15,725,343	0.5190	0.5190
	Pension	116,642,700	0.0860	0.0860	0	0.0000	0.0000	5,348,819	0.0830	0.0830	15,725,343	0.1000	0.1000
Town of Grantwood Village	General Revenue	18,617,400	0.2310	0.2310	108,500	0.2070	0.2070	1,344,251	0.1460	0.1460	3,393,812	0.2610	0.2610
City of Greendale	General Revenue	5,130,050	0.5150	0.5150	0	0.0000	0.0000	200,480	0.5320	0.5320	0	0.0000	0.0000
Village of Hanley Hills	General Revenue	9,475,800	0.4120	0.3190	0	0.0000	0.0000	623,147	0.2610	0.4380	2,640,079	0.4500	0.4500
City of Hazelwood	General Revenue	182,965,680	0.7440	0.7600	213,110	0.7570	0.7640	190,441,170	0.7660	0.7660	132,706,140	0.7540	0.7540
	Debt Service	182,965,680	0.1420	0.1420	213,110	0.1420	0.1420	190,441,170	0.1420	0.1420	132,706,140	0.1420	0.1420
Village of Hillsdale	General Revenue	2,409,570	0.4210	0.5000	0	0.0000	0.5000	2,523,547	0.4840	0.5000	3,491,323	0.5000	0.5000
City of Huntleigh	General Revenue	30,488,410	0.2910	0.2150	11,200	0.1700	0.1700	355,804	0.3850	0.3600	2,194,223	0.3280	0.2150
City of Jennings	General Revenue	59,582,310	1.0000	1.0000	0	0.0000	0.0000	14,758,389	1.0000	1.0000	17,789,424	1.0000	1.0000
	Pension	59,582,310	0.1850	0.1800	0	0.0000	0.0000	14,758,389	0.1850	0.1800	17,789,424	0.1850	0.1800
City of Kinloch	General Revenue	738,070	1.0000	1.0000	0	0.0000	0.0000	1,311,071	1.0000	1.0000	793,545	1.0000	1.0000
City of Kirkwood	Parks & Recreation	454,145,450	0.1730	0.1300	0	0.0000	0.0000	77,261,400	0.1870	0.1300	79,902,957	0.2000	0.1300
	Library	449,038,600	0.1950	0.1950	0	0.0000	0.0000	80,338,920	0.2130	0.2130	78,006,797	0.2350	0.2350
	Pension	454,154,450	0.1500	0.1470	0	0.0000	0.0000	77,261,400	0.1760	0.1650	79,902,957	0.1820	0.1820
	Debt Service	454,154,450	0.1900	0.1900	0	0.1900	0.1900	77,261,400	0.1900	0.1900	79,902,957	0.1900	0.1900
City of Ladue	General Revenue	486,041,520	0.7300	0.7300	2,350	0.8940	0.8940	42,775,075	0.7110	0.7110	48,116,982	0.7560	0.7560
City of Lakeshire	General Revenue	11,964,460	0.0890	0.0890	0	0.0000	0.0000	185,480	0.0370	0.0370	0	0.0000	0.0000
Village of Mackenzie	General Revenue	1,468,940	0.1460	0.1460	0	0.0000	0.0000	53,076	0.1640	0.1640	368,694	0.1850	0.1850
City of Manchester	General Revenue	219,561,480	0.3400	0.0500	410	0.4880	0.0500	45,072,865	0.2970	0.0500	46,553,195	0.3850	0.0500
	Debt Service	219,561,480	0.2950	0.2000	410	0.2950	0.2000	45,072,865	0.2950	0.2000	46,553,195	0.2950	0.2000
City of Maplewood	General Revenue	61,492,180	0.4090	0.4090	0	0.0000	0.0000	40,508,274	0.6240	0.6240	22,431,090	0.5670	0.5670
	Pension	61,492,180	0.1920	0.1920	0	0.0000	0.0000	40,508,274	0.2470	0.2470	22,431,090	0.2450	0.2450
	Solid Waste	61,492,180	0.1850	0.1850	0	0.0000	0.0000	40,508,274	0.2180	0.2180	22,431,090	0.2180	0.2180
Village of Marlborough	General Revenue	12,239,480	0.1100	0.1100	0	0.0000	0.0000	6,972,125	0.1090	0.1090	5,155,529	0.1110	0.1110
City of Normandy	General Revenue	17,498,580	0.3810	0.3810	0	0.0000	0.0000	3,591,890	0.3470	0.3470	5,728,083	0.4000	0.4000
City of Northwoods	General Revenue	20,022,906	0.3830	0.3600	0	0.0000	0.0000	1,257,100	0.5000	0.2800	5,632,429	0.4150	0.3600
	Debt Service	20,022,906	1.2168	0.7000	0	1.2168	0.7000	1,257,100	1.2168	0.7000	5,632,429	1.2168	0.7000
Village of Norwood Court	General Revenue	3,116,870	0.3210	0.0000	0	0.0000	0.0000	162,490	0.3500	0.0000	956,870	0.3450	0.0000
City of Oakland	General Revenue	20,360,440	0.2090	0.2090	0	0.0000	0.0000	2,729,269	0.1680	0.1680	3,201,311	0.2370	0.2370

LISTING OF 2006 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Olivette	General Revenue	125,058,940	0.6950	0.6950	0	0.0000	0.0000	50,176,909	0.7300	0.7300	29,143,359	0.7710	0.7710
	Pension	125,058,940	0.2500	0.2500	0	0.0000	0.0000	50,176,909	0.2500	0.2500	29,143,359	0.2500	0.2500
City of Overland	General Revenue	98,680,200	0.0840	0.0750	0	0.0000	0.0000	79,615,033	0.0970	0.0970	42,812,583	0.0970	0.0750
	Pension	98,680,200	0.1250	0.1250	0	0.0000	0.0000	79,615,033	0.1460	0.1460	42,812,583	0.1460	0.1460
City of Pagedale	General Revenue	9,618,260	0.2750	0.2750	0	0.0000	0.0000	9,789,740	0.3160	0.3160	6,908,925	0.3500	0.3500
City of Pasadena Hills	General Revenue	11,857,640	0.2430	0.2430	0	0.0000	0.0000	72,800	0.2560	0.2560	1,937,168	0.3100	0.3100
	Debt Service	11,857,640	1.0840	0.5840	0	1.0840	0.5840	72,800	1.0840	0.5840	1,937,168	1.0840	0.5840
Village of Pasadena Park	General Revenue	4,274,106	0.2570	0.2570	0	0.0000	0.0000	18,300	0.3120	0.3120	746,042	0.3090	0.3090
City of Pine Lawn	General Revenue	11,252,900	0.2520	0.2520	0	0.0000	0.0000	3,511,214	0.2260	0.2180	3,741,113	0.2580	0.2580
City of Richmond Heights	General Revenue	158,267,570	0.5200	0.2900	0	0.0000	0.0000	113,200,069	0.6140	0.2900	34,719,419	0.6150	0.2900
	Library	158,267,570	0.1780	0.1780	0	0.0000	0.0000	113,200,069	0.2120	0.2120	34,719,419	0.2120	0.2120
	Pension	158,267,570	0.3010	0.3010	0	0.0000	0.0000	113,200,069	0.3550	0.3200	34,719,419	0.3560	0.3200
Village of Riverview	General Revenue	12,363,940	0.2860	0.2860	0	0.0000	0.0000	2,227,681	0.2650	0.2650	3,012,347	0.3120	0.3120
City of Rock Hill	General Revenue	54,030,600	0.2770	0.2860 C	0	0.0000	0.0000	18,480,162	0.2960	0.3320 C	12,258,705	0.3480	0.3480
	Library	54,030,600	0.2820	0.2970 C	0	0.0000	0.0000	18,480,162	0.3030	0.3460 C	12,258,705	0.3550	0.3550
	Debt Service	54,030,600	0.3190	0.3190	0	0.3190	0.3190	18,480,162	0.3190	0.3190	12,258,705	0.3190	0.3190
City of St Ann	General Revenue	79,653,220	0.1610	0.1540	0	0.0000	0.0000	40,034,940	0.2000	0.2000	24,292,015	0.1930	0.0000
City of St George	General Revenue	12,256,280	0.1100	0.1100	0	0.0000	0.0000	340,662	0.1230	0.1230	2,161,268	0.1390	0.1390
City of St John	General Revenue	37,667,930	0.3210	0.3210	0	0.0000	0.0000	7,491,195	0.4630	0.4630	12,836,505	0.4500	0.4500
City of Shrewsbury	General Revenue	70,862,820	0.3810	0.3810	0	0.0000	0.0000	28,384,144	0.3730	0.3730	17,485,833	0.4370	0.3810
	Debt Service	70,862,820	0.8180	0.6190	0	0.8180	0.6190	28,384,144	0.8180	0.6190	17,485,833	0.8180	0.6190
City of Sunset Hills	General Revenue	186,830,050	0.0800	0.0540	229,210	0.1000	0.0600	95,160,900	0.0840	0.0570	45,882,190	0.0900	0.0600
Village of Sycamore Hills	General Revenue	4,876,370	0.2020	0.2020	0	0.0000	0.0000	433,414	0.2610	0.2610	1,106,547	0.2530	0.2530
	Health	4,876,370	0.0940	0.0940	0	0.0000	0.0000	433,414	0.1210	0.1210	1,106,547	0.1180	0.1180
City of Town and Country	General Revenue	381,802,030	0.5420	0.0000	44,900	0.9000	0.0000	196,059,164	0.5700	0.0000	83,736,093	0.5790	0.0000
	Dispatch	381,802,030	0.0290	0.0000	44,900	0.0300	0.0000	196,059,164	0.0300	0.0000	83,736,093	0.0300	0.0000
Village of Twin Oaks	General Revenue	4,707,500	0.4300	0.0000	0	0.0000	0.0000	5,020,070	0.3700	0.0000	0	0.0000	0.0000
City of University City	General Revenue	433,222,360	0.5720	0.5720	0	0.0000	0.0000	43,005,316	0.6450	0.6450	67,099,665	0.6910	0.6910
	Library	433,222,360	0.2490	0.2490	0	0.0000	0.0000	43,005,316	0.2840	0.2840	67,099,665	0.3010	0.3010
	Pension	433,222,360	0.1610	0.0000	0	0.0000	0.0000	43,005,316	0.1840	0.0000	67,099,665	0.1950	0.0000
	Debt Service	433,222,360	0.0850	0.0850	0	0.0850	0.0850	43,005,316	0.0850	0.0850	67,099,665	0.0850	0.0850
Village of Uplands Park	General Revenue	1,870,680	0.3730	0.3730	0	0.0000	0.0000	66,014	0.4080	0.4080	620,610	0.3910	0.3910
City of Valley Park	General Revenue	55,791,640	0.5980	0.5400	7,100	0.0000	0.0000	9,045,510	0.8800	0.8800	16,609,060	0.6850	0.5700
City of Velda City	General Revenue	5,023,130	0.3690	0.3690	0	0.0000	0.0000	183,440	0.4120	0.4120	1,434,502	0.3820	0.3820
	Debt Service	5,023,130	1.0253	0.7100	0	1.0253	0.7100	183,440	1.0253	0.7100	1,434,502	1.0253	0.7100
Village of Velda Village Hills	General Revenue	4,227,150	0.3380	0.3550 D	0	0.0000	0.0000	235,739	0.3590	0.5000 D	1,257,197	0.3780	0.3780
City of Vinita Park	General Revenue	6,862,320	0.2320	0.2320	0	0.0000	0.0000	24,948,860	0.2520	0.2520	7,899,210	0.2300	0.2300

LISTING OF 2006 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Village of Vinita Terrace	General Revenue	1,566,490	0.0390	0.0390	0	0.0000	0.0000	712,222	0.0500	0.0500	0	0.0000	0.0000
	Health	1,566,490	0.1130	0.1130	0	0.0000	0.0000	712,222	0.1810	0.1810	0	0.0000	0.0000
City of Warson Woods	General Revenue	47,615,760	0.3780	0.3780	0	0.0000	0.0000	7,268,851	0.4140	0.4140	6,581,570	0.4470	0.0000
City of Webster Groves	General Revenue	355,790,980	0.2440	0.2440	0	0.0000	0.0000	39,845,640	0.2590	0.2590	56,337,438	0.2800	0.2800
	Library	355,790,980	0.1570	0.1570	0	0.0000	0.0000	39,845,640	0.1660	0.1660	56,337,438	0.1800	0.1800
	Streets	355,790,980	0.1580	0.1580	0	0.0000	0.0000	39,845,640	0.1670	0.1670	56,337,438	0.1810	0.1810
	Pension	355,790,980	0.1260	0.1260	0	0.0000	0.0000	39,845,640	0.1340	0.1340	56,337,438	0.1450	0.1450
	Debt Service	355,790,980	0.4110	0.4110	0	0.4110	0.4110	39,845,640	0.4110	0.4110	56,337,438	0.4110	0.4110
City of Wellston	General Revenue	3,539,890	0.6000	0.6000	0	0.0000	0.0000	6,179,964	0.6000	0.6000	4,935,788	0.6000	0.6000
Village of Westwood	General Revenue	14,602,940	0.0590	0.0590	0	0.0000	0.0000	1,659,730	0.0660	0.0660	0	0.0000	0.0000
City of Winchester	General Revenue	14,169,470	0.1790	0.1790	0	0.0000	0.0000	2,368,705	0.2030	0.2030	3,303,667	0.2610	0.2610
City of Woodson Terrace	General Revenue	21,204,670	0.2220	0.2100	0	0.0000	0.0000	18,413,939	0.2460	0.2200	24,113,110	0.2510	0.2200
City of Chesterfield	Debt Service	945,584,530	0.0880	0.0600	1,616,460	0.0880	0.0600	241,060,530	0.0880	0.0600	264,049,505	0.0880	0.0600
Ferguson Municipal Pub Library Dist	General Revenue	107,956,060	0.2070	0.2070	13,400	0.0000	0.0000	42,498,260	0.2110	0.2110	44,677,237	0.2200	0.2200
Maplewood Public Library	General Revenue	61,987,160	0.2690	0.2690	B 0	0.0600	0.0600	B 40,493,162	0.3100	0.3100	B 26,609,525	0.3020	0.3020
	Debt Service	61,987,160	0.2120	0.2120	0	0.2120	0.2120	40,493,162	0.2120	0.2120	26,609,525	0.2120	0.2120
St Louis County Library	General Revenue	10,396,225,280	0.1640	0.1500	6,914,330	0.2000	0.1500	4,401,570,976	0.1780	0.1500	3,469,828,576	0.1850	0.1500
Valley Park Community Library	General Revenue	24,304,310	0.1490	0.1490	1,510	0.1700	0.1700	7,516,700	0.1000	0.1000	14,089,850	0.1700	0.1700
Affton Fire Protection District	General Revenue	341,674,610	0.7020	0.7020	820	0.7320	0.7320	56,245,121	0.7520	0.7520	79,226,656	0.7940	0.7940
	Ambulance	341,674,610	0.1600	0.1600	820	0.1220	0.1220	56,245,121	0.1810	0.1810	79,226,656	0.1820	0.1820
	Pension	341,674,610	0.0560	0.0560	820	0.0700	0.0700	56,245,121	0.0630	0.0630	79,226,656	0.0640	0.0640
	Dispatch	341,674,610	0.0240	0.0240	820	0.0000	0.0000	56,245,121	0.0270	0.0270	79,226,656	0.0270	0.0270
	Debt Service	341,674,610	0.0820	0.0820	820	0.0000	0.0000	56,245,121	0.0270	0.0270	79,226,656	0.0270	0.0270
Metro West Fire Protection District	General Revenue	1,174,040,000	0.4980	0.4980	1,159,350	0.6500	0.6500	175,537,226	0.5840	0.5840	230,606,206	0.5610	0.5610
	Ambulance	1,174,040,000	0.2580	0.2580	1,159,350	0.3000	0.3000	175,537,226	0.2900	0.2900	230,606,206	0.2900	0.2900
	Pension	1,174,040,000	0.0950	0.0950	1,159,350	0.1100	0.1100	175,537,226	0.1070	0.1070	230,606,206	0.1060	0.1060
	Dispatch	1,174,040,000	0.0440	0.0440	1,159,350	0.0480	0.0480	175,537,226	0.0470	0.0470	230,606,206	0.0480	0.0480
	Debt Service	1,174,040,000	0.0820	0.0820	1,159,350	0.0820	0.0820	175,537,226	0.0820	0.0820	230,606,206	0.0820	0.0820
Black Jack Fire Protection District	General Revenue	414,820,430	0.9210	0.9210	180,390	1.0000	1.0000	71,495,534	0.8940	0.8940	101,410,480	1.0000	1.0000
	Pension	414,820,430	0.0930	0.0930	180,390	0.1000	0.1000	71,495,534	0.0850	0.0850	101,410,480	0.1000	0.1000
	NCCFA System	414,820,430	0.0470	0.0470	180,390	0.0500	0.0500	71,495,534	0.0400	0.0400	101,410,480	0.0500	0.0500
	Debt Service	414,820,430	0.1470	0.1470	180,390	0.1470	0.1470	71,495,534	0.1470	0.1470	101,410,480	0.1470	0.1470
Monarch Fire Protection District	General Revenue	1,218,950,600	0.4770	0.0000	2,262,920	0.7000	0.0000	300,264,387	0.5730	0.0000	317,312,844	0.5490	0.0000
	Ambulance	1,218,950,600	0.2980	0.0000	2,262,920	0.3300	0.0000	300,264,387	0.3300	0.0000	317,312,844	0.3300	0.0000
	Pension	1,218,950,600	0.0900	0.0000	2,262,920	0.1000	0.0000	300,264,387	0.1000	0.0000	317,312,844	0.1000	0.0000
	Dispatch	1,218,950,600	0.0460	0.0000	2,262,920	0.0500	0.0000	300,264,387	0.0500	0.0000	317,312,844	0.0500	0.0000
	Debt Service	1,218,950,600	0.0550	0.0000	2,262,920	0.0550	0.0000	300,264,387	0.0550	0.0000	317,312,844	0.0550	0.0000
Community Fire Protection District	General Revenue	253,160,380	0.9160	0.9160	0	0.0000	0.0000	161,567,372	1.0000	1.0000	126,512,719	1.0000	1.0000

LISTING OF 2006 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Community Fire Protection District	Ambulance	253,160,380	0.5000	0.5000	B	0	0.5000	0.0000	B	161,567,372	0.5000	0.5000	B
	Pension	253,160,380	0.0940	0.0940		0	0.0000	0.0000		161,567,372	0.0960	0.0960	
	Dispatch	253,160,380	0.0280	0.0280		0	0.0000	0.0000		161,567,372	0.0290	0.0290	
	Debt Service	253,160,380	0.3530	0.3530		0	0.3530	0.3530		161,567,372	0.3530	0.3530	
Creve Coeur Fire Protection Dist	General Revenue	598,264,420	0.5630	0.5620		5,480	0.5110	0.5110		390,169,932	0.5970	0.5970	
	Ambulance	598,264,420	0.2000	0.2000		5,480	0.1830	0.1830		390,169,932	0.2120	0.2120	
	Pension	598,264,420	0.1360	0.1360		5,480	0.1100	0.1100		390,169,932	0.1450	0.1450	
	Dispatch	598,264,420	0.0450	0.0450		5,480	0.0370	0.0370		390,169,932	0.0480	0.0480	
Fenton Fire Protection District	General Revenue	364,810,900	0.4460	0.4090		154,630	0.6240	0.5510		271,760,486	0.4990	0.4990	
	Ambulance	364,810,900	0.2900	0.2300		154,630	0.2930	0.2640		271,760,486	0.2940	0.2940	
	Pension	364,810,900	0.0960	0.0950		154,630	0.0970	0.0890		271,760,486	0.0990	0.0980	
	Dispatch	364,810,900	0.0480	0.0350		154,630	0.0490	0.0440		271,760,486	0.0490	0.0480	
Florissant Valley Fire Prot Dist	General Revenue	522,301,210	0.6060	0.6060		193,780	0.7460	0.7460		139,124,822	0.7090	0.7090	
	Ambulance	522,301,210	0.3860	0.3860		193,780	0.4370	0.4370		139,124,822	0.4360	0.4360	
	Pension	522,301,210	0.0880	0.0880		193,780	0.0990	0.0990		139,124,822	0.1000	0.1000	
	Dispatch	522,301,210	0.0440	0.0440		193,780	0.0500	0.0500		139,124,822	0.0490	0.0490	
	Debt Service	522,301,210	0.1960	0.1450		193,780	0.1960	0.1450		139,124,822	0.1960	0.1450	
Kinloch Fire Protection District	General Revenue	715,420	0.9000	0.8700		0	0.0000	0.0000		1,286,578	0.9000	0.8700	
	Dispatch	715,420	0.0300	0.0300		0	0.0000	0.0000		1,286,578	0.0300	0.0300	
Lemay Fire Protection District	General Revenue	118,216,790	0.8460	0.8460		180	0.9900	0.9900		22,081,070	0.9640	0.9640	
	Ambulance	118,216,790	0.1880	0.1880		180	0.3000	0.3000		22,081,070	0.2350	0.2350	
	Pension	118,216,790	0.0860	0.0860		180	0.0000	0.0000		22,081,070	0.0970	0.0970	
	Central Alarm Fund	118,216,790	0.0430	0.0430		180	0.0000	0.0000		22,081,070	0.0490	0.0490	
West County EMS & Fire Prot Dist	General Revenue	462,187,890	0.4190	0.4190		311,930	0.4150	0.4150		107,030,324	0.4220	0.4220	
	Ambulance	462,187,890	0.1780	0.1780		311,930	0.1760	0.1760		107,030,324	0.1790	0.1790	
	Pension	462,187,890	0.0890	0.0800		311,930	0.0870	0.0800		107,030,324	0.0900	0.0800	
	Dispatch	462,187,890	0.0450	0.0450		311,930	0.0450	0.0450		107,030,324	0.0450	0.0450	
	Debt Service	462,187,890	0.1200	0.0600		311,930	0.1200	0.0600		107,030,324	0.1200	0.0600	
Maryland Heights Fire Prot Dist	General Revenue	214,580,780	0.7290	0.7290		6,930	0.6930	0.6930		262,872,242	0.7690	0.7690	
	Ambulance	214,580,780	0.3630	0.3630		6,930	0.4000	0.4000		262,872,242	0.3620	0.3620	
	Pension	214,580,780	0.1190	0.1190		6,930	0.1010	0.1010		262,872,242	0.1250	0.1250	
	Dispatch	214,580,780	0.0460	0.0460		6,930	0.0430	0.0430		262,872,242	0.0480	0.0480	
Mehlville Fire Protection District	General Revenue	1,418,453,400	0.8760	0.4480		698,770	1.0800	0.5510		387,356,033	0.9120	0.4650	
	Ambulance	1,418,453,400	0.2000	0.1380		698,770	0.3000	0.2070		387,356,033	0.1960	0.1350	
	Pension	1,418,453,400	0.0870	0.0870		698,770	0.1000	0.1000		387,356,033	0.0850	0.0850	
	Alarm Fund	1,418,453,400	0.0430	0.0200		698,770	0.0500	0.0220		387,356,033	0.0430	0.0190	
Metro-North Fire Protection Dist	General Revenue	83,909,700	1.3598	1.3598		0	0.0000	0.0000		17,919,661	1.2899	1.2899	

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Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Metro-North Fire Protection Dist	Pension	83,909,700	0.2280	0.2280	0	0.0000	0.0000	17,919,661	0.2160	0.2160	23,608,139	0.2490	0.2490
	Dispatch	83,909,700	0.0280	0.0280	0	0.0000	0.0000	17,919,661	0.0240	0.0240	23,608,139	0.0300	0.0300
	Debt Service	83,909,700	0.0530	0.0530	0	0.0530	0.0530	17,919,661	0.0530	0.0530	23,608,139	0.0530	0.0530
Normandy Fire Protection District	General Revenue	128,438,480	1.3585	1.3585	15,420	1.2991	1.2991	27,244,619	1.3741	1.3741	39,962,783	1.5000	1.5000
	Ambulance	128,438,480	0.2720	0.2720	15,420	0.2560	0.2560	27,244,619	0.2750	0.2750	39,962,783	0.3000	0.3000
	Pension	128,438,480	0.0900	0.0900	15,420	0.0860	0.0860	27,244,619	0.0920	0.0920	39,962,783	0.1000	0.1000
	Dispatch	128,438,480	0.0450	0.0450	15,420	0.0390	0.0390	27,244,619	0.0450	0.0450	39,962,783	0.0500	0.0500
Pattonville-Bridgeton Terr Fire Dis	General Revenue	123,116,390	0.9030	0.9030	356,010	0.9830	0.9830	436,868,490	0.9690	0.9690	188,138,548	0.9830	0.9830
	Ambulance	123,116,390	0.2220	0.2220	356,010	0.2500	0.2500	436,868,490	0.2470	0.2470	188,138,548	0.2500	0.2500
	Pension	123,116,390	0.1360	0.1360	356,010	0.1500	0.1500	436,868,490	0.1480	0.1480	188,138,548	0.1500	0.1500
	Dispatch	123,116,390	0.0450	0.0400	356,010	0.0500	0.0400	436,868,490	0.0490	0.0400	188,138,548	0.0500	0.0400
	Debt Service	123,116,390	0.0210	0.0210	356,010	0.0210	0.0210	436,868,490	0.0210	0.0210	188,138,548	0.0210	0.0210
Riverview Fire Protection District	General Revenue	102,063,020	1.2821	1.2821	3,490	1.4612	1.4612	16,360,296	1.4478	1.4478	27,525,935	1.4544	1.4544
	Pension	102,063,020	0.2200	0.2200	3,490	0.2500	0.2500	16,360,296	0.2490	0.2490	27,525,935	0.2500	0.2500
	Dispatch	102,063,020	0.0440	0.0400	3,490	0.0500	0.0400	16,360,296	0.0500	0.0400	27,525,935	0.0500	0.0400
	Debt Service	102,063,020	0.0570	0.0570	3,490	0.0570	0.0570	16,360,296	0.0570	0.0570	27,525,935	0.0570	0.0570
Robertson Fire Protection District	General Revenue	38,581,290	0.8900	0.8900	232,220	0.8900	0.8900	174,641,342	0.8900	0.8900	102,251,999	0.8900	0.8900
	Ambulance	38,581,290	0.5500	0.4850	232,220	0.5500	0.4850	174,641,342	0.5500	0.4850	102,251,999	0.5500	0.4850
	Pension	38,581,290	0.2000	0.2000	232,220	0.2000	0.2000	174,641,342	0.2000	0.2000	102,251,999	0.2000	0.2000
	Dispatch	38,581,290	0.0500	0.0400	232,220	0.0500	0.0400	174,641,342	0.0500	0.0400	102,251,999	0.0500	0.0400
	Debt Service	38,581,290	0.0650	0.0650	232,220	0.0650	0.0650	174,641,342	0.0650	0.0650	102,251,999	0.0650	0.0650
Spanish Lake Fire Protection Dist	General Revenue	118,327,590	1.2500	1.2500	103,120	1.2403	1.2403	26,431,701	1.1037	1.1037	31,805,069	1.2500	1.2500
	Pension	118,327,590	0.1500	0.1500	103,120	0.1500	0.1500	26,431,701	0.1330	0.1330	31,805,069	0.1500	0.1500
	Dispatch	118,327,590	0.0500	0.0500	103,120	0.0500	0.0500	26,431,701	0.0440	0.0440	31,805,069	0.0500	0.0500
	Debt Service	118,327,590	0.1370	0.1370	103,120	0.1370	0.1370	26,431,701	0.1370	0.1370	31,805,069	0.1370	0.1370
Valley Park Fire Protection Dist	General Revenue	125,635,130	0.7840	0.7840	114,550	0.8800	0.8800	38,815,800	0.8010	0.8010	48,590,903	0.8800	0.8800
	Ambulance	125,635,130	0.2680	0.2680	114,550	0.3000	0.3000	38,815,800	0.2720	0.2720	48,590,903	0.3000	0.3000
	Pension	125,635,130	0.0890	0.0890	114,550	0.1000	0.1000	38,815,800	0.0900	0.0900	48,590,903	0.1000	0.1000
	Dispatch	125,635,130	0.0270	0.0270	114,550	0.0300	0.0300	38,815,800	0.0280	0.0280	48,590,903	0.0300	0.0300
Mid-County Fire Protection District	General Revenue	39,214,310	1.7507	1.7507	B 0	0.5000	0.0000	B 46,020,130	1.8304	1.8304	B 46,284,560	1.8500	1.8500
	Ambulance	39,214,310	0.1390	0.1390	0	0.0000	0.0000	46,020,130	0.1500	0.1500	46,284,560	0.1500	0.1500
	Pension	39,214,310	0.2500	0.2500	0	0.0000	0.0000	46,020,130	0.2500	0.2500	46,284,560	0.2500	0.2500
	Dispatch	39,214,310	0.0280	0.0280	0	0.0000	0.0000	46,020,130	0.0300	0.0300	46,284,560	0.0300	0.0300
	Debt Service	39,214,310	0.1620	0.1620	0	0.1620	0.1620	46,020,130	0.1620	0.1620	46,284,560	0.1620	0.1620
West Overland Fire Protection Dist	General Revenue	50,841,130	0.7060	0.7060	0	0.0000	0.0000	80,996,048	0.7100	0.7100	35,280,442	0.7100	0.7100
	Ambulance	50,841,130	0.6250	0.6250	B 0	0.4000	0.0000	B 80,996,048	0.6300	0.6300	B 35,280,442	0.6500	0.6500
	Pension	50,841,130	0.1490	0.1490	0	0.0000	0.0000	80,996,048	0.1500	0.1500	35,280,442	0.1500	0.1500

LISTING OF 2006 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
West Overland Fire Protection Dist	Dispatch	50,841,130	0.0500	0.0500	0	0.0000	0.0000	80,996,048	0.0500	0.0500	35,280,442	0.0500	0.0500
	Debt Service	50,841,130	0.2670	0.2670	0	0.2670	0.2670	80,996,048	0.2670	0.2670	35,280,442	0.2670	0.2670
Black Creek Sewer	General Revenue	651,345,860	0.0900	0.0600	0	0.0000	0.0000	497,362,770	0.0990	0.0600	166,807,078	0.0950	0.0600
Black Jack-Dellwood Sewer	General Revenue	140,892,220	0.0900	0.0600	10,970	0.0360	0.0360	55,122,148	0.0960	0.0600	46,175,686	0.0980	0.0600
Clayton Central Sewer	General Revenue	25,237,480	0.0710	0.0600	0	0.0000	0.0000	262,028,612	0.0920	0.0600	44,084,861	0.0900	0.0600
Coldwater Creek Sewer	General Revenue	970,670,820	0.0920	0.0700	42,660	0.1000	0.0700	483,597,096	0.1000	0.0700	567,361,564	0.1000	0.0700
Creve Coeur-Frontenac Sewer	General Revenue	286,417,610	0.0740	0.0500	0	0.0000	0.0000	163,338,140	0.0750	0.0500	76,336,506	0.0760	0.0500
Deer Creek Sewer	General Revenue	2,214,167,030	0.0860	0.0600	181,990	0.0920	0.0600	846,365,762	0.0950	0.0600	448,650,241	0.0930	0.0600
Fountain Creek Sewer	General Revenue	89,142,290	0.1250	0.1000	0	0.0000	0.0000	20,125,712	0.1510	0.1000	23,754,755	0.1400	0.1000
Gravois Creek Sewer	General Revenue	920,085,290	0.0770	0.0600	347,280	0.0900	0.0600	400,363,766	0.0800	0.0600	243,475,607	0.0860	0.0600
Loretta-Joplin Sewer	General Revenue	18,662,120	0.0780	0.0600	0	0.0000	0.0000	1,746,639	0.0840	0.0600	5,100,665	0.0900	0.0600
Maline Creek Sewer	General Revenue	356,439,410	0.0930	0.0700	47,360	0.0800	0.0700	129,382,562	0.0970	0.0700	146,715,650	0.1000	0.0700
Marlborough Sewer	General Revenue	40,064,750	0.0540	0.0400	0	0.0000	0.0000	11,042,357	0.0600	0.0400	8,764,989	0.0580	0.0400
Meramec River Basin Sewer	General Revenue	1,827,265,450	0.0920	0.0700	929,890	0.1000	0.0700	606,201,829	0.1000	0.0700	583,996,330	0.1000	0.0700
Missouri River-Bonfils Sewer	General Revenue	132,006,820	0.0950	0.0700	134,780	0.1000	0.0700	454,834,957	0.0990	0.0700	221,653,354	0.1000	0.0700
North Affton Sewer	General Revenue	57,942,190	0.0750	0.0600	0	0.0000	0.0000	4,505,292	0.0760	0.0600	11,303,228	0.0850	0.0600
Paddock Creek Sewer	General Revenue	102,136,030	0.0870	0.0600	2,750	0.0730	0.0600	27,149,385	0.0940	0.0600	25,560,796	0.0990	0.0600
Seminary Branch RDP Sewer	General Revenue	211,389,340	0.0680	0.0600	0	0.0000	0.0000	43,673,788	0.0770	0.0600	45,948,859	0.0760	0.0600
Shrewsbury Branch RDP Sewer	General Revenue	19,096,320	0.0670	0.0600	0	0.0000	0.0000	3,658,073	0.0710	0.0600	4,515,118	0.0780	0.0600
Sugar Creek Sewer	General Revenue	240,425,360	0.0610	0.0610	130	0.0000	0.0000	35,153,819	0.0950	0.0700	50,689,441	0.0690	0.0690
University City Branch RDP Sewer	General Revenue	457,416,520	0.0830	0.0700	3,370	0.0000	0.0000	247,644,288	0.0950	0.0700	175,803,604	0.0940	0.0700
Upper Paddock Creek Sewer	General Revenue	24,080,020	0.0830	0.0600	1,410	0.0710	0.0600	5,389,462	0.0840	0.0600	5,769,485	0.0910	0.0600
Watkins Creek Sewer	General Revenue	101,792,280	0.0930	0.0600	7,400	0.1000	0.0600	44,715,229	0.0760	0.0600	31,335,511	0.0990	0.0600
Wedgewood Creek Sewer	General Revenue	21,634,520	0.1000	0.0600	0	0.0000	0.0000	14,013,669	0.1000	0.0600	9,508,559	0.1000	0.0600
Wellston Sewer	General Revenue	13,417,660	0.0980	0.0800	0	0.0000	0.0000	11,046,247	0.0970	0.0800	14,128,837	0.1000	0.0800
Hancock Street Light Dist St Louis	General Revenue	39,299,740	0.1730	0.1700	0	0.0000	0.0000	10,438,080	0.1950	0.1700	13,907,600	0.2000	0.1700
Wheaton Cook Lyndhurst Light Dist	General Revenue	5,245,580	0.1990	0.1350	0	0.0000	0.0000	1,129,450	0.1770	0.1600	1,455,600	0.2000	0.1450
Castle Point Street Light District	General Revenue	6,700,290	0.1600	0.1600	0	0.0000	0.0000	201,630	0.1700	0.1700	1,555,380	0.1850	0.1850
Glasgow Village Street Light Dist	General Revenue	21,176,280	0.1400	0.1400	0	0.0000	0.0000	255,080	0.1290	0.1290	3,886,020	0.1580	0.1580
Elmwood Park Street Light District	General Revenue	1,739,950	0.3790	0.0000	0	0.0000	0.0000	103,390	0.3840	0.0000	516,660	0.4000	0.0000
Clayton Special Business District	General Revenue	16,533,570	0.0960	0.0670	0	0.0000	0.0000	257,335,880	0.1320	0.0670	0	0.0000	0.0000
Maplewood Special Business District	General Revenue	284,070	0.3480	0.3480	0	0.0000	0.0000	11,943,030	0.4430	0.4430	0	0.0000	0.0000
University City Spec Bus Dist BD57	General Revenue	690,700	0.6920	0.6920	0	0.0000	0.0000	4,116,840	0.7850	0.7850	0	0.0000	0.0000
Webster Groves-Old Webster Bus Dis	General Revenue	246,520	0.4070	0.2900	0	0.0000	0.0000	9,008,370	0.3870	0.2900	0	0.0000	0.0000
Webster Groves-Old Orchard Bus Dis	General Revenue	53,260	0.8500	0.3600	0	0.0000	0.0000	3,884,310	0.8500	0.3600	0	0.0000	0.0000
Kirkwood Special Business District	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	26,256,730	0.4660	0.4660	0	0.0000	0.0000
Jennings Special Business District	General Revenue	34,790	0.5320	0.1700	0	0.0000	0.0000	2,138,910	0.5160	0.1700	0	0.0000	0.0000

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Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Productive Living Board	General Revenue	12,169,104,240	0.0820	0.0820	6,929,370	0.0900	0.0850	4,863,391,587	0.0880	0.0850	3,812,672,881	0.0900	0.0850
Parkview Gardens Spec Bus Dist BD3	General Revenue	7,039,850	0.8500	0.8500	0	0.0000	0.0000	1,969,300	0.8500	0.8500	0	0.0000	0.0000
Crossroads Special Business Dist	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	3,144,530	0.6900	0.4000	0	0.0000	0.0000
Robinwood West Community Imp Di	General Revenue	13,939,740	0.7720	0.7720	0	0.0000	0.0000	4,640	0.0000	0.0000	0	0.0000	0.0000
Hazelwood R-I School District	Operating Funds-Schools	919,384,710	5.0231	4.5231	706,550	5.5500	5.0500	464,748,520	5.3117	4.8117	449,230,910	5.4050	4.9050
	Debt Service	919,384,710	1.2739	0.9400	706,550	1.2739	0.9400	464,748,520	1.2739	0.9400	449,230,910	1.2739	0.9400
Ferguson-Florissant R-II Sch Dist	Operating Funds-Schools	421,762,350	4.5427	4.5427	36,550	3.9218	3.9218	269,652,640	4.7400	4.7400	300,893,690	4.7400	4.7400
	Debt Service	421,762,350	0.3000	0.3000	36,550	0.3000	0.3000	269,652,640	0.3000	0.3000	300,893,690	0.3000	0.3000
Pattonville R-III School District	Operating Funds-Schools	391,790,960	3.4639	3.2966	193,030	4.1100	3.9427	621,717,620	3.8035	3.6362	313,243,530	3.9305	3.7632
	Debt Service	391,790,960	0.4900	0.4900	193,030	0.4900	0.4900	621,717,620	0.4900	0.4900	313,243,530	0.4900	0.4900
Kirkwood R-VII School District	Operating Funds-Schools	734,042,340	3.6688	3.6688 B	179,770	5.4415	5.4415 B	180,723,850	4.3414	4.3414 B	144,955,720	3.7875	3.7875 B
	Debt Service	734,042,340	0.3650	0.3650	179,770	0.3650	0.3650	180,723,850	0.3650	0.3650	144,955,720	0.3650	0.3650
Lindbergh R-VIII School District	Operating Funds-Schools	693,883,000	2.7500	2.7500	398,030	4.1500	3.9848	279,618,920	2.7909	2.7909	170,278,620	3.0444	2.8792
	Debt Service	693,883,000	0.3800	0.3800	398,030	0.3800	0.3800	279,618,920	0.3800	0.3800	170,278,620	0.3800	0.3800
Mehlville R-IX School District	Operating Funds-Schools	1,087,746,910	3.2355	3.2355	343,400	3.7500	3.7500	243,286,250	3.2649	3.2649	262,909,760	3.6248	3.6248
	Debt Service	1,087,746,910	0.3480	0.3400	343,400	0.3480	0.3400	243,286,250	0.3480	0.3400	262,909,760	0.3480	0.3400
Parkway C-2 School District	Operating Funds-Schools	2,365,282,410	3.0870	3.0870	1,826,690	3.4770	3.4770	933,304,040	3.2714	3.2714	611,714,310	3.3679	3.3679
	Debt Service	2,365,282,410	0.3400	0.3400	1,826,690	0.3400	0.3400	933,304,040	0.3400	0.3400	611,714,310	0.3400	0.3400
Aftton 101 School District	Operating Funds-Schools	253,765,070	5.3680	4.9480	0	0.0000	0.0000	61,422,000	5.6189	5.6189	62,625,410	5.5131	5.0931
Bayless School District	Operating Funds-Schools	112,395,780	2.9463	2.9463	0	0.0000	0.0000	11,455,840	3.2594	3.2594	24,975,900	3.8500	3.8500
	Debt Service	112,395,780	0.3900	0.3900	0	0.3900	0.3900	11,455,840	0.3900	0.3900	24,975,900	0.3900	0.3900
Brentwood School District	Operating Funds-Schools	128,830,670	3.0976	2.9326	0	0.0000	0.0000	76,151,590	3.6183	3.5083	45,016,490	3.3915	3.2268
	Debt Service	128,830,670	0.3500	0.2100	0	0.3500	0.2100	76,151,590	0.3500	0.2100	45,016,490	0.3500	0.2100
Clayton School District	Operating Funds-Schools	404,576,860	3.3955	3.3517 C	0	0.0000	0.0000	396,517,720	3.5062	3.4616 C	106,059,330	3.4726	3.4276 C
	Debt Service	404,576,860	0.3640	0.3640	0	0.3640	0.3640	396,517,720	0.3640	0.3640	106,059,330	0.3640	0.3640
Hancock Place School District	Operating Funds-Schools	38,547,220	3.6854	3.6854	0	0.0000	0.0000	10,413,200	4.1565	4.1565	13,755,710	4.3000	4.3000
	Debt Service	38,547,220	0.5470	0.5470	0	0.5470	0.5470	10,413,200	0.5470	0.5470	13,755,710	0.5470	0.5470
Jennings School District	Operating Funds-Schools	67,808,760	3.9523	3.9523	0	0.0000	0.0000	15,124,300	4.7109	4.7109	27,348,050	4.8034	4.8034
	Debt Service	67,808,760	0.9880	0.5680	0	0.9880	0.5680	15,124,300	0.9880	0.5680	27,348,050	0.9880	0.5680
Ladue School District	Operating Funds-Schools	948,735,270	2.7500	2.7500	5,720	2.7500	2.7500	194,437,870	2.7500	2.7500	145,956,740	2.7500	2.7500
	Debt Service	948,735,270	0.2300	0.2300	5,720	0.2300	0.2300	194,437,870	0.2300	0.2300	145,956,740	0.2300	0.2300
Maplewood-Richmond Heights Sch D	Operating Funds-Schools	144,156,570	3.6123	3.9189 C	0	0.0000	0.0000	46,933,800	4.3500	4.6567 C	38,128,840	4.2458	4.5524 C
	Debt Service	144,156,570	1.0800	1.0800	0	1.0800	1.0800	46,933,800	1.0800	1.0800	38,128,840	1.0800	1.0800
Normandy School District	Operating Funds-Schools	153,145,560	4.3367	4.0736	15,420	4.0227	3.7596	33,837,770	4.3789	4.1158	55,973,840	4.6600	4.3969
	Debt Service	153,145,560	1.5688	1.4314	15,420	1.5688	1.4314	33,837,770	1.5688	1.4314	55,973,840	1.5688	1.4314
Ritenour School District	Operating Funds-Schools	244,521,560	3.8763	3.5939	0	0.0000	0.0000	166,944,060	4.0907	3.8991	133,788,900	4.0492	4.0492
	Debt Service	244,521,560	0.9970	0.7100	0	0.9970	0.7100	166,944,060	0.9970	0.7100	133,788,900	0.9970	0.7100

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Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Riverview Gardens School District	Operating Funds-Schools	184,208,330	3.9380	3.8808	3,490	4.3500	4.3500	22,673,970	3.8035	3.6722	48,885,540	4.1177	4.1177
	Debt Service	184,208,330	1.8177	1.8177	3,490	1.8177	1.8177	22,673,970	1.8177	1.8177	48,885,540	1.8177	1.8177
University City School District	Operating Funds-Schools	434,886,850	4.1967	3.6881	0	0.0000	0.0000	42,803,130	5.2692	4.6203	72,743,170	5.1824	4.5371
	Debt Service	434,886,850	0.9390	0.7380	0	0.9390	0.7380	42,803,130	0.9390	0.7380	72,743,170	0.9390	0.7380
Valley Park School District	Operating Funds-Schools	77,005,180	4.1793	4.1793	7,950	4.6500	4.6500	28,143,750	4.0949	4.0949	33,969,490	4.6500	4.6500
	Debt Service	77,005,180	0.3820	0.3820	7,950	0.3820	0.3820	28,143,750	0.3820	0.3820	33,969,490	0.3820	0.3820
Webster Groves School District	Operating Funds-Schools	489,275,660	4.6990	4.6990	0	0.0000	0.0000	63,531,020	4.9623	4.9623	84,401,840	4.8889	4.8889
	Debt Service	489,275,660	0.5670	0.5670	0	0.5670	0.5670	63,531,020	0.5670	0.5670	84,401,840	0.5670	0.5670
Wellston School District	Operating Funds-Schools	4,116,980	5.6700	5.6700	0	0.0000	0.0000	7,235,670	4.8250	4.8250	8,799,730	5.6700	5.6700
St. Louis County	General Revenue	12,169,104,240	0.2530	0.1900	6,897,090	0.3500	0.1900	4,863,391,587	0.2800	0.1900	3,850,023,676	0.2810	0.1900
	Parks & Recreation	12,169,104,240	0.0630	0.0350	6,897,090	0.0700	0.0350	4,863,391,587	0.0690	0.0350	3,850,023,676	0.0700	0.0350
	Road & Bridge	12,169,104,240	0.1620	0.1050	6,897,090	0.1800	0.1050	4,863,391,587	0.1760	0.1050	3,850,023,676	0.1800	0.1050
	Health	12,169,104,240	0.2170	0.1650	6,897,090	0.3000	0.1650	4,863,391,587	0.2400	0.1650	3,850,023,676	0.2410	0.1650
	Debt Service	12,169,104,240	0.0630	0.0630	6,897,090	0.0630	0.0630	4,863,391,587	0.0630	0.0630	3,850,023,676	0.0630	0.0630

LEGEND:

- A A new voter approved tax rate, newly formed district, or a levy voted to replace an expired levy, see Appendix X.
 B A voter approved increase to an existing levy, see Appendix XI.
 C Levy includes a recoupment rate authorized by state law.
 D Levied a tax rate in excess of the legally permissible tax levy as provided by state law, see Results - Table 1.2.

NOTE:

This Appendix only contains levy information for political subdivisions wholly in St. Louis County. Political subdivisions partially in St. Louis County and partially in another county(ies) were required by Senate Bill 267 passed in 2005 to levy a single rate on all property when one or more counties opted in and one or more counties opted out of the provisions of Senate Bill 960.

All rates in the levied column represent the rate extended and certified to the State Auditor's Office by both taxing authority and the county or counties in which the tax rate is levied.

Assessed Value column presents only the assessed valuation that the property tax is levied against.

LISTING OF 2005 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property						
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied				
St. Louis																	
City of Bella Villa	General Revenue	6,653,510	0.2480	0.0000	0	0.0000	0.0000	507,908	0.2730	0.0000	1,166,366	0.3030	0.0000				
City of Bellefontaine Neighbors	General Revenue	63,554,650	0.2160	0.1500	1,160	0.2500	0.1500	8,401,300	0.2020	0.1500	15,598,256	0.2360	0.0000				
Village of Bellerive Acres	General Revenue	3,266,380	0.6300	0.6300	0	0.0000	0.0000	176,110	0.6040	0.6040	598,160	0.7670	0.7670				
Village of Bel Nor	General Revenue	17,492,480	0.2360	0.2360	0	0.0000	0.0000	344,020	0.2580	0.2580	2,757,525	0.2930	0.2930				
	Debt Service	17,492,480	0.0000	0.0000	0	0.0000	0.0000	344,020	0.0000	0.0000	2,757,525	0.0000	0.0000				
Village of Bel Ridge	General Revenue	9,111,220	0.3500	0.3500	0	0.0000	0.0000	4,099,200	0.3500	0.3500	0	0.0000	0.0000				
City of Berkeley	General Revenue	36,780,880	0.7360	0.7510	C	14,270	0.8480	0.8630	C	92,221,225	0.8320	0.9060	C	50,126,600	0.9200	0.9490	C
	Pension	36,780,880	0.1100	0.1100		14,270	0.0940	0.0940		92,221,225	0.1100	0.1100		50,126,600	0.1100	0.1100	
	Debt Service	36,780,880	0.1060	0.1060		14,270	0.1060	0.1060		92,221,225	0.1060	0.1060		50,126,600	0.1060	0.1060	
City of Beverly Hills	General Revenue	2,204,890	0.2210	0.2210		0	0.0000	0.0000		1,171,454	0.2190	0.2190		966,568	0.2320	0.2320	
City of Black Jack	Debt Service	57,992,670	0.9170	0.5000		5,600	0.9170	0.5000		3,497,502	0.9170	0.5000		12,236,977	0.9170	0.5000	
City of Breckenridge Hills	General Revenue	19,446,200	0.3140	0.2000		0	0.0000	0.0000		9,499,189	0.2730	0.2000		5,454,299	0.0000	0.0000	
City of Brentwood	General Revenue	123,374,550	0.1810	0.0000		0	0.0000	0.0000		105,725,340	0.1580	0.1580		38,023,002	0.2070	0.2070	
	Library	123,374,550	0.1570	0.1570		0	0.0000	0.0000		105,725,340	0.1360	0.1360		38,023,002	0.1790	0.1790	
	Pension	123,374,550	0.3880	0.3880	B	0	0.1500	0.0000	B	105,725,340	0.4110	0.4110	B	38,023,002	0.3850	0.3850	B
	Debt Service	123,374,550	0.1850	0.0000		0	0.1850	0.0000		105,725,340	0.1850	0.0000		38,023,002	0.1850	0.0000	
City of Bridgeton	General Revenue	106,065,850	0.2330	0.1600		130,420	0.2480	0.1600		271,439,726	0.2240	0.2240		0	0.0000	0.0000	
Village of Calverton Park	General Revenue	8,014,770	0.2920	0.2150		0	0.0000	0.0000		443,413	0.2880	0.2150		1,976,021	0.2980	0.2150	
City of Charlack	General Revenue	6,264,240	0.2290	0.2270		0	0.0000	0.0000		1,967,540	0.2340	0.2300		2,051,552	0.2570	0.2570	
City of Clarkson Valley	General Revenue	81,017,680	0.1280	0.1280		6,460	0.1240	0.1240		5,205,930	0.1400	0.1400		12,953,126	0.1530	0.1530	
City of Clayton	General Revenue	361,135,010	0.6590	0.6460	C	0	0.0000	0.0000		307,554,860	0.6940	0.6940	C	86,168,898	0.7070	0.7200	C
	Debt Service	361,135,010	0.1660	0.1500		0	0.1660	0.1500		307,554,860	0.1660	0.1500		86,168,898	0.1660	0.1500	
City of Cool Valley	General Revenue	5,358,120	0.1610	0.1610		0	0.0000	0.0000		5,726,381	0.1470	0.1470		3,788,927	0.1650	0.1650	
City of Country Club Hills	General Revenue	4,882,490	0.6400	0.6400		0	0.0000	0.0000		915,040	0.7040	0.7040		1,212,550	0.7390	0.7390	
	Parks & Recreation	4,882,490	0.2930	0.2930		0	0.0000	0.0000		915,040	0.3220	0.3220		1,212,550	0.3380	0.3380	
	Health	4,882,490	0.1640	0.1640		0	0.0000	0.0000		915,040	0.1820	0.1820		1,212,550	0.1900	0.1900	
Village of Country Life Acres	General Revenue	6,362,830	0.3410	0.3410		0	0.0000	0.0000		70,625	0.4210	0.4210		501,874	0.4280	0.4280	
City of Crestwood	General Revenue	154,529,600	0.2410	0.2410		150	0.0000	0.0000		84,448,261	0.2630	0.2630		34,228,173	0.2790	0.2500	
City of Creve Coeur	General Revenue	396,217,760	0.0880	0.0930	C	9,220	0.0000	0.0000		291,092,479	0.0890	0.0940	C	0	0.0000	0.0000	
City of Crystal Lake Park	General Revenue	12,817,850	0.7000	0.7000		0	0.0000	0.0000		133,381	0.3100	0.7000	D	1,383,613	0.8080	0.7000	
City of Dellwood	General Revenue	27,273,340	0.1910	0.1910		0	0.0000	0.0000		7,149,030	0.2270	0.2270		8,087,459	0.2350	0.2350	
City of Des Peres	General Revenue	186,101,150	0.2830	0.0000		180,690	0.3380	0.0000		85,026,700	0.2260	0.0000		51,531,480	0.0000	0.0000	
City of Edmundson	General Revenue	3,447,180	0.5000	0.3590		0	0.0000	0.0000		20,215,480	0.3870	0.3870		9,266,378	0.0000	0.0000	
City of Ellisville	General Revenue	122,858,810	0.3720	0.1500		44,790	0.6500	0.1500		83,303,089	0.3820	0.1500		34,330,633	0.4170	0.0000	
City of Eureka	General Revenue	118,792,920	0.4420	0.3730		236,750	0.6120	0.3730		40,009,651	0.4490	0.3900		36,191,975	0.4910	0.3900	
City of Ferguson	General Revenue	107,607,570	0.4230	0.4230		13,400	0.2520	0.2520		42,482,715	0.4310	0.4310		40,697,543	0.4500	0.4500	

LISTING OF 2005 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Ferguson	Parks & Recreation	107,607,570	0.1770	0.1770	13,400	0.1060	0.1060	42,482,715	0.1860	0.1860	40,697,543	0.1980	0.1980
City of Flordell Hills	General Revenue	3,467,700	0.4220	0.4220	0	0.0000	0.0000	912,614	0.8540	0.8540	0	0.0000	0.0000
City of Florissant	General Revenue	357,997,510	0.1010	0.0000	38,760	0.1190	0.0000	114,767,344	0.1160	0.0000	95,282,139	0.1200	0.0000
City of Frontenac	General Revenue	145,313,700	0.5080	0.5080	0	0.0000	0.0000	33,006,260	0.5590	0.5590	20,491,410	0.5530	0.5530
Village of Glen Echo Park	General Revenue	1,003,633	0.5000	0.5000	A 0	0.5000	0.5000	A 0	0.5000	0.5000	A 298,937	0.5000	0.5000
City of Glendale	General Revenue	115,672,430	0.4470	0.4470	0	0.0000	0.0000	5,263,643	0.4210	0.4210	15,225,800	0.5190	0.5190
	Pension	115,672,430	0.0860	0.0860	0	0.0000	0.0000	5,263,643	0.0830	0.0830	15,225,800	0.1000	0.1000
Town of Grantwood Village	General Revenue	18,571,780	0.2310	0.2310	108,500	0.2170	0.2170	1,349,991	0.1550	0.1550	3,179,664	0.2610	0.2610
City of Greendale	General Revenue	5,126,870	0.5150	0.5150	0	0.0000	0.0000	200,460	0.5320	0.5320	0	0.0000	0.0000
Village of Hanley Hills	General Revenue	9,477,360	0.4130	0.3800	0	0.0000	0.0000	356,189	0.2880	0.2880	2,387,960	0.4500	0.3800
City of Hazelwood	General Revenue	181,788,850	0.7190	0.7210	C 212,910	0.7400	0.7420	C 181,052,419	0.7760	0.7810	C 102,950,491	0.7550	0.7570
	Debt Service	181,788,850	0.1460	0.1460	212,910	0.1460	0.1460	181,052,419	0.1460	0.1460	102,950,491	0.1460	0.1460
Village of Hillsdale	General Revenue	2,266,570	0.4000	0.4000	0	0.0000	0.0000	2,617,330	0.4550	0.4550	3,662,716	0.5000	0.5000
City of Huntleigh	General Revenue	29,762,950	0.2910	0.2220	11,200	0.1700	0.1700	349,346	0.3850	0.3200	2,360,452	0.3280	0.2220
City of Jennings	General Revenue	58,821,600	1.0000	1.0000	0	0.0000	0.0000	11,695,050	1.0000	1.0000	16,521,101	1.0000	1.0000
	Pension	58,821,600	0.1850	0.1800	0	0.0000	0.0000	11,695,050	0.1850	0.1800	16,521,101	0.1850	0.1800
City of Kinloch	General Revenue	715,420	1.0000	1.0000	0	0.0000	0.0000	1,296,441	1.0000	0.8900	721,315	1.0000	1.0000
City of Kirkwood	Parks & Recreation	440,847,050	0.1740	0.1300	0	0.0000	0.0000	77,987,510	0.1810	0.1300	74,448,550	0.2000	0.1300
	Library	438,542,950	0.1940	0.1930	0	0.0000	0.0000	77,136,190	0.2130	0.2130	72,463,950	0.2350	0.2350
	Pension	440,847,050	0.1510	0.1470	0	0.0000	0.0000	77,987,510	0.1710	0.1650	74,448,550	0.1820	0.1820
	Debt Service	440,847,050	0.2060	0.1990	0	0.2060	0.1990	77,987,510	0.2060	0.1990	74,448,550	0.2060	0.1990
City of Ladue	General Revenue	481,872,010	0.7280	0.7170	2,350	0.8940	0.8940	42,266,303	0.6960	0.6850	45,298,303	0.7560	0.7560
City of Lakeshire	General Revenue	11,952,460	0.0890	0.0890	0	0.0000	0.0000	186,895	0.0500	0.0500	0	0.0000	0.0000
Village of Mackenzie	General Revenue	1,465,800	0.1480	0.1480	0	0.0000	0.0000	53,223	0.1640	0.1640	265,769	0.1850	0.1850
City of Manchester	General Revenue	219,133,010	0.3400	0.0500	410	0.4880	0.0500	44,410,124	0.2870	0.0500	43,905,069	0.3850	0.0500
	Debt Service	219,133,010	0.2150	0.2000	410	0.2150	0.2000	44,410,124	0.2150	0.2000	43,905,069	0.2150	0.2000
City of Maplewood	General Revenue	60,759,440	0.4090	0.4090	0	0.0000	0.0000	40,155,133	0.6030	0.6030	20,837,264	0.5670	0.5670
	Pension	60,759,440	0.1860	0.1860	0	0.0000	0.0000	40,155,133	0.2470	0.2470	20,837,264	0.2450	0.2450
	Solid Waste	60,759,440	0.1840	0.1840	0	0.0000	0.0000	40,155,133	0.2180	0.2180	20,837,264	0.2180	0.2180
Village of Marlborough	General Revenue	12,341,480	0.0950	0.0950	0	0.0000	0.0000	7,134,040	0.1070	0.1070	4,829,793	0.1110	0.1110
City of Normandy	General Revenue	18,071,750	0.3680	0.3680	0	0.0000	0.0000	3,640,700	0.3440	0.3440	5,253,386	0.4000	0.4000
City of Northwoods	General Revenue	19,297,580	0.3730	0.3600	0	0.0000	0.0000	3,879,831	0.2810	0.2800	5,566,358	0.4150	0.3600
	Debt Service	19,297,580	0.9860	0.7000	0	0.9860	0.7000	3,879,831	0.9860	0.7000	5,566,358	0.9860	0.7000
Village of Norwood Court	General Revenue	3,242,510	0.3090	0.0000	0	0.0000	0.0000	162,250	0.3500	0.0000	810,390	0.3450	0.0000
City of Oakland	General Revenue	19,727,320	0.2030	0.2030	0	0.0000	0.0000	1,918,230	0.2130	0.2130	3,012,336	0.2370	0.2370
City of Olivette	General Revenue	121,574,370	0.6830	0.6920	C 0	0.0000	0.0000	C 50,623,419	0.7240	0.7640	C 31,705,605	0.7710	0.7790
	Pension	121,574,370	0.2500	0.2500	B 0	0.2500	0.2500	B 50,623,419	0.2500	0.2500	B 31,705,605	0.2500	0.2500

LISTING OF 2005 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property			
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	
City of Overland	General Revenue	98,648,250	0.0840	0.0750	0	0.0000	0.0000	78,709,696	0.0970	0.0970	39,950,724	0.0970	0.0750	
	Pension	98,648,250	0.1260	0.1260	0	0.0000	0.0000	78,709,696	0.1460	0.1460	39,950,724	0.1460	0.1460	
City of Pagedale	General Revenue	9,274,390	0.2870	0.2870	0	0.0000	0.0000	10,512,000	0.2940	0.2940	6,312,022	0.3500	0.3500	
City of Pasadena Hills	General Revenue	11,857,130	0.2440	0.2440	0	0.0000	0.0000	64,410	0.2800	0.2800	1,783,260	0.3100	0.3100	
	Debt Service	11,857,130	0.9710	0.9710	0	0.9710	0.9710	64,410	0.9710	0.9710	1,783,260	0.9710	0.9710	
Village of Pasadena Park	General Revenue	4,273,147	0.2550	0.2540	0	0.0000	0.0000	17,670	0.3110	0.3110	764,410	0.3090	0.3090	
City of Pine Lawn	General Revenue	11,255,520	0.2520	0.2520	0	0.0000	0.0000	3,208,963	0.2260	0.2180	3,431,387	0.2580	0.2580	
City of Richmond Heights	General Revenue	158,653,390	0.5150	0.2900	0	0.0000	0.0000	113,302,958	0.5970	0.3360	C 33,110,783	0.6150	0.2900	
	Library	158,653,390	0.1760	0.1760	0	0.0000	0.0000	113,302,958	0.2060	0.2210	C 33,110,783	0.2120	0.2120	
	Pension	158,653,390	0.2980	0.2980	0	0.0000	0.0000	113,302,958	0.3450	0.3690	C 33,110,783	0.3560	0.3200	
Village of Riverview	General Revenue	12,329,060	0.2800	0.2800	0	0.0000	0.0000	1,851,262	0.3010	0.2800	2,850,999	0.3120	0.2800	
City of Rock Hill	General Revenue	53,961,740	0.2580	0.2580	0	0.0000	0.0000	19,274,929	0.2610	0.2610	11,427,250	0.3540	0.3540	
	Library	53,961,740	0.2630	0.2630	0	0.0000	0.0000	19,274,929	0.2660	0.2660	11,427,250	0.3600	0.3600	
City of St Ann	General Revenue	78,365,670	0.1540	0.1540	0	0.0000	0.0000	50,646,208	0.1720	0.1720	23,955,161	0.1930	0.0000	
City of St George	General Revenue	12,254,710	0.1100	0.1100	0	0.0000	0.0000	333,856	0.1230	0.1100	1,940,258	0.1390	0.1390	
City of St John	General Revenue	37,606,310	0.3220	0.3270	C 0	0.0000	0.0000	C 7,688,584	0.4510	0.4580	C 12,421,137	0.4500	0.4530	C
City of Shrewsbury	General Revenue	71,416,430	0.3780	0.3780	0	0.0000	0.0000	28,016,661	0.3750	0.3750	16,636,923	0.4370	0.4370	
	Debt Service	71,416,430	0.8060	0.5630	0	0.8060	0.5630	28,016,661	0.8060	0.5630	16,636,923	0.8060	0.5630	
City of Sunset Hills	General Revenue	181,973,470	0.0800	0.0540	371,710	0.0670	0.0600	91,723,930	0.0820	0.0570	44,889,202	0.0900	0.0600	
Village of Sycamore Hills	General Revenue	4,875,210	0.1990	0.1970	0	0.0000	0.0000	427,848	0.2610	0.2490	1,485,727	0.2530	0.2530	
	Health	4,875,210	0.0920	0.0910	0	0.0000	0.0000	427,848	0.1210	0.1150	1,485,727	0.1180	0.1180	
City of Town and Country	General Revenue	380,024,200	0.5420	0.0000	45,440	0.9000	0.0000	200,937,839	0.5550	0.0000	81,996,704	0.5790	0.0000	
	Dispatch	380,024,200	0.0290	0.0000	45,440	0.0300	0.0000	200,937,839	0.0290	0.0000	81,996,704	0.0300	0.0000	
Village of Twin Oaks	General Revenue	4,703,220	0.4300	0.0000	0	0.0000	0.0000	4,728,794	0.3560	0.0000	0	0.0000	0.0000	
City of University City	General Revenue	427,489,880	0.5730	0.5730	0	0.0000	0.0000	42,503,877	0.6440	0.6440	63,305,338	0.6910	0.6910	
	Library	427,489,880	0.2490	0.2490	0	0.0000	0.0000	42,503,877	0.2830	0.2830	63,305,338	0.3010	0.3010	
	Pension	427,489,880	0.1610	0.0000	0	0.0000	0.0000	42,503,877	0.1840	0.0000	63,305,338	0.1950	0.0000	
	Debt Service	427,489,880	0.0230	0.0230	0	0.0230	0.0230	42,503,877	0.0230	0.0230	63,305,338	0.0230	0.0230	
Village of Uplands Park	General Revenue	1,867,930	0.3740	0.3740	0	0.0000	0.0000	65,603	0.4070	0.4070	563,118	0.3910	0.3910	
City of Valley Park	General Revenue	55,555,610	0.6000	0.5700	7,100	0.0000	0.0000	8,487,650	0.8800	0.6400	16,263,183	0.6850	0.5700	
City of Velda City	General Revenue	5,039,640	0.3680	0.3680	0	0.0000	0.0000	151,876	0.4800	0.4800	1,273,970	0.3820	0.3820	
	Debt Service	5,039,640	1.0530	0.7100	0	1.0530	0.7100	151,876	1.0530	0.7100	1,273,970	1.0530	0.7100	
Village of Velda Village Hills	General Revenue	4,221,970	0.3550	0.3550	0	0.0000	0.0000	11,870	0.5000	0.5000	1,142,310	0.3780	0.3780	
City of Vinita Park	General Revenue	6,861,790	0.2300	0.2360	C 0	0.0000	0.0000	25,029,390	0.2510	0.2700	C 8,031,120	0.2300	0.2380	C
Village of Vinita Terrace	General Revenue	1,566,490	0.0390	0.0390	0	0.0000	0.0000	751,079	0.0470	0.0470	0	0.0000	0.0000	
	Health	1,566,490	0.1130	0.1130	0	0.0000	0.0000	792,395	0.1630	0.1630	0	0.0000	0.0000	
City of Warson Woods	General Revenue	47,249,460	0.3780	0.3780	0	0.0000	0.0000	7,247,801	0.4140	0.4140	6,531,000	0.4470	0.0000	

LISTING OF 2005 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property						
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied				
City of Warson Woods	Debt Service	47,249,460	0.4130	0.0000	0	0.4130	0.0000	7,247,801	0.4130	0.0000	6,531,000	0.4130	0.0000				
City of Webster Groves	General Revenue	354,220,670	0.2440	0.2450	C	0	0.0000	0.0000	39,070,260	0.2590	0.2610	C	54,176,241	0.2800	0.2800		
	Library	354,220,670	0.1570	0.1570		0	0.0000	0.0000	39,070,260	0.1660	0.1670	C	54,176,241	0.1800	0.1790		
	Streets	354,220,670	0.1580	0.1590	C	0	0.0000	0.0000	39,070,260	0.1670	0.1690	C	54,176,241	0.1810	0.1810		
	Pension	354,220,670	0.1260	0.1260		0	0.0000	0.0000	39,070,260	0.1340	0.1360	C	54,176,241	0.1450	0.1450		
	Debt Service	354,220,670	0.4150	0.4150		0	0.4150	0.4150	39,070,260	0.4150	0.4150		54,176,241	0.4150	0.4150		
City of Wellston	General Revenue	3,472,260	0.6000	0.6000		0	0.0000	0.0000	6,209,109	0.6000	0.6000		4,550,062	0.6000	0.6000		
Village of Westwood	General Revenue	14,619,930	0.0590	0.0590		0	0.0000	0.0000	1,658,086	0.0660	0.0660		0	0.0000	0.0000		
City of Winchester	General Revenue	14,168,180	0.1800	0.1800		0	0.0000	0.0000	2,465,851	0.1950	0.1950		3,030,184	0.2610	0.2610		
City of Woodson Terrace	General Revenue	21,169,200	0.2130	0.2130		0	0.0000	0.0000	19,455,390	0.2330	0.2200		24,780,598	0.2510	0.2200		
City of Chesterfield	Debt Service	934,815,920	0.0870	0.0600		1,655,570	0.0870	0.0600	240,637,610	0.0870	0.0600		264,290,790	0.0870	0.0600		
Ferguson Municipal Pub Library Dist	General Revenue	107,607,570	0.2070	0.2110	C	13,400	0.0000	0.0020	C	42,482,715	0.2110	0.2140	C	40,965,613	0.2200	0.2200	
Maplewood Public Library	General Revenue	61,274,210	0.2090	0.2090		0	0.0000	0.0000	40,155,113	0.2500	0.2500		24,899,054	0.2420	0.2420		
St Louis County Library	General Revenue	10,293,704,520	0.1640	0.1500		7,594,790	0.1990	0.1500	4,475,165,521	0.1710	0.1500		3,301,811,890	0.1850	0.1500		
Valley Park Community Library	General Revenue	24,161,280	0.1490	0.1490		1,510	0.1700	0.1700	7,737,690	0.1000	0.1000		13,518,867	0.1700	0.1700		
Affton Fire Protection District	General Revenue	340,947,220	0.7000	0.7000		820	0.7320	0.7320	55,657,505	0.7520	0.7520		77,048,970	0.7940	0.7940		
	Ambulance	340,947,220	0.1590	0.1590		820	0.1220	0.1220	55,657,505	0.1810	0.1810		77,048,970	0.1820	0.1820		
	Pension	340,947,220	0.0560	0.0560		820	0.0700	0.0700	55,657,505	0.0630	0.0630		77,048,970	0.0640	0.0640		
	Dispatch	340,947,220	0.0240	0.0240		820	0.0000	0.0000	55,657,505	0.0270	0.0270		77,048,970	0.0270	0.0270		
	Debt Service	340,947,220	0.0380	0.0380		820	0.0000	0.0000	55,657,505	0.0270	0.0270		77,048,970	0.0270	0.0270		
Metro West Fire Protection District	General Revenue	1,146,075,740	0.4980	0.4990	C	1,240,140	0.6200	0.6180	180,740,184	0.5590	0.5720	C	218,326,565	0.5610	0.5610		
	Ambulance	1,146,075,740	0.2580	0.2590	C	1,240,140	0.2860	0.2860	180,740,184	0.2780	0.2800	C	218,326,565	0.2900	0.2920	C	
	Pension	1,146,075,740	0.0950	0.0950		1,240,140	0.1050	0.1050	180,740,184	0.1020	0.1030	C	218,326,565	0.1060	0.1060		
	Dispatch	1,146,075,740	0.0440	0.0440		1,240,140	0.0460	0.0460	180,740,184	0.0450	0.0450		218,326,565	0.0480	0.0480		
	Debt Service	1,146,075,740	0.0380	0.0380		1,240,140	0.0380	0.0380	180,740,184	0.0380	0.0380		218,326,565	0.0380	0.0380		
Black Jack Fire Protection District	General Revenue	400,433,940	0.9110	0.9110		210,080	1.0000	1.0000	59,573,936	0.9930	0.9930		95,068,432	1.0000	1.0000		
	Pension	400,433,940	0.0910	0.0910		210,080	0.1000	0.1000	59,573,936	0.0940	0.0940		95,068,432	0.1000	0.1000		
	NCCFA System	400,433,940	0.0460	0.0400		210,080	0.0500	0.0400	59,573,936	0.0440	0.0400		95,068,432	0.0500	0.0400		
	Debt Service	400,433,940	0.1670	0.1670		210,080	0.1670	0.1670	59,573,936	0.1670	0.1670		95,068,432	0.1670	0.1670		
Monarch Fire Protection District	General Revenue	1,201,708,610	0.4800	0.4750	C	2,249,920	0.7000	0.7010	C	275,694,515	0.5730	0.5790	C	300,103,357	0.5490	0.5520	C
	Ambulance	1,201,708,610	0.3000	0.2960	C	2,249,920	0.3300	0.3310	C	275,694,515	0.3300	0.3320	C	300,103,357	0.3300	0.3310	C
	Pension	1,201,708,610	0.0910	0.0800		2,249,920	0.1000	0.0800		275,694,515	0.1000	0.0800		300,103,357	0.1000	0.0800	
	Dispatch	1,201,708,610	0.0470	0.0420		2,249,920	0.0500	0.0420		275,694,515	0.0500	0.0420		300,103,357	0.0500	0.0420	
	Debt Service	1,201,708,610	0.0640	0.0400		2,249,920	0.0640	0.0400		275,694,515	0.0640	0.0400		300,103,357	0.0640	0.0400	
Community Fire Protection District	General Revenue	251,826,510	0.9170	0.9170		0	0.0000	0.0000	161,080,262	1.0000	1.0000		123,659,609	1.0000	1.0000		
	Ambulance	251,826,510	0.2290	0.2290		0	0.0000	0.0000	161,080,262	0.2500	0.2500		123,659,609	0.2500	0.2500		
	Pension	251,826,510	0.0920	0.0920		0	0.0000	0.0000	161,080,262	0.1000	0.1000		123,659,609	0.1000	0.1000		
	Dispatch	251,826,510	0.0280	0.0280		0	0.0000	0.0000	161,080,262	0.0290	0.0290		123,659,609	0.0300	0.0300		

LISTING OF 2005 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Community Fire Protection District	Debt Service	251,826,510	0.2500	0.2500	0	0.2500	0.2500	161,080,262	0.2500	0.2500	123,659,609	0.2500	0.2500
Creve Coeur Fire Protection Dist	General Revenue	591,487,880	0.5610	0.5770	C 7,550	0.3710	0.3740	C 385,455,784	0.5950	0.6240	C 208,421,843	0.6260	0.6290
	Ambulance	591,487,880	0.1990	0.2040	C 7,550	0.1330	0.1340	C 385,455,784	0.2110	0.2220	C 208,421,843	0.2220	0.2230
	Pension	591,487,880	0.1360	0.1400	C 7,550	0.0800	0.0810	C 385,455,784	0.1440	0.1530	C 208,421,843	0.1500	0.1510
	Dispatch	591,487,880	0.0450	0.0460	C 7,550	0.0270	0.0270	385,455,784	0.0480	0.0500	C 208,421,843	0.0500	0.0500
Fenton Fire Protection District	General Revenue	349,574,400	0.4370	0.4090	C 302,870	0.5740	0.5750	C 260,546,137	0.4950	0.5000	C 269,495,210	0.5140	0.5190
	Ambulance	349,574,400	0.2860	0.2300	302,870	0.2750	0.2690	260,546,137	0.2920	0.2850	269,495,210	0.3000	0.3000
	Pension	349,574,400	0.0950	0.0930	302,870	0.0920	0.0900	260,546,137	0.0970	0.0950	269,495,210	0.1000	0.1000
	Dispatch	349,574,400	0.0480	0.0350	302,870	0.0460	0.0450	260,546,137	0.0490	0.0480	269,495,210	0.0500	0.0500
Florissant Valley Fire Prot Dist	General Revenue	518,310,700	0.6080	0.6080	195,140	0.7410	0.7410	138,141,033	0.7040	0.7040	134,042,981	0.7170	0.7170
	Ambulance	518,310,700	0.3870	0.3870	195,140	0.4340	0.4340	138,141,033	0.4330	0.4330	134,042,981	0.4400	0.4400
	Pension	518,310,700	0.0880	0.0880	195,140	0.0990	0.0990	138,141,033	0.0990	0.0990	134,042,981	0.1000	0.1000
	Dispatch	518,310,700	0.0440	0.0440	195,140	0.0500	0.0500	138,141,033	0.0490	0.0490	134,042,981	0.0500	0.0500
	Debt Service	518,310,700	0.1450	0.1450	195,140	0.1450	0.1450	138,141,033	0.1450	0.1450	134,042,981	0.1450	0.1450
Kinloch Fire Protection District	General Revenue	738,070	0.9000	0.8600	0	0.0000	0.0000	1,296,441	0.9000	0.8600	725,315	0.9000	0.8600
	Dispatch	738,070	0.0300	0.0400	D 0	0.0000	0.0000	1,296,441	0.0300	0.0400	D 725,315	0.0300	0.0400
Lemay Fire Protection District	General Revenue	118,076,797	0.8490	0.8490	180	0.9900	0.9900	22,534,400	0.9110	0.9110	32,224,076	0.9900	0.9900
	Ambulance	118,076,797	0.1900	0.1900	180	0.3000	0.3000	22,534,400	0.2220	0.2220	32,224,076	0.2500	0.2500
	Pension	118,076,797	0.0860	0.0860	180	0.0000	0.0000	22,534,400	0.0920	0.0920	32,224,076	0.1000	0.1000
	Central Alarm Fund	118,076,797	0.0430	0.0430	180	0.0000	0.0000	22,534,400	0.0460	0.0460	32,224,076	0.0500	0.0500
	Debt Service	118,076,797	0.0470	0.0470	180	0.0470	0.0470	22,534,400	0.0470	0.0470	32,224,076	0.0470	0.0470
West County EMS & Fire Prot Dist	General Revenue	460,162,630	0.4200	0.4200	311,930	0.4160	0.4160	104,207,423	0.4190	0.4190	95,916,175	0.4570	0.4570
	Ambulance	460,162,630	0.1790	0.1790	311,930	0.1760	0.1760	104,207,423	0.1780	0.1780	95,916,175	0.1940	0.1940
	Pension	460,162,630	0.0890	0.0800	311,930	0.0880	0.0800	104,207,423	0.0890	0.0800	95,916,175	0.0970	0.0800
	Dispatch	460,162,630	0.0450	0.0450	311,930	0.0450	0.0450	104,207,423	0.0450	0.0450	95,916,175	0.0490	0.0490
	Debt Service	460,162,630	0.1200	0.1200	311,930	0.1200	0.1200	104,207,423	0.1200	0.1200	95,916,175	0.1200	0.1200
Maryland Heights Fire Prot Dist	General Revenue	214,031,240	0.7310	0.7340	C 6,930	0.6930	0.6930	250,408,230	0.7690	0.7760	C 143,364,670	0.8000	0.8000
	Ambulance	214,031,240	0.3630	0.3670	C 6,930	0.4000	0.4020	C 250,408,230	0.3620	0.3680	C 143,364,670	0.3680	0.3720
	Pension	214,031,240	0.1190	0.1200	C 6,930	0.1010	0.1010	250,408,230	0.1250	0.1260	C 143,364,670	0.1300	0.1300
	Dispatch	214,031,240	0.0460	0.0460	6,930	0.0430	0.0430	250,408,230	0.0480	0.0480	143,364,670	0.0500	0.0500
Mehlville Fire Protection District	General Revenue	1,392,676,910	0.8760	0.5630	C 918,770	1.0800	0.7550	C 376,391,410	0.9120	0.5530	C 321,993,134	0.8970	0.6190
	Ambulance	1,392,676,910	0.2000	0.2030	C 918,770	0.2830	0.2840	C 376,391,410	0.1960	0.1990	C 321,993,134	0.2220	0.2250
	Pension	1,392,676,910	0.0870	0.0890	C 918,770	0.0940	0.0940	376,391,410	0.0850	0.0850	321,993,134	0.0960	0.0960
	Alarm Fund	1,392,676,910	0.0430	0.0000	918,770	0.0470	0.0000	376,391,410	0.0430	0.0000	C 321,993,134	0.0480	0.0000
Metro-North Fire Protection Dist	General Revenue	85,423,760	1.3442	1.3462	C 0	0.0000	0.0000	17,002,198	1.3224	1.3244	C 21,884,245	1.4910	1.4930
	Pension	85,423,760	0.2250	0.2250	0	0.0000	0.0000	17,002,198	0.2220	0.2220	21,884,245	0.2490	0.2490
	Dispatch	85,423,760	0.0270	0.0270	0	0.0000	0.0000	17,002,198	0.0270	0.0270	21,884,245	0.0300	0.0300

LISTING OF 2005 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Metro-North Fire Protection Dist	Debt Service	85,423,760	0.0490	0.0490	0	0.0490	0.0490	17,002,198	0.0490	0.0490	21,884,245	0.0490	0.0490
Normandy Fire Protection District	General Revenue	128,515,150	1.3401	1.3401	15,420	1.2819	1.2819	23,914,272	1.4790	1.4790	38,276,987	1.5000	1.5000
	Ambulance	128,515,150	0.2680	0.2680	15,420	0.2550	0.2550	23,914,272	0.2960	0.2960	38,276,987	0.3000	0.3000
	Pension	128,515,150	0.0890	0.0890	15,420	0.0850	0.0850	23,914,272	0.0990	0.0990	38,276,987	0.1000	0.1000
	Dispatch	128,515,150	0.0450	0.0450	15,420	0.0390	0.0390	23,914,272	0.0490	0.0490	38,276,987	0.0500	0.0500
	Debt Service	122,308,710	0.9110	0.9110	878,390	0.4320	0.4320	434,242,439	0.9630	0.9630	171,947,386	0.9830	0.9830
Pattonville-Bridgeton Terr Fire Dis	General Revenue	122,308,710	0.2240	0.2240	878,390	0.1100	0.1100	434,242,439	0.2460	0.2460	171,947,386	0.2500	0.2500
	Ambulance	122,308,710	0.1390	0.1390	878,390	0.0660	0.0660	434,242,439	0.1470	0.1470	171,947,386	0.1500	0.1500
	Pension	122,308,710	0.0460	0.0400	878,390	0.0220	0.0220	434,242,439	0.0490	0.0400	171,947,386	0.0500	0.0400
	Dispatch	122,308,710	0.0090	0.0090	878,390	0.0090	0.0090	434,242,439	0.0090	0.0090	171,947,386	0.0090	0.0090
	Debt Service	101,208,480	1.2845	1.2845	5,890	1.4612	1.4612	16,354,472	1.4256	1.4256	25,935,605	1.4544	1.4544
Riverview Fire Protection District	General Revenue	101,208,480	0.2210	0.2210	5,890	0.2500	0.2500	16,354,472	0.2450	0.2450	25,935,605	0.2500	0.2500
	Pension	101,208,480	0.0440	0.0400	5,890	0.0500	0.0400	16,354,472	0.0490	0.0400	25,935,605	0.0500	0.0400
	Dispatch	101,208,480	0.0690	0.0690	5,890	0.0690	0.0690	16,354,472	0.0690	0.0690	25,935,605	0.0690	0.0690
	Debt Service	38,791,090	0.8900	0.8900	231,970	0.8900	0.8900	168,580,885	0.8900	0.8900	98,986,388	0.8900	0.8900
Robertson Fire Protection District	General Revenue	38,791,090	0.5500	0.4850	231,970	0.5500	0.4850	168,580,885	0.5500	0.4850	98,986,388	0.5500	0.4850
	Ambulance	38,791,090	0.2000	0.2000	231,970	0.2000	0.2000	168,580,885	0.2000	0.2000	98,986,388	0.2000	0.2000
	Pension	38,791,090	0.0500	0.0400	231,970	0.0500	0.0400	168,580,885	0.0500	0.0400	98,986,388	0.0500	0.0400
	Dispatch	38,791,090	0.1470	0.1470	231,970	0.1470	0.1470	168,580,885	0.1470	0.1470	98,986,388	0.1470	0.1470
	Debt Service	120,882,240	1.2500	1.2212	103,810	1.2321	0.9080	20,935,960	1.0588	1.2500	31,592,390	1.2500	1.2500
Spanish Lake Fire Protection Dist	General Revenue	120,882,240	0.1500	0.1470	103,810	0.1500	0.1100	20,935,960	0.1270	0.1500	31,592,390	0.1500	0.1500
	Pension	120,882,240	0.0500	0.0490	103,810	0.0500	0.0370	20,935,960	0.0420	0.0500	31,592,390	0.0500	0.0500
	Dispatch	120,882,240	0.1910	0.1910	103,810	0.1910	0.1910	20,935,960	0.1910	0.1910	31,592,390	0.1910	0.1910
	Debt Service	122,993,640	0.7870	0.7870	120,070	0.8800	0.8800	39,640,420	0.7790	0.7790	47,016,377	0.8800	0.8800
Valley Park Fire Protection Dist	General Revenue	122,993,640	0.2690	0.2690	120,070	0.3000	0.3000	39,640,420	0.2650	0.2650	47,016,377	0.3000	0.3000
	Ambulance	122,993,640	0.0900	0.0900	120,070	0.1000	0.1000	39,640,420	0.0880	0.0880	47,016,377	0.1000	0.1000
	Pension	122,993,640	0.0270	0.0270	120,070	0.0300	0.0300	39,640,420	0.0270	0.0270	47,016,377	0.0300	0.0300
	Dispatch	122,993,640	0.0360	0.0360	120,070	0.0360	0.0360	39,640,420	0.0360	0.0360	47,016,377	0.0360	0.0360
	Debt Service	38,949,770	1.2507	1.2507	0	0.0000	0.0000	46,738,277	1.3304	1.3304	42,964,457	1.3500	1.3500
Mid-County Fire Protection District	General Revenue	38,949,770	0.1390	0.1390	0	0.0000	0.0000	46,738,277	0.1480	0.1480	42,964,457	0.1500	0.1500
	Ambulance	38,949,770	0.2500	0.2500	0	0.2500	0.0000	46,738,277	0.2500	0.2500	42,964,457	0.2500	0.2500
	Pension	38,949,770	0.0280	0.0280	0	0.0000	0.0000	46,738,277	0.0300	0.0300	42,964,457	0.0300	0.0300
	Dispatch	38,949,770	0.1920	0.1920	0	0.1920	0.1920	46,738,277	0.1920	0.1920	42,964,457	0.1920	0.1920
	Debt Service	50,004,870	0.6400	0.6400	0	0.0000	0.0000	93,262,517	0.6530	0.6530	33,979,516	0.7100	0.7100
West Overland Fire Protection Dist	General Revenue	50,004,870	0.2250	0.2250	0	0.0000	0.0000	93,262,517	0.2300	0.2300	33,979,516	0.2500	0.2500
	Ambulance	50,004,870	0.1350	0.1350	0	0.0000	0.0000	93,262,517	0.1380	0.1380	33,979,516	0.1500	0.1500
	Pension	50,004,870	0.0450	0.0450	0	0.0000	0.0000	93,262,517	0.0460	0.0460	33,979,516	0.0500	0.0500
	Dispatch												

LISTING OF 2005 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
West Overland Fire Protection Dist	Debt Service	50,004,870	0.0930	0.0930	0	0.0930	0.0930	93,262,517	0.0930	0.0930	33,979,516	0.0930	0.0930
Black Creek Sewer	General Revenue	640,450,520	0.0900	0.0600	0	0.0000	0.0000	499,040,139	0.0970	0.0600	162,770,208	0.0950	0.0600
Black Jack-Dellwood Sewer	General Revenue	141,698,030	0.0900	0.0600	10,970	0.0390	0.0390	54,827,913	0.0960	0.0600	42,032,065	0.0980	0.0600
Clayton Central Sewer	General Revenue	22,919,590	0.0690	0.0600	0	0.0000	0.0000	262,416,501	0.0920	0.0600	44,268,690	0.0900	0.0600
Coldwater Creek Sewer	General Revenue	955,512,200	0.0910	0.0700	44,300	0.1000	0.0700	498,367,824	0.0990	0.0700	518,494,912	0.1000	0.0700
Creve Coeur-Frontenac Sewer	General Revenue	281,523,180	0.0730	0.0500	0	0.0000	0.0000	159,311,782	0.0750	0.0500	72,661,352	0.0760	0.0500
Deer Creek Sewer	General Revenue	2,186,764,140	0.0860	0.0600	181,990	0.0920	0.0600	847,113,916	0.0930	0.0600	435,772,211	0.0930	0.0600
Fountain Creek Sewer	General Revenue	88,610,060	0.1260	0.1000	0	0.0000	0.0000	21,487,201	0.1380	0.1000	22,039,702	0.1400	0.1000
Gravois Creek Sewer	General Revenue	913,754,670	0.0770	0.0600	457,270	0.0680	0.0600	393,361,430	0.0800	0.0600	230,556,862	0.0860	0.0600
Loretta-Joplin Sewer	General Revenue	18,654,930	0.0780	0.0600	0	0.0000	0.0000	1,741,876	0.0840	0.0600	4,609,966	0.0900	0.0600
Maline Creek Sewer	General Revenue	356,784,790	0.0930	0.0700	47,360	0.0810	0.0700	128,880,937	0.0960	0.0700	129,010,284	0.1000	0.0700
Marlborough Sewer	General Revenue	39,866,590	0.0520	0.0400	0	0.0000	0.0000	10,801,243	0.0600	0.0400	8,822,498	0.0580	0.0400
Meramec River Basin Sewer	General Revenue	1,791,297,090	0.0930	0.0700	1,151,980	0.0950	0.0700	598,994,852	0.0980	0.0700	577,669,442	0.1000	0.0700
Missouri River-Bonfils Sewer	General Revenue	131,335,260	0.0950	0.0700	659,360	0.0240	0.0240	446,403,073	0.0970	0.0700	204,009,012	0.1000	0.0700
North Affton Sewer	General Revenue	57,766,430	0.0750	0.0600	0	0.0000	0.0000	4,460,706	0.0760	0.0600	10,574,963	0.0850	0.0600
Paddock Creek Sewer	General Revenue	101,636,090	0.0870	0.0600	2,750	0.0730	0.0600	26,707,808	0.0940	0.0600	24,615,356	0.0990	0.0600
Seminary Branch RDP Sewer	General Revenue	211,438,090	0.0670	0.0600	0	0.0000	0.0000	42,535,365	0.0770	0.0600	46,944,528	0.0760	0.0600
Shrewsbury Branch RDP Sewer	General Revenue	19,005,240	0.0650	0.0600	0	0.0000	0.0000	2,685,244	0.0910	0.0600	4,275,112	0.0780	0.0600
Sugar Creek Sewer	General Revenue	234,867,400	0.0600	0.0600	130	0.0000	0.0000	35,111,619	0.0950	0.0700	49,839,411	0.0690	0.0690
University City Branch RDP Sewer	General Revenue	452,561,890	0.0830	0.0700	3,370	0.0000	0.0000	246,904,222	0.0950	0.0700	168,294,663	0.0940	0.0700
Upper Paddock Creek Sewer	General Revenue	23,942,270	0.0830	0.0600	1,410	0.0710	0.0600	5,374,570	0.0840	0.0600	5,617,635	0.0910	0.0600
Watkins Creek Sewer	General Revenue	101,501,280	0.0930	0.0600	9,800	0.1000	0.0600	30,455,558	0.0940	0.0600	29,223,930	0.0990	0.0600
Wedgewood Creek Sewer	General Revenue	21,659,300	0.1000	0.0600	0	0.0000	0.0000	13,956,176	0.1000	0.0600	9,147,251	0.1000	0.0600
Wellston Sewer	General Revenue	13,321,410	0.0980	0.0800	0	0.0000	0.0000	11,048,967	0.0970	0.0800	12,574,566	0.1000	0.0800
Hancock Street Light Dist St Louis	General Revenue	39,234,320	0.1710	0.1700	0	0.0000	0.0000	9,419,370	0.1960	0.1700	12,972,770	0.2000	0.1700
Wheaton Cook Lyndhurst Light Dist	General Revenue	5,188,750	0.1990	0.1200	0	0.0000	0.0000	1,039,420	0.1790	0.1560	1,195,080	0.2000	0.1300
Castle Point Street Light District	General Revenue	6,695,950	0.1600	0.1600	0	0.0000	0.0000	201,080	0.1700	0.1700	1,402,750	0.1850	0.1850
Glasgow Village Street Light Dist	General Revenue	21,179,260	0.1400	0.1400	0	0.0000	0.0000	254,790	0.1300	0.1300	3,733,430	0.1580	0.1580
Elmwood Park Street Light District	General Revenue	1,738,890	0.3800	0.0000	0	0.0000	0.0000	103,390	0.3840	0.0000	461,720	0.4000	0.0000
Clayton Special Business District	General Revenue	14,198,070	0.0950	0.0470	0	0.0000	0.0000	257,720,800	0.1320	0.0470	0	0.0000	0.0000
Maplewood Special Business District	General Revenue	304,300	0.3740	0.3740	0	0.0000	0.0000	11,759,950	0.4430	0.4430	0	0.0000	0.0000
University City Spec Bus Dist BD57	General Revenue	690,700	0.6920	0.6920	0	0.0000	0.0000	4,083,980	0.7850	0.7850	0	0.0000	0.0000
Webster Groves-Old Webster Bus Dis	General Revenue	246,520	0.4070	0.2900	0	0.0000	0.0000	8,828,800	0.3870	0.2900	0	0.0000	0.0000
Webster Groves-Old Orchard Bus Dis	General Revenue	53,260	0.8500	0.3600	0	0.0000	0.0000	3,884,360	0.8500	0.3600	0	0.0000	0.0000
Kirkwood Special Business District	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	28,981,820	0.4200	0.4150	0	0.0000	0.0000
Jennings Special Business District	General Revenue	34,790	0.5320	0.1700	0	0.0000	0.0000	2,120,320	0.5160	0.1700	0	0.0000	0.0000
Productive Living Board	General Revenue	11,993,180,660	0.0820	0.0820	8,062,920	0.0850	0.0850	4,796,535,268	0.0870	0.0850	3,656,157,068	0.0900	0.0850

LISTING OF 2005 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Parkview Gardens Spec Bus Dist BD3	General Revenue	6,928,150	0.8500	0.8500	0	0.0000	0.0000	1,969,300	0.8030	0.8030	0	0.0000	0.0000
Crossroads Special Business Dist	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	2,594,870	0.8080	0.4000	0	0.0000	0.0000
Robinwood West Community Imp Di	General Revenue	13,974,620	0.7700	0.7500	0	0.0000	0.0000	0	0.0000	0.0000	0	0.0000	0.0000
Hazelwood R-I School District	Operating Funds-Schools	899,803,240	5.0597	4.4097	C	739,680	5.5500	4.9000	C	452,310,410	5.3009	4.6939	C
	Debt Service	899,803,240	1.5670	0.8200		739,680	1.5670	0.8200		452,310,410	1.5670	0.8200	
Ferguson-Florissant R-II Sch Dist	Operating Funds-Schools	420,462,440	4.5477	4.5477		36,300	3.9328	3.9328		268,375,230	4.7400	4.7400	
	Debt Service	420,462,440	0.3000	0.3000		36,300	0.3000	0.3000		268,375,230	0.3000	0.3000	
Pattonville R-III School District	Operating Funds-Schools	388,477,370	3.4794	3.3454	C	715,410	1.1931	1.0591	C	627,451,150	3.7021	3.7251	C
	Debt Service	388,477,370	0.4910	0.4900		715,410	0.4910	0.4900		625,641,430	0.4910	0.4900	
Kirkwood R-VII School District	Operating Funds-Schools	717,524,280	3.6158	3.3484	C	179,770	5.3885	5.0214	C	182,347,380	4.2884	4.1318	C
	Debt Service	717,524,280	0.3710	0.3660		179,770	0.3710	0.3660		182,347,380	0.3710	0.3660	
Lindbergh R-VIII School District	Operating Funds-Schools	685,958,670	2.7500	2.7940	C	709,630	3.2308	3.0878	C	279,625,490	2.7500	2.8510	C
	Debt Service	685,958,670	0.3800	0.3800		709,630	0.3800	0.3800		279,625,490	0.3800	0.3800	
Mehlville R-IX School District	Operating Funds-Schools	1,065,565,070	3.2463	3.2493	C	453,410	3.7500	3.7530	C	236,426,090	3.2682	3.2712	C
	Debt Service	1,065,565,070	0.4390	0.3400		453,410	0.4390	0.3400		236,426,090	0.4390	0.3400	
Parkway C-2 School District	Operating Funds-Schools	2,348,568,360	3.0784	3.1134	C	1,837,020	3.4554	3.5044	C	924,491,050	3.2356	3.4396	C
	Debt Service	2,348,568,360	0.3400	0.3400		1,837,020	0.3400	0.3400		924,491,050	0.3400	0.3400	
Affton 101 School District	Operating Funds-Schools	252,819,970	5.3680	4.9480	B	0	1.3600	0.0000	B	60,067,340	5.6189	5.6189	B
Bayless School District	Operating Funds-Schools	112,156,010	2.9653	3.0133	C	0	0.0000	0.0000		11,922,180	3.1320	3.2050	C
	Debt Service	112,156,010	0.4840	0.4840		0	0.4840	0.4840		11,922,180	0.4840	0.4840	
Brentwood School District	Operating Funds-Schools	128,361,230	3.0682	3.0463	C	0	0.0000	0.0000		76,732,050	3.4902	3.3868	C
	Debt Service	128,361,230	0.2990	0.1940		0	0.2990	0.1940		76,732,050	0.2990	0.1940	
Clayton School District	Operating Funds-Schools	399,065,690	3.3857	3.5466	C	0	0.0000	0.0000		397,051,830	3.4720	3.4898	C
	Debt Service	399,065,690	0.3780	0.3780		0	0.3780	0.3780		397,051,830	0.3780	0.3780	
Hancock Place School District	Operating Funds-Schools	38,481,800	3.6955	3.6955		0	0.0000	0.0000		9,572,450	4.1754	4.1754	
	Debt Service	38,481,800	0.5140	0.5140		0	0.5140	0.5140		9,572,450	0.5140	0.5140	
Jennings School District	Operating Funds-Schools	66,887,770	4.0057	4.0057		0	0.0000	0.0000		14,580,460	4.5679	4.5679	
	Debt Service	66,887,770	0.5680	0.5680		0	0.5680	0.5680		14,580,460	0.5680	0.5680	
Ladue School District	Operating Funds-Schools	933,931,120	2.7500	2.7500		5,720	2.7500	2.7500		193,517,880	2.7500	2.7500	
	Debt Service	933,931,120	0.2300	0.2300		5,720	0.2300	0.2300		193,517,880	0.2300	0.2300	
Maplewood-Richmond Heights Sch D	Operating Funds-Schools	142,882,650	3.5971	3.9589	C	0	0.0000	0.0000		45,917,670	4.3215	4.6823	C
	Debt Service	142,882,650	1.0300	1.0300		0	1.0300	1.0300		45,917,670	1.0300	1.0300	
Normandy School District	Operating Funds-Schools	156,087,640	4.2045	4.1472		15,420	3.9858	3.9285		32,096,270	4.3678	4.3105	
	Debt Service	156,087,640	1.7970	1.4314		15,420	1.7970	1.4314		32,096,270	1.7970	1.4314	
Ritenour School District	Operating Funds-Schools	243,859,470	3.8447	3.5939	C	0	0.1800	0.0000	B	167,052,970	4.0473	3.8991	C
	Debt Service	243,859,470	0.7100	0.7100		0	0.7100	0.7100		167,052,970	0.7100	0.7100	
Riverview Gardens School District	Operating Funds-Schools	186,541,510	3.8585	3.8585		4,500	4.3500	4.3500		22,969,260	3.7044	3.7044	

LISTING OF 2005 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Riverview Gardens School District	Debt Service	186,541,510	1.5900	1.5900	4,500	1.5900	1.5900	22,969,260	1.5900	1.5900	44,167,280	1.5900	1.5900
University City School District	Operating Funds-Schools	429,154,430	4.2013	3.6828	0	0.0000	0.0000	42,616,960	5.2154	4.8620	68,738,950	5.1824	4.5371
	Debt Service	429,154,430	1.0130	0.7380	0	1.0130	0.7380	42,616,960	1.0130	0.7380	68,738,950	1.0130	0.7380
Valley Park School District	Operating Funds-Schools	76,751,920	4.1702	4.2292 C	7,950	4.6500	4.6650 C	28,098,000	4.0337	4.0487 C	32,892,560	4.6500	4.6650 C
	Debt Service	76,751,920	0.5240	0.5240	7,950	0.5240	0.5240	28,098,000	0.5240	0.5240	32,892,560	0.5240	0.5240
Webster Groves School District	Operating Funds-Schools	489,714,860	4.6645	4.6701 C	0	0.6800	0.6800 B	65,311,340	4.9858	4.9915 C	80,022,210	4.8889	4.8889 B
	Debt Service	489,714,860	0.5660	0.5660	0	0.5660	0.5660	65,311,340	0.5660	0.5660	80,022,210	0.5660	0.5660
Wellston School District	Operating Funds-Schools	4,054,070	5.6700	5.6700	0	0.0000	0.0000	5,612,470	5.5165	5.6700 D	8,627,020	5.6700	5.6700
St. Louis County	General Revenue	11,993,180,660	0.2530	0.1900	8,040,550	0.3270	0.1900	4,796,535,268	0.2780	0.1900	3,656,157,068	0.2810	0.1900
	Parks & Recreation	11,993,180,660	0.0640	0.0350	8,040,550	0.0660	0.0350	4,796,535,268	0.0680	0.0350	3,656,157,068	0.0700	0.0350
	Road & Bridge	11,993,180,660	0.1630	0.1050	8,040,550	0.1700	0.1050	4,796,535,268	0.1750	0.1050	3,656,157,068	0.1800	0.1050
	Health	11,993,180,660	0.2170	0.1650	8,040,550	0.2800	0.1650	4,796,535,268	0.2380	0.1650	3,656,157,068	0.2410	0.1650
	Debt Service	11,993,180,660	0.0860	0.0630	8,040,550	0.0860	0.0630	4,796,535,268	0.0860	0.0630	3,656,157,068	0.0860	0.0630

LEGEND:

- A A new voter approved tax rate, newly formed district, or a levy voted to replace an expired levy, see Report No. 2005-103.
 B A voter approved increase to an existing levy, see Report No. 2005-103.
 C Levy includes a recoupment rate authorized by state law.
 D Levied a tax rate in excess of the legally permissible tax levy as provided by state law, see Report No. 2005-103.

NOTE:

This Appendix only contains levy information for political subdivisions wholly in St. Louis County. Political subdivisions partially in St. Louis County and partially in another county(ies) were required by Senate Bill 267 passed in 2005 to levy a single rate on all property when one or more counties opted in and one or more counties opted out of the provisions of Senate Bill 960.

All rates in the levied column represent the rate extended and certified to the State Auditor's Office by both taxing authority and the county or counties in which the tax rate is levied.

Assessed Value column presents only the assessed valuation that the property tax is levied against.

LISTING OF 2004 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Louis													
City of Bella Villa	General Revenue	5,352,680	0.2940	0.0000	0	0.0000	0.0000	290,200	0.4610	0.0000	1,180,104	0.3030	0.0000
City of Bellefontaine Neighbors	General Revenue	53,049,620	0.2480	0.1500	5,310	0.2500	0.1500	6,525,860	0.2500	0.1500	15,329,826	0.2360	0.1500
Village of Bellerive Acres	General Revenue	3,126,550	0.6190	0.6190	0	0.0000	0.0000	126,110	0.8000	0.8000	625,239	0.7670	0.7670
Village of Bel Nor	General Revenue	13,912,440	0.2850	0.2850	0	0.0000	0.0000	224,680	0.3810	0.3810	2,687,035	0.2930	0.2930
	Debt Service	13,912,440	0.5270	0.5270	0	0.5270	0.5270	224,680	0.5270	0.5270	2,687,035	0.5270	0.5270
Village of Bel Ridge	General Revenue	8,247,150	0.3500	0.3330	0	0.0000	0.0000	4,822,470	0.3500	0.3500	0	0.0000	0.0000
City of Berkeley	General Revenue	34,544,320	0.7790	0.7790	11,660	1.0000	1.0000	94,809,426	0.7870	0.7870	50,785,597	0.9080	0.9080
	Pension	34,544,320	0.1100	0.1100	11,660	0.1100	0.1100	94,809,426	0.1100	0.1100	50,785,597	0.1100	0.1100
	Debt Service	34,544,320	0.1390	0.1390	11,660	0.1390	0.1390	94,809,426	0.1390	0.1390	50,785,597	0.1390	0.1390
City of Beverly Hills	General Revenue	2,076,900	0.2200	0.2200	0	0.0000	0.0000	1,091,357	0.2290	0.2290	970,171	0.2320	0.2320
City of Black Jack	Debt Service	50,883,510	1.2250	0.5540	7,250	1.2250	0.5540	2,767,442	1.2250	0.5540	12,234,807	1.2250	0.5540
City of Breckenridge Hills	General Revenue	16,860,960	0.3500	0.2000	0	0.0000	0.0000	8,325,543	0.3000	0.2000	5,667,819	0.0000	0.0000
City of Brentwood	General Revenue	102,560,360	0.2090	0.0000	0	0.0000	0.0000	68,122,580	0.2300	0.2300	36,706,532	0.2070	0.2070
	Library	102,560,360	0.1810	0.1810	0	0.0000	0.0000	68,122,580	0.1980	0.1980	36,706,532	0.1790	0.1790
	Pension	102,560,360	0.2380	0.2380	0	0.0000	0.0000	68,122,580	0.2610	0.2610	36,706,532	0.2350	0.2350
	Debt Service	102,560,360	0.2350	0.0000	0	0.2350	0.0000	68,122,580	0.2350	0.0000	36,706,532	0.2350	0.0000
City of Bridgeton	General Revenue	95,256,440	0.2500	0.1600	124,690	0.2500	0.1600	229,759,286	0.2500	0.2500	0	0.0000	0.0000
Village of Calverton Park	General Revenue	7,591,310	0.2940	0.2150	0	0.0000	0.0000	364,393	0.3360	0.2150	1,820,091	0.2980	0.2150
City of Charlack	General Revenue	5,378,370	0.2530	0.2490	0	0.0000	0.0000	1,657,485	0.2650	0.2540	2,085,896	0.2570	0.2570
City of Clarkson Valley	General Revenue	74,112,130	0.1340	0.1340	5,650	0.1420	0.1420	4,504,800	0.1560	0.1560	10,938,156	0.1530	0.1530
City of Clayton	General Revenue	325,477,980	0.6580	0.5820	0	0.0000	0.0000	300,858,250	0.6990	0.5820	84,060,952	0.7000	0.5820
	Debt Service	325,477,980	0.1670	0.0700	0	0.1670	0.0700	300,858,250	0.1670	0.0700	84,060,952	0.1670	0.0700
City of Cool Valley	General Revenue	5,262,530	0.1610	0.1610	0	0.0000	0.0000	4,643,440	0.1650	0.1650	3,580,322	0.1650	0.1650
City of Country Club Hills	General Revenue	4,152,300	0.7140	0.7140	0	0.0000	0.0000	691,720	0.7610	0.7610	1,246,850	0.7390	0.7390
	Parks & Recreation	4,152,300	0.3260	0.3260	0	0.0000	0.0000	691,720	0.3480	0.3480	1,246,850	0.3380	0.3380
	Health	4,152,300	0.1830	0.1830	0	0.0000	0.0000	691,720	0.1970	0.1970	1,246,850	0.1900	0.1900
Village of Country Life Acres	General Revenue	5,840,960	0.3580	0.3580	0	0.0000	0.0000	53,950	0.5320	0.5320	490,416	0.4280	0.4280
City of Crestwood	General Revenue	134,616,360	0.2610	0.2500	150	0.0000	0.0000	76,173,120	0.2800	0.2500	33,705,606	0.2790	0.2500
City of Creve Coeur	General Revenue	353,380,350	0.0920	0.0700	8,410	0.0950	0.0700	272,264,589	0.0930	0.0700	0	0.0000	0.0000
City of Crystal Lake Park	General Revenue	10,896,480	0.7870	0.7740	0	0.0000	0.0000	48,440	0.7890	0.7740	1,344,255	0.8080	0.7740
City of Dellwood	General Revenue	22,536,070	0.2210	0.2210	0	0.0000	0.0000	6,041,270	0.2550	0.2550	8,000,279	0.2350	0.0000
City of Des Peres	General Revenue	160,033,220	0.2420	0.0000	159,810	0.3690	0.0000	76,354,160	0.2410	0.0000	0	0.0000	0.0000
	Debt Service	160,033,220	1.1750	0.0000	159,810	1.1750	0.0000	76,354,160	1.1750	0.0000	0	1.1750	0.0000
City of Edmundson	General Revenue	3,077,500	0.3890	0.3890	0	0.0000	0.0000	19,415,620	0.3890	0.3890	0	0.0000	0.0000
City of Ellisville	General Revenue	107,715,850	0.4030	0.1500	44,690	0.6490	0.1500	69,006,601	0.4290	0.1500	32,326,810	0.4170	0.0000
City of Eureka	General Revenue	104,515,060	0.4650	0.3730	215,240	0.6500	0.3730	31,341,208	0.5110	0.3900	33,093,472	0.4910	0.3900

LISTING OF 2004 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Ferguson	General Revenue	96,667,480	0.4480	0.4470	7,220	0.4500	0.4500	39,306,370	0.4500	0.4500	39,158,219	0.4500	0.4500
	Parks & Recreation	96,667,480	0.1870	0.1870	7,220	0.1940	0.1940	39,306,370	0.1920	0.1920	39,158,219	0.1980	0.1980
City of Flordell Hills	General Revenue	2,732,340	0.5150	0.5150	0	0.0000	0.0000	625,351	0.7190	0.7190	0	0.0000	0.0000
City of Florissant	General Revenue	288,728,010	0.1200	0.0000	33,550	0.1300	0.0000	95,457,964	0.1280	0.0000	92,307,589	0.1200	0.0000
City of Frontenac	General Revenue	131,735,790	0.5330	0.5330	0	0.0000	0.0000	29,447,487	0.5750	0.5750	19,197,880	0.5530	0.5530
Village of Glen Echo Park	General Revenue	947,063	0.5000	0.5000	A 0	0.5000	0.5000	A 0	0.5000	0.5000	A 237,377	0.5000	0.5000
City of Glendale	General Revenue	98,247,720	0.5040	0.5040	0	0.0000	0.0000	4,044,598	0.5270	0.5270	14,997,190	0.5190	0.5190
	Pension	98,247,720	0.0970	0.0970	0	0.0000	0.0000	4,044,598	0.1030	0.1030	14,997,190	0.1000	0.1000
Town of Grantwood Village	General Revenue	16,720,620	0.2460	0.2460	92,080	0.2470	0.2470	1,213,457	0.1660	0.1660	2,949,235	0.2610	0.2610
City of Greendale	General Revenue	4,279,100	0.5940	0.5940	0	0.0000	0.0000	173,210	0.5950	0.5950	0	0.0000	0.0000
Village of Hanley Hills	General Revenue	7,361,290	0.3970	0.3880	0	0.0000	0.0000	207,730	0.4750	0.4700	2,282,396	0.4500	0.4500
City of Hazelwood	General Revenue	153,841,170	0.7780	0.7890	C 214,100	0.7040	0.7160	C 168,156,809	0.7760	0.7870	C 113,731,001	0.7550	0.7660
Village of Hillsdale	General Revenue	1,575,870	0.5000	0.5000	0	0.0000	0.0000	2,169,050	0.5000	0.5000	3,718,306	0.5000	0.5000
City of Huntleigh	General Revenue	25,521,390	0.3250	0.2050	9,640	0.1860	0.1860	293,947	0.4420	0.2900	2,227,904	0.3280	0.2050
City of Jennings	General Revenue	53,067,740	1.0000	0.9700	0	0.0000	0.0000	13,123,908	1.0000	1.0000	15,817,457	1.0000	1.0000
	Pension	53,067,740	0.1850	0.1800	0	0.0000	0.0000	13,123,908	0.1850	0.1800	15,817,457	0.1850	0.1800
City of Kinloch	General Revenue	833,070	1.0000	1.0000	0	0.0000	0.0000	1,114,827	1.0000	1.0000	624,455	1.0000	1.0000
City of Kirkwood	Parks & Recreation	371,951,950	0.1990	0.1360	0	0.0000	0.0000	63,467,770	0.1700	0.1360	72,158,960	0.2000	0.1360
	Library	369,592,390	0.2190	0.2190	0	0.0000	0.0000	61,914,460	0.2340	0.2340	68,747,810	0.2350	0.2350
	Pension	371,951,950	0.1700	0.1600	0	0.0000	0.0000	63,467,770	0.1870	0.1390	72,158,960	0.1820	0.1700
	Debt Service	371,951,950	0.2790	0.2790	0	0.2790	0.2790	63,467,770	0.2790	0.2790	72,158,960	0.2790	0.2790
City of Ladue	General Revenue	442,474,710	0.7490	0.7490	B 1,990	1.0000	1.0000	B 36,038,288	0.7530	0.7530	B 43,388,337	0.7560	0.7560
City of Lakeshire	General Revenue	11,251,850	0.0910	0.0900	0	0.0000	0.0000	143,543	0.1000	0.0900	0	0.0000	0.0000
Village of Mackenzie	General Revenue	1,203,290	0.1720	0.1720	0	0.0000	0.0000	31,431	0.2670	0.1950	271,856	0.1850	0.1850
City of Manchester	General Revenue	190,118,820	0.3730	0.0500	400	0.5000	0.0500	36,723,624	0.3500	0.0500	42,555,562	0.3850	0.0500
	Debt Service	190,118,820	0.2620	0.2000	400	0.2620	0.2000	36,723,624	0.2620	0.2000	42,555,562	0.2620	0.2000
City of Maplewood	General Revenue	49,215,300	0.4980	0.4980	0	0.0000	0.0000	27,405,283	0.5610	0.5610	18,683,104	0.5670	0.5670
	Pension	49,215,300	0.2160	0.2160	0	0.0000	0.0000	27,405,283	0.2430	0.2430	18,683,104	0.2450	0.2450
	Solid Waste	49,215,300	0.2180	0.2180	A 0	0.2180	0.2180	A 27,405,283	0.2180	0.2180	A 18,683,104	0.2180	0.2180
Village of Marlborough	General Revenue	10,502,080	0.1060	0.1000	0	0.0000	0.0000	5,982,150	0.1230	0.1000	4,413,633	0.1110	0.1000
City of Normandy	General Revenue	15,891,200	0.4000	0.4000	0	0.0000	0.0000	2,995,080	0.4000	0.4000	4,882,890	0.4000	0.4000
City of Northwoods	General Revenue	18,602,881	0.3730	0.3600	0	0.0000	0.0000	2,595,450	0.3770	0.3600	5,562,168	0.4150	0.3600
Village of Norwood Court	General Revenue	2,963,820	0.3150	0.0000	0	0.0000	0.0000	142,080	0.3500	0.0000	941,440	0.3450	0.0000
City of Oakland	General Revenue	16,860,900	0.2250	0.2250	0	0.0000	0.0000	1,715,840	0.2300	0.2300	2,981,276	0.2370	0.2370
City of Olivette	General Revenue	105,968,540	0.7440	0.7440	0	0.0000	0.0000	47,583,518	0.7530	0.7530	29,734,862	0.7680	0.7680
	Pension	105,968,540	0.1540	0.1540	0	0.0000	0.0000	47,583,518	0.1570	0.1570	29,734,862	0.1590	0.1590
City of Overland	General Revenue	82,388,040	0.0950	0.0750	0	0.0000	0.0000	70,210,048	0.1000	0.1000	40,216,818	0.0970	0.0750

LISTING OF 2004 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Overland	Pension	82,388,040	0.1430	0.1430	0	0.0000	0.0000	70,210,048	0.1500	0.1500	40,216,818	0.1460	0.1460
City of Pagedale	General Revenue	8,365,110	0.3010	0.3010	0	0.0000	0.0000	8,716,020	0.3290	0.3290	6,208,992	0.3500	0.3500
City of Pasadena Hills	General Revenue	9,221,890	0.3030	0.3030	0	0.0000	0.0000	0	0.0000	0.0000	1,686,339	0.3100	0.3100
	Debt Service	9,221,890	1.2320	1.2320	0	1.2320	1.2320	0	1.2320	1.2320	1,686,339	1.2320	1.2320
Village of Pasadena Park	General Revenue	3,484,467	0.3010	0.2930	0	0.0000	0.0000	17,830	0.3090	0.3090	706,490	0.3090	0.3090
City of Pine Lawn	General Revenue	9,567,270	0.2670	0.2670	0	0.0000	0.0000	2,525,110	0.2670	0.2670	3,233,990	0.2580	0.2580
City of Richmond Heights	General Revenue	135,552,610	0.5610	0.2900	0	0.0000	0.0000	99,692,128	0.6140	0.2900	33,135,043	0.6030	0.2900
	Library	135,552,610	0.1930	0.1930	0	0.0000	0.0000	99,692,128	0.2110	0.2110	33,135,043	0.2070	0.2070
	Pension	135,552,610	0.3250	0.3200	0	0.0000	0.0000	99,692,128	0.3550	0.3200	33,135,043	0.3480	0.3200
Village of Riverview	General Revenue	11,032,650	0.3000	0.2930	0	0.0000	0.0000	1,724,972	0.3120	0.2930	2,765,597	0.3120	0.2930
City of Rock Hill	General Revenue	42,478,080	0.3150	0.3150	0	0.0000	0.0000	14,319,079	0.3320	0.3320	11,377,880	0.3540	0.3540
	Library	42,476,930	0.3210	0.3210	0	0.0000	0.0000	14,189,989	0.3420	0.3420	11,399,550	0.3600	0.3600
	Debt Service	42,478,080	0.3990	0.3990	0	0.3990	0.3990	14,319,079	0.3990	0.3990	11,377,880	0.3990	0.3990
City of St Ann	General Revenue	66,693,350	0.1680	0.1600	0	0.0000	0.0000	46,487,206	0.1730	0.1600	25,184,564	0.1930	0.0000
City of St George	General Revenue	9,640,616	0.1380	0.1380	0	0.0000	0.0000	99,110	0.0000	0.0000	1,940,276	0.1390	0.1390
City of St John	General Revenue	31,470,910	0.3620	0.3620	0	0.0000	0.0000	6,927,218	0.5000	0.5000	12,315,238	0.4490	0.4490
City of Shrewsbury	General Revenue	61,564,700	0.4120	0.4120	0	0.0000	0.0000	24,340,051	0.4060	0.4060	18,189,368	0.4370	0.4120
	Debt Service	61,564,700	0.5880	0.5880	0	0.5880	0.5880	24,340,051	0.5880	0.5880	18,189,368	0.5880	0.5880
City of Sunset Hills	General Revenue	161,421,430	0.0830	0.0600	240,230	0.1000	0.0600	80,845,210	0.0890	0.0600	43,307,852	0.0900	0.0600
Village of Sycamore Hills	General Revenue	3,752,510	0.2520	0.2500	0	0.0000	0.0000	379,008	0.2700	0.2500	1,017,488	0.2530	0.2500
	Health	3,752,510	0.1170	0.1000	0	0.0000	0.0000	379,008	0.1250	0.1000	1,017,488	0.1180	0.1000
City of Town and Country	General Revenue	360,533,860	0.5390	0.0000	57,710	0.9000	0.0000	190,246,396	0.5480	0.0000	85,021,961	0.5790	0.0000
	Dispatch	360,533,860	0.0290	0.0000	57,710	0.0300	0.0000	190,246,396	0.0290	0.0000	85,021,961	0.0300	0.0000
Village of Twin Oaks	General Revenue	4,404,180	0.3900	0.0000	0	0.0000	0.0000	3,302,902	0.4210	0.2100	0	0.0000	0.0000
City of University City	General Revenue	350,601,580	0.6670	0.6670	0	0.0000	0.0000	35,358,560	0.7170	0.7170	61,109,710	0.6980	0.6980
	Library	350,601,580	0.2910	0.2910	0	0.0000	0.0000	35,358,560	0.3120	0.3120	61,109,710	0.3040	0.3040
	Pension	350,601,580	0.1880	0.0000	0	0.0000	0.0000	35,358,560	0.2020	0.0000	61,109,710	0.1970	0.0000
Village of Uplands Park	General Revenue	1,677,230	0.3970	0.3400	0	0.0000	0.0000	51,621	0.5000	0.0000	555,539	0.3910	0.3400
City of Valley Park	General Revenue	47,689,640	0.6520	0.5700	7,100	0.0000	0.0000	9,604,140	0.7770	0.5700	16,123,900	0.6850	0.5700
City of Velda City	General Revenue	4,680,906	0.3690	0.3600	0	0.0000	0.0000	158,460	0.4600	0.4600	1,378,820	0.3820	0.3800
	Debt Service	4,680,906	0.7120	0.6900	0	0.7120	0.6900	158,460	0.7120	0.6900	1,378,820	0.7120	0.6900
Village of Velda Village Hills	General Revenue	3,745,830	0.3600	0.3560	0	0.0000	0.0000	161,030	0.5000	0.3920	1,222,319	0.3780	0.3780
City of Vinita Park	General Revenue	6,002,350	0.2380	0.2380	0	0.0000	0.0000	23,657,470	0.2420	0.2420	9,122,800	0.2290	0.2290
Village of Vinita Terrace	General Revenue	1,352,550	0.0430	0.0430	0	0.0000	0.0000	681,229	0.0500	0.0500	0	0.0000	0.0000
	Health	1,352,550	0.1270	0.1270	0	0.0000	0.0000	681,229	0.1830	0.1830	0	0.0000	0.0000
City of Warson Woods	General Revenue	39,831,660	0.4270	0.4270	0	0.0000	0.0000	6,295,726	0.4600	0.4600	6,329,264	0.4470	0.0000
	Debt Service	39,831,660	1.3720	0.0000	0	1.3720	0.0000	6,295,726	1.3720	0.0000	6,329,264	1.3720	0.0000

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Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Webster Groves	General Revenue	301,979,410	0.2740	0.2740	0	0.0000	0.0000	33,955,277	0.2860	0.2860	52,753,305	0.2800	0.2800
	Library	301,979,410	0.1760	0.1760	0	0.0000	0.0000	33,955,277	0.1830	0.1830	53,721,255	0.1790	0.1790
	Streets	301,979,410	0.1770	0.1770	0	0.0000	0.0000	33,955,277	0.1850	0.1850	52,753,305	0.1810	0.1810
	Pension	301,979,410	0.1420	0.1420	0	0.0000	0.0000	33,955,277	0.1480	0.1480	52,753,305	0.1450	0.1450
	Debt Service	301,979,410	0.5060	0.5060	0	0.5060	0.5060	33,955,277	0.5060	0.5060	52,753,305	0.5060	0.5060
City of Wellston	General Revenue	3,299,360	0.6000	0.6000	0	0.0000	0.0000	5,756,062	0.6000	0.6000	4,754,712	0.6000	0.6000
Village of Westwood	General Revenue	13,440,050	0.0610	0.0610	0	0.0000	0.0000	1,447,242	0.0730	0.0730	0	0.0000	0.0000
City of Winchester	General Revenue	12,247,320	0.2010	0.2010	0	0.0000	0.0000	1,875,200	0.2420	0.2420	2,733,878	0.2610	0.2610
City of Woodson Terrace	General Revenue	17,965,150	0.2250	0.2200	0	0.0000	0.0000	18,568,602	0.2200	0.2200	26,396,518	0.2510	0.2200
City of Chesterfield	Debt Service	830,444,800	0.0920	0.0600	1,655,570	0.0920	0.0600	215,153,950	0.0920	0.0600	230,120,840	0.0920	0.0600
Ferguson Municipal Pub Library Dist	General Revenue	96,630,720	0.2190	0.2190	7,220	0.0000	0.0000	39,565,755	0.2200	0.2200	39,389,889	0.2200	0.2200
Maplewood Public Library	General Revenue	49,215,300	0.2380	0.2380	0	0.0000	0.0000	27,405,283	0.2500	0.2500	22,562,184	0.2420	0.2420
St Louis County Library	General Revenue	8,983,259,580	0.1780	0.1500	7,324,700	0.2000	0.1500	3,937,048,141	0.1830	0.1500	3,241,339,850	0.1850	0.1500
Valley Park Community Library	General Revenue	20,379,220	0.1700	0.1700	1,510	0.1700	0.1700	6,453,260	0.1700	0.1700	1,316,847	0.1700	0.1700
Affton Fire Protection District	General Revenue	293,102,440	0.7740	0.7740	720	0.7940	0.7940	50,651,470	0.7940	0.7940	78,678,604	0.7940	0.7940
	Ambulance	293,102,440	0.1760	0.1760	720	0.1390	0.1390	50,651,470	0.1910	0.1910	78,678,604	0.1820	0.1820
	Pension	293,102,440	0.0620	0.0620	720	0.0700	0.0700	50,651,470	0.0670	0.0670	78,678,604	0.0640	0.0640
	Dispatch	293,102,440	0.0270	0.0270	720	0.0000	0.0000	50,651,470	0.0290	0.0290	78,678,604	0.0270	0.0270
	Debt Service	995,802,400	0.5410	0.5410	1,142,240	0.6500	0.6500	149,728,404	0.5960	0.5960	208,678,789	0.5610	0.5610
Metro West Fire Protection District	Ambulance	995,802,400	0.2800	0.2800	1,142,240	0.3000	0.3000	149,728,404	0.3000	0.3000	208,678,789	0.2890	0.2890
	Pension	995,802,400	0.1030	0.1030	1,142,240	0.1100	0.1100	149,728,404	0.1100	0.1100	208,678,789	0.1060	0.1060
	Dispatch	995,802,400	0.0480	0.0480	1,142,240	0.0480	0.0480	149,728,404	0.0480	0.0480	208,678,789	0.0480	0.0480
	Debt Service	995,802,400	0.0940	0.0940	1,142,240	0.0940	0.0940	149,728,404	0.0940	0.0940	208,678,789	0.0940	0.0940
	General Revenue	344,330,380	0.9910	0.9910	209,750	1.0000	1.0000	42,641,360	1.0000	1.0000	91,550,355	1.0000	1.0000
Black Jack Fire Protection District	Pension	344,330,380	0.1000	0.1000	209,750	0.1000	0.1000	42,641,360	0.1000	0.1000	91,550,355	0.1000	0.1000
	NCCFA System	344,330,380	0.0500	0.0400	209,750	0.0500	0.0400	42,641,360	0.0500	0.0400	91,550,355	0.0500	0.0400
	Debt Service	344,330,380	0.1050	0.1050	209,750	0.1050	0.1050	42,641,360	0.1050	0.1050	91,550,355	0.1050	0.1050
	General Revenue	1,067,546,300	0.5040	0.5040	2,266,610	0.7000	0.7000	247,108,316	0.5790	0.5790	282,139,939	0.5470	0.5470
Monarch Fire Protection District	Ambulance	1,067,546,300	0.3150	0.3150	2,266,610	0.3300	0.3300	247,108,316	0.3300	0.3300	282,139,939	0.3300	0.3300
	Pension	1,067,546,300	0.0950	0.0950	2,266,610	0.1000	0.1000	247,108,316	0.1000	0.1000	282,139,939	0.1000	0.1000
	Dispatch	1,067,546,300	0.0490	0.0490	2,266,610	0.0500	0.0500	247,108,316	0.0500	0.0500	282,139,939	0.0500	0.0500
	Debt Service	1,067,546,300	0.0400	0.0400	2,266,610	0.0400	0.0400	247,108,316	0.0400	0.0400	282,139,939	0.0400	0.0400
	General Revenue	212,420,790	1.0000	1.0000	0	0.0000	0.0000	133,926,220	1.0000	1.0000	130,047,233	1.0000	1.0000
Community Fire Protection District	Ambulance	212,420,790	0.2500	0.2500	0	0.0000	0.0000	133,926,220	0.2500	0.2500	130,047,233	0.2500	0.2500
	Pension	212,420,790	0.1000	0.1000	0	0.0000	0.0000	133,926,220	0.1000	0.1000	130,047,233	0.1000	0.1000
	Dispatch	212,420,790	0.0300	0.0300	0	0.0000	0.0000	133,926,220	0.0300	0.0300	130,047,233	0.0300	0.0300
	Debt Service	212,420,790	0.1310	0.1310	0	0.1310	0.1310	133,926,220	0.1310	0.1310	130,047,233	0.1310	0.1310
	General Revenue	212,420,790	0.1310	0.1310	0	0.1310	0.1310	133,926,220	0.1310	0.1310	130,047,233	0.1310	0.1310

LISTING OF 2004 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Creve Coeur Fire Protection Dist	General Revenue	528,898,150	0.5800	0.5800	4,180	0.6460	0.6460	369,638,648	0.6040	0.6040	205,969,063	0.6300	0.6300
	Ambulance	528,898,150	0.2060	0.2060	4,180	0.2390	0.2390	369,638,648	0.2140	0.2140	205,969,063	0.2240	0.2240
	Pension	528,898,150	0.1410	0.1410	4,180	0.1440	0.1440	369,638,648	0.1460	0.1460	205,969,063	0.1500	0.1500
	Dispatch	528,898,150	0.0470	0.0470	4,180	0.0480	0.0480	369,638,648	0.0490	0.0490	205,969,063	0.0500	0.0500
Fenton Fire Protection District	General Revenue	305,310,180	0.4470	0.4050	281,680	0.5960	0.5960	233,120,868	0.5040	0.5040	271,892,116	0.5120	0.5120
	Ambulance	305,310,180	0.3000	0.2300	281,680	0.2790	0.2790	233,120,868	0.3000	0.3000	271,892,116	0.3000	0.3000
	Pension	305,310,180	0.1000	0.1000	281,680	0.0930	0.0930	233,120,868	0.1000	0.1000	271,892,116	0.1000	0.1000
	Dispatch	305,310,180	0.0500	0.0350	281,680	0.0470	0.0350	233,120,868	0.0500	0.0350	271,892,116	0.0500	0.0350
Florissant Valley Fire Prot Dist	General Revenue	435,106,180	0.6950	0.6950	185,030	0.7500	0.7500	124,992,011	0.7410	0.7410	126,725,749	0.7170	0.7170
	Ambulance	435,106,180	0.4370	0.4370	B 185,030	0.4400	0.4400	B 124,992,011	0.4390	0.4390	B 126,725,749	0.4400	0.4400
	Pension	435,106,180	0.1000	0.1000	185,030	0.1000	0.1000	124,992,011	0.1000	0.1000	126,725,749	0.1000	0.1000
	Dispatch	435,106,180	0.0500	0.0500	185,030	0.0500	0.0500	124,992,011	0.0500	0.0500	126,725,749	0.0500	0.0500
	Debt Service	435,106,180	0.0450	0.0450	185,030	0.0450	0.0450	124,992,011	0.0450	0.0450	126,725,749	0.0450	0.0450
Kinloch Fire Protection District	General Revenue	833,070	0.9000	0.8600	0	0.0000	0.0000	1,108,010	0.9000	0.8600	791,432	0.9000	0.8600
	Dispatch	833,070	0.0300	0.0400	D 0	0.0000	0.0000	1,108,010	0.0300	0.0400	D 791,432	0.0300	0.0400
Lemay Fire Protection District	General Revenue	97,467,372	0.9690	0.9690	180	0.9900	0.9900	19,484,370	0.9900	0.9900	31,389,503	0.9900	0.9900
	Ambulance	94,767,372	0.2210	0.2170	180	0.3000	0.3000	19,484,370	0.2380	0.2380	31,389,503	0.2490	0.2490
	Pension	97,467,372	0.0980	0.0980	180	0.0000	0.0000	19,484,370	0.1000	0.1000	31,389,503	0.1000	0.1000
	Central Alarm Fund	97,467,372	0.0490	0.0490	180	0.0000	0.0000	19,484,370	0.0500	0.0500	31,389,503	0.0500	0.0500
	Debt Service	97,467,372	0.0860	0.0860	180	0.0860	0.0860	19,484,370	0.0860	0.0860	31,389,503	0.0860	0.0860
West County EMS & Fire Prot Dist	General Revenue	396,375,940	0.4580	0.4580	259,090	0.4690	0.4690	79,954,940	0.4820	0.4820	106,324,297	0.4570	0.4570
	Ambulance	396,375,940	0.1960	0.1960	259,090	0.1990	0.1990	79,954,940	0.2000	0.2000	106,324,297	0.1940	0.1940
	Pension	396,375,940	0.0980	0.0800	259,090	0.0990	0.0800	79,954,940	0.1000	0.0800	106,324,297	0.0970	0.0800
	Dispatch	396,375,940	0.0500	0.0500	259,090	0.0500	0.0500	79,954,940	0.0500	0.0500	106,324,297	0.0490	0.0490
	Debt Service	396,375,940	0.1730	0.1700	259,090	0.1730	0.1700	79,954,940	0.1730	0.1700	106,324,297	0.1730	0.1700
Maryland Heights Fire Prot Dist	General Revenue	183,677,320	0.7990	0.7990	5,730	0.8000	0.8000	234,809,210	0.7990	0.7990	142,206,560	0.8000	0.8000
	Ambulance	183,677,320	0.1130	0.1130	5,730	0.1500	0.1500	234,809,210	0.1120	0.1120	142,206,560	0.1180	0.1180
	Pension	183,677,320	0.1300	0.1300	5,730	0.1220	0.1220	234,809,210	0.1300	0.1300	142,206,560	0.1300	0.1300
	Dispatch	183,677,320	0.0500	0.0480	5,730	0.0500	0.0500	234,809,210	0.0500	0.0470	142,206,560	0.0500	0.0500
Mehlville Fire Protection District	General Revenue	1,227,632,500	0.5460	0.5460	836,750	0.7500	0.7500	311,708,823	0.5820	0.5820	316,796,606	0.5670	0.5670
	Ambulance	1,227,632,500	0.2130	0.2130	836,750	0.3000	0.3000	311,708,823	0.2270	0.2270	316,796,606	0.2210	0.2210
	Pension	1,227,632,500	0.0920	0.0920	836,750	0.1000	0.1000	311,708,823	0.0990	0.0990	316,796,606	0.0960	0.0960
	Alarm Fund	1,227,632,500	0.0460	0.0370	836,750	0.0500	0.0410	311,708,823	0.0490	0.0400	316,796,606	0.0480	0.0390
Metro-North Fire Protection Dist	General Revenue	74,363,050	1.4513	1.4513	B 2,140	0.2500	0.2500	B 14,351,980	1.4398	1.4398	B 21,735,126	1.4910	1.4910
	Pension	74,363,050	0.2440	0.2440	B 2,140	0.1000	0.1000	B 14,351,980	0.2430	0.2430	B 21,735,126	0.2490	0.2490
	Dispatch	74,363,050	0.0290	0.0290	2,140	0.0000	0.0000	14,351,890	0.0300	0.0300	21,735,126	0.0300	0.0300
	Debt Service	74,363,050	0.0540	0.0540	2,140	0.0540	0.0540	11,383,290	0.0540	0.0540	21,735,126	0.0540	0.0540

LISTING OF 2004 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Normandy Fire Protection District	General Revenue	108,544,740	1.5078	1.5070	12,590	1.5078	1.5070	22,001,511	1.5078	1.5070	36,268,411	1.5078	1.5070
	Ambulance	108,544,740	0.3000	0.3000	12,590	0.3000	0.3000	22,001,511	0.3000	0.3000	36,268,411	0.3000	0.3000
	Pension	108,544,740	0.1000	0.1000	12,590	0.1000	0.1000	22,001,511	0.1000	0.1000	36,268,411	0.1000	0.1000
	Dispatch	108,544,740	0.0500	0.0500	12,590	0.0500	0.0500	22,001,511	0.0500	0.0500	36,268,411	0.0500	0.0500
	Debt Service	108,544,740	0.0080	0.0080	12,590	0.0080	0.0080	22,001,511	0.0080	0.0080	36,268,411	0.0080	0.0080
Pattonville-Bridgeton Terr Fire Dis	General Revenue	106,211,740	0.9830	0.9830	350,650	0.9830	0.9830	378,511,590	0.9830	0.9830	173,984,758	0.9830	0.9830
	Ambulance	106,211,740	0.2500	0.2500	350,650	0.2500	0.2500	378,511,590	0.2500	0.2500	173,984,758	0.2500	0.2500
	Pension	106,211,740	0.1500	0.1500	350,650	0.1500	0.1500	378,511,590	0.1500	0.1500	168,422,738	0.1500	0.1500
	Dispatch	106,211,740	0.0500	0.0400	350,650	0.0500	0.0400	378,511,590	0.0500	0.0400	168,422,738	0.0500	0.0400
	Debt Service	106,211,740	0.0090	0.0090	350,650	0.0090	0.0090	378,511,590	0.0090	0.0090	168,422,738	0.0090	0.0090
Riverview Fire Protection District	General Revenue	85,372,420	1.4612	1.4612	10,040	1.4612	1.4612	14,496,661	1.4612	1.4612	25,808,560	1.4612	1.4612
	Pension	85,372,420	0.2500	0.2500	10,040	0.2490	0.2490	14,496,661	0.2500	0.2500	25,808,560	0.2500	0.2500
	Dispatch	85,372,420	0.0500	0.0400	10,040	0.0500	0.0400	14,496,661	0.0500	0.0400	25,808,560	0.0500	0.0400
	Debt Service	85,372,420	0.1350	0.1350	10,040	0.1350	0.1350	14,496,661	0.1350	0.1350	25,808,560	0.1350	0.1350
Robertson Fire Protection District	General Revenue	35,707,270	0.8900	0.8900	231,640	0.8900	0.8900	148,756,040	0.8900	0.8900	98,875,843	0.8900	0.8900
	Ambulance	35,707,270	0.5500	0.4850	231,640	0.5500	0.4850	148,756,040	0.5500	0.4850	98,875,843	0.5500	0.4850
	Pension	35,707,270	0.2000	0.2000	231,640	0.2000	0.2000	148,756,040	0.2000	0.2000	98,875,843	0.2000	0.2000
	Dispatch	35,707,270	0.0500	0.0400	231,640	0.0500	0.0400	148,756,040	0.0500	0.0400	98,875,843	0.0500	0.0400
	Debt Service	35,707,270	0.1580	0.1580	231,640	0.1580	0.1580	148,756,040	0.1580	0.1580	98,875,843	0.1580	0.1580
Spanish Lake Fire Protection Dist	General Revenue	106,073,260	1.2480	1.2480	102,740	1.2449	1.2449	21,727,623	1.1118	1.1118	30,506,370	1.2500	1.2500
	Pension	106,073,260	0.1500	0.1500	102,740	0.1500	0.1500	21,727,623	0.1330	0.1330	30,506,370	0.1500	0.1500
	Dispatch	106,073,260	0.0500	0.0500	102,740	0.0500	0.0500	21,727,623	0.0440	0.0440	30,506,370	0.0500	0.0500
	Debt Service	106,073,260	0.3610	0.1910	102,740	0.3610	0.1910	21,727,623	0.3610	0.1910	30,506,370	0.3610	0.1910
Valley Park Fire Protection Dist	General Revenue	102,962,500	0.8750	0.7700	110,120	0.8800	0.8800	33,249,070	0.8800	0.8800	46,576,107	0.8800	0.8800
	Ambulance	102,962,500	0.3000	0.3000	110,120	0.3000	0.3000	33,249,070	0.3000	0.3000	46,576,107	0.3000	0.3000
	Pension	102,962,500	0.1000	0.1000	110,120	0.1000	0.1000	33,249,070	0.1000	0.1000	46,576,107	0.1000	0.1000
	Dispatch	102,962,500	0.0300	0.0300	110,120	0.0300	0.0300	33,249,070	0.0300	0.0300	46,576,107	0.0300	0.0300
	Debt Service	102,962,500	0.0430	0.0400	110,120	0.0430	0.0400	33,249,070	0.0430	0.0400	46,576,107	0.0430	0.0400
Mid-County Fire Protection District	General Revenue	33,173,810	1.3500	1.3500	0	0.0000	0.0000	39,833,370	1.3500	1.3500	41,954,622	1.3500	1.3500
	Ambulance	33,173,810	0.1500	0.1500	0	0.0000	0.0000	39,833,370	0.1500	0.1500	41,954,622	0.1500	0.1500
	Pension	33,173,810	0.1000	0.1000	0	0.0000	0.0000	39,833,370	0.1000	0.1000	41,954,622	0.1000	0.1000
	Dispatch	33,173,810	0.0300	0.0300	0	0.0000	0.0000	39,833,370	0.0300	0.0300	41,954,622	0.0300	0.0000
	Debt Service	33,173,810	0.4880	0.4880	0	0.4880	0.4880	39,833,370	0.4880	0.4880	41,954,622	0.4880	0.4880
West Overland Fire Protection Dist	General Revenue	42,934,100	0.7100	0.7100	0	0.0000	0.0000	86,585,840	0.7100	0.7100	33,107,417	0.7100	0.7100
	Ambulance	42,934,100	0.2500	0.2500	0	0.0000	0.0000	86,585,840	0.2500	0.2500	33,107,417	0.2500	0.2500
	Pension	42,934,100	0.1500	0.1500	0	0.0000	0.0000	86,585,840	0.1500	0.1500	33,107,417	0.1500	0.1500
	Dispatch	42,934,100	0.0500	0.0500	0	0.0000	0.0000	86,585,840	0.0500	0.0500	33,107,417	0.0500	0.0500

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Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
West Overland Fire Protection Dist	Debt Service	42,934,100	0.3000	0.3000	0	0.3000	0.3000	86,585,840	0.3000	0.3000	33,107,417	0.3000	0.3000
Black Creek Sewer	General Revenue	569,588,970	0.0940	0.0600	0	0.0000	0.0000	464,004,590	0.0970	0.0600	157,923,429	0.0950	0.0600
Black Jack-Dellwood Sewer	General Revenue	121,195,000	0.1000	0.0600	6,450	0.0660	0.0600	50,666,089	0.1000	0.0600	40,221,588	0.0980	0.0600
Clayton Central Sewer	General Revenue	18,895,370	0.0680	0.0600	0	0.0000	0.0000	255,715,719	0.0920	0.0600	43,826,889	0.0900	0.0600
Coldwater Creek Sewer	General Revenue	806,823,930	0.1000	0.0700	48,990	0.1000	0.0700	459,011,097	0.1000	0.0700	530,953,283	0.1000	0.0700
Creve Coeur-Frontenac Sewer	General Revenue	252,843,600	0.0750	0.0500	0	0.0000	0.0000	157,759,946	0.0750	0.0500	70,515,404	0.0760	0.0500
Deer Creek Sewer	General Revenue	1,922,306,380	0.0930	0.0600	161,310	0.1000	0.0600	780,450,110	0.0940	0.0600	424,789,795	0.0930	0.0600
Fountain Creek Sewer	General Revenue	74,178,810	0.1440	0.1000	0	0.0000	0.0000	17,441,300	0.1500	0.1000	21,685,597	0.1400	0.1000
Gravois Creek Sewer	General Revenue	787,956,900	0.0850	0.0600	341,470	0.0860	0.0600	340,523,987	0.0860	0.0600	224,910,762	0.0860	0.0600
Loretta-Joplin Sewer	General Revenue	15,196,180	0.0920	0.0600	0	0.0000	0.0000	1,406,038	0.1000	0.0600	4,403,800	0.0900	0.0600
Maline Creek Sewer	General Revenue	313,163,680	0.1000	0.0700	36,890	0.1000	0.0700	117,801,029	0.1000	0.0700	129,740,259	0.1000	0.0700
Marlborough Sewer	General Revenue	33,345,720	0.0580	0.0400	0	0.0000	0.0000	11,489,962	0.0600	0.0400	8,828,112	0.0580	0.0400
Meramec River Basin Sewer	General Revenue	1,552,290,670	0.1000	0.0700	1,042,340	0.1000	0.0700	522,726,719	0.1000	0.0700	583,866,456	0.1000	0.0700
Missouri River-Bonfils Sewer	General Revenue	117,185,480	0.1000	0.0700	144,300	0.1000	0.0700	398,343,600	0.1000	0.0700	202,754,387	0.1000	0.0700
North Affton Sewer	General Revenue	49,698,470	0.0840	0.0600	0	0.0000	0.0000	3,780,851	0.0870	0.0600	9,939,125	0.0850	0.0600
Paddock Creek Sewer	General Revenue	84,513,550	0.1000	0.0600	2,360	0.0850	0.0600	23,975,765	0.1000	0.0600	23,934,252	0.0990	0.0600
Seminary Branch RDP Sewer	General Revenue	181,080,540	0.0730	0.0600	0	0.0000	0.0000	39,482,440	0.0800	0.0600	50,294,704	0.0760	0.0600
Shrewsbury Branch RDP Sewer	General Revenue	15,401,090	0.0750	0.0600	0	0.0000	0.0000	2,944,920	0.0820	0.0600	4,468,733	0.0780	0.0600
Sugar Creek Sewer	General Revenue	204,794,060	0.0630	0.0630	130	0.0000	0.0000	32,243,757	0.1000	0.0660	57,790,148	0.0690	0.0660
University City Branch RDP Sewer	General Revenue	373,399,450	0.0950	0.0700	0	0.0000	0.0000	223,780,878	0.0990	0.0700	167,996,856	0.0940	0.0700
Upper Paddock Creek Sewer	General Revenue	20,062,270	0.0950	0.0600	1,170	0.0950	0.0600	4,625,659	0.0940	0.0600	5,310,169	0.0910	0.0600
Watkins Creek Sewer	General Revenue	89,270,030	0.1000	0.0600	11,370	0.1000	0.0600	27,619,392	0.1000	0.0600	29,805,781	0.0990	0.0600
Wedgewood Creek Sewer	General Revenue	18,711,700	0.1000	0.0600	0	0.0000	0.0000	13,067,218	0.1000	0.0600	7,408,658	0.1000	0.0600
Wellston Sewer	General Revenue	11,902,040	0.1000	0.0800	0	0.0000	0.0000	9,924,898	0.1000	0.0800	13,125,987	0.1000	0.0800
Hancock Street Light Dist St Louis	General Revenue	32,063,700	0.1980	0.1700	0	0.0000	0.0000	8,655,380	0.2000	0.1700	12,853,130	0.2000	0.1700
Wheaton Cook Lyndhurst Light Dist	General Revenue	4,980,450	0.2000	0.1140	0	0.0000	0.0000	784,880	0.2000	0.1110	1,267,080	0.2000	0.1250
Castle Point Street Light District	General Revenue	6,202,770	0.1630	0.1630	0	0.0000	0.0000	164,690	0.2000	0.2000	1,493,760	0.1850	0.1850
Glasgow Village Street Light Dist	General Revenue	17,461,700	0.1600	0.1600	0	0.0000	0.0000	366,780	0.0880	0.0880	3,804,350	0.1580	0.1580
Elmwood Park Street Light District	General Revenue	1,575,730	0.4000	0.0000	0	0.0000	0.0000	95,930	0.4000	0.0000	436,330	0.4000	0.0000
Clayton Special Business District	General Revenue	10,354,970	0.0760	0.0470	0	0.0000	0.0000	251,568,560	0.1290	0.0470	0	0.0000	0.0000
Maplewood Special Business District	General Revenue	226,290	0.4790	0.4790	0	0.0000	0.0000	9,823,500	0.5020	0.5020	0	0.0000	0.0000
University City Spec Bus Dist BD57	General Revenue	624,980	0.6780	0.6780	0	0.0000	0.0000	3,596,520	0.8500	0.8500	1,769,030	0.0000	0.0000
Webster Groves-Old Webster Bus Dis	General Revenue	231,780	0.4180	0.2900	0	0.0000	0.0000	7,578,980	0.4350	0.2900	0	0.0000	0.0000
Webster Groves-Old Orchard Bus Dis	General Revenue	53,260	0.8500	0.3600	0	0.0000	0.0000	3,883,090	0.8500	0.3600	0	0.0000	0.0000
Kirkwood Special Business District	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	17,189,440	0.5710	0.5710	0	0.0000	0.0000
Jennings Special Business District	General Revenue	35,480	0.5220	0.1700	0	0.0000	0.0000	1,369,800	0.7710	0.1700	0	0.0000	0.0000
Productive Living Board	General Revenue	10,457,378,130	0.0880	0.0850	7,245,880	0.0900	0.0850	4,312,335,645	0.0900	0.0850	3,636,562,996	0.0900	0.0850

LISTING OF 2004 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

		Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Parkview Gardens Spec Bus Dist BD3	General Revenue	6,294,050	0.8500	0.8500	0	0.0000	0.0000	1,655,150	0.8500	0.8500	2,398,580	0.0000	0.0000
Crossroads Special Business Dist	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	2,334,750	0.8500	0.4000	0	0.0000	0.0000
Robinwood West Community Imp Di	General Revenue	11,676,940	0.8880	0.8880	0	0.0000	0.0000	0	0.0000	0.0000	0	0.0000	0.0000
Hazelwood R-I School District	Operating Funds-Schools	771,699,410	5.2804	4.4904	B 728,570	5.5500	4.7600	B 403,497,890	5.4277	4.6377	B 406,053,400	5.4050	4.6150
	Debt Service	771,699,410	0.6300	0.3900	728,570	0.6300	0.3900	403,497,890	0.6300	0.3900	406,053,400	0.6300	0.3900
Ferguson-Florissant R-II Sch Dist	Operating Funds-Schools	364,389,090	4.7400	4.7400	26,770	4.7400	4.7400	255,010,570	4.7400	4.7400	265,446,920	4.7400	4.7400
	Debt Service	364,389,090	0.3010	0.3000	26,770	0.3010	0.3000	255,010,570	0.3010	0.3000	265,446,920	0.3010	0.3000
Pattonville R-III School District	Operating Funds-Schools	338,282,160	3.8117	3.5441	200,530	4.0969	3.9193	561,288,090	3.8532	3.6756	299,056,590	3.8998	3.7222
	Debt Service	338,282,160	0.4900	0.4900	200,530	0.4900	0.4900	561,288,090	0.4900	0.4900	299,056,590	0.4900	0.4900
Kirkwood R-VII School District	Operating Funds-Schools	611,333,690	3.3773	3.3773	159,450	5.1500	5.1500	153,237,550	4.0499	4.0499	149,953,320	3.4960	3.4960
	Debt Service	611,333,690	0.3630	0.3630	159,450	0.3630	0.3630	153,237,550	0.3630	0.3630	149,953,320	0.3630	0.3630
Lindbergh R-VIII School District	Operating Funds-Schools	609,747,080	2.8658	2.6996	542,570	4.0945	3.9283	234,106,020	3.0503	2.8841	162,824,360	3.0269	2.8607
	Debt Service	609,747,080	0.3800	0.3800	542,570	0.3800	0.3800	234,106,020	0.3800	0.3800	162,824,360	0.3800	0.3800
Mehlville R-IX School District	Operating Funds-Schools	929,187,800	3.5209	3.5209	488,080	3.7500	3.7500	195,354,630	3.7500	3.7500	243,884,890	3.6237	3.6237
	Debt Service	929,187,800	0.6290	0.3800	488,080	0.6290	0.3800	195,354,630	0.6290	0.3800	243,884,890	0.6290	0.3800
Parkway C-2 School District	Operating Funds-Schools	2,084,359,860	3.2702	3.2702	1,769,050	3.4467	3.4467	862,582,580	3.3293	3.3293	570,167,890	3.3517	3.3517
	Debt Service	2,084,359,860	0.3400	0.3400	1,769,050	0.3400	0.3400	862,582,580	0.3400	0.3400	570,167,890	0.3400	0.3400
Affton 101 School District	Operating Funds-Schools	218,391,590	4.0080	4.0080	0	0.0000	0.0000	54,713,950	4.2589	4.2589	64,865,330	4.1531	4.1531
Bayless School District	Operating Funds-Schools	94,060,140	3.4074	3.4074	0	0.0000	0.0000	9,674,680	3.6503	3.6503	22,213,630	3.6975	3.6975
	Debt Service	94,060,140	0.6410	0.6300	0	0.6410	0.6300	9,674,680	0.6410	0.6300	22,213,630	0.6410	0.6300
Brentwood School District	Operating Funds-Schools	107,172,420	3.4538	3.2345	0	0.0000	0.0000	70,388,950	3.7314	3.5121	44,721,370	3.3969	3.1776
	Debt Service	107,172,420	0.1940	0.1940	0	0.1940	0.1940	70,388,950	0.1940	0.1940	44,721,370	0.1940	0.1940
Clayton School District	Operating Funds-Schools	357,107,880	3.4554	3.3694	0	0.0000	0.0000	377,002,300	3.5316	3.4456	101,244,900	3.4555	3.3695
	Debt Service	357,107,880	0.4310	0.4000	0	0.4310	0.4000	377,002,300	0.4310	0.4000	101,244,900	0.4310	0.4000
Hancock Place School District	Operating Funds-Schools	31,359,980	4.3000	4.3000	0	0.0000	0.0000	8,632,880	4.3000	4.3000	12,710,100	4.3000	4.3000
	Debt Service	31,359,980	0.7740	0.7740	0	0.7740	0.7740	8,632,880	0.7740	0.7740	12,710,100	0.7740	0.7740
Jennings School District	Operating Funds-Schools	59,515,000	4.1702	4.1702	0	0.0000	0.0000	11,466,230	5.3093	5.3093	22,845,030	4.8034	4.8034
	Debt Service	59,515,000	0.9960	0.9960	0	0.9960	0.9960	11,466,230	0.9960	0.9960	22,845,030	0.9960	0.9960
Ladue School District	Operating Funds-Schools	842,453,870	2.7500	2.7500	1,990	2.7500	2.7500	175,429,660	2.7500	2.7500	140,088,570	2.7500	2.7500
	Debt Service	842,453,870	0.4500	0.4500	1,990	0.4500	0.4500	175,429,660	0.4500	0.4500	140,088,570	0.4500	0.4500
Maplewood-Richmond Heights Sch D	Operating Funds-Schools	117,817,330	4.1573	4.3690	C 0	0.0000	0.0000	31,724,450	4.3500	4.5617	C 33,628,150	4.2408	4.4525
	Debt Service	117,817,330	1.2870	1.0300	0	1.2870	1.0300	31,724,450	1.2870	1.0300	33,628,150	1.2870	1.0300
Normandy School District	Operating Funds-Schools	132,976,580	4.6600	4.3147	12,590	4.6600	4.3147	27,779,480	4.6600	4.3147	52,832,050	4.6600	4.3147
	Debt Service	132,976,580	1.8380	1.2140	12,590	1.8380	1.2140	27,779,480	1.8380	1.2140	52,832,050	1.8380	1.2140
Ritenour School District	Operating Funds-Schools	205,385,470	3.6647	3.6647	0	0.0000	0.0000	150,042,180	3.8673	3.8673	135,127,080	3.8692	3.8692
	Debt Service	205,385,470	0.9800	0.8900	0	0.9800	0.8900	150,042,180	0.9800	0.8900	135,127,080	0.9800	0.8900
Riverview Gardens School District	Operating Funds-Schools	158,741,450	4.3500	4.3500	10,790	3.2835	3.2835	18,424,450	4.3500	4.3500	43,784,370	4.1177	4.1177

LISTING OF 2004 TAX RATES FOR LOCAL GOVERNMENTS LEVYING A SEPARATE TAX RATE FOR EACH SUBCLASS OF PROPERTY

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Riverview Gardens School District	Debt Service	158,741,450	2.1880	1.5537	10,790	2.1880	1.5537	18,424,450	2.1880	1.5537	43,784,370	2.1880	1.5537
University City School District	Operating Funds-Schools	351,913,060	4.8596	4.2565	0	0.0000	0.0000	37,520,130	5.2086	4.5627	68,028,580	5.1824	4.5371
	Debt Service	351,913,060	1.1180	0.7380	0	1.1180	0.7380	37,520,130	1.1180	0.7380	68,028,580	1.1180	0.7380
Valley Park School District	Operating Funds-Schools	65,104,040	4.6500	4.6500	7,740	4.6500	4.6500	23,270,570	4.6500	4.6500	32,389,060	4.6500	4.6500
	Debt Service	65,104,040	0.3040	0.3040	7,740	0.3040	0.3040	23,270,570	0.3040	0.3040	32,389,060	0.3040	0.3040
Webster Groves School District	Operating Funds-Schools	411,088,370	3.9845	3.9845	0	0.0000	0.0000	52,730,410	4.3058	4.3058	79,044,420	4.2089	4.2089
	Debt Service	411,088,370	0.5670	0.5670	0	0.5670	0.5670	52,730,410	0.5670	0.5670	79,044,420	0.5670	0.5670
Wellston School District	Operating Funds-Schools	3,748,270	5.6700	5.6700	0	0.0000	0.0000	5,142,080	5.6700	5.6700	8,720,700	5.6700	5.6700
St. Louis County	General Revenue	10,457,378,130	0.2740	0.2550	7,245,880	0.3500	0.2550	4,312,335,645	0.2870	0.2550	3,636,562,996	0.2810	0.2550
	Parks & Recreation	10,457,378,130	0.0690	0.0450	7,245,880	0.0700	0.0450	4,312,335,645	0.0700	0.0450	3,636,562,996	0.0700	0.0450
	Road & Bridge	10,457,378,130	0.1760	0.1050	7,245,880	0.1800	0.1050	4,312,335,645	0.1800	0.1050	3,636,562,996	0.1800	0.1050
	Health	10,457,378,130	0.2350	0.1750	7,245,880	0.3000	0.1750	4,312,335,645	0.2450	0.1750	3,636,562,996	0.2410	0.1750
	Debt Service	10,457,378,130	0.0420	0.0000	7,245,880	0.0420	0.0000	4,312,335,645	0.0420	0.0000	3,636,562,996	0.0420	0.0000

LEGEND:

- A A new voter approved tax rate, newly formed district, or a levy voted to replace an expired levy, see Report No. 2004-102.
 B A voter approved increase to an existing levy, see Report No. 2004-102.
 C Levy includes a recoupment rate authorized by state law.
 D Levied a tax rate in excess of the legally permissible tax levy as provided by state law, see Report No. 2004-102.

NOTE:

This Appendix only contains levy information for political subdivisions wholly in St. Louis County. In 2003, all political subdivisions in St. Louis County were required to levy a separate tax rate for each subclass of property per section 137.073 RSMo as required by House Bill 1150 in 2002. This statute and the tax rate calculation was revised again by Senate Bill 960 (SB 960) passed in 2004. Due to SB 960's effective date of October 1, 2004 for all political subdivisions not within St. Louis County, all political subdivisions partially in St. Louis County and partially in another county levied a single rate applied to all property in 2004.

All rates in the levied column represent the rate extended and certified to the State Auditor's Office by both taxing authority and the county or counties in which the tax rate is levied.

Assessed Value column presents only the assessed valuation that the property tax is levied against.

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
Adair	Adair Co. R-I School District	11,979,475	0.3914	46,888
	Kirksville R-III School District	181,946,035	0.8100	1,473,763
	Adair Co. R-II School District	10,316,098	0.5204	53,685
Andrew	City of Fillmore	733,587	0.6765	4,963
	City of Savannah	40,365,678	0.1620	65,392
	Avenue City R-IX School District	13,849,773	0.9500	131,573
Atchison	City of Tarkio	11,460,527	0.6460	74,035
	City of Westboro	799,247	1.1048	8,830
Audrain	Community R-VI School District	24,461,534	0.4500	110,077
	Van-Far R-I School District	37,313,310	0.4000	149,253
	Mexico 59 School District	158,000,724	0.5000	790,004
Barry	Wheaton R-III School District	16,160,579	0.0000	0 A
	Southwest Barry Co R-V School Dis	29,358,288	0.8500	249,545
	Cassville R-IV School District	137,119,121	0.3200	438,781
	Purdy R-II School District	22,896,835	0.6947	159,064
	Shell Knob 78 School District	46,719,320	0.0000	0 A
	Monett R-I School District	138,766,429	0.5600	777,092
	City of Mindenmines	1,104,025	1.0879	12,011
Barton	Liberal R-II School District	26,009,150	0.2849	74,100
	Lamar R-I School District	104,028,753	0.3500	364,101
Bates	Ballard R-II School District	8,390,792	0.7500	62,931
	Adrian R-III School District	32,747,357	0.9346	306,057
	Rich Hill R-IV School District	19,458,127	0.3252	63,278
	Hume R-VIII School District	7,289,057	0.0300	2,187
	Butler R-V School District	66,399,190	0.5700	378,475
	Lincoln R-II School District	34,250,399	0.5000	171,252
Benton	Warsaw R-IX School District	116,773,032	0.4500	525,479
	Cole Camp R-I School District	41,483,011	0.5000	207,415
Bollinger	Meadow Heights R-II School Distric	27,617,590	0.3500	96,662
Boone	City of Ashland	35,189,986	0.0374	13,161
	City of Hallsville	12,852,929	0.2900	37,273
	Centralia Public Library	38,205,268	0.0843	32,207
	Columbia Public Library	671,521,968	0.2300	1,544,501
	Boone County Fire Prot Dist	477,313,870	0.0804	383,760
	Southern Boone Co Fire Prot Dist	102,758,951	0.1918	197,092
	Southern Boone Co. R-I School Dist	88,058,036	1.2800	1,127,143
	Boone Co. R-IV School District	61,318,795	0.7536	462,098
	Sturgeon R-V School District	27,984,873	1.2700	355,408
	Centralia R-VI School District	77,424,854	0.4900	379,382
	Harrisburg R-VIII School District	29,745,155	1.1500	342,069
	Columbia 93 School District	1,797,045,494	0.8019	14,410,508
	Mid-Buchanan Co R-V School Dist	50,682,317	0.6969	353,205
Buchanan	Buchanan County R-IV School Dist	17,701,871	0.7498	132,729
	St. Joseph School District	908,051,035	0.3134	2,845,832
Butler	Poplar Bluff R-I School District	349,366,554	0.1800	628,860
	Twin Rivers R-X School District	49,583,353	0.1670	82,804
Caldwell	City of Hamilton	12,389,241	0.4866	60,286
	City of Kidder	2,090,927	0.5000	10,455
	City of Polo	3,887,638	0.3800	14,773
	Hamilton R-II School District	31,084,921	0.4067	126,422
	Polo R-VII School District	19,935,505	0.5644	112,516
	Mirabile C-1 School District	3,910,800	0.2450	9,581

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
Caldwell	Braymer C-4 School District	15,463,976	0.3760	58,145
Callaway	City of New Bloomfield	4,987,181	0.8973	44,750
	North Callaway Co R-I School Dist	70,435,411	0.4869	342,950
	New Bloomfield R-III School Dist	35,704,503	1.0200	364,186
	Fulton 58 School District	139,160,230	0.5800	807,129
Camden	Osage Beach Fire Protection Dist	375,448,445	0.1047	393,095
	Sunrise Beach Fire Protection Dist	236,040,242	0.0782	184,583
	Mid County Fire Protection District	221,321,360	0.2144	474,513
	Camdenton R-III School District	845,690,591	0.2100	1,775,950
	Macks Creek R-V School District	24,341,266	0.4700	114,404
Cape Girardeau	Jackson R-II School District	324,693,088	0.1921	623,735
	Delta R-V School District	18,093,061	0.3800	68,754
	Oak Ridge R-VI School District	19,459,220	0.9000	175,133
	Cape Girardeau 63 School District	491,487,315	0.5600	2,752,329
Carroll	City of Hale	1,949,738	0.3565	6,951
	Hale R-I School District	6,826,656	0.1807	12,336
	Norborne R-VIII School District	12,284,600	0.2500	30,712
Carter	City of Grandin	805,243	0.0000	0 A
Cass	City of Belton	210,840,967	0.5500	1,159,625
	City of Drexel	8,675,451	0.3800	32,967
	City of East Lynne	2,243,105	0.6654	14,926
	City of Lake Winnebago	27,073,713	0.5324	144,140
	City of Peculiar	41,422,015	0.4000	165,688
	City of Pleasant Hill	77,868,996	0.1016	79,115
	City of Raymore	205,467,139	0.7170	1,473,199
	City of Lake Annette	732,530	1.5513	11,364
	Central Cass County Fire Prot Dist	97,176,846	0.2600	252,660
	South Metropolitan Fire Prot Dist	281,934,347	0.1525	429,950
	West Peculiar Fire Protection Dist	93,473,609	0.1127	105,345
	Cass Co R-V School District	27,791,935	0.4951	137,598
	Strasburg C-3 School District	10,300,468	1.0000	103,005
	Raymore-Peculiar R-II School Dist	382,892,264	1.3270	5,080,980
	Sherwood Cass R-VIII School Dist	46,532,940	1.0000	465,329
	East Lynne 40 School District	12,509,644	0.3422	42,808
	Pleasant Hill R-III School District	121,781,270	1.1000	1,339,594
	Harrisonville R-IX School District	176,834,460	0.8700	1,538,460
	Drexel R-IV School District	16,877,437	0.7600	128,269
	Midway R-I School District	37,407,076	0.3610	135,040
	Belton 124 School District	272,595,023	1.1800	3,216,621
Cedar	El Dorado Springs R-II School Dist	71,221,153	0.4900	348,984
Chariton	Northwestern R-I School District	11,957,628	0.9900	118,381
	Brunswick R-II School District	14,566,898	0.3900	56,811
Christian	City of Fremont Hills	15,980,936	0.3458	55,262
	Chadwick R-I School District	9,475,894	1.1265	106,746
	Nixa R-II School District	310,317,814	1.0666	3,309,850
	Sparta R-III School District	29,136,026	0.7500	218,520
	Billings R-IV School District	24,543,573	0.4243	104,138
	Clever R-V School District	43,405,004	0.5972	259,215
	Ozark R-VI School District	299,627,722	1.0920	3,271,935
	Spokane R-VII School District	40,852,803	0.8968	366,368
Clark	Clark Co. R-I School District	51,349,231	0.7500	385,119
Clay	City of Avondale	4,325,238	0.5895	25,497

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
Clay	Village of Claycomo	194,831,783	0.0834	162,490
	City of Kearney	114,181,618	0.0500	57,091
	Kearney R-I School District	271,758,488	1.1500	3,125,223
	Smithville R-II School District	173,663,887	0.9600	1,667,173
	Excelsior Springs 40 School Dist	196,064,149	0.8200	1,607,726
	Liberty 53 School District	674,411,384	0.9900	6,676,673
	North Kansas City 74 School Dist	2,064,023,951	1.0200	21,053,044
Clinton	City of Lathrop	18,446,345	0.3445	63,548
	City of Trimble	5,885,164	0.7855	46,228
	Cameron R-I School District	97,950,480	0.4800	470,162
	Lathrop R-II School District	51,614,117	0.8500	438,720
	Clinton County R-III School Dist	64,695,462	1.0000	646,955
Cole	City of Lohman	2,024,760	0.3210	6,499
	Cole Co R-I School District	43,869,421	0.8800	386,051
	Cole Co R-II School District	74,578,419	0.6100	454,928
	Cole Co. R-V School District	52,877,088	0.7000	370,140
	Jefferson City School District	1,054,427,707	0.2470	2,604,436
Cooper	City of Blackwater	1,038,028	0.3497	3,630
	Cooper Co Fire Protection Dist	48,820,404	0.3865	188,691
	Cooper Co. R-IV School District	7,550,827	0.7655	57,802
	Prairie Home R-V School District	10,456,947	0.4275	44,703
	Otterville R-VI School District	11,471,818	0.6000	68,831
	Pilot Grove C-4 School District	14,872,392	0.6350	94,440
	Boonville R-I School District	112,585,461	0.6600	743,064
Crawford	Crawford Co R-I School District	53,089,771	0.9350	496,389
	Crawford Co R-II School District	94,706,474	0.5600	530,356
	Steelville R-III School District	48,057,025	0.6700	321,982
Dade	Good Shepherd Nursing Home Dist	21,985,718	0.4400	96,737
	Lockwood R-I School District	22,895,745	0.5500	125,927
	Everton R-III School District	7,613,356	0.7000	53,293
	Greenfield R-IV School District	29,735,342	0.5000	148,677
Daviess	Daviess County Special Rd Dist #1	17,055,380	0.2799	47,738
	Monroe Township of Daviess Co	2,821,251	0.4395	12,399
	Pattonsburg R-II School District	11,204,653	0.8013	89,783
	Winston R-VI School District	18,267,364	0.1380	25,209
De Kalb	City of Clarksdale	1,457,043	0.8403	12,244
	City of Union Star	2,062,262	0.2988	6,162
	Osborn R-O School District	8,056,231	0.4600	37,059
	Stewartsville C-2 School District	12,289,675	0.3999	49,146
Dent	Salem R-80 School District	59,596,350	0.6800	405,255
Dunklin	City of Cardwell	3,113,386	1.9850	61,801
	Malden R-I School District	43,168,749	0.0000	0 B
	Campbell R-II School District	51,064,440	0.6200	316,600
	Holcomb R-III School District	20,147,152	0.4900	98,721
	Kennett 39 School District	89,358,990	0.0000	0 B
Franklin	City of St Clair	53,701,301	0.3981	213,785
	Boles Fire Protection District	237,057,174	0.2364	560,403
	Pacific Fire Protection District	205,885,566	0.0712	146,591
	East Central College	1,423,920,141	0.0839	1,194,669
	Franklin Co R-II School District	25,441,574	0.1578	40,147
	Meramec Valley R-III School Dist	279,132,018	0.6900	1,926,011
	Union R-XI School District	254,472,610	0.6800	1,730,414

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
Franklin	Lonedell R-XIV School District	31,688,020	0.1800	57,038
	Spring Bluff R-XV School District	20,597,431	0.7000	144,182
	St. Clair R-XIII School District	127,988,267	0.6200	793,527
	Sullivan C-2 School District	140,109,134	1.0495	1,470,445
	Washington School District	627,813,248	0.3469	2,177,884
Gasconade	City of Bland	3,213,017	0.5873	18,870
	Gasconade Co R-II School District	133,052,803	0.6700	891,454
	Gasconade County R-I School Dist	93,392,836	0.7500	700,446
Gentry	Gentry County Library Dist	56,405,665	0.1000	56,406
	King City R-I School District	21,883,464	0.5100	111,606
	Stanberry R-II School District	19,258,372	0.1000	19,258
Greene	City of Battlefield	39,627,950	0.2565	101,646
	City of Fair Grove	12,739,252	0.4871	62,053
	Willard R-II School District	263,899,910	0.7900	2,084,809
	Republic R-III School District	224,357,598	0.5500	1,233,967
	Ash Grove R-IV School District	44,321,680	0.5000	221,608
	Strafford R-VI School District	134,885,392	0.7000	944,198
	Logan-Rogersville R-VIII School Dis	168,707,644	0.8694	1,466,744
	Springfield R-XII School District	2,791,001,670	0.5100	14,234,109
	Fair Grove R-X School District	54,197,574	0.4100	222,210
	Grundy Co R-V School District	10,765,897	1.1307	121,730
Grundy	Spickard R-II School District	3,496,240	0.6379	22,303
	Trenton R-IX School District	66,511,765	0.9000	598,606
Harrison	City of Cainsville	1,941,350	0.2499	4,851
Henry	City of Montrose	2,651,827	0.3791	10,053
	Henry County R-I School District	38,553,119	0.5000	192,766
	Shawnee R-III School District	8,202,483	0.3000	24,607
Hickory	Hickory Co. R-I School District	32,950,407	0.6500	214,178
	Wheatland R-II School District	25,336,843	0.4275	108,315
	Weaubleau R-III School District	18,230,335	0.8200	149,489
	Hermitage R-IV School District	30,252,866	0.6500	196,644
Holt	City of Craig	1,222,372	1.5437	18,870
	City of Forest City	274,914	0.0295	81
	City of Oregon	6,103,026	0.8900	54,317
	South Holt Co R-I School District	24,361,650	0.5051	123,051
Howard	New Franklin R-I School District	21,860,673	0.5098	111,446
	Fayette R-III School District	40,945,524	0.7200	294,808
Iron	Arcadia Valley R-II School District	40,120,390	0.4800	192,578
Jackson	City of Blue Springs	695,710,373	0.1500	1,043,566
	City of Grain Valley	136,114,412	0.9335	1,270,628
	City of Grandview	273,964,737	0.3800	1,041,066
	City of Kansas City	6,624,329,795	0.1400	9,274,062
	City of Lake Tapawingo	15,318,917	1.0501	160,864
	City of Lone Jack	12,403,094	0.3652	45,296
	City of Oak Grove	81,684,126	0.2132	174,151
	City of Lee's Summit	1,500,429,614	0.4800	7,202,062
	Central Jackson Co Fire Prot Dist	892,949,322	0.0900	803,654
	Raytown Fire Protection District	334,887,697	0.1600	535,820
	Fort Osage Fire Protection District	151,681,967	0.2200	333,700
	Inter City Fire Protection District	8,721,009	0.4183	36,480
	Fort Osage R-I School District	259,197,931	0.8066	2,090,691
	Blue Springs R-IV School District	1,173,144,119	0.9874	11,583,625

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
Jackson	Grain Valley R-V School District	213,966,293	1.2662	2,709,241
	Oak Grove R-VI School District	115,470,924	1.0000	1,154,709
	Lee's Summit R-VII School District	1,490,033,503	1.0700	15,943,358
	Hickman Mills C-1 School District	429,223,471	0.6800	2,918,720
	Raytown C-2 School District	664,263,792	0.9636	6,400,846
	Grandview C-4 School District	437,706,683	0.5000	2,188,533
	Lone Jack C-6 School District	41,646,497	1.3875	577,845
	Independence 30 School District	775,769,833	0.7600	5,895,851
	Center 58 School District	400,405,863	0.8600	3,443,490
Jasper	City of Carl Junction	62,098,965	0.2352	146,057
	Carl Junction R-I School District	185,475,810	0.8200	1,520,902
	Sarcoxie R-II School District	30,367,964	0.5500	167,024
	Carthage R-IX School District	256,270,270	0.4900	1,255,724
	Webb City R-VII School District	167,706,430	0.7200	1,207,486
	Joplin R-VIII School District	779,537,084	0.2100	1,637,028
Jefferson	Antonia Fire Protection District	157,129,455	0.2300	361,398
	Cedar Hill Fire Protection District	139,694,768	0.0785	109,660
	High Ridge Fire Protection District	350,254,585	0.0048	16,812
	Springdale Fire Protection District	120,568,663	0.2813	339,160
	Northwest R-I School District	473,574,203	0.4500	2,131,084
	Grandview R-II School District	43,281,966	1.4800	640,573
	Hillsboro R-III School District	207,010,617	0.7325	1,516,353
	Dunklin R-V School District	130,620,371	0.6700	875,156
	Festus R-VI School District	209,289,692	0.8000	1,674,318
	Jefferson Co R-VII School District	119,349,491	0.5000	596,747
	Sunrise R-IX School District	28,156,105	0.6500	183,015
	Windsor C-1 School District	183,227,564	1.0000	1,832,276
	Fox C-6 School District	727,358,116	0.2800	2,036,603
	Crystal City 47 School District	52,862,432	0.8000	422,899
	DeSoto 73 School District	160,179,551	0.4535	726,414
Johnson	City of Holden	16,310,700	0.1186	19,344
	Kingsville R-I School District	21,152,652	0.9433	199,533
	Holden R-III School District	78,756,625	0.3000	236,270
	Chilhowee R-IV School District	8,102,755	0.6000	48,617
	Johnson Co R-VII School District	31,656,931	0.8000	253,255
	Leeton R-X School District	14,003,644	0.8600	120,431
	Warrensburg R-VI School District	222,154,697	0.6500	1,444,006
Knox	City of Hurdland	760,668	0.3621	2,754
Laclede	Lebanon R-III School District	249,655,676	0.4700	1,173,382
Lafayette	Sni Valley Fire Protection District	157,586,103	0.0754	118,820
	Concordia R-II School District	40,463,886	0.4629	187,307
	Lafayette Co C-1 School District	58,484,630	1.0000	584,846
	Odessa R-VII School District	113,150,174	0.6600	746,791
	Santa Fe R-X School District	24,078,120	0.5700	137,245
	Wellington-Napoleon R-IX Sch Dist	22,703,599	0.7500	170,277
	Lexington R-V School District	49,427,168	0.7300	360,818
Lawrence	City of Aurora	66,625,555	0.1746	116,328
	Pierce City R-VI School District	31,594,215	0.6300	199,044
	Marionville R-IX School District	31,690,724	0.5000	158,454
	Mt. Vernon R-V School District	91,399,010	0.5700	520,974
	Aurora R-VIII School District	95,116,423	0.8300	789,466
	Verona R-VII School District	21,114,640	0.7000	147,802

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
Lewis	City of Lewistown	3,437,645	0.3403	11,698
	La Belle Fire Protection District	14,597,935	0.2144	31,298
	Canton R-V School District	27,560,303	0.5500	151,582
Lincoln	Silex R-I School District	23,715,745	0.6600	156,524
	Elsberry R-II School District	37,130,774	1.0500	389,873
	Troy R-III School District	351,945,831	1.1100	3,906,599
	Winfield R-IV School District	78,486,430	0.8000	627,891
	Lincoln County	550,235,439	0.1600	880,377
Linn	Meadville R-IV School District	12,882,845	1.0200	131,405
	Marceline R-V School District	31,954,025	0.3047	97,364
	Brookfield R-III School District	53,018,969	0.3900	206,774
Livingston	Chillicothe R-II School District	120,077,707	0.4500	540,350
Macon	City of Callao	1,064,508	1.6339	17,393
	La Plata R-II School District	19,920,612	1.2300	245,024
Madison	Marquand-Zion R-VI School District	9,725,199	0.3200	31,121
Maries	Maries Co R-I School District	39,572,022	0.4000	158,288
Marion	Marion Co R-II School District	10,916,480	0.2000	21,833
	Palmyra R-I School District	107,559,780	0.5800	623,847
	Hannibal 60 School District	224,219,030	0.4600	1,031,408
Mc Donald	City of Southwest City	12,892,568	0.2211	28,505
	McDonald Co R-I School District	170,597,213	0.6700	1,143,001
Mercer	North Mercer Co R-III School Dist	12,323,824	0.5300	65,316
	Princeton R-V School District	32,232,569	0.6900	222,405
Miller	Miller County Nursing Home Distric	316,392,187	0.0692	218,943
	Lake Ozark Fire Protection District	337,665,461	0.0693	234,002
	Eldon R-I School District	150,412,739	0.5100	767,105
	Miller Co R-III School District	9,162,058	0.0000	0 B
	St. Elizabeth R-IV School District	11,882,994	0.0000	0 B
	School of the Osage R-II Sch Dist	417,127,664	0.3200	1,334,809
Mississippi	East Prairie R-II School District	47,612,993	0.3500	166,645
Moniteau	City of Tipton	22,236,854	0.4951	110,095
	Moniteau Co R-I School District	70,176,022	0.8200	575,443
	Moniteau Co R-VI School District	39,289,140	0.8861	348,141
	Moniteau Co C-1 School District	12,412,871	0.8208	101,885
Monroe	Monroe County Library	85,051,232	0.0000	0 B
	Madison C-3 School District	11,311,402	0.9492	107,368
	Paris R-II School District	34,068,502	0.4900	166,936
Montgomery	City of Jonesburg	9,078,324	0.2180	19,791
	Wellsville-Middletown R-I Sch Dist	24,827,524	0.4600	114,207
Morgan	Gravois Fire Protection District	190,980,887	0.2600	496,550
	Morgan Co R-I School District	69,703,604	0.3800	264,874
New Madrid	City of Lilbourn	6,901,076	0.2179	15,037
	Portageville School District	41,724,067	0.2117	88,330
	New Madrid Co R-I School District	267,986,592	0.2400	643,168
Newton	Redings Mill Area Fire Prot Dist	140,795,971	0.1008	141,922
	East Newton Co R-VI School Distric	57,645,239	0.6250	360,283
	Diamond R-IV School District	48,629,273	0.9900	481,430
	Neosho R-V School District	229,944,535	0.3600	827,800
Nodaway	City of Maryville	112,596,554	0.1035	116,537
	Atchison Township of Nodaway Co	4,980,717	1.4916	74,292
	Green Township of Nodaway Co	4,464,657	1.2500	55,808
	Hughes Township of Nodaway Co	7,722,268	0.8093	62,496

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
Nodaway	Independence Township of Nodaway	3,986,770	0.6586	26,257
	Jackson Township of Nodaway Co	10,140,045	0.5872	59,542
	Monroe Township of Nodaway Co	4,242,288	0.9105	38,626
	Nodaway Township of Nodaway Co	7,147,525	0.2260	16,153
	Union Township of Nodaway Co	5,073,617	0.1996	10,127
	Washington Township of Nodaway	4,056,438	1.3152	53,350
	White Cloud Township of Nodaway	6,915,891	0.1323	9,150
	West Nodaway Co R-I School Distri	18,232,410	0.7000	127,627
	Northeast Nodaway Co R-V Sch Dis	11,783,751	0.6600	77,773
	North Nodaway Co R-VI School Dis	12,299,970	0.5900	72,570
	Maryville R-II School District	175,025,606	0.5643	987,669
	South Nodaway Co R-IV School Dis	10,047,487	0.7282	73,166
Oregon	Couch R-I School District	8,532,218	0.6800	58,019
	Thayer R-II School District	24,726,058	0.9200	227,480
	Oregon-Howell R-III School District	10,719,048	0.7900	84,680
Osage	City of Linn	14,897,654	0.7061	105,192
	Osage Co R-II School District	50,744,782	0.3900	197,905
	Osage Co R-III School District	71,425,096	0.4054	289,557
Ozark	Thornfield R-I School District	5,090,552	0.5397	27,474
	Bakersfield R-IV School District	10,089,725	0.0000	0 B
	Gainesville R-V School District	36,480,920	0.4939	180,179
	Dora R-III School District	11,933,084	0.0900	10,740
	Lutie R-VI School District	15,366,273	0.6165	94,733
Pemiscot	Caruthersville 18 School District	39,214,677	0.3900	152,937
	Pemiscot Co Special School District	161,046,364	0.0400	64,419
Perry	City of Altenburg	4,274,636	0.2094	8,951
	City of Frohna	4,696,727	0.1608	7,552
	City of Perryville	115,353,705	0.2500	288,384
Pettis	Pettis Co R-V School District	19,854,640	0.4303	85,435
	La Monte R-IV School District	15,194,641	0.8000	121,557
	Smithton R-VI School District	30,711,217	0.4001	122,876
	Green Ridge R-VIII School District	18,523,130	0.3908	72,388
Phelps	City of Edgar Springs	915,287	0.3029	2,772
	St. James R-I School District	76,482,574	0.5300	405,358
	Newburg R-II School District	17,305,096	0.4228	73,166
	Rolla 31 School District	260,026,053	0.3299	857,826
	Phelps Co R-III School District	11,238,712	0.3185	35,795
Pike	City of Clarksville	3,337,919	0.2201	7,347
	Pike Co R-III School District	36,823,084	0.6900	254,079
	Louisiana R-II School District	43,227,268	0.5700	246,395
Platte	City of Platte City	63,390,015	0.5000	316,950
	City of Tracy	1,586,270	0.7656	12,144
	City of Weatherby Lake	40,003,477	0.4847	193,897
	City of Parkville	151,980,941	0.0618	93,924
	Central Platte Fire Protection Dist	150,663,553	0.1800	271,194
	Southern Platte Fire Prot Dist	333,898,376	0.0909	303,514
	West Platte Co R-II School District	62,985,497	0.8560	539,156
	Platte Co R-III School District	353,554,988	0.9600	3,394,128
	Park Hill R-V School District	1,136,192,317	0.6562	7,455,694
	Platte County	1,659,935,428	0.0000	0 B
Polk	Bolivar R-I School District	130,040,505	0.4500	585,182
	Fair Play R-II School District	14,857,810	0.9800	145,607

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
Polk	Humansville R-IV School District	17,557,042	0.3900	68,472
	Marion C. Early R-V School District	27,493,390	0.4500	123,720
	Pleasant Hope R-VI School District	33,496,240	0.6000	200,977
Pulaski	City of Dixon	11,316,549	0.6100	69,031
	Laquey R-V School District	22,589,112	0.2057	46,466
	Dixon R-I School District	46,234,223	0.2700	124,832
	Crocker R-II School District	21,544,748	0.8900	191,748
Putnam	York Township of Putnam Co	3,523,100	0.3118	10,985
	Putnam Co R-I School District	59,969,788	0.3700	221,888
Ralls	Ralls Co R-II School District	58,158,075	0.7100	412,922
Randolph	Northeast Randolph Co R-IV Sch Di	17,521,924	0.8700	152,441
	Higbee R-VIII School District	8,814,497	1.0000	88,145
	Moberly School District	138,521,645	0.5800	803,426
Ray	City of Orrick	5,979,240	0.2594	15,510
	City of Richmond	56,538,289	0.4253	240,457
	City of Wood Heights	7,376,538	0.5543	40,888
	City of Lawson	19,741,971	1.1700	230,981
	Lawson R-XIV School District	62,733,692	0.9500	595,970
	Orrick R-XI School District	19,331,468	0.7500	144,986
	Richmond R-XVI School District	99,813,607	0.3700	369,310
	Southern Reynolds Co R-II Sch Dist	26,906,318	0.8532	229,565
Ripley	Doniphan-Ripley County Library	77,003,179	0.0250	19,251
Saline	Blackburn Elmwood Sp Rd Saline C	5,615,598	0.4933	27,702
	City of Sweet Springs	9,577,018	0.1923	18,417
	Oreaville R-IV School District	5,244,560	0.8500	44,579
	Malta Bend R-V School District	8,397,336	0.7810	65,583
	Hardeman R-X School District	6,018,598	0.9337	56,196
	Slater School District	16,273,810	0.5400	87,879
	Sweet Springs R-VII School District	22,255,063	0.6400	142,432
	Village of Glenwood	995,796	0.3300	3,286
	Schuyler Co R-I School District	32,346,288	0.7700	249,066
	Schuyler Co R-I School District	32,346,288	0.7700	249,066
Scott	City of Scott City	41,067,037	0.4566	187,512
	Scott City R-I School District	50,529,520	0.4900	247,595
	Chaffee R-II School District	21,984,770	1.1500	252,825
	Scott Co R-IV School District	47,407,470	0.4200	199,111
	Scott Co R-V School District	13,573,610	1.1000	149,310
	Sikeston R-VI School District	205,501,384	0.1900	390,453
	Oran R-III School District	17,900,030	0.7500	134,250
	Oran R-III School District	17,900,030	0.7500	134,250
Shannon	Eminence R-I School District	16,666,314	0.6900	114,998
Shelby	North Shelby School District	25,887,170	0.2200	56,952
St. Charles	St Charles County Ambulance Dist	6,517,802,573	0.0200	1,303,561
	City of Lake St Louis	265,052,240	0.3994	1,058,619
	City of O'Fallon	1,377,230,459	0.3100	4,269,414
	City of Portage Des Sioux	4,274,593	0.0000	0 A
	City of St Charles	1,135,012,311	0.1560	1,770,619
	City of St Peters	998,541,542	0.2500	2,496,354
	Cottleville Com Fire Prot District	1,076,423,148	0.0500	538,212
	Central County Fire and Rescue	1,490,253,293	0.0497	740,656
	St. Charles Co. Community College	6,484,128,289	0.0400	2,593,651
	Fort Zumwalt R-II School District	1,942,033,111	0.6200	12,040,605
	Francis Howell R-III School Dist	2,092,239,030	0.6713	14,045,201
	Wentzville R-IV School District	1,222,621,324	0.6200	7,580,252
	Wentzville R-IV School District	1,222,621,324	0.6200	7,580,252

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
St. Charles	St Charles R-VI School District	871,183,493	1.0299	8,972,319
	St Charles Co R-V School District	210,677,062	0.7300	1,537,943
St. Clair	Roscoe C-I School District	5,872,044	0.4683	27,499
	Lakeland R-III School District	25,557,643	0.6700	171,236
St. Francois	City of Farmington	155,684,066	0.1179	183,552
	City of Leadwood	4,273,802	0.0000	0 A
	City of Iron Mountain Lake	2,532,173	1.9935	50,479
	Mineral Area College	699,010,923	0.1300	908,714
	Bismarck R-V School District	21,194,405	0.6500	137,764
	Farmington R-VII School District	265,435,396	0.6200	1,645,699
	North St. Francois Co R-I Sch Dist	135,735,297	0.7540	1,023,444
	Central R-III School District	77,709,521	0.8583	666,981
	West St Francois Co R-IV Sch Dist	35,366,884	0.9300	328,912
St. Louis	Village of Bel Nor	20,806,446	0.2930	60,963
	Village of Bel Ridge	13,578,650	0.4680	63,548
	City of Berkeley	179,971,255	0.2440	439,130
	City of Black Jack	76,169,247	0.5000	380,846
	City of Brentwood	264,889,915	0.0500	132,445
	City of Clayton	764,810,249	0.1450	1,108,975
	City of Hazelwood	506,326,100	0.1420	718,983
	City of Kirkwood	611,318,807	0.1900	1,161,506
	City of Manchester	311,187,950	0.2000	622,376
	City of Northwoods	26,912,435	0.7000	188,387
	City of Pasadena Hills	13,867,608	0.5840	80,987
	City of Rock Hill	84,769,467	0.3190	270,415
	City of Shrewsbury	116,732,797	0.6190	722,576
	City of University City	543,327,341	0.0850	461,828
	City of Velda City	6,641,072	0.7100	47,152
	City of Webster Groves	451,974,058	0.4110	1,857,613
	City of Chesterfield	1,452,311,025	0.0600	871,387
	Maplewood Public Library	129,089,847	0.2120	273,670
	Metro West Fire Protection District	1,581,342,782	0.0820	1,296,701
	Black Jack Fire Protection District	587,906,834	0.1470	864,223
	Monarch Fire Protection District	1,838,790,751	0.0000	0 B
	Community Fire Protection District	541,240,471	0.3530	1,910,579
	Eureka Fire Protection District	321,044,144	0.1500	481,566
	Florissant Valley Fire Prot Dist	804,447,531	0.1450	1,166,449
	West County EMS & Fire Prot Dist	672,119,772	0.0600	403,272
	Metro-North Fire Protection Dist	125,437,500	0.0530	66,482
	Pattonville-Bridgeton Terr Fire Dis	748,479,438	0.0210	157,181
	Riverview Fire Protection District	145,952,741	0.0570	83,193
	Robertson Fire Protection District	315,706,851	0.0650	205,209
	Spanish Lake Fire Protection Dist	176,667,480	0.1370	242,034
	Mid-County Fire Protection District	131,519,000	0.1620	213,061
	West Overland Fire Protection Dist	167,117,620	0.2670	446,204
	Hazelwood R-I School District	1,834,070,690	0.9400	17,240,264
	Ferguson-Florissant R-II Sch Dist	992,345,230	0.3000	2,977,036
	Pattonville R-III School District	1,326,945,140	0.4900	6,502,031
	Rockwood R-VI School District	2,913,395,160	0.7500	21,850,464
	Kirkwood R-VII School District	1,059,901,680	0.3650	3,868,641
	Lindbergh R-VIII School District	1,144,178,570	0.3800	4,347,879
	Mehlville R-IX School District	1,594,286,320	0.3400	5,420,573

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
St. Louis	Parkway C-2 School District	3,912,127,450	0.3400	13,301,233
	Bayless School District	148,827,520	0.3900	580,427
	Brentwood School District	249,998,750	0.2100	524,997
	Clayton School District	907,153,910	0.3640	3,302,040
	Hancock Place School District	62,716,130	0.5470	343,057
	Jennings School District	110,281,110	0.5680	626,397
	Ladue School District	1,289,135,600	0.2300	2,965,012
	Maplewood-Richmond Heights Sch	229,219,210	1.0800	2,475,567
	Normandy School District	242,972,590	1.4314	3,477,910
	Ritenour School District	545,254,520	0.7100	3,871,307
	Riverview Gardens School District	255,771,330	1.8177	4,649,155
	University City School District	550,433,150	0.7380	4,062,197
	Valley Park School District	139,126,370	0.3820	531,463
	Webster Groves School District	637,208,520	0.5670	3,612,972
	St. Louis County	20,889,416,593	0.0630	13,160,332
St. Louis City	St. Louis City School District	3,783,108,406	0.6211	23,496,886
	City of St. Louis	3,860,761,615	0.1328	5,127,091
Ste. Genevieve	Ste. Genevieve Co R-II School Dist	254,245,138	0.2600	661,037
Stoddard	City of Bloomfield	10,779,773	0.2275	24,524
	Richland R-I School District	20,691,134	0.3300	68,281
	Advance R-IV School District	26,654,659	0.6800	181,252
	Puxico R-VIII School District	35,240,114	0.7900	278,397
	Dexter R-XI School District	157,235,714	0.5700	896,244
	Bernie R-XIII School District	28,792,964	0.3000	86,379
Stone	Hurley R-I School District	8,677,124	0.5830	50,588
	Galena R-II School District	23,412,066	0.5322	124,599
	Crane R-III School District	21,187,250	0.4500	95,343
	Reeds Spring R-IV School District	264,837,279	0.7100	1,880,345
	Blue Eye R-V School District	71,594,793	0.8000	572,758
Sullivan	Village of Newtown	680,361	0.4189	2,850
	Green City R-I School District	22,600,415	0.5800	131,082
Taney	City of Forsyth	20,476,320	0.3500	71,667
	City of Hollister	37,584,249	0.1272	47,807
	Taneyville R-II School District	8,817,878	0.8344	73,576
	Forsyth R-III School District	63,546,040	0.4200	266,893
	Branson R-IV School District	522,078,775	0.7000	3,654,551
	Hollister R-V School District	120,559,753	0.6796	819,324
	Kirbyville R-VI School District	27,888,112	0.9000	250,993
Texas	City of Houston	18,986,569	0.2840	53,922
	City of Licking	9,786,168	0.3995	39,096
	City of Summersville	2,857,853	0.7734	22,103
	Houston R-I School District	43,014,495	0.6056	260,496
	Raymondville R-VII School District	6,963,385	0.2026	14,108
Vernon	Nevada R-V School District	149,111,289	0.1400	208,756
	Sheldon R-VIII School District	9,666,390	0.4900	47,365
Warren	City of Truesdale	14,521,782	0.0819	11,893
	City of Wright City	37,733,065	0.1234	46,563
	Wright City R-II School District	149,208,573	0.8500	1,268,273
	Warren Co R-III School District	227,583,282	0.6189	1,408,513
Washington	Kingston K-14 School District	22,996,530	0.8700	200,070
	Potosi R-III School District	70,833,230	0.5000	354,166
Wayne	Greenville R-II School District	32,476,069	0.3600	116,914

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed Valuation	Actual Rate Levied	Revenue
Wayne	Clearwater R-I School District	55,705,823	0.3423	190,681
Webster	City of Marshfield	59,252,256	0.3700	219,233
	City of Rogersville	20,241,151	0.6341	128,349
	Fordland R-III School District	25,329,362	0.7900	200,102
	Marshfield R-I School District	142,794,021	0.5000	713,970
Wright	Hartville R-II School District	29,246,076	0.4800	140,381
	Mansfield R-IV School District	28,442,066	0.7800	221,848
Total Revenue Generated from Debt Service Levies				<u>\$536,471,068</u>

LEGEND:

- A The tax rate ceiling calculated equals zero because the bank balance reported by the taxing authority is sufficient to meet the bond's current needs.
 B The taxing authority voluntarily reduced the debt service levy to zero.

NOTE:

This Appendix contains levy information for all debt service levies reported by taxing authorities in 2006.

Assessed value column presents only the assessed valuation that the property tax is levied against.

The revenue generated is computed by multiplying the tax rate by the assessed valuation and dividing by 100.

LISTING OF RECENT VOTER APPROVED LEVIES

County	Subdivision	Purpose	Assessed	Actual Rate		Expiration
			Valuation	Levied	Revenue	
Andrew	Cosby-Helena Fire Protection Dist	General Revenue	15,584,116	0.3000	46,752	
Audrain	Laddonia Farber Spec Rd Audrain Co	Special Road and Bridge	34,783,656	0.3500	121,743	2009
Barry	Washburn Sp Rd Dist 4 Barry Co	Special Road and Bridge	9,182,885	0.1300	11,938	2009
Barton	Barton City Township of Barton Co	Special Road and Bridge	3,276,068	0.2500	8,190	2009
	Richland Township of Barton County	Special Road and Bridge	8,075,320	0.3900	31,494	2009
Bates	Lone Oak Township of Bates County	Special Road and Bridge	4,111,205	0.2500	10,278	2009
	West Boone Township of Bates Co	Special Road and Bridge	6,757,734	0.3000	20,273	2009
Buchanan	San Antonio Fire Protection Dist	General Revenue	12,686,526	0.3000	38,060	
Carroll	De Witt Township of Carroll Co	Special Road and Bridge	7,799,271	0.3500	27,297	2009
	Moss Creek Township of Carroll Co	Special Road and Bridge	6,133,644	0.3500	21,468	2009
	Trotter Township of Carroll Co	Special Road and Bridge	4,134,024	0.3500	14,469	2009
	Van Horn Township of Carroll Co	Special Road and Bridge	6,612,756	0.3500	23,145	2008
	Wakenda Township of Carroll Co	Special Road and Bridge	6,638,458	0.3500	23,235	2009
Cedar	Bear Creek Spec Rd Dist Cedar Co	Special Road and Bridge	4,864,858	0.3500	17,027	2009
	Bethel Special Road Dist Cedar Co	Special Road and Bridge	781,714	0.3500	2,736	2009
	Caplinger Mills Sp Rd Dist Cedar Co	Special Road and Bridge	2,578,406	0.3500	9,024	2009
	Cedar Hall Spec Rd Dist Cedar Co	Special Road and Bridge	890,587	0.3500	3,117	2009
	Eldorado Spgs Spec Rd Dist Cedar Co	Special Road and Bridge	42,767,700	0.3500	149,687	2009
	Independence Sp Rd Dist Cedar Co	Special Road and Bridge	940,820	0.3500	3,293	2009
	Koncord Spec Rd Dist Cedar Co	Special Road and Bridge	2,906,011	0.3500	10,171	2009
	Madison Spec Rd Dist Cedar Co	Special Road and Bridge	1,377,358	0.3500	4,821	2009
	Masters Spec Rd Dist Cedar Co	Special Road and Bridge	1,998,985	0.3500	6,996	2009
	Rowland Special Road Dist Cedar Co	Special Road and Bridge	4,927,918	0.3500	17,248	2009
	Korth Special Road Subdistrict	Special Road and Bridge	2,712,020	0.3500	9,492	2009
	Cedar County	Senior Services	136,529,920	0.0500	68,265	
Chariton	Clark Township of Chariton Co	Special Road and Bridge	5,201,629	0.3500	18,206	2009
Christian	Billings Spec Rd Dist Christian Co	Special Road and Bridge	36,227,749	0.1600	57,964	2009
Clay	Village of Oaks	Fire	2,607,377	0.2939	7,663	2007
	Village of Oakwood	Fire	4,336,157	0.3000	13,008	2007
	Village of Oakwood	General Revenue - Temp	4,336,157	0.2200	9,540	2007
Clinton	Cameron Spec Rd Dist Clinton Co	Special Road and Bridge	53,368,090	0.3500	186,788	2009
Cooper	Cooper County	Health	189,797,844	0.1800	341,636	
De Kalb	Dallas Township of DeKalb Co	Special Road and Bridge	3,839,847	0.3500	13,439	2009
Gentry	City of King City	Police	5,813,765	0.1500	8,721	2009
	Bogle Township of Gentry Co	Gravel & Maintenance	4,806,037	0.4500	21,627	2009
	Wilson Township of Gentry Co	Gravel	3,803,520	0.3000	11,411	2007
	Stanberry Fire Protection Dist	General Revenue - Temp	20,503,183	0.3000	61,510	2009
	Gentry County	Senior Services	70,717,310	0.0500	35,359	
Grundy	Spickard Special Road District	Special Road and Bridge	1,193,474	0.3500	4,177	2009
Henry	Bear Creek Township of Henry Co	Special Road and Bridge	3,034,634	0.2600	7,890	2009
	Henry County	Senior Services	267,815,244	0.0500	133,908	
Holt	Corning Special Road Dist Holt Co	Special Road and Bridge	2,292,827	0.3500	8,025	2009
	Maitland Volunteer Fire Prot Dist	General Revenue	5,330,297	0.3000	15,991	
Iron	Pilot Knob Fire Protection District	General Revenue	42,707,833	0.3000	128,123	
Jackson	Village of River Bend	General Revenue - Temp	1,486,456	0.5000	7,432	2009
Jefferson	Dunklin Fire Protection District	Pension	125,486,819	0.0500	62,743	
Knox	City of Knox City	Streets	1,179,612	0.1500	1,769	2007
	Village of Novelty	Streets	591,392	0.3000	1,774	2009
	Knox County	Special Road and Bridge	57,711,686	0.3500	201,991	2009
Laclede	Lebanon Spec Rd Dist #1 Laclede Co	Special Road District	204,226,052	0.2000	408,452	2009

LISTING OF RECENT VOTER APPROVED LEVIES

County	Subdivision	Purpose	Assessed	Actual Rate		Expiration
			Valuation	Levied	Revenue	
Laclede	Phillipsburg Spec Rd #3 Laclede Co	Special Road and Bridge	13,016,638	0.2300	29,938	2009
	Village of Evergreen	Building Maintenance	811,134	0.3000	2,433	2009
	Village of Evergreen	Fire Equipment Maintenance	811,134	0.3000	2,433	2009
	Village of Evergreen	Fire Truck #1 Maintenance	811,134	0.3000	2,433	2009
	Village of Evergreen	Fire Truck #2 Maintenance	811,134	0.3000	2,433	2009
	Village of Evergreen	Police Vehicle #1 Maint	811,134	0.3000	2,433	2009
	Village of Evergreen	Police Vehicle #2 Maint	811,134	0.3000	2,433	2009
	Competition Fire Protection Dist	General Revenue	9,878,684	0.3000	29,636	
	Nebo-Falcon Fire Protection Dist	General Revenue	9,513,665	0.0000		
Lafayette	City of Alma	General Revenue - Temp	3,045,858	0.3000	9,138	2009
Lawrence	Buck Prairie Sp Rd Dist Lawrence Co	Special Road and Bridge	31,313,244	0.3100	97,071	2009
	Midway Benefit Spec Rd Lawrence Co	Special Road and Bridge	1,836,305	0.2400	4,407	2009
	Miller Benefit Spec Rd Lawrence Co	Special Road and Bridge	17,602,233	0.1900	33,444	2009
	Mt Pleasant Benefit SRD Lawrence Co	Special Road and Bridge	3,987,326	0.2000	7,975	2009
	Mt Vernon Benefit Sp Rd Lawrence Co	Special Road and Bridge	84,625,528	0.1600	135,401	2009
	Red Oak Benefit Sp Rd Lawrence Co	Special Road and Bridge	4,673,417	0.2000	9,347	2009
	Verona Benefit SRD Lawrence Co	Special Road and Bridge	22,546,508	0.1900	42,838	2009
	Lawrence County	Common I Road District	362,502,469	0.2000	725,005	2009
	Lawrence County	Common II Road District	362,502,469	0.2100	761,255	2009
Livingston	Cream Ridge Township, Livingston Co	Special Road and Bridge	5,377,508	0.2472	13,293	2009
	Sampsel Township of Livingston Co	Special Road and Bridge	3,775,295	0.2500	9,438	2009
Mc Donald	Goodman Area Fire Protection Dist	General Revenue	22,078,972	0.1500	33,118	
Macon	LaPlata Community Fire Prot Dist	General Revenue	24,154,435	0.4500	108,695	
Montgomery	Wellsville Road Dist Montgomery Co	Special Road and Bridge	17,986,946	0.1977	35,560	2009
Nodaway	City of Graham	Streets	786,163	1.1400	8,962	2006
	City of Hopkins	Street Improvements	2,465,694	0.7500	18,493	2009
	City of Ravenwood	Streets	2,370,965	0.7500	17,782	2008
Ozark	Dora R-III School District	Operating - Temp	11,933,084	0.0800	9,546	2017
Phelps	St. James Fire Protection District	General Revenue	69,635,382	0.3000	208,906	
Platte	Southern Platte County Ambulance	General Revenue	388,035,707	0.1400	543,250	
	City of Lake Waukomis	GR - Temp	13,816,884	0.7000	96,718	2008
	City of Houston Lake	Fire	1,858,687	1.1000	20,446	2008
Polk	Polk County	Senior Services	242,010,257	0.0500	121,005	
Putnam	Unionville Spec Road Dist Putnam Co	Special Road and Bridge	10,527,746	0.3500	36,847	2009
Randolph	Renick R-V School District	Operating Funds - Temp	9,851,108	0.1587	15,634	2025
Ray	Willow Creek Watershed Subdistrict	General Revenue	12,776,840	0.4000	51,107	
	City of Henrietta	Streets	2,588,575	0.3000	7,766	2009
	City of Crystal Lakes	Streets	3,854,434	0.3000	11,563	2009
Reynolds	Northern Reynolds County Fire Prot	General Revenue	25,601,465	0.2000	51,203	
Ripley	Doniphan Spec Rd Dist Ripley Co	Special Road and Bridge	36,862,519	0.1500	55,294	2008
St. Clair	Collins Spec Rd Dist St Clair Co	Special Road and Bridge	5,811,611	0.2800	16,273	2009
St. Louis	City of Crestwood	GR - Temp	275,153,147	0.2000	550,306	2012
Saline	Blackburn Elmwood Sp Rd Saline Co	Special Road and Bridge	5,615,598	0.3600	20,216	2009
	Slater Spec Rd Dist Saline Co	Special Road and Bridge	22,548,157	0.3600	81,173	2009
	City of Blackburn	GR Temp	1,607,370	0.2900	4,661	2009
	Saline County	Common Road-Temp	243,387,278	0.2500	608,468	2009
Scott	Village of Kelso	Fire	5,315,203	0.1300	6,910	2009
Shelby	City of Shelbyville	General Revenue - Temp	3,465,397	0.3000	10,396	2009
Stoddard	Bluff Spec Rd Dist Stoddard Co	Special Road and Bridge	8,315,935	0.3500	29,106	2009
Sullivan	Village of Newtown	Parks & Recreation	680,361	0.2000	1,361	

LISTING OF RECENT VOTER APPROVED LEVIES

County	Subdivision	Purpose	Assessed Valuation	Actual Rate Levied	Revenue	Expiration Year
Sullivan	Village of Newtown	GR - Temp	680,361	0.3000	2,041	2009
Vernon	Dover Township of Vernon Co	Special Road and Bridge	5,020,963	0.3487	17,508	2009
Worth	Village of Allendale	General Revenue-Temp	440,556	0.2000	881	2009
	Worth County	Special Road and Bridge	23,559,560	0.3300	77,747	2009
Total Revenue Generated from New Levies					<u>\$7,271,092</u>	

NOTE:

The tax rates listed above were approved by voters at an election held after 2005 tax rates were set and, thus, 2006 was the first year the additional voter approved increases were levied.

Assessed valuation column presents only the assessed valuation that the property is levied against.

The revenue generated is computed by multiplying the tax rate by the assessed valuation and dividing by 100.

LISTING OF VOTERS APPROVED INCREASES TO EXISTING LEVIES

County	Subdivision	Purpose	Assessed Valuation	Actual Rate Increase	Revenue
Atchison	Fairfax Rural Fire District	General Revenue	11,809,123	0.1500	17,714
	Tarkio Rural Fire District	General Revenue	10,467,779	0.1500	15,702
Barry	Cassville R-IV School District	Operating Funds-Schools	137,119,121	0.2000	274,238
	Shell Knob 78 School District	operating Funds-Schools	46,719,320	0.6800	317,691
Barton	Golden City R-III School District	Operating Funds-Schools	16,121,310	0.2600	41,915
Bollinger	Bollinger County	Library	104,314,764	0.1025	106,923
Boone	Southern Boone Co. R-I School Dist	Operating Funds-Schools	88,058,036	0.1500	132,087
Camden	Macks Creek R-V School District	Operating Funds-Schools	24,341,266	0.3300	80,326
Cedar	Stockton R-I School District	Operating Funds-Schools	72,262,037	0.8900	643,132
Christian	Highlandville Fire Protection Dist	General Revenue	53,019,865	0.1500	79,530
	Chadwick R-I School District	Operating Funds-Schools	9,475,894	0.4867	46,119
Dallas	Dallas County	Health	134,078,407	0.0005	670
De Kalb	Clarksdale Fire Protection District	General Revenue	8,869,601	0.1900	16,852
	Maysville R-I School District	Operating Funds-Schools	37,771,568	0.6629	250,388
Dunklin	Kennett 39 School District	Operating Funds-Schools	89,358,990	0.7500	670,192
Franklin	Meramec Valley R-III School Dist	operating Funds-Schools	279,132,018	0.0900	251,219
Gasconade	Owensville Ambulance District	General Revenue	78,746,257	0.0300	23,624
Greene	Logan-Rogersville Fire Prot Dist	General Revenue	316,026,086	0.1200	379,231
Henry	Leesville R-IX School District	Operating Funds-Schools	12,960,237	0.3500	45,361
Hickory	Hickory County	Health	88,276,255	0.0816	72,033
Jackson	Raytown Fire Protection District	General Revenue	334,887,697	0.2936	983,230
Jasper	City of Webb City	Library	68,121,748	0.1518	103,409
	City of Joplin	Library	480,567,972	0.1000	480,568
	Central Jasper Co Fire Prot Dist	General Revenue	21,503,939	0.0831	17,870
Jefferson	No Jefferson Co Ambulance District	General Revenue	291,627,264	0.0500	145,814
	Valle Ambulance District	General Revenue	316,515,931	0.0500	158,258
	Dunklin Fire Protection District	General Revenue	125,486,819	0.1500	188,230
	Goldman Fire Protection District	General Revenue	50,772,997	0.1500	76,159
	Shady Valley Fire Prot Dist	General Revenue	71,314,989	0.1000	71,315
Laclede	Laclede Co C-5 School District	Operating Funds-Schools	24,261,444	0.2749	66,695
Miller	Lake Ozark Fire Protection District	General Revenue	337,665,461	0.3000	1,012,996
Morgan	Gravois Fire Protection District	General Revenue	190,980,887	0.1600	305,569
Newton	Redings Mill Area Fire Prot Dist	General Revenue	140,795,971	0.3500	492,786
Nodaway	Maryville R-II School District	Operating Funds-Schools	175,025,606	0.6000	1,050,154
Phelps	St. James R-I School District	Operating Funds-Schools	76,482,574	0.4984	381,189
	Rolla 31 School District	Operating Funds-Schools	260,026,053	0.5266	1,369,297
Platte	Northland Ambulance District No. 1	General Revenue	381,563,021	0.1500	572,345
	City of Weston	Parks & Recreation	15,375,572	0.1000	15,376
Shelby	Salt River Nursing Home District	General Revenue	66,763,053	0.1500	100,145
St. Charles	St. Charles Co. Community College	General Revenue	6,484,128,289	0.0200	1,296,826
	St Charles R-VI School District	Operating Funds-Schools	871,183,493	0.2800	2,439,314
St. Louis	Village of Bel Nor	General Revenue	20,806,446	0.2600	54,097
	Maplewood Public Library	General Revenue	129,089,847	0.0600	77,454
	Community Fire Protection District	Ambulance	541,240,471	0.5000	2,706,202
	Mid-County Fire Protection District	General Revenue	131,519,000	0.5000	657,595
	West Overland Fire Protection Dist	Ambulance	167,117,620	0.4000	668,470

LISTING OF VOTERS APPROVED INCREASES TO EXISTING LEVIES

County	Subdivision	Purpose	Assessed Valuation	Actual Rate Increase	Revenue
St. Louis	Kirkwood R-VII School District	Operating Funds-Schools	1,059,901,680	0.0530	561,748
St. Louis City	Locust Central Business District	General Revenue	35,235,080	0.2856	100,631
Stone	Stone County Library	General Revenue	423,162,763	0.0318	134,566
Taney	Taneyville R-II School District	operating Funds-Schools	8,817,878	0.2000	17,636
Total Revenue Generated from Voter Approved Increases					<u>\$19,770,891</u>

NOTE:

The tax rates listed above were approved by voters at an election held after 2005 tax rates were set and, thus, 2006 was the first year the additional voter approved increases to an existing tax were levied.

Assessed value column presents only the assessed valuation that the property tax is levied against.

The revenue generated is computed by multiplying the tax rate by the assessed valuation and dividing by 100.

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Adair	Adair Co. R-I School District	Full	04 / 1994	
	Kirksville R-III School District	Full	08 / 1993	
	Adair Co. R-II School District	Full	04 / 1994	
Andrew	North Andrew Co. R-VI School Dist	Full	10 / 1993	
	Avenue City R-IX School District	Full	04 / 1996	
	Savannah R-III School District	Full	02 / 2000	
Atchison	Tarkio R-I School District	Full	04 / 2004	
	Rock Port R-II School District	Full	06 / 1995	
	Fairfax R-III School District	Full	08 / 1994	
Audrain	Community R-VI School District	Full	04 / 1994	
	Van-Far R-I School District	Full	04 / 1997	
Barry	Wheaton R-III School District	Full	08 / 2005	
	Southwest Barry Co R-V School Dist	Partial	02 / 1994	Waived to allow \$2.7500
	Exeter R-VI School District	Full	08 / 2001	
	Cassville R-IV School District	Full	04 / 2006	
	Purdy R-II School District	Full	08 / 1993	
	Shell Knob 78 School District	Full	04 / 2006	
	Monett R-I School District	Full	06 / 2004	
	Liberal R-II School District	Full	04 / 1996	
Barton	Golden City R-III School District	Full	02 / 1994	
	Lamar R-I School District	Full	04 / 2001	
Bates	Miami R-I School District	Full	04 / 1996	
	Ballard R-II School District	Full	04 / 1998	
	Adrian R-III School District	Full	02 / 1994	
	Hume R-VIII School District	Full	04 / 1995	
	Hudson R-IX School District	Full	08 / 1993	
	Butler R-V School District	Full	02 / 1994	
Benton	Lincoln R-II School District	Full	02 / 1994	
	Warsaw R-IX School District	Full	02 / 1994	
	Cole Camp R-I School District	Partial	02 / 1994	Waived to allow \$2.7500
Bollinger	Meadow Heights R-II School District	Full	10 / 1993	
	Leopold R-III School District	Full	04 / 2004	
	Zalma R-V School District	Partial	04 / 1994	Waived to allow \$2.7500
	Woodland R-IV School District	Full	10 / 1993	
Boone	Southern Boone Co. R-I School Dist	Full	04 / 1995	
	Boone Co. R-IV School District	Full	04 / 1995	
	Sturgeon R-V School District	Partial	04 / 2004	Waived \$0.6800 of rollback
	Centralia R-VI School District	Full	04 / 2002	
	Harrisburg R-VIII School District	Partial	04 / 1997	Waived \$0.6500 of rollback
Buchanan	East Buchanan Co. C-1 School Dist	Full	04 / 2001	
	Mid-Buchanan Co R-V School Dist	Full	04 / 1997	
	Buchanan County R-IV School Dist	Full	04 / 1997	
Butler	Neelyville R-IV School District	Full	10 / 1993	
	Poplar Bluff R-I School District	Full	02 / 1994	
	Twin Rivers R-X School District	Full	10 / 1993	
Caldwell	Hamilton R-II School District	Full	04 / 1995	
	Cowgill R-VI School District	Full	08 / 1994	
	Polo R-VII School District	Full	04 / 1997	
	Mirabile C-1 School District	Full	08 / 1994	
Callaway	Kingston 42 School District	Full	06 / 1995	
	North Callaway Co R-I School Dist	Full	04 / 2003	
	New Bloomfield R-III School Dist	Full	08 / 1993	
	Fulton 58 School District	Full	06 / 1996	
Camden	Camden Co. R-II School District	Partial	04 / 1994	Waived to allow \$2.7500

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Camden	Camdenton R-III School District	Full	04 / 1999	
	Macks Creek R-V School District	Full	04 / 2002	
Cape Girardeau	Jackson R-II School District	Full	11 / 2003	
	Delta R-V School District	Full	04 / 2000	
	Oak Ridge R-VI School District	Full	08 / 2004	
	Cape Girardeau 63 School District	Full	04 / 1997	
	Tina-Avalon R-II School District	Full	08 / 1998	
Carroll	Bosworth R-V School District	Full	04 / 1997	
	Carrollton R-VII School District	Full	04 / 1998	
	Norborne R-VIII School District	Full	06 / 1995	
	East Carter Co R-II School District	Full	10 / 1993	
Carter	Van Buren R-I School District	Partial	10 / 1993	Waived to allow \$2.7500
	Cass Co R-V School District	Full	04 / 1998	
Cass	Strasburg C-3 School District	Full	04 / 1996	
	Raymore-Peculiar R-II School Dist	Full	04 / 1995	
	Sherwood Cass R-VIII School Dist	Full	08 / 2004	
	Pleasant Hill R-III School District	Full	06 / 1994	
	Harrisonville R-IX School District	Full	11 / 2001	
	Drexel R-IV School District	Full	04 / 1996	
	Belton 124 School District	Full	04 / 2000	
	Stockton R-I School District	Full	02 / 1994	
	El Dorado Springs R-II School Dist	Partial	04 / 1994	Waived to allow \$2.7500
Cedar	Northwestern R-I School District	Full	02 / 1997	
Chariton	Brunswick R-II School District	Full	04 / 2004	
	Keytesville R-III School District	Full	04 / 1994	
	Salisbury R-IV School District	Full	11 / 2003	
	Chadwick R-I School District	Full	08 / 1993	
Christian	Nixa R-II School District	Full	08 / 1998	
	Sparta R-III School District	Full	08 / 1993	
	Billings R-IV School District	Full	08 / 1999	
	Clever R-V School District	Full	04 / 1997	
	Ozark R-VI School District	Full	08 / 1993	
	Spokane R-VII School District	Full	02 / 1994	
	Wyaconda C-1 School District	Full	04 / 1995	
	Revere C-3 School District	Full	04 / 1997	
Clark	Luray 33 School District	Full	08 / 1999	
	Clark Co. R-I School District	Partial	04 / 1994	Waived to allow \$2.7500
	Kearney R-I School District	Full	04 / 2004	
	Smithville R-II School District	Full	04 / 1997	
Clay	Excelsior Springs 40 School Dist	Full	08 / 2002	
	Liberty 53 School District	Full	10 / 1994	
	North Kansas City 74 School Dist	Full	04 / 1994	
	Cameron R-I School District	Full	08 / 1997	
	Lathrop R-II School District	Full	08 / 2002	
Clinton	Clinton County R-III School Dist	Full	04 / 2004	
	Cole Co R-I School District	Full	04 / 2004	
	Cole Co R-II School District	Full	04 / 1996	
Cole	Cole Co. R-V School District	Partial	08 / 2000	Waived to allow \$2.9500
	Blackwater R-II School District	Full	04 / 1996	
Cooper	Cooper Co. R-IV School District	Full	04 / 1996	
	Prairie Home R-V School District	Full	04 / 1996	
	Otterville R-VI School District	Full	08 / 1995	
	Pilot Grove C-4 School District	Full	08 / 1995	
	Boonville R-I School District	Full	08 / 1996	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Crawford	Crawford Co R-I School District	Full	04 / 2003	Waived to allow \$2.7500
	Crawford Co R-II School District	Partial	02 / 1994	
	Steelville R-III School District	Full	06 / 1996	
Dade	Lockwood R-I School District	Full	11 / 1995	
	Everton R-III School District	Full	11 / 1994	
	Greenfield R-IV School District	Full	11 / 1993	
Dallas	Dallas Co R-I School District	Full	04 / 1994	
Daviess	Pattonburg R-II School District	Full	03 / 1996	
	Winston R-VI School District	Full	04 / 1996	
	North Daviess R-III School District	Full	04 / 1998	
	Gallatin R-V School District	Full	04 / 1996	
	Tri-County R-VII School District	Full	08 / 1996	
De Kalb	Osborn R-O School District	Full	08 / 1997	
	Maysville R-I School District	Full	04 / 1994	
	Union Star R-II School District	Full	04 / 2003	
	Stewartsville C-2 School District	Full	08 / 2006	
Dent	Salem R-80 School District	Full	02 / 1994	
	Oak Hill R-I School District	Full	08 / 1993	
	Green Forest R-II School District	Full	11 / 1993	
	Dent-Phelps R-III School District	Full	08 / 1993	
	North Wood R-IV School District	Full	08 / 1993	
Douglas	Skyline R-II School District	Partial	08 / 1993	Waived to allow \$2.7500
	Plainview R-VIII School District	Full	11 / 1993	
	Ava R-I School District	Full	11 / 1993	
Dunklin	Malden R-I School District	Full	04 / 1995	
	Campbell R-II School District	Full	08 / 1993	
	Holcomb R-III School District	Full	08 / 1993	
	Clarkton C-4 School District	Full	08 / 1993	
	Senath-Hornersville C-8 School Dist	Full	08 / 1993	
	Southland C-9 School District	Full	08 / 1993	
	Kennett 39 School District	Full	10 / 1993	
Franklin	Franklin Co R-II School District	Full	11 / 1999	Waived to allow \$2.7500 Waived to allow \$2.7900
	Meramec Valley R-III School Dist	Partial	02 / 1994	
	Union R-XI School District	Partial	04 / 2003	
	Lonedell R-XIV School District	Full	02 / 1994	
	Spring Bluff R-XV School District	Full	11 / 1993	
	Franklin County R-XVI School Dist	Full	04 / 1994	
	St. Clair R-XIII School District	Full	02 / 1994	
	Sullivan C-2 School District	Full	11 / 1993	
	New Haven School District	Full	04 / 1995	
Gasconade	Washington School District	Full	11 / 1995	Waived to allow \$3.1800
	Gasconade Co R-II School District	Partial	04 / 2005	
Gentry	Gasconade County R-I School Dist	Full	08 / 1995	
	Stanberry R-II School District	Full	06 / 1997	
Greene	Albany R-III School District	Full	02 / 1994	
	Willard R-II School District	Full	04 / 2004	
Greene	Republic R-III School District	Full	04 / 2004	Waived to allow \$2.7500 Waived to allow \$2.7500
	Ash Grove R-IV School District	Partial	02 / 1994	
	Walnut Grove R-V School District	Full	02 / 1994	
	Strafford R-VI School District	Partial	02 / 1994	
	Logan-Rogersville R-VIII School Dis	Full	08 / 1993	
	Springfield R-XII School District	Full	04 / 1996	
	Fair Grove R-X School District	Partial	02 / 1994	
Grundy	Grundy Co R-V School District	Full	08 / 2001	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Grundy	Spickard R-II School District	Full	04 / 1999	
	Pleasant View R-VI School District	Full	11 / 1997	
	Laredo R-VII School District	Full	06 / 2000	
	Trenton R-IX School District	Full	02 / 2004	
Harrison	Cainsville R-I School District	Full	08 / 2003	
	South Harrison Co R-II School Dist	Full	08 / 1998	
	North Harrison Co R-III School Dist	Full	02 / 1994	
	Gilman City R-IV School District	Full	08 / 1999	
Henry	Henry County R-I School District	Partial	02 / 1994	Waived to allow \$2.7500
	Shawnee R-III School District	Full	04 / 1994	
	Calhoun R-VIII School District	Full	06 / 1995	
	Leesville R-IX School District	Full	08 / 1993	
	Davis R-XII School District	Full	04 / 1995	
	Montrose R-XIV School District	Full	08 / 2004	
	Clinton School District	Full	11 / 1993	
Hickory	Hickory Co. R-I School District	Full	02 / 1994	
	Wheatland R-II School District	Full	11 / 1993	
	Weaubleau R-III School District	Full	02 / 1994	
	Hermitage R-IV School District	Full	04 / 1994	
Holt	Craig R-III School District	Full	04 / 1996	
	Mound City R-2 School District	Full	04 / 1998	
	South Holt Co R-I School District	Full	04 / 2001	
Howard	New Franklin R-I School District	Full	06 / 1995	
	Fayette R-III School District	Full	08 / 1999	
	Howard Co R-II School District	Partial	08 / 2000	Waived \$0.2500 of rollback
Howell	Howell Valley R-I School District	Full	11 / 1995	
	Mountain View-Birch Tree R-III SD	Partial	04 / 1994	Waived to allow \$2.7500
	Willow Springs R-IV School District	Full	04 / 1994	
	Richards R-V School District	Partial	08 / 1993	Waived to allow \$2.7500
	West Plains R-VII School District	Full	04 / 2004	
	Glenwood R-VIII School District	Full	04 / 2004	
	Junction Hill C-12 School District	Full	02 / 2001	
	Fairview R-XI School District	Full	04 / 2004	
Iron	South Iron Co R-I School District	Full	08 / 2004	
	Arcadia Valley R-II School District	Partial	10 / 1993	Waived to allow \$2.7500
	Bellevue R-III School District	Full	10 / 1993	
	Iron Co C-4 School District	Full	04 / 1995	
Jackson	Fort Osage R-I School District	Full	02 / 2004	
	Grain Valley R-V School District	Full	04 / 1994	
	Oak Grove R-VI School District	Full	08 / 2004	
	Lee's Summit R-VII School District	Partial	04 / 1996	Waived \$0.2000 of rollback (Expires in 2009)
Jasper	Hickman Mills C-1 School District	Full	04 / 1995	
	Raytown C-2 School District	Full	06 / 1994	
	Grandview C-4 School District	Full	08 / 1999	
	Lone Jack C-6 School District	Full	04 / 1996	
	Independence 30 School District	Full	10 / 1994	
	Center 58 School District	Full	08 / 2000	
	Carl Junction R-I School District	Full	04 / 1997	
	Avilla R-XIII School District	Full	08 / 2006	
	Jasper County R-V School District	Partial	04 / 1995	Waived to allow \$3.2100
	Sarcoxie R-II School District	Partial	02 / 1994	Waived to allow \$2.7500
	Carthage R-IX School District	Full	04 / 2004	Expires in 2007
	Webb City R-VII School District	Full	02 / 1994	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Jasper	Joplin R-VIII School District	Full	06 / 1998	
Jefferson	Northwest R-I School District	Full	04 / 1995	Expires in 2014
	Grandview R-II School District	Full	11 / 1993	
	Hillsboro R-III School District	Full	04 / 1998	Expires in 2017
	Dunklin R-V School District	Full	04 / 2003	
	Festus R-VI School District	Full	11 / 1998	
	Jefferson Co R-VII School District	Full	08 / 1998	
	Sunrise R-IX School District	Full	08 / 2003	
	Windsor C-1 School District	Full	04 / 1997	
	Fox C-6 School District	Full	02 / 1995	
	Crystal City 47 School District	Full	04 / 2001	
	DeSoto 73 School District	Full	11 / 2002	
Johnson	Kingsville R-I School District	Full	04 / 1994	
	Holden R-III School District	Full	02 / 1996	
	Chilhowee R-IV School District	Full	04 / 1996	
	Johnson Co R-VII School District	Full	04 / 1994	
	Knob Noster R-VIII School District	Full	02 / 1994	
	Leeton R-X School District	Full	04 / 1997	
	Warrensburg R-VI School District	Full	04 / 1999	
Knox	Knox Co R-I School District	Full	08 / 1995	
Laclede	Laclede Co. R-I School District	Partial	08 / 1993	Waived to allow \$2.7500
	Gasconade C-4 School District	Full	08 / 1993	
	Lebanon R-III School District	Partial	08 / 1993	Waived to allow \$2.7500
	Laclede Co C-5 School District	Full	04 / 1994	
Lafayette	Concordia R-II School District	Full	06 / 1996	
	Lafayette Co C-1 School District	Full	02 / 1998	
	Odessa R-VII School District	Full	11 / 1993	
	Santa Fe R-X School District	Full	04 / 2001	
	Wellington-Napoleon R-IX Sch Dist	Full	11 / 2002	
	Lexington R-V School District	Full	08 / 2003	
Lawrence	Miller R-II School District	Full	04 / 2004	
	Pierce City R-VI School District	Partial	02 / 1994	Waived to allow \$2.7500
	Marionville R-IX School District	Partial	02 / 1994	Waived to allow \$2.7500
	Mt. Vernon R-V School District	Full	02 / 1995	
	Aurora R-VIII School District	Partial	02 / 1994	Waived to allow \$2.7500
	Verona R-VII School District	Full	06 / 2004	
Lewis	Canton R-V School District	Full	04 / 1994	
	Lewis Co C-1 School District	Full	02 / 1994	
Lincoln	Silex R-I School District	Full	04 / 1994	
	Elsberry R-II School District	Full	04 / 1994	
	Winfield R-IV School District	Full	04 / 1998	
Linn	Bucklin R-II School District	Full	08 / 1993	
	Marceline R-V School District	Full	04 / 2004	
	Brookfield R-III School District	Full	08 / 2006	
Livingston	Southwest Livingston Co R-I Sch Dis	Full	11 / 1999	
	Chillicothe R-II School District	Full	04 / 1998	
Mc Donald	McDonald Co R-I School District	Partial	02 / 1994	Waived to allow \$2.7500
Macon	La Plata R-II School District	Full	08 / 1996	
	Macon Co R-I School District	Full	04 / 2004	
Madison	Marquand-Zion R-VI School District	Full	06 / 2003	
	Fredericktown R-I School District	Full	10 / 1993	
Maries	Maries Co R-I School District	Full	06 / 1995	
	Maries Co R-II School District	Full	04 / 1999	
Marion	Marion Co R-II School District	Full	04 / 1995	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Marion	Palmyra R-I School District	Full	04 / 2004	
Mercer	Princeton R-V School District	Partial	04 / 2001	Waived \$0.2500 of rollback
Miller	Eldon R-I School District	Full	08 / 2005	
	Miller Co R-III School District	Full	04 / 1995	
	St. Elizabeth R-IV School District	Full	08 / 1993	
	Iberia R-V School District	Full	02 / 2001	
Mississippi	East Prairie R-II School District	Partial	10 / 1993	Waived to allow \$2.7500
	Charleston R-I School District	Full	10 / 1993	
Moniteau	Moniteau Co R-I School District	Full	02 / 1994	
	High Point R-III School District	Full	04 / 1994	
	Moniteau Co R-V School District	Full	06 / 2002	
	Moniteau Co R-VI School District	Full	04 / 1994	
	Moniteau Co C-1 School District	Full	04 / 1997	
	Clarksburg C-2 School District	Full	08 / 1996	
Monroe	Middle Grove C-1 School District	Full	08 / 2002	
	Monroe City R-I School District	Full	11 / 1994	
	Holliday C-2 School District	Full	08 / 1993	
	Madison C-3 School District	Full	08 / 1996	
	Paris R-II School District	Full	04 / 1998	
Montgomery	Wellsville-Middletown R-I Sch Dist	Full	04 / 1996	
	Montgomery Co R-II School District	Full	04 / 1999	
Morgan	Morgan Co R-I School District	Full	02 / 1994	
	Morgan Co R-II School District	Full	11 / 1993	
New Madrid	Risco R-II School District	Full	08 / 1996	
	Portageville School District	Full	08 / 2004	
	Gideon 37 School District	Full	04 / 1996	
	New Madrid Co R-I School District	Full	11 / 1996	
Newton	East Newton Co R-VI School District	Full	02 / 1994	
	Diamond R-IV School District	Full	02 / 1994	
	Westview C-6 School District	Partial	02 / 1994	Waived to allow \$2.7500
	Seneca R-VII School District	Partial	02 / 1994	Waived to allow \$2.7500
	Neosho R-V School District	Partial	02 / 1994	Waived to allow \$2.7500
Nodaway	Nodaway-Holt R-VII School District	Full	04 / 1998	
	West Nodaway Co R-I School District	Full	04 / 2004	
	Northeast Nodaway Co R-V Sch Dist	Full	10 / 1995	
	North Nodaway Co R-VI School Dist	Full	04 / 1998	
	South Nodaway Co R-IV School Dist	Full	08 / 2003	
Oregon	Couch R-I School District	Full	08 / 1993	
	Thayer R-II School District	Full	10 / 1993	
	Oregon-Howell R-III School District	Partial	04 / 1994	Waived to allow \$2.7500
	Alton R-IV School District	Full	10 / 1993	
Osage	Osage Co R-I School District	Full	04 / 2003	
	Osage Co R-II School District	Full	02 / 1994	
	Osage Co R-III School District	Full	02 / 1994	
Ozark	Thornfield R-I School District	Full	02 / 1994	
	Bakersfield R-IV School District	Full	04 / 1998	
	Gainesville R-V School District	Full	04 / 1994	
	Dora R-III School District	Full	04 / 2004	
	Lutie R-VI School District	Full	04 / 1995	
Pemiscot	North Pemiscot Co R-I School Dist	Full	08 / 1996	
	Hayti R-II School District	Full	10 / 1993	
	Pemiscot Co R-III School District	Full	08 / 1996	
	Cooter R-IV School District	Full	08 / 1993	
	South Pemiscot Co R-V School Dist	Full	10 / 1993	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Pemiscot	Pemiscot Co C-7 School District	Full	08 / 1996	
	Caruthersville 18 School District	Full	08 / 1993	
Perry	Perry Co 32 School District	Full	11 / 2001	
	Altenburg 48 School District	Full	04 / 1996	
Pettis	Pettis Co R-V School District	Full	04 / 1996	
	La Monte R-IV School District	Full	04 / 1996	
	Smithton R-VI School District	Full	04 / 2000	
	Green Ridge R-VIII School District	Full	08 / 1996	
	Pettis Co R-XII School District	Full	04 / 1994	
	Sedalia 200 School District	Full	04 / 2003	
Phelps	St. James R-I School District	Full	04 / 2004	
	Newburg R-II School District	Full	08 / 1993	
	Phelps Co R-III School District	Full	08 / 1993	
Pike	Bowling Green R-I School District	Full	06 / 1995	
	Pike Co R-III School District	Full	04 / 1994	
	Louisiana R-II School District	Full	08 / 1995	
Platte	North Platte Co R-I School District	Full	06 / 1996	Expires in 2012
	West Platte Co R-II School District	Full	08 / 2000	
	Park Hill R-V School District	Full	06 / 1994	
Polk	Bolivar R-I School District	Full	04 / 2004	
	Fair Play R-II School District	Full	08 / 1994	
	Halfway R-III School District	Full	06 / 1999	
	Humansville R-IV School District	Full	08 / 1993	
	Marion C. Early R-V School District	Partial	08 / 1993	Waived to allow \$2.8100
	Pleasant Hope R-VI School District	Full	04 / 1994	
Pulaski	Swedeborg R-III School District	Full	10 / 1993	
	Pulaski Co R-IV School District	Full	08 / 1993	
	Laquey R-V School District	Full	08 / 1993	
	Waynesville R-VI School District	Full	06 / 1994	
	Dixon R-I School District	Full	11 / 1993	
	Crocker R-II School District	Full	08 / 1993	
Putnam	Putnam Co R-I School District	Full	02 / 1994	
Ralls	Ralls Co R-II School District	Partial	04 / 1994	Waived to allow \$2.7500
Randolph	Northeast Randolph Co R-IV Sch Dist	Full	06 / 2000	
	Renick R-V School District	Full	04 / 2003	
	Higbee R-VIII School District	Full	04 / 1998	
	Moberly School District	Full	04 / 1999	
Ray	Stet R-XV School District	Full	04 / 2004	
	Lawson R-XIV School District	Full	04 / 1998	
	Orrick R-XI School District	Full	04 / 2004	
	Hardin-Central C-2 School District	Full	04 / 2003	
	Richmond R-XVI School District	Full	08 / 2001	
Reynolds	Centerville R-I School District	Full	11 / 2001	
	Lesterville R-IV School District	Full	08 / 1993	
Ripley	Naylor R-II School District	Full	10 / 1993	
	Doniphan R-I School District	Full	04 / 1994	
	Ripley Co R-IV School District	Partial	04 / 1994	Waived to allow \$2.7500
	Ripley Co R-III School District	Full	04 / 1994	
St. Charles	Fort Zumwalt R-II School District	Full	04 / 2001	
	Francis Howell R-III School Dist	Full	04 / 1995	
	Wentzville R-IV School District	Full	04 / 1997	
	St Charles R-VI School District	Full	08 / 1998	
St. Clair	Appleton City R-II School District	Full	10 / 1993	
	Roscoe C-1 School District	Full	02 / 1994	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
St. Clair	Lakeland R-III School District	Full	02 / 1994	
	Osceola School District	Full	02 / 1994	
St. Francois	Bismarck R-V School District	Full	04 / 2000	
	Farmington R-VII School District	Full	06 / 1995	
	North St. Francois Co R-I Sch Dist	Full	08 / 2000	
	Central R-III School District	Full	11 / 1995	
	West St Francois Co R-IV Sch Dist	Full	11 / 1998	
	Ste. Genevieve Co R-II School Dist	Full	04 / 1999	
Ste. Genevieve				
St. Louis	Hazelwood R-I School District	Full	11 / 1997	
	Ferguson-Florissant R-II Sch Dist	Full	02 / 1997	
	Rockwood R-VI School District	Full	02 / 1994	
	Kirkwood R-VII School District	Full	06 / 1998	
	Mehlville R-IX School District	Full	04 / 1998	
	Parkway C-2 School District	Full	11 / 1995	
	Afton 101 School District	Full	04 / 1998	
	Bayless School District	Full	04 / 1994	
	Hancock Place School District	Full	06 / 2002	
	Jennings School District	Full	02 / 1998	
	Maplewood-Richmond Heights Sch Dist	Full	04 / 1998	
	Normandy School District	Partial	06 / 1991	Waived \$0.6000 of rollback
	Ritenour School District	Full	11 / 1998	
	Riverview Gardens School District	Full	04 / 1994	
	University City School District	Full	04 / 1996	
	Valley Park School District	Full	11 / 1994	
	Webster Groves School District	Full	06 / 1994	
	Wellston School District	Full	08 / 1997	
Saline	Miami R-I School District	Full	08 / 1995	
	Orearville R-IV School District	Full	04 / 1997	
	Malta Bend R-V School District	Full	04 / 1997	
	Hardeman R-X School District	Full	04 / 1998	
	Gilliam C-4 School District	Full	04 / 1995	
	Marshall School District	Full	04 / 1996	
	Slater School District	Full	04 / 1995	
	Sweet Springs R-VII School District	Full	04 / 1996	
Schuyler	Schuyler Co R-I School District	Partial	04 / 1994	Waived to allow \$2.7500
Scotland	Scotland Co R-I School District	Full	04 / 2002	
Scott	Scott City R-I School District	Full	10 / 1993	
	Chaffee R-II School District	Full	10 / 1993	
	Scott Co R-IV School District	Full	10 / 1993	
	Scott Co R-V School District	Full	10 / 1993	
	Sikeston R-VI School District	Full	10 / 1993	
	Kelso C-7 School District	Full	10 / 1993	
	Oran R-III School District	Full	10 / 1993	
	Winona R-III School District	Partial	04 / 1994	Waived to allow \$2.7500
Shannon	Eminence R-I School District	Full	04 / 1994	
Shelby	North Shelby School District	Full	04 / 1995	
	Shelby Co R-IV School District	Full	06 / 2001	
Stoddard	Bell City R-II School District	Full	08 / 2003	
	Advance R-IV School District	Partial	10 / 1993	Waived to allow \$2.7500
	Puxico R-VIII School District	Full	10 / 1993	
	Bloomfield R-XIV School District	Partial	10 / 1993	Waived to allow \$2.7500
	Dexter R-XI School District	Full	10 / 1993	
	Bernie R-XIII School District	Full	10 / 1993	
Stone	Hurley R-I School District	Full	02 / 1994	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Stone	Galena R-II School District	Full	08 / 1993	
	Crane R-III School District	Full	02 / 1994	
	Reeds Spring R-IV School District	Full	04 / 2004	
	Blue Eye R-V School District	Full	04 / 2001	
Sullivan	Milan C-2 School District	Full	04 / 2003	
Taney	Bradleyville R-I School District	Full	02 / 1994	
	Taneyville R-II School District	Full	02 / 1994	
	Forsyth R-III School District	Full	02 / 1994	
	Hollister R-V School District	Full	02 / 1998	
	Kirbyville R-VI School District	Full	02 / 1994	
	Mark Twain R-VIII School District	Full	02 / 1994	
	Success R-VI School District	Full	11 / 1993	
	Houston R-I School District	Full	11 / 1993	
Texas	Summersville R-II School District	Full	11 / 1993	
	Licking R-VIII School District	Full	11 / 1993	
	Cabool R-IV School District	Full	11 / 1993	
	Plato R-V School District	Full	10 / 1993	
	Raymondville R-VII School District	Full	11 / 1993	
	Nevada R-V School District	Full	06 / 1999	Expires in 2009
	Bronaugh R-VII School District	Full	04 / 1998	
	Sheldon R-VIII School District	Full	04 / 1997	
	Northeast Vernon County R-I	Full	03 / 1996	
Warren	Wright City R-II School District	Full	04 / 2006	
	Warren Co R-III School District	Full	04 / 1995	
Washington	Kingston K-14 School District	Full	04 / 1998	
	Potosi R-III School District	Partial	10 / 1993	Waived to allow \$2.7500
	Richwoods R-VII School District	Partial	06 / 2002	Waived to allow \$3.2500
	Valley R-VI School District	Full	08 / 1997	
Wayne	Greenville R-II School District	Full	04 / 1994	
	Clearwater R-I School District	Full	10 / 1993	
Webster	Niangua R-V School District	Full	11 / 1993	
	Fordland R-III School District	Partial	08 / 1993	Waived to allow \$2.7500
	Marshfield R-I School District	Full	08 / 1993	
	Seymour R-II School District	Partial	02 / 1994	Waived to allow \$2.7500
Worth	Worth Co R-III School District	Full	04 / 1997	
Wright	Norwood R-I School District	Full	11 / 1993	
	Hartville R-II School District	Full	11 / 1993	
	Mountain Grove R-III School Dist	Full	11 / 1993	
	Mansfield R-IV School District	Full	11 / 1993	
	Manes R-V School District	Full	11 / 1993	
St. Louis City	St. Louis City School District	Full	06 / 1994	

NOTE:

All school districts listed above have a voter approval for either a full or partial. If a school district is not included on this list, then the school district does not have a voter approved proposition C waiver.

A partial waiver allows a school district to partially waive its required proposition C (sales tax) reduction to the extent necessary to collect \$2.7500 or waive the amount stated on the ballot. A full waiver allows a school district to reduce its required proposition C reduction to \$0.0000 and levy up to its calculated tax rate ceiling.



Claire McCaskill

Missouri State Auditor

December 2006

Birmingham Drainage
District

Year Ended December 31, 2005



Office Of
Missouri State Auditor
Claire McCaskill

December 2006

The following findings were included in our audit report on the Birmingham Drainage District.

The Birmingham Drainage District's board needs to increase its oversight and management of district operations. It appears that many duties/functions performed by the District Attorney are outside the scope of services as provided by state law. The board only holds two meetings a year, and relies upon the District Attorney to perform most of the day-to-day responsibilities for the operation of the district. During 2005, the district paid the District Attorney's firm over \$45,000 for legal services.

State law provides for the appointment of a District Secretary/Treasurer, District Overseer, District Engineer, and District Attorney. The district did not report wages, withhold payroll taxes, or pay the employer's share of social security on compensation paid to these officials. Rather, it appears the district considers the officials independent contractors; however, they do not have written agreements with the officials regarding their duties, responsibilities, and compensation.

In March 2004, the district hired a former supervisor as its District Engineer and paid \$200 per month during the year ended December 31, 2005 for his services. The District Engineer, who lives in Utah, has not attended a board meeting since July 2004, and did not attend the May 2006 U.S. Army Corps of Engineers inspection of district improvements. Also, he does not prepare annual reports required by state law. The district could provide no documentation of the work done by the District Engineer.

For the year ended December 31, 2005, the District Overseer was paid \$650 per month for his duties as Overseer. In addition, the district paid him almost \$23,000 for various maintenance services, such as mowing, chemical application, tractor work, and other general labor. This situation may be a conflict of interest in violation of state law.

There was no documentation that the board approved all significant district business. In addition, the board does not report to the landowners at the annual landowner's meeting the work which was done within the district.

There is little independent oversight or adequate segregation of duties regarding the district's accounting functions. At December 31, 2005, the district had several accounts which totaled approximately \$1.3 million, and were held at 6 banks and an investment firm. The district needs to better manage these accounts.

(over)

YELLOW SHEET

The district does not review or verify the accuracy of its maintenance tax book. In the 2005 tax book and tax calculations, we found that the maintenance tax for 6 of 10 properties reviewed was not correctly calculated. Errors in the tax book were not detected and corrected, nor were the assessed benefits always calculated in accordance with the court order. As a result, the district had little assurance that taxes assessed are proper and accurate.

There were numerous weaknesses with the district's procedures for conducting and documenting board meetings and elections. The meetings were infrequent and were not always at a location and time that were conducive for the public to attend, the minutes did not always contain sufficient detail of business conducted and actions taken, and some meetings did not comply with the open meetings law. Also, the district did not have written policies and procedures for public access to records, absenteeism by supervisors, and election of supervisors.

The district does not have a formal bidding policy. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. During the year ended December 31, 2005, bids were either not solicited or bid documentation was not retained for certain goods and services totaling over \$200,000.

In March 2004, the district completed a construction project to repair a section of the levee. The district did not document the basis or justification for awarding the bid to a contractor other than the low bidder for the project. Board minutes did not indicate that construction change orders totaling approximately \$28,000 relating to the project were approved by the board, nor could the district provide copies of these change orders. In November 2003, the district requested the contractor to purchase extra steel, costing \$209,170, for Phase II of the project; however three years later, the steel has not been used. In addition, no documentation was available to support that the district procured the engineering services for the project, as provided by state law.

The board as a whole does not approve expenditures or review invoices before payment of the district's expenses. There was no evidence that the board requested or reviewed invoices and/or other supporting documentation for expenditures. Additionally, the board is not provided with a listing of payments made until after the fiscal year has ended.

The district did not prepare and adopt annual budgets in accordance with state law, nor obtain annual audits as required by state law. Actual expenditures exceeded budgeted amounts by over \$69,000 for the year ended December 31, 2005.

The district's responses did not address many of our recommendations. The lack of board oversight and various weaknesses need to be addressed.

All reports are available on our website: www.auditor.mo.gov

BIRMINGHAM DRAINAGE DISTRICT

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Board of Supervisors
Birmingham Drainage District

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Birmingham Drainage District. The scope of our audit of the district included, but was not necessarily limited to, the year ended December 31, 2005. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, financial records, and other pertinent documents; interviewed various officials of the district, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in the audit of the district.

The accompanying Management Advisory Report presents our findings arising from our audit of the Birmingham Drainage District.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

September 15, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Kim Spraggs, CPA

BIRMINGHAM DRAINAGE DISTRICT
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	District Policies and Procedures
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The Birmingham Drainage District's board needs to increase its oversight and management of district operations. Public accountability and internal controls need to be improved. It appears that the board's infrequent meetings and lack of attendance (see MAR finding number 3) by supervisors have contributed to many of the problems identified in this report.

Our review of district policies and procedures noted the following problems:

- A. It appears that many duties/functions performed by the District Attorney are outside the scope of services as provided by state law. During 2005, the District Attorney billed the district \$310 per hour for his services, and the district paid the District Attorney's firm over \$45,000 for legal services.

Since the board only holds two meetings a year, it relies upon the District Attorney to perform most of the day-to-day responsibilities for the operation of the district, with little oversight by the board. In addition to legal services, the District Attorney negotiates contracts, requests proposals/quotes for goods and services, hires and oversees companies and individuals who provide services to the district, reviews and approves invoices, and receives the district's revenues. Also, many district records are maintained by the attorney rather than the District Secretary/Treasurer, and many district records list the attorney's law firm as the district's address.

Section 242.390, RSMo, provides that the duties to be performed by the attorney be legal in nature, such as conducting legal proceedings, providing legal advice, and attending to matters of a legal nature. This section does not provide that the attorney have oversight of the day-to-day operations of the district.

The board should ensure that its attorney only provides services that are legal in nature, as provided by state law. The day-to-day operations of the district should be handled by the board or other district appointed officials.

- B. The district has not clearly shown whether its appointed officials are independent contractors or employees.

Chapter 242, RSMo, provides for the appointment of a District Secretary/Treasurer, District Overseer, District Engineer, and District Attorney to perform certain duties. The district did not report wages, withhold payroll taxes, or pay the employer's share of social security on compensation paid to these

officials. Rather, it appears the district considers the officials independent contractors and issues Form 1099-MISC for their compensation paid. However, they do not have written agreements with the officials regarding their duties, responsibilities, and compensation.

If these officials are independent contractors, the district needs written agreements with the officials, which outline their duties and compensation. Also, Section 242.390, RSMo, provides that the employment of the district's attorney be "evidenced by an agreement in writing", and Section 432.070 RSMo, requires all contracts of the district to be in writing. Additionally, while the district officials' services may not be subject to standard bidding procedures, proposals should be sought for such services and the best proposals selected based on cost, experience, the type of services to be provided, and any other relevant factors.

For employees, the Internal Revenue Service (IRS) requires employers to report compensation on W-2 forms and withhold and remit federal income taxes. Similarly Chapter 143, RSMo, includes requirements for reporting wages and withholding state income taxes. Also, state and federal laws require employers to pay the employer's share of social security on the compensation paid to employees. Additionally, Section 105.300, RSMo, defines an appointive officer or employee of a political subdivision as an employee for social security tax purposes.

The district needs to contact the IRS and/or the Missouri Department of Revenue for guidance regarding the situation.

C. It appears the board does not receive documentation which supports that all district officials are adequately performing their duties/responsibilities.

1. The District Engineer has not attended a board meeting since July 2004, and did not attend the May 2006 U.S. Army Corps of Engineers inspection of district improvements. Also, he does not prepare annual reports required by state law. The district could provide no documentation of the work done by the District Engineer. In addition, the district hires a consulting engineer for specific projects.

In March 2004, the district hired a former supervisor as its District Engineer. He lives in Utah and was paid \$200 per month during the year ended December 31, 2005 for his services. The District Attorney indicated the former supervisor was hired because of his expertise and familiarity with the district properties and improvements, and his responsibilities include oversight of district improvements and providing advice at the request of the board.

Sections 242.220 and 242.330 RSMo, require that the board appoint a competent civil engineer as chief engineer, to control the engineering

work and supervise all the district works and improvements. The chief engineer, at least annually, is required to provide a written report of all work done and improvements made, including suggestions and recommendations, to the board.

The board should ensure that the District Engineer adequately performs his duties and should require an annual report be prepared as required by state law.

2. The work performed by the District Overseer appears to represent a potential conflict of interest. The overseer determines what work needs to be done, and receives additional compensation for doing that work.

For many years, the district has hired a landowner to serve as the District Overseer. For the year ended December 31, 2005, the District Overseer was paid \$650 per month for his duties as Overseer. In addition, the district paid him almost \$23,000 for various maintenance services, such as mowing, chemical application, tractor work, and other general labor. (See bidding concerns at MAR finding number 4)

Section 242.380, RSMo, provides that the District Overseer "keep the ditches, drains, levees, dikes and other works of the district in good repair, and remove all obstructions from ditches, drains or watercourses within or without said district that may affect the works of the district." The District Attorney indicated the overseer is in charge of day-to-day levee operations; and that all work done is first verbally approved by either himself or the board president. According to the District Overseer, he does not always ask for board approval prior to providing the services, but does frequently communicate with one of the board members regarding the work that needs to be done.

This situation may be a conflict of interest in violation of Section 105.454, RSMo, which prohibits an employee or official, serving in an executive or administrative capacity of any political subdivision, from performing any service for the district for more than \$500 per transaction or \$5,000 per year unless the transaction is made by competitive bidding and the lowest bid accepted.

The board should ensure that a conflict of interest does not exist with the District Overseer's duties. His duties should be defined (see above) and all documentation, discussions, and decisions regarding additional payments to him should be documented and retained, so that the public has assurance that no district official has improperly profited from his position.

- D. There was no documentation the board approved all significant district business. Some examples include 1) a construction contract, totaling approximately \$735,000, 2) an amendment to the construction contract, totaling \$131,000, and 3) the purchase of steel, totaling \$209,000 for Phase II of the construction contract. This construction contract is also addressed at MAR finding number 4.

Additionally, there was no documentation that the board approved the extension of two lease agreements in 2005. One agreement was extended through 2010, while the other agreement was extended through 2085. Receipts from these leases for the year ended December 31, 2005, totaled \$43,233 and \$140,000, respectively.

All significant district business should be approved by the board, and documented in the board minutes.

- E. The board does not report to the landowners at the annual landowner's meeting the work which was done within the district. The board minutes document that the board discussed the prior year's financial statement and the current year's proposed budget. However, the minutes do not document the nature or location of improvements and maintenance. Section 242.200, RSMo, requires the board to report to the landowners at the annual landowner's meeting the work which was done within the district.

- F. There is little independent oversight or adequate segregation of duties regarding the district's accounting function. The District Secretary/Treasurer's duties include maintaining receipt and disbursement records; making bank deposits and transfers; preparing, signing, and distributing checks; reconciling bank statements; and preparing financial reports. There was little evidence the board provided adequate supervision or review of the work performed by the secretary/treasurer. The current procedures jeopardize the system of independent checks and balances.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible. If proper segregation of duties cannot be achieved, at a minimum, timely supervisory or independent review of the work performed and investigation into unusual items and variances is necessary.

- G. Although the District Secretary/Treasurer is bonded, other check signers are not. Dual signatures are required on checks, and check signers include the District Secretary/Treasurer, the board president, and a supervisor. Failure to properly bond individuals who have access to funds exposes the district to risk of loss.

- H. The district needs to better manage its bank accounts. At December 31, 2005, the district had three checking accounts, one savings account, ten Certificates of

Deposit (CDs), and an investment account consisting of CDs and a money market fund. These accounts and CDs, which totaled approximately \$1.3 million, were held at 6 banks and an investment firm.

1. The district has not solicited proposals for its checking and depositary services nor entered into written agreements with its depositary banks.

To ensure the quality of banking services and interest earnings received by the district are maximized, the district should procure its banking services through a competitive bid process. A written depositary contract helps both the bank and the district understand and comply with the requirements of any banking arrangement. The depositary agreement provisions should include, but not be limited to, bank fees for check printing, checking account services, interest charges for borrowed funds, interest rates for invested funds, and a requirement for the bank to pledge collateral security for any deposits in excess of Federal Deposit Insurance Corporation (FDIC) coverage.

2. The investment in the money market fund does not appear to be an appropriate investment for the district.

At December 31, 2005, the district maintained approximately \$985,000 in an investment account through an investment firm. The account consisted of approximately \$182,000 held primarily in a money market fund and approximately \$803,000 held in 9 CDs. According to the fund's prospectus, the funds held in the money market fund are neither insured by the FDIC or any other government agency nor protected from market loss.

Section 242.190.4, RSMo, provides that funds be invested in instruments which are direct obligations or guaranteed by federal agencies, accounts in savings and loan associations which are insured, and accounts in banking institutions. Additionally, the State Treasurer's Office investment guidelines for political subdivisions does not authorize the investment of public monies in money market funds.

The board should ensure district funds are invested in accounts insured by the FDIC or guaranteed by federal agencies.

3. The board should consider consolidating its bank accounts to help simplify the district's records and reduce the number of accounts that must be monitored and controlled. The District Attorney indicated the district's funds are held in multiple accounts and banks so that balances are covered by the FDIC insurance and to allow multiple banks to benefit from the district's business.

A large number of bank accounts requires additional record keeping and increases the likelihood that errors will occur in the handling of funds. Consolidating accounts would also allow funds to be pooled for increased investment opportunities.

WE RECOMMEND the Board of Supervisors:

- A. Ensure the District Attorney provides services which are legal in nature. The day-to-day operations of the district should be handled by the board or other appointed officials.
- B. Contact the IRS and/or Missouri Department of Revenue for guidance regarding the reporting of compensation paid its appointed officials.
- C.1. Ensure the District Engineer adequately performs his duties. In addition, the board should require the District Engineer to prepare and submit an annual report of all work done and improvements made, including suggestions and recommendations, to the board.
- 2. Ensure a conflict of interest does not exists with the District Overseer's duties. All documentation, discussions, and decisions regarding payments in addition to his monthly compensation should be documented and retained,
- D. Ensure that all significant district business is approved by the board. Documentation of the board's approval should be retained.
- E. Report to the landowners at the annual landowner's meeting the nature and location of improvements and maintenance, and maintain documentation of this report in the minutes.
- F. Segregate the duties of the District Secretary/Treasurer to the extent possible. If proper segregation of duties cannot be achieved, at a minimum, timely supervisory or independent review of the work performed and investigation into unusual items and variances is necessary.
- G. Obtain bond coverage for all individuals handling district monies.
- H.1. Seek proposals or competitively bid the district's banking services, and enter into written depositary agreements with its depositary banks.
- 2. Ensure district monies are invested in appropriate accounts.
- 3. Consider consolidating the district's bank accounts and CDs.

AUDITEE'S RESPONSE

The Board of Supervisors of the Birmingham Drainage District is appreciative of the efforts of the State Audit Department in reviewing the practices of the Birmingham Drainage District. The Board is pleased the audit found no illegalities or glaring deficiencies in the manner in which the Board is fulfilling its responsibilities. The Board of Supervisors will seriously consider all of the observations and recommendations contained in the audit and make such changes as it determines are appropriate and would better enable it to fulfill its responsibility to maintain the drainage and levee improvements over which it has jurisdiction.

The Supervisors believe many of the observations and recommendations are attributable to the lack of familiarity of the Auditor's Office with the duties, functions, and responsibilities of the District. There are certain areas to which the Board has generally responded.

The Board of Supervisors disagrees strongly with the implication it does not adequately supervise its independent contractors. None of the work those contractors perform is done without authorization and direction from the Board or its designees. The Board further, at least annually, reviews the performance of each contractor to make certain each is performing as expected and being fairly compensated. The Board is also cognizant of potential conflicts of interest. No member of the Board receives compensation other than for services as a Board member and when practicable proposals for work to be done are received from more than one source. The Board further believes it has adequate controls on its accounting procedures and accounts. No one individual has the ability to approve statements and write significant checks and the audit has raised no questions as to improper payment.

AUDITOR'S COMMENT

The district has not addressed many of our recommendations. The lack of board oversight and documentation of significant operations, and the need for improved accounting controls and procedures are all deficiencies which need to be addressed.

2. Maintenance	Tax
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The district does not review the maintenance tax book prepared by an outside entity, does not conduct an analysis of the district's financial information prior to setting the tax rate, and does not maintain documentation to support the funds reserved for pump replacement and emergencies.

The district levies an annual maintenance tax to pay the district's operating expenses, including the costs of maintaining and preserving the levee and other district improvements. Each year, the board sets the maintenance tax levy rate at the July meeting. Each property is assessed a maintenance tax based on the benefit the property derives from the district improvements. The method for determining the assessed benefit for each property type within the district is outlined in a 1997 court order. The court order provides that the value for agricultural property be based on the soil class(s) of the

property multiplied by 50 percent to determine the assessed benefit amount. For all other property, the assessed benefit amount is the assessed value of the property at January 1 multiplied by a set percentage; 90 percent for commercial, 80 percent for residential, and 70 percent for governmental and railroad/utilities.

Since 1994, the district has had a title company calculate the assessed benefit and tax amounts for each property and prepare the district's tax book. The District Secretary/Treasurer then certifies the tax book to the Clay County Collector who bills each property owner, collects current and delinquent taxes, and remits the tax collections to the district. During 2005, the maintenance tax levy generated almost \$374,000 in tax revenues.

Our review of the maintenance tax noted the following problems:

- A. The district does not review or verify the accuracy of the tax book. Errors in the tax book were not detected and corrected, nor were the assessed benefits always calculated in accordance with the court order. As a result, the district has little assurance that taxes assessed are proper and accurate.

During our review of the 2005 tax book and tax calculations, we found that the maintenance tax for six of ten (60 percent) properties was not correctly calculated. For three properties, landowners were overcharged a total of \$1,480 and landowners for three other properties were undercharged a total of \$555.

Our review disclosed the following problems:

- For agricultural properties, the proper acreage and soil class was not used to calculate the assessment of benefits. For four agricultural properties tested, the acreage listed in the tax book did not agree to the acreage in the Clay County Assessor's records. Although the acreage and soil class is available from the county assessor, the tax book preparer does not obtain this information to calculate the assessed benefit, but uses \$500 per acre as the value in her calculation. It is unclear how or why the \$500 per acre was established and used.

We also identified 26 other agricultural properties in which the tax book acreage did not agree with the county assessor's acreage. Since a significant portion of district property is agricultural; errors in the acreage could result in considerable incorrect tax amounts.

- For railroad and utility properties, the assessed value of these properties as of April 1995 was used in the tax calculation. The tax preparer indicated that she did not know where to get this information and was using the values from the tax books she received when she started preparing the tax books. However, the applicable current assessed value for railroads and utilities is available from the State Tax Commission.

- For one property consisting of both commercial and agricultural property, a portion of the property was used twice in assessing benefits and taxes. On another property the assessed benefit was calculated to be \$273,258, however the district could not document how this amount was determined. Based upon information from the county assessor, the assessed benefit appears to be only \$13,680, which would result in an actual tax difference of almost \$1,300.
- For governmental properties, although assessed benefits and taxes were calculated, it appears these properties are exempt from paying maintenance taxes. Article X, Section 6 of the Missouri Constitution, exempts from taxation all property, real and personal, of the state, counties and other political subdivisions.

The district is responsible for ensuring benefits are properly assessed and the correct tax is calculated. Policies and procedures should be established to review and test the tax book to ensure all information is accurate, benefits are properly assessed, and the tax is the proper amount.

- B. The district has no documentation to support the annual maintenance tax levy. Each year, the July board minutes simply state the rate set and the amount of assessed benefits. The 2006 maintenance tax levy is one-half of one percent.

Our observation of the board's process for setting the 2006 maintenance tax rate noted that the board had not prepared estimations and/or analysis of the funds needed for 2007; expected income, including revenues to be generated at various tax rates; estimated expenditures; and estimated beginning and ending fund balances. However, there was discussion that by setting the rate the same as the previous year, additional funds should be generated which could be set aside for emergencies. In recent years, the board increased its tax rate to cover the costs of repairing the levee, and as noted below, to maintain reserve funds. In four of the last five years, receipts have exceeded expenditures ranging from \$50,000 to \$300,000.

The board should set the tax levy based on proper analysis and estimation of district financial information. This process, including the rationale supporting the rate set, should be documented.

- C. Beginning in 2004, the district sets aside funds for future replacement of its three pumps and for other emergencies; however, the amounts set aside are not supported by cost estimates or other replacement cost documentation. In addition, it appears two of these pumps were donated by a landowner; however, the district did not provide documentation regarding its ownership and/or responsibilities for these pumps. At December 31, 2005, the reserve for pump replacement totaled \$850,000 and the emergency contingency fund totaled \$250,000.

Additionally, in July 2006, the board voted to increase the emergency contingency fund to \$500,000. The District Attorney indicated the amount in the pump replacement fund is based on verbal estimates obtained from suppliers; however, these estimates were not documented.

Without documentation such as a cost estimate or other replacement cost documentation, there is little assurance the amounts set aside are reasonable. This cost information should be periodically reviewed and updated as needed and the reserve amounts adjusted as necessary.

WE RECOMMEND the Board of Supervisors:

- A. Review and test the maintenance tax book to ensure all information is accurate, benefits are properly assessed, and the tax is the proper amount.
- B. Set the tax levy based on proper analysis and estimation of district financial information. This process, including the rationale supporting the rate set, should be documented.
- C. Prepare documentation to support the amounts reserved for pump replacement and emergencies. The documentation should be periodically reviewed and updated as needed and the reserve amounts adjusted as necessary.

AUDITEE'S RESPONSE

The Board of Supervisors does not have the expertise to analyze the intricacies of the tax book. The Board did, several years ago, engage in a judicial process to more equitably assess benefits within the District. It has for many years relied on a recognized expert to calculate and maintain its tax books (in conjunction with the Clay County Assessor and Collector). However, the Board will be engaging a new contractor in this area in 2007 and the auditor recommendations will be considered and made available to the new contractor.

3. Meetings, Minutes, and Elections

There were numerous weaknesses with the district's procedures for conducting and documenting board meetings and elections. The meetings were infrequent and were not always at a location and time that were conducive for the public to attend, the minutes did not always contain sufficient detail of business conducted and actions taken, and some meetings did not comply with the open meetings law. Also, the district did not have written policies and procedures for public access to records, absenteeism by supervisors, and election of supervisors.

- A. The district needs to consider more frequent meetings and to ensure its meetings are at a location and time that are conducive for the public to attend. Also, the district needs to ensure its notices of board meetings and related agendas are

posted at the building in which the meeting is held and should consider publishing notices and agendas in a newspaper(s) within the district so that the landowners and public are adequately notified.

The problems noted below appear to have contributed to reduced involvement by the landowners and the public. There was little attendance by the landowners and public at district meetings.

1. The board of supervisors only meets twice a year, in March and July, with the annual landowners meeting held in conjunction with the March meeting. It appears some district business was conducted outside of board meetings. For example, levee inspections as noted below.

The governing bodies of all political subdivisions in this state are required to conduct most business in regular open meetings. Overseeing and managing district operations as a formally functioning body strengthens public accountability and internal fiscal controls. Additionally, more frequent regular meetings would allow the public a forum for addressing concerns and questions to the board.

2. Although the March meetings are held at a business within the district's boundaries, the July meetings are held in downtown Kansas City, at the District Attorney's office, approximately 12 miles from the district. These meetings started at 9 a.m.

Section 610.020, RSMo, requires reasonable accommodation to assure public access. This section provides that meetings shall be held at a place that is reasonably accessible and a time that is reasonably convenient to the public, unless it is impractical or impossible.

3. The notice and tentative agenda of board meetings are not posted in the building in which the meeting is to be held. Additionally, advertisements announcing the meetings and tentative agendas are published in a newspaper in Kearney, Missouri, rather than a newspaper(s) within and/or closer to the district.

Section 610.020, RSMo, requires all public governmental bodies to give advance notice of their meetings. The notice is to include the time, date, and place of the meeting, as well as the tentative agenda, and should be given "in a manner reasonably calculated to advise the public of the matters to be considered ...". This section also describes reasonable notice as the posting of such notice in a prominent place which is easily accessible to the public and at the building in which the meeting is to be held. Also, it appears that advertisements in a newspaper(s) within the district would more readily inform the landowners and public of board meetings. According to the District Attorney, notices are published in the

Kearney's newspaper because it is the recognized vehicle for legal publications in the county.

- B. Board minutes did not always contain sufficient detail of business conducted and actions taken or all information required by state law. In addition, minutes were not always accurate. For example:

1. Board minutes did not document when new supervisors were sworn into office. The District Attorney stated that new supervisors take an oath before exercising their official duties; however, this is not documented.

In addition, the minutes did not indicate the terms of office for the newly elected supervisors. In one instance, the minutes indicate a supervisor was elected to fulfill an unexpired term of a former supervisor who had resigned; however, the length of that unexpired term was not identified in the minutes.

2. Board minutes did not contain some information required by statute. There were several instances where the minutes indicated a motion had passed, but did not indicate the number of votes for and against. Also, minutes did not record the supervisors absent from the meeting and some minutes did not document the time the meeting took place.
3. The District Overseer was paid more than the compensation documented in the minutes, for the year ended December 31, 2005. The minutes indicate compensation of \$600 per month was approved; however, he was paid \$650 per month. See MAR finding number 1.
4. Board minutes did not always include sufficient detail of bid information.

Section 610.020, RSMo, states that "the minutes shall include the date, time, place, members present, members absent, and a record of votes taken." Minutes serve as the only official permanent public record of decisions made by the board. Therefore, it is imperative that the minutes be prepared to clearly and accurately document all business conducted.

Furthermore, Section 242.180 RSMo, provides that "each supervisor before entering upon his official duties shall take and subscribe to an oath ...". Board minutes should document when supervisors are sworn into office.

- C. Meeting notices and related agendas are not published and posted for the annual levee inspection by the U.S. Army Corps of Engineers, as applicable. In addition, minutes are not maintained for these inspections.

Typically, several supervisors attend the inspection. For example, in June 2006, three supervisors attended the inspection. When a majority of supervisors are

present for the inspection, it appears this constitutes a board meeting subject to provisions of the open meetings law.

Section 610.010, RSMo, indicates that any meeting of a public governmental body where public business is discussed, decided, or public policy formulated is subject to the provisions of the open meetings law. Public business is defined as matters that relate in any way to the performance of the public governmental body's functions or the conduct of its business. Additionally, Section 242.420, RSMo, requires the board to keep a record of all its proceedings.

- D. The district does not have a formal policy regarding public access to district records. A formal policy would establish guidelines for the district to make the records available to the public. This policy should identify a person to contact, provide an address to mail such requests, and establish a cost for providing copies of public records.

Section 610.023, RSMo, lists requirements for making district records available to the public. Section 610.026, RSMo, allows the district to charge fees for copying public records, not to exceed the district's actual cost of document search and duplication.

- E. The district does not have a policy regarding absenteeism by supervisors. Although the board meets only twice a year, there is generally at least one supervisor absent from each meeting. One supervisor, who lives in Utah, missed each meeting during 2005 and 2006. Also, the July 2005 meeting was held with only two supervisors physically present and one participating via telephone.

A quorum is necessary before decisions can be made. The lack of attendance by supervisors can result in the inability to hold meetings and take votes, which disrupts the conduct of district business. To help ensure district business is conducted in a timely manner, the district needs to have a policy addressing absenteeism by supervisors.

- F. The district has not established written guidelines to govern district elections pursuant to Chapter 242. While meeting minutes indicate the landowners and representatives in attendance, and who was nominated and won the elections for board of supervisors, adequate documentation, including a record of the votes, was not maintained.

In addition, it was not clear how the number of votes per landowner or proxy was determined and who was allowed to vote. The District Attorney indicated that a corporate landowner owns a majority of the district property, and that landowner's votes determine who is elected to the board. However, the district could not provide us with an accurate listing of the number of acres owned per landowner.

Section 242.160, RSMo, which outlines the election requirements, requires that each owner, or representative of the owner, of property having benefits assessed against it shall be entitled to one vote per acre of land owned. The district should formulate policies for voting in meetings held in accordance with Chapter 242 to avoid misunderstandings and allow all landowners to better understand the procedures. Also, the district should maintain a complete and accurate record of the number of acres owned per landowner to be used in determining the number of votes which each landowner is entitled. A record of votes should be maintained for every election, which indicates votes received by each candidate.

WE RECOMMEND the Board of Supervisors:

- A. Consider holding more frequent, regularly scheduled meetings to allow for public participation. The board meetings should be scheduled at locations and times that are conducive for landowners and the public. Also, the board should ensure meeting notices are published in a manner that informs the landowners/public and are posted in a prominent place which is easily accessible to the public and at the building in which the meeting is to be held.
- B. Ensure all significant discussions, actions taken, and information required by state law are included in the minutes.
- C. Ensure activity required to be conducted in open meetings is handled in accordance with state law.
- D. Develop written policies regarding procedures to obtain access to, or copies of, public district records.
- E. Develop a policy regarding absenteeism by supervisors.
- F. Establish written policies and procedures for the district's elections. Additionally, the district should maintain a complete and accurate record of the number of acres owned for each landowner and election results which indicate the number of votes for each candidate should be prepared and retained.

AUDITEE'S RESPONSE

The Board does not believe there is a problem with respect to the manner in which it conducts meetings, records its business or holds elections as its activities in this area are in conformity with Missouri law. In addition to the formal notice of meetings, informal notice is given to landowners. The Board is aware of no landowner who has raised any objection to its meeting times, places or frequency.

4. Expenditures

The district does not have a formal bidding policy. Additionally, there were several weaknesses in the district's management of a construction project. Also, the district did not adequately review and approve expenditures.

- A. The district does not have a formal bidding policy. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. During the year ended December 31, 2005, bids were either not solicited or bid documentation was not retained for the following:

Mowing	\$ 22,139
Chemical applications	11,295
Insurance/surety bond	8,523
Tax book preparation	2,000
Accounting services	700
Engineering services (see below)	12,924
Levee repair (see below)	148,042

Overall, it appears the district bids very few items and services. The District Attorney indicated prices and/or bids were solicited for some items/services; however, documentation of these inquiries was not always maintained.

Formal bidding procedures for major purchases provide a framework for economical management of district resources and help ensure the district receives fair value by contracting with the lowest and best bidders. Also, soliciting proposals for professional services provides a range of possible choices and allows the district to make a better-informed decision to ensure necessary services are obtained from the best qualified vendor at the lowest and best cost. In addition, competitive bidding helps ensure all parties are given an opportunity to participate in the district's business. Complete documentation should be maintained of all bids/proposals received and reasons noted why the bid/proposal was selected. If circumstances provide that bidding is not necessary or practical, such as sole source providers or emergency situations, the reasons for not soliciting proposals/bids should be documented.

- B. The district did not document its reasons for selecting other than the low bidder for a construction project, and there was no documentation that change orders for the project were approved by the board. Additionally, extra steel was purchased and has not been used. Also, engineering services were not obtained in accordance with state law.

The district recently completed a construction project to repair a section of the levee. The district entered into an agreement with a contractor in October 2003 for Phase I of the project, which was completed in March 2004. An amendment

to the contract in August 2005 provided for the completion of a portion of Phase II of the project. Payments to the contractor totaled over \$894,000 related to work for Phase I and part of Phase II. In addition, the district paid a consulting engineer almost \$138,000 for project plans/specifications and oversight of the project during the three years ended December 31, 2005.

Our review of the construction project noted the following areas of concern:

1. The district did not document the basis or justification for awarding the bid to a contractor other than the low bidder for the construction project. The difference between the low bid and the bid accepted was almost \$37,000. To justify decisions made on awarding contracts where the apparent low bidder was not selected, the district should maintain complete documentation of its reasons for selecting the winning bid.
2. It appears the district should have bid the work on Phase II. In August 2005, the district signed an amendment, totaling \$131,000, with the contractor for Step I of Phase II of the project. However, district records indicated the contractor had only held its proposal open on Phase II until April 15, 2004.

If the scope of a project changes or if a proposal is no longer valid, the district should consider re-bidding those parts of the project.

3. The minutes did not indicate that construction change orders totaling approximately \$28,000 relating to Phases I and II were approved by the board. In addition, the district could not provide copies of these change orders.

The board should authorize all significant changes to construction contracts to ensure any additional expenditures represent valid and appropriate costs to the district. Adequate documentation of the change orders should be retained by the district to document the purpose and amount of the order. In addition, board approval of the change orders should be documented in the board meeting minutes.

4. Extra steel was purchased and three years later, the steel has not been used. In November 2003, the district requested the contractor to purchase extra steel, costing \$209,170, for Phase II of the project.

However, it appeared that in November 2003, the district had not determined when or even if the portion of Phase II, which would have utilized the steel, would begin. As a result, the district currently owns this extra steel without a plan for utilizing it. At the July 2006 board meeting, the District Attorney informed the board about the extra steel and that it could be sold since it would not be needed for a future project.

The district needs to ensure that it does not order unnecessary materials.

5. No documentation was available to support that the district procured the engineering services for the project, as provided by state law. The District Attorney cited an emergency as the reason for not soliciting proposals for the engineering services. Additionally, the district could not provide a contract with the engineering firm which described the services to be provided and the related compensation.

Sections 8.285 to 8.291, RSMo, provide that when obtaining engineering services, at least three highly qualified firms should be considered. The firms should be evaluated based on specified criteria and qualifications for the type of service required.

The district should obtain engineering services in accordance with state law. Also, written agreements should be prepared and retained which specify the services to be rendered and the manner and amount of compensation to be paid.

- C. The board as a whole does not approve expenditures or review invoices before payment of the district's expenses. We saw no evidence that the board requested or reviewed invoices and/or other supporting documentation for expenditures. Additionally, the board is not provided with a listing of payments made until after the fiscal year has ended.

After the Secretary/Treasurer prepares and signs checks, she sends the checks to one of the supervisors to co-sign the checks. However, it appears the supervisor is not furnished invoices and/or other supporting documentation. The checks are then sent back to the Secretary/Treasurer, who mails the checks. The District Attorney indicated he reviews and approves invoices prior to payment; however, this review is not documented.

To ensure all disbursements represent valid transactions of the district, a complete and detailed listing of bills should be prepared, signed or initialed by the supervisors to denote their approval, and retained with the official minutes. Supporting documentation should be reviewed by the board and/or supervisor before payment is made to ensure all disbursements represent valid operating costs of the district.

WE RECOMMEND the Board of Supervisors:

- A. Establish a formal bidding policy. Such a policy could require competitive bids be solicited through advertising for any purchases over an established amount.
- B.1. Maintain complete documentation of the reasons for selecting the winning bid.

2. Re-bid construction projects when substantial changes are made to the project or if contractor proposals are no longer valid.
 3. Ensure all change orders are approved by the board and retained.
 4. Ensure only necessary materials are ordered for each part of the project as needed. The district should consider selling the extra steel if it cannot be used in a timely manner.
 5. Ensure engineering services are procured in accordance with state law. Additionally, formal written agreements for engineering services should be prepared which specify the services to be rendered and the manner and amount of compensation to be paid.
- C. Ensure disbursements are adequately reviewed and approved before payment. The board should review and approve a complete and detailed list of expenditures, and the approved list should be retained to document the board's approval.

AUDITEE'S RESPONSE

The Board has solicited bids in all instances required by Missouri law. The Board has also solicited proposals in many instances where practicable when formal bidding was not required.

AUDITOR'S COMMENT

The failure to have a formal bid policy and to maintain appropriate bid documentation over significant transactions does not provide district taxpayers assurance that the district is efficiently managing its resources and receiving fair value by contracting with the lowest and best bidders.

5. Budgeting and Financial Reporting

Significant weaknesses were identified in the district's budgeting and financial reporting. The district's budgets were not adequate and actual expenditures exceeded budgeted expenditures in 2005. In addition, the district did not obtain annual audits.

- A. The district did not prepare and adopt annual budgets in accordance with state law. The budgets for the years ending December 31, 2006 and 2005 did not include a budget message, ending fund balance, and actual revenues and expenditures for the preceding two years. The approved budgets only included estimates of revenues and expenditures for the year and the beginning fund balance. Additionally, the district approved the budgets several months after the beginning of the applicable year. The budgets for 2006 and 2005 were not approved until March 2006 and March 2005, respectively.

Section 67.010, RSMo, requires the preparation of an annual budget and Sections 67.010 to 67.080, RSMo, set specific guidelines for the format, approval, and amendments of the annual budget. A complete budget should include a budget message, actual (or estimated for the years not yet ended) revenues and expenditures for the preceding two budget years, and the beginning and estimated ending available resources. Also, Section 67.030, RSMo, provides that the district adopt and approve the budget prior to the beginning of the applicable fiscal year.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific costs and revenue expectations for each area of district operations. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures. Also, it will assist in setting the maintenance tax and informing the public about district operations and current finances.

- B. Actual expenditures exceeded budgeted amounts by over \$69,000, for the year ended December 31, 2005. Actual expenditures were \$280,958, while the budget expenditures were \$211,710. It appears the board did not detect the overspending because budget to actual comparisons are not prepared and reviewed by the board.

The District Attorney indicated the board monitors budgeted and actual revenues and expenses at the semi-annual meetings; but, this review is not documented. However, reviewing budget to actual amounts twice a year, in March and July, does not appear to provide adequate monitoring of expenditures. More frequent meetings with budget to actual reports would allow the board to more effectively monitor expenditures.

Additionally, Section 67.040, RSMo, requires political subdivisions to keep expenditures within amounts budgeted and allows for budget increases, but only after the governing body officially adopts a resolution setting forth the facts and reasons. Failure to adhere to the expenditure limits imposed by the budget weakens the effectiveness of the process. Also, Section 67.080, RSMo, provides that no expenditure of public monies shall be made unless it is authorized in the budget. The budget process provides a means to allocate financial resources in advance and to monitor revenues and expenditures throughout the year. A periodic comparison of budgeted versus actual revenues and expenditures is necessary to properly monitor the financial activity of the district.

- C. The board has not obtained annual audits as required by state law. Section 242.210, RSMo, requires annual audits of the district records. In addition to being required by state law, annual audits of district records would help ensure district financial transactions have been properly recorded and reported.

WE RECOMMEND the Board of Supervisors:

- A. Prepare budgets which contain all information as required by state law. Also, the budgets should be adopted before the beginning of the applicable fiscal year.
- B. Ensure actual expenditures do not exceed budgeted amounts. In addition, the board should periodically compare budget to actual revenues and expenditures to monitor the district's financial activity.
- C. Obtain annual audits of the district's financial records as required by state law.

AUDITEE'S RESPONSE

The Board reviews expenditures and adopts a budget on at least an annual basis. In addition, it conducts a mid-year review of expenditures to date and considers budget revisions and unanticipated needs when setting the tax levy. Its financial statements are reviewed by an outside independent auditor on an annual basis.

AUDITOR'S COMMENT

The district's budgeting and financial reporting practices are not in accordance with state law.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

BIRMINGHAM DRAINAGE DISTRICT
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Birmingham Drainage District, located in Clay County, was established in 1913 through a circuit court order and is organized under Chapter 242 RSMo. The district was reorganized in 1970; and in 2004, its life was extended to February 2085. The district covers almost 5,400 acres north of the Missouri River, and serves approximately 190 landowners.

The district government consists of a five-member board of supervisors. The members are elected for five-year terms. The Board of Supervisors, and other officials during the year ended December 31, 2005, are identified below. The board members are compensated \$300 per meeting and/or levee inspection attended. The compensation of these officials is established in the annual landowners meeting.

Board of Supervisors	Dates of Service During the Year Ended December 31, 2005	Compensation Paid for the Year Ended December 31, 2005
Henry Kester, President	January 2005 to December 2005	\$ 900
Arsene Vandendaele, Supervisor	January 2005 to December 2005	600
G. Scott Dean, Supervisor	January 2005 to December 2005	600
Kerry Nielsen, Supervisor (1)	January 2005 to December 2005	0
Bob Campbell, Supervisor	March 2005 to December 2005	900
Chris Leahey, Supervisor	January 2005 to March 2005	0
Other Principal Officials	Dates of Service During the Year Ended December 31, 2005	Compensation Paid for the Year Ended December 31, 2005
Norbert Kemp, District Engineer	January 2005 to December 2005	\$ 2,400
Dan Sissom, District Overseer (2)	January 2005 to December 2005	30,630
Debbie Riekhof, District Secretary/Treasurer	January 2005 to December 2005	6,500
Robert McKinley, District Attorney (3)	January 2005 to December 2005	

(1) Re-elected in March 2006

(2) The compensation includes \$650 per month for overseer duties, plus \$22,830 for levee maintenance services such as labor, mowing, and chemicals.

- (3) The district is billed on an hourly basis by the law firm of Lathrop & Gage for Robert McKinley to serve as District Attorney. The district paid \$45,026 for legal services for the year ended December 31, 2005.

Assessed benefits for 2005 totaled \$57,565,482, and the maintenance tax rate was one-half of one percent of assessed benefits. Assessed benefits are calculated in accordance with a 1997 court order as follows:

ASSESSED BENEFITS

Property Classification

Agricultural	50 percent of the property value calculated as follows:		
	Soil Class	Value per acre	
	1	\$	1,800
	2		1,500
	3		1,250
	4		950
	5		650
	6		500
	7		250
	8		100
Commercial	90 percent of assessed value at January 1		
Residential	70 percent of assessed value at January 1		
Governmental, Quasi-Governmental, Railroad, and Utility	60 percent of assessed value at January 1		

A summary of the district's financial activity for the year ended December 31, 2005, is presented below:

	Maintenance Fund
RECEIPTS	
Maintenance taxes	\$ 373,883
Rent	183,233
Interest	23,711
Total Receipts	<u>580,827</u>
DISBURSEMENTS	
Supervisors compensation	3,000
District Engineer compensation	2,400
District Overseer compensation	7,800
District Secretary/Treasurer compensation	6,500
Legal services	45,026
Tax book preparation services	2,000
Accounting services	700
Insurance and bonds	8,523
Advertising	96
Postage	101
Investment firm service charges	300
Electricity	5,349
Levee and pump maintenance	36,257
Maintenance supplies	1,700
Construction	148,042
Consulting engineer services	12,924
Miscellaneous	240
Total Disbursements	<u>280,958</u>
Receipts Over (under) Disbursements	<u>299,869</u>
Cash balance, January 1	<u>973,777</u>
Cash balance, December 31	<u>\$ 1,273,646</u>



Claire McCaskill

Missouri State Auditor

December 2006

City of Bates City, Missouri

Year Ended December 31, 2005



Office Of
Missouri State Auditor
Claire McCaskill

December 2006

The following findings were included in our audit report on the City of Bates City, Missouri.

Sewer user fees have not been reassessed since 2003 and both water and sewer user fees have been established without assessing the impact of a capital improvement sales tax on operations. Voters approved a capital improvement sales tax in 1998 to help fund the sewer system and this tax was renewed in 2005 and can now be used to fund the water and sewer system, which were combined. The proceeds of the sales tax were not taken into consideration when establishing the original sewer rate or when increasing water rates in recent years. The city was unable to explain why this sales tax revenue was not used when calculating the new water rates.

Water Fund monies totaling over \$121,000, including over \$65,000 from the Water Replacement Account, were transferred to the General Fund in 2004 without documented approval from the board. No documentation exists explaining the reasons for these transfers and there is no documentation that General Fund monies were used in the construction of the sewer system, which is now combined with the Water Fund. In addition, a replacement account has not been established for the combined Water and Sewer Fund as required by ordinance, and there are differences between the replacement amounts required to be funded by the ordinance and the amounts calculated when the original fee was established.

During 2004 and up until May 2005, the city provided cellular phones to five city employees and the police chief. During 2004, the city paid approximately \$3,000 to two different providers. The April 2005 billing summary of the police chief's cellular bill provided to the city totaled \$270 with only \$65 related to the basic charge. Details were not provided to explain overage and one-time charges and the city did not request additional information before paying the bill.

The city's budgets were not in full compliance with state law and a budget for 2006 was not adopted. In addition, the city approved expenditures in excess of budgeted amounts for the Water and Sewer Fund by \$29,132 during the year ended December 31, 2005 and no mention was made in board minutes as to why the budgeted amounts were exceeded. There is no evidence that a periodic comparison of budget to actual activity is performed, which allowed the overspending to go undetected. Additionally, the City has not published semi-annual financial statements nor filed some annual financial reports required by state law.

City monies are not always deposited intact on a timely basis, bank reconciliations have not been consistently performed, and liability listings for court bonds and water deposits were not maintained.

YELLOW SHEET

Numerous closed meetings were held during 2005 and 2004 and while the open session minutes typically noted the meeting was being closed, the reason and vote were not always documented. Minutes for many of these closed sessions were not maintained.

As of February 28, 2006, the city owed approximately \$23,250 of overdue taxes to the Internal Revenue Service (IRS), which represented tax liabilities, penalties, and interest for prior years. The 941 forms, Employer's Quarterly Federal Tax Return, were not filed timely during prior periods. It appears the tax withholdings during 2004 and 2003 were used to fund General Fund expenditures due to cash flow problems. The city has now paid all but approximately \$800 of the past due tax amount, and has tentatively received an abatement of approximately \$14,000 in penalties and interest from the IRS. These problems appear to have been the result of inadequate supervisory review over payroll.

The state's portion of Crime Victims Compensation (CVC) and Peace Officer Standards and Training Commission (POSTC) fees collected by the municipal court have not been submitted to the state as required. As of March 31, 2006, POSTC fees totaling approximately \$800 and CVC fees totaling approximately \$5,700 were due to the state. In addition, the city has not remitted the county portion of the Domestic Violence Shelter fees collected since January 2004, totaling approximately \$3,150 as of March 30, 2006.

In the Municipal Court, receipts were not issued for some monies received, monies were not deposited intact or timely and ticket processing needs improvement.

Also included in the report are recommendations related to ordinances, property taxes, capital assets, and a street maintenance plan.

All reports are available on our website: www.auditor.mo.gov

CITY OF BATES CITY

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Alderman
City of Bates City, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Bates City, Missouri. The city engaged Westbrook & Company, P.C., Certified Public Accountants, to audit the city's financial statements for the year ended December 31, 2005. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2005. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and

violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Bates City, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

May 10, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Christopher L. Holder

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF BATES CITY
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Water and Sewer System
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Sewer user fees have not been reassessed since 2003, when originally established, and both water and sewer fees have been set without assessing the impact of a capital improvement sales tax on operations. Water Fund monies totaling over \$121,000, including over \$65,000 from the Water Replacement Account, were transferred to the General Fund in 2004 without documented approval from the board. In addition, replacement accounts have not been established for the combined water and sewer account and the amount of funding required for the replacement account from the sewer fee does not agree to the amount calculated with the original rate assessment.

- A. The sewer user fee has not been reassessed since 2003 when the original fee was established. The initial sewer rate study was prepared assuming 114 users, although the actual number of users at the end of 2005 was approximately 140. Annual operating revenue from the combined water and sewer system increased from approximately \$127,000 during 2004 to approximately \$165,000 in 2005, due to a water rate increase enacted in February 2005. This new rate was calculated without including the revenue from a capital improvement sales tax, which totaled approximately \$31,000 in 2004. The half cent capital improvement sales tax to help fund the sewer system was initially approved by voters in 1998 and was renewed in 2005 and can now be used to fund the combined water and sewer system. Water rates were increased again in May 2006, from a minimum charge of \$15 to approximately \$17, based upon the future issuance of bonds to construct a water tower, but again, the proceeds of this sales tax, totaling approximately \$40,000 in 2005, were not taken into consideration when setting water rates. The city was unable to explain why this sales tax revenue was not used when calculating the new water rates. The city needs to perform a thorough review of the cost of providing both water and sewer services, including how the water and sewer sales tax impacts their operations, and set rates appropriately.

Water and sewer fees are user charges which should cover the cost of providing the related services. The city should perform periodic detailed reviews of the costs of providing these services and set rates appropriately. Section 67.042, RSMo, provides that fees may be increased if supported by a statement of the costs necessary to maintain the funding of such service.

- B. Waterworks monies totaling over \$121,000, including the balance of the water replacement account, were transferred to the General Fund in 2004. Replacement accounts have not been established for the combined Water and Sewer Fund as required by the water and sewer ordinances. Checks were written in February 2004 from the waterworks account and the water replacement account for \$55,247

and \$65,818, respectively, to the General Fund. There is no documentation in the board minutes explaining the reasons for these transfers or that they were approved by the board, and no monthly or semi annual financial reports showing these disbursements were provided to the board. In addition, city officials were unable to provide any documentation that General Fund monies were used in the construction of the sewer system, which is now combined with the water system.

The ordinance related to the water fund requires \$2,020 annually be placed in the water replacement account, which was closed through the transfer to the General Fund. The city has not determined what the balance of the water replacement account should be, but it appears to be significantly under funded. The sewer ordinance adopted in 2003 requires \$8,000 annually be placed in the sewer replacement account, which has not been established, although the calculations included with the original sewer ordinance only calls for \$4,000 per year. Based on the current ordinance, the sewer replacement account is under funded by approximately \$24,000 at December 31, 2005. Were the city to update their funding requirement by ordinance based on the engineers calculation of \$4,000 per year, the replacement account would be under funded by approximately \$12,000. It appears the ordinance should be updated to reflect the calculation of the annuity before determining the amount required to fully fund the sewer replacement account.

The failure of the city to adequately maintain and fund these accounts could leave the city without funds to pay for a major repair. The city needs to evaluate the transfers made to the General Fund and determine the amount required to fully fund the water and sewer replacement accounts.

WE RECOMMEND the Board of Aldermen:

- A. Review sewer rates to ensure sufficient revenues are generated to adequately maintain the system and continue to periodically review water rates and include all relevant factors when calculating water rates.
- B. Review transfers of utility monies to the General Fund and determine if any of those monies need to be repaid to the Water Fund or water replacement account. In addition, establish a sewer replacement account and ensure the calculated annuity agrees to the funding required by the sewer ordinance.

AUDITEE'S RESPONSE

The city wants to point out and hope everyone understands that many recommendations are only an opinion of the State Auditor. Not all recommendations are required by state statute.

- A. *The City plans to review sewer rates in April 2007 and yearly thereafter and will continue to reassess water rates as necessary. We will ensure the capital improvement sales tax is included in all future calculations.*
- B. *The City will review the transfer of utility monies and take action if necessary. Transfers of these monies happened during the term of the prior Board during the year 2004. The City has now established a sewer replacement fund and we will discuss updating the ordinance for the correct replacement amount and will insure that amount is funded in the future.*

The City believes the \$24,000 sewer replacement account balance cited by the State Auditors is overstated. We plan to reduce the amount required by our ordinance to \$4,000 per year as stated by the calculations provided by our engineer.

2. Expenditures

The numerical sequence of checks issued is not accounted for adequately and an independent comparison of payees and amounts of checks to vendor invoices and the computer system postings is not performed. Some invoices are not marked paid and do not always indicate that goods or services were actually received. In addition, the city has not developed a cellular phone usage policy.

- A. No one independent of the disbursement process is accounting for the numerical sequence of checks issued and ensuring the payees and amounts correspond to a vendor invoice. Starting in January 2006, checks for routine monthly disbursements, such as utility bills, are prepared by the City Clerk and approved by the Mayor. Other bills received are stored in a payable file and prior to the monthly board meeting a listing of the proposed disbursements is prepared and distributed to the board. This listing does not include the check numbers associated with the various disbursements because the checks are not prepared until after the listing is approved. In addition, the disbursements made throughout the month for routine expenditures are not included on the listing provided to the board. Failure to account for the numerical sequence of checks issued could allow an improper payment to occur and go undetected.

The board should be receiving a listing of all disbursements made since the last meeting, by fund, with check numbers and ensure someone independent of the disbursement process is comparing the actual checks to the invoices and information posted to the computer system.

- B. Invoices are not always marked paid or otherwise canceled upon payment and typically do not indicate the goods or services were received. Canceling invoices and all other supporting documentation reduces the likelihood of duplicate payments and requiring acknowledgment of receipt of goods and/or services prior to payment will ensure the city actually received all items paid for.

- C. The city does not have a formal policy regarding cellular phone usage or guidelines to determine whether a cellular phone is needed or beneficial to the city. During 2004 and up until May 2005, the city provided cellular phones to five city employees and the police chief. During 2004, the city paid approximately \$3,000 to two different providers. The police chief's cellular bill was in his name and the detail supporting the billing amount was not always provided to the city. The April 2005 bill totaled approximately \$270, consisting of a basic charge of \$65 for 1000 minutes of coverage, overage charges of \$126, one time charges of \$75, and taxes of \$4. Detail was not provided to explain these overage charges or one time charges and the city did not request additional information before paying the bill.

During 2005, the city did reduce the number of cellular phones and only the Mayor and police chief were provided a cellular phone, but the city has still failed to establish controls over the usage of cellular phones. Lack of a usage policy can lead to excessive and unallowable usage.

While cellular phones can help increase employee productivity, they are also costly. A policy is needed to ensure that cellular phones are used only for business purposes. Such a policy should address which employees need a cellular phone, proper use of the phone, and a reimbursement policy if the council authorizes the phone to be used for personal purposes. Effective procedures should be implemented to monitor cellular phone usage and review invoices for propriety.

WE RECOMMEND the Board of Aldermen:

- A. Receive a monthly listing of all disbursement made, listing the payee and check number, and ensure the numerical sequence of checks is accounted for. In addition, an independent person should compare the payee and amount of each check to the vendor invoice and the information posted to the computer system.
- B. Ensure invoices and other supporting documentation are marked paid and receipt of goods and/or services is indicated.
- C. Develop a policy regarding the use of cellular phones, which includes procedures to monitor their use and to periodically assess whether the plan selected meets the needs of employees and is cost effective.

AUDITEE'S RESPONSE

- A. *Since September 2005, the city's procedures require the signatures of two board members on each check and a copy of the check payment stub to be attached to the invoice. In the future, the City will insure an independent person reviews a complete listing of all monthly disbursements with check numbers and amounts and compares this listing to the actual invoices. This listing will be provided to the board at their monthly meetings.*

- B. *Effective September 2005, all invoices have a check stub attached and receipt of goods is indicated.*
- C. *The city has addressed this issue and has significantly reduced the number of cell phones, the amount spent per month, and has established control over their usage. We now pay less than \$100 per month on all cell phones.*

3. Budgets and Financial Reporting

The 2005 and 2004 city budgets were lacking required elements and a budget for 2006 was not adopted. Expenditures exceeded budgeted amounts for the Water and Sewer Fund for the year ended December 31, 2005 and the Board of Alderman does not periodically compare actual revenues and expenditures to the budgeted amounts. Some annual financial reports were not filed with the State Auditor's office in recent years and financial statements are not published semi annually as required by law.

- A. The city's budgets were not in full compliance with state law. The 2004 budget did not include actual receipts and disbursements from the two previous years, and the 2005 and 2004 budgets did not include actual and estimated cash and resources available at the beginning and end of the year or a budget message. In addition, a budget for 2006 was not adopted.

Sections 67.010 through 67.040 RSMo, set specific guidelines as to the format and approval of the annual operating budget and require budgets to be adopted by order, motion, resolution, or ordinance. A complete budget should include the beginning available resources, reasonable estimates of the ending available resources, and comparisons of actual revenues and expenditures for the two preceding fiscal years.

Additionally, Section 67.080, RSMo, provides that no disbursement of public monies shall be made unless it is authorized in the budget. Budgets should be signed or initialed by the board and retained with the official minutes to adequately document the board's approval. To be of maximum benefit to the taxpayers and to properly monitor city activity, the city should adopt the budget prior to the beginning of the fiscal year.

- B. The city approved expenditures in excess of budgeted amounts for the Water and Sewer Fund by \$29,132 during the year ended December 31, 2005. No budget amendments were prepared and no mention was made in board minutes as to why the budgeted amounts were exceeded. In addition, there is no evidence that a periodic comparison of budget to actual activity is performed, which allowed the overspending to go undetected.

Section 67.040, RSMo, requires political subdivisions to keep disbursements within amounts budgeted. If there are valid reasons which necessitate excess

disbursements, a resolution should be adopted by the governing body setting forth the amount of the budget increase and the facts and reasons for the increase. Budgets are a planning tool and should serve as a guide throughout the year to monitor revenues and disbursements. A periodic comparison of budgeted versus actual receipts and disbursements is necessary to properly monitor the financial condition of each city fund.

- C. Annual financial reports are not always filed with the State Auditor's office as required by state law. Audits for the years ended December 31, 2005 and 2004 were submitted in 2006, but no audits or financial reports had been filed for previous years, although audits were performed. Section 105.145, RSMo, requires political subdivisions to file an annual report of the financial transactions of the political subdivision with the State Auditor's office.
- D. The City has not published semi-annual financial statements as required by state law. A financial statement is published in July each year covering the preceding six month period, but a statement is not prepared for the last half of the year and published as required. Section 79.160, RSMo, requires the Board of Aldermen to prepare and publish semi-annual financial statements. These financial statements are to include a statement of receipts and expenditures and indebtedness of the city for the preceding six month period. In addition, Section 79.165, RSMo, states the city cannot legally disburse funds until the financial statement is published.

WE RECOMMEND the Board of Aldermen:

- A. Prepare annual budgets in accordance with state law.
- B. Ensure actual disbursements do not exceed budgeted amounts. If circumstances require disbursements in excess of amounts budgeted, a formal resolution should be adopted authorizing the additional disbursements and documenting the reasons for such. The Board should require complete information regarding the financial position of the city, including balances of funds held by the city and a comparison of budgeted and actual receipts and disbursements to date be presented each month.
- C. Submit annual reports of financial transactions to the State Auditor's office as required by state law.
- D. Publish semi-annual financial statements as required by state law.

AUDITEE'S RESPONSE

- A. *The Board plans to adopt a 2007 budget according to state law.*
- B. *Once a budget is prepared and approved, the board will monitor expenses closely.*

C. *The current Board of Alderman, which was elected to office in April 2005, and the current City Clerk, undertook a project to get the audits performed and insured these were filed by state law.*

D. *The city will publish financial statements beginning in 2007.*

4. Accounting Controls

Monies received are not deposited intact on a timely basis, bank reconciliations have not been performed timely and open items listings for court bonds and water deposits were not maintained.

A. Monies received are not always deposited intact on a timely basis. Deposits are typically made weekly. Utility monies totaling \$2,314 were counted on March 22, 2006 which included \$143 in cash being held as an overage dating to January 2006 and numerous checks held from 6 to 8 business days before being deposited on March 24, 2006. General Fund receipts totaling \$498 were counted on the same day, which revealed \$6 being held as an overage and cash and checks which had been on hand for up to 12 business days at the time of our cash count.

To adequately account for collections and reduce the risk of loss or misuse of funds, deposits should be made intact on a timely basis. Large amounts of cash collections would indicate the need for more frequent deposits.

B. Bank reconciliations have not been consistently performed for the various accounts maintained by the city prior to September 2005. The city undertook a project during late 2005 to update their financial records and bank reconciliations and started using a new accounting program. Data from 2005 and 2004 were entered into the new computer program and the City Clerk prepared bank reconciliations for those two years for all city accounts in late 2005.

Monthly bank reconciliations are necessary to ensure bank activity and accounting records are in agreement, to detect and correct errors timely, and to allow old outstanding checks to be resolved more timely.

C. Open items listings for court bonds and water deposits were not maintained. In conjunction with their financial statement audit for the year ended December 31, 2004, performed in early 2006, the city's private auditor requested an open items listing be prepared for court bonds and water deposits. The City Clerk was able to prepare these listings and reconcile them to the balances of those bank accounts.

Reconciling the balances to an open items listing is necessary to ensure underlying records are in balance and that sufficient cash is available to pay all liabilities.

WE RECOMMEND the Board of Aldermen:

- A. Ensure collections are deposited intact on a timely basis.
- B. Ensure bank reconciliations are prepared on a monthly basis for each account.
- C. Ensure open items listings are prepared monthly and that they are reconciled to the account balances.

AUDITEE'S RESPONSE

- A. *The city will make timely deposits in the future.*
- B&C. *These have been implemented.*

5. Minutes and Ordinances

Minutes are not taken for some closed sessions, reasons for closing meetings and the corresponding vote to close the meeting are not always documented, and some minutes were not signed by the City Clerk and the Mayor. Additionally, an ordinance establishing the compensation of the City Clerk and other employees or the term of office of the City Clerk has not been established as required.

- A. Reasons for closing meetings and the corresponding vote to close the meeting are not always documented and minutes of closed meetings held by the Board of Alderman are not always taken. In addition, board minutes are not always signed by the City Clerk and the Mayor to attest to their accuracy and completeness.

Numerous closed meetings were held during 2005 and 2004 and while the open session minutes typically noted the meeting was being closed, the reason and vote were not always documented. Minutes for many of these closed sessions were not maintained. In addition, while the City Clerk and Mayor typically sign the minutes, we identified minutes for several meetings which were not signed.

The Sunshine Law, Chapter 610, RSMo, states the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session and requires minutes be kept for all closed meetings. In addition, the Sunshine Law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. The minutes should provide sufficient details of discussions to demonstrate compliance with statutory provisions and support important decisions made. In addition, minutes should be signed by the City Clerk and Mayor to show that the minutes have been reviewed and accurately reflect the discussions held and actions taken in the previous meeting.

- B. The city has not established an ordinance for compensation of the City Clerk and other city employees or the term of office for the City Clerk. Section 79.270, RSMo, provides that city officials and employee salaries be set by ordinance. In addition, Section 79.320, RSMo, requires the duties and term of office of the city clerk be fixed by ordinance. Furthermore, Section 79.270, RSMo, provides that "...the salary of an officer shall not be changed during the time for which he was elected or appointed." Thus, the term of office is significant in determining when pay increases are allowable under state law.

WE RECOMMEND the Board of Aldermen:

- A. Ensure the vote to close a session is documented in open minutes, along with the reason for closing the session and minutes are taken for all closed sessions. In addition, minutes should be signed to attest to their accuracy.
- B. Establish the compensation of city officers and employees by ordinance. In addition, the term of office for appointed officials should be set by ordinance.

AUDITEE'S RESPONSE

- A. *These recommendations were implemented during 2006..*
- B. *The city will discuss these actions with our attorney and take action on these issues in 2007.*

6. Property Taxes

The city's property tax books are prepared by the county and forwarded to the City Collector to be mailed to residents. No one checks the property tax calculations or the tax book totals prior to being turned over to the City Collector. In addition, the City Collector does not prepare monthly reports of collections or an annual summary of total property tax collections and delinquent taxes to ensure these amounts agree to the total tax book charges. At the request of the city's private auditor, the City Collector prepared a summary of charges and collections for 2005. Property taxes totaling \$7,296 were received during 2005.

Verification of tax book information and totals is necessary to ensure the amount of taxes charged to the City Collector is complete and accurate. A detailed annual report would help provide assurance taxes have been properly collected, written off, or determined to be delinquent. Such a report would summarize all taxes charged to the City Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts.

WE RECOMMEND the Board of Aldermen require the annual property tax book to be reviewed and the totals verified before being given to the City Collector. The board

should also require the City Collector to prepare an annual summary which reconciles total property tax collections, delinquencies, and charges.

AUDITEE'S RESPONSE

The City is already reviewing the property tax book and verifying totals as of the 2006 tax year. We will insure an annual summary of tax collections for 2006 is prepared at the end of the tax year.

7. Capital Assets

Capital assets records have not been updated since 2004 and annual physical inventories of capital assets have not been performed. Additionally, usage and fuel logs maintained for city vehicles are not adequately reviewed by city personnel or the Board of Alderman.

- A. The city has not updated permanent, detailed property records for capital assets, including the cost of land, buildings, equipment, and furniture owned by the city. Also, annual physical inventories are not performed and additions to the capital asset records are not reconciled to purchases. City personnel initially indicated the city maintained no capital asset records, but later located a property listing prepared in October 2004. This listing lacked the original cost or other values for any of the assets listed.

Property records for capital assets are necessary to ensure accountability for all items purchased and owned and for determining the proper amount of insurance coverage. To develop appropriate records and procedures for capital assets, the city needs to undertake a comprehensive review of all property owned by the city. Assets should be counted, tagged for specific identification, and recorded by description and serial number in a detailed property ledger at historical cost or estimated historical cost if the original cost is not available. The city should properly record all fixed asset transactions, reconcile those purchases to additions, and periodically perform physical inventories and compare to the detailed

- B. While usage logs are maintained for the city's vehicles and a fuel log is maintained and submitted to the City Clerk monthly, these logs are not reviewed by the Police Chief or Board of Alderman. The city spent approximately \$10,000 on fuel purchases during 2005.

The city owns three vehicles used for law enforcement purposes. Fuel is purchased through a charge account with a local gas station and officers are required to record the date of each fuel purchase, along with the cost per gallon, vehicle number, officer number, gallons purchased, and mileage. A copy of this fuel log is submitted to the city with the monthly fuel bill, but the log is not

reviewed for reasonableness by city officials or compared to the usage logs maintained. Without adequately reviewing usage and fuel logs, the city cannot effectively monitor that vehicles are used for official business only, that maintenance and fuel costs for vehicles are reasonable, and that fuel and maintenance billings to the city represent legitimate and appropriate charges.

Usage, fuel and maintenance logs are necessary to document appropriate use of the vehicles and to support fuel and other charges. The logs should include the purpose and destination of each trip, beginning and ending odometer readings or hours of usage as applicable, and all operation and maintenance costs. These logs should be reviewed by a supervisor to ensure vehicles and equipment are used only for city business, are being properly utilized, and help identify vehicles that should be replaced. Information on the logs should be periodically reconciled to applicable expenditure records to help identify and prevent inappropriate fuel purchases or other maintenance and operating charges. These logs should also be periodically reviewed by the Board of Alderman.

WE RECOMMEND the Board of Alderman:

- A. Update property records for capital assets that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition. In addition, annual physical inventories should be performed and capital asset additions should be reconciled to purchases.
- B. Ensure proper reviews and reconciliations are performed of the usage and fuel logs maintained for city vehicles.

AUDITEE'S RESPONSE

- A. *The city is in the process of implementing this and will insure annual physical inventories are done in the future.*
- B. *The city implemented controls over fuel purchases in 2006.*

8. Payroll

Prior to December 2005, the city had not developed procedures to ensure the timely preparation of payroll tax returns and payment of payroll taxes to the IRS. As of February 28, 2006, the city owed approximately \$23,250 of overdue taxes to the Internal Revenue Service (IRS), which represented tax liabilities, penalties, and interest for 2005, 2004, and 2003. The 941 forms, Employer's Quarterly Federal Tax Return, were not filed timely during this period. The 941 forms for January 2003 through September 2004 were filed and paid in December 2004. Forms for October 2004 through December 2005 were not filed until December 2005 and the required payments were not submitted with the forms. The city requested a review of their case by the IRS to determine if penalties

and interest could be waived on the overdue payments. It appears the tax withholdings during 2004 and 2003 were used to fund General Fund expenditures due to cash flow problems, rather than being submitted to the IRS as required. The city has now paid all past due tax amounts, with the exception of approximately \$800, and has tentatively received an abatement of approximately \$14,000 in penalties and interest by the IRS. The above problems appear to have been the result of inadequate supervisory review over payroll.

The Internal Revenue Code requires Form 941 to be filed with the IRS on a quarterly basis along with payment of Social Security and Medicare taxes withheld from the employee and the employer's share, as well as federal income tax withheld. Good business practices require accurate and timely payments of payroll taxes. Failure to make timely payments can result in unnecessary penalties and interest.

WE RE COMMEND the Board of Aldermen ensure 941 forms are filed and payroll taxes are remitted on a timely basis for any wages or salaries paid and develop a plan to pay overdue taxes to the IRS.

AUDITEE'S RESPONSE

All taxes and interest have been paid. Form 941 has been filed timely since December 2005.

9. Municipal Court

The city is delinquent in paying over Crime Victims Compensation (CVC) and Peace Officer Standards and Training Commission (POSTC) fees collected by the court to the state, and domestic violence shelter fees to the county. Receipt slips are not issued for some monies received, the composition of receipts is not reconciled to deposits, and monies received are not deposited intact on a timely basis. Records of convictions were not properly forwarded to the Missouri State Highway Patrol (MSHP) for assessments of points on licenses and neither the police department nor the court adequately account for the numerical sequence of all traffic tickets issued. In addition, some tickets filed and prosecuted were not signed or initialed by the Prosecuting Attorney and the Court Clerk maintains a signature stamp, which she is authorized to use without the approval of the Prosecuting Attorney. The number and variety of internal control weaknesses that exist in the municipal court cast doubt on their ability to properly account for all tickets and monies processed through the court.

- A. The state's portion of the CVC and the POSTC fees collected by the court have not been submitted to the state of Missouri on a monthly basis, as required. As of March 31, 2006, POSTC fees totaling approximately \$800 and CVC fees totaling approximately \$5,700 were due to the state. The City Clerk indicated the city has begun remitting the current fees collected but have not paid the past due amounts due to a lack of funds. In addition, the city has not remitted the county portion of the Domestic Violence Shelter fees collected since January 2004, totaling

approximately \$3,150. Apparently the city has made arrangements with the county to repay these past due amounts.

Section 595.045, RSMo, requires 95 percent of the CVC fees be paid to the state, and Chapter 488, RSMo and Supreme Court Administration Rule 21 provides that the CVC and POSTC fees should be disbursed to the state on a monthly basis. Section 488.607 RSMo, requires domestic violence fees collected be disbursed to provide for operating expenses for shelters for battered persons.

- B. Receipt slips are not issued for some monies received. A deposit made on March 23, 2006 for \$6,344 included \$325 in cash which could not be traced to a receipt slip. In addition, approximately \$113 in cash was withheld from this deposit and identified as an overage by the Court Clerk. These type problems are not identified because the composition of receipt slips issued is not compared to deposits. Having an independent person review the composition of receipts compared to the deposit amount would help detect discrepancies such as those noted above and allows the court to investigate the difference prior to the deposit being made. Without issuing and accounting for prenumbered receipt slips for all monies collected, including the method of payment, the court cannot ensure all monies collected are ultimately recorded and deposited.
- C. Monies received are not deposited intact on a timely basis. The court clerk typically makes weekly deposits. A cash count performed on March 22, 2006 revealed three checks, totaling \$325, which had been on hand for a week and cash totaling over \$3,500 was on hand, even though a deposit was made on March 21, 2006.

To adequately account for collections and reduce the risk of loss or misuse of funds, prenumbered receipt slips should be issued for all monies received immediately upon receipt. The receipt slips should indicate the method of payment (i.e. cash, checks, or money orders), the receipt slip numbers should be accounted for, and the composition should be reconciled to the bank deposits.

- D. The municipal division did not forward required records of convictions on traffic offenses to the Missouri State Highway Patrol (MSHP). The current Court Clerk indicated she has not been forwarding the required tickets to the MSHP since taking over the position in August 2005, and was unsure if the prior Court Clerk was remitting required records. Hundreds of tickets have been processed by the court since August 2005. Section 302.225 RSMo, requires any plea or finding of guilty on traffic violations under the laws of the state, county, or municipal ordinance to be forwarded to the MSHP within ten days of the conviction date.
- E. Neither the police department nor the municipal court division adequately account for all traffic tickets and complaint forms issued and the ultimate disposition. The Police Department maintains a log of the ticket books issued to officers; however, a log of the tickets written by police officers is not maintained. The municipal

division has a computer system where all tickets received from the police department are entered. The computer system has the capability to list the tickets in numerical sequence along with their dispositions; however, the Court Clerk does not generate the listing or account for the tickets. It appears there were approximately 1000 tickets issued during 2005 and approximately \$90,000 was paid to the city in traffic fines.

The Court Clerk was unable to locate five traffic tickets selected for testing. Receipt for payment of one of these tickets was located on the computer system, but neither the court or police department had any record of the other four tickets.

Without a proper accounting of the numerical sequence and ultimate disposition of traffic and parking tickets, the police department and the municipal division cannot be assured that all tickets issued are properly submitted to the court. A log listing each ticket number, the date issued, and the violator's name would ensure all tickets issued were submitted to the court for processing, properly voided, or not prosecuted. A record of the ultimate disposition of each ticket should also be maintained to ensure all tickets have been accounted for properly. Tickets that are not processed could result in lost revenue to the city and state.

- F. Traffic tickets and summonses were not always signed by the Prosecuting Attorney and some tickets which were amended were not initialed or signed by the Prosecuting Attorney to indicate he approved this disposition. In addition, the Court Clerk used a signature stamp to stamp the Prosecuting Attorney's signature on some traffic tickets. Using a signature stamp in this manner lessens the controls over having the Prosecuting Attorney sign the traffic tickets and increases the risk of traffic tickets being handled improperly.

Rule 23.01 (a) of the Missouri Rules of Criminal Procedure states the indictment or information for misdemeanors or felonies shall be in writing, signed by the prosecuting attorney, and filed in the court having jurisdiction of the offense. Rule 19.08 of these same rules requires infractions to be subject to the same procedures as the prosecution of misdemeanors. To ensure the proper disposition of all cases has been entered in the court records, the Prosecuting Attorney should sign or initial all tickets and summonses paid at the VB or heard in court and all amended or nolle pros tickets, indicating his approval. In addition, using a signature stamp lessens the controls over having the Prosecuting Attorney sign the traffic tickets and increases the risk of traffic tickets being handled improperly.

WE RECOMMEND the Municipal Court:

- A. Work with the city to ensure all Crime Victims Compensation, Peace Officer Standards and Training Commission, and Domestic Violence fees collected are remitted to the state and county in accordance with state law and on a timely basis.

- B. Issue receipt slips for all monies received and ensure the composition of receipt slips is reconciled to deposits.
- C. Deposit receipts intact daily.
- D. Forward all required records of convictions on traffic offenses to the MSHP within ten days as required by state law.
- E. Work with the Police Department and the Prosecuting Attorney to ensure records are maintained to account for the numerical sequence of all traffic tickets issued, as well as their ultimate disposition.
- F. Require the Prosecuting Attorney to sign all applicable tickets and summonses, including tickets which have been amended. Additionally, the court should discontinue the use of a signature stamp for the Prosecuting Attorney.

AUDITEE'S RESPONSE

- A. *The city has entered into an agreement to pay balances due to the state and county for court fees.*
- B, C
&D. *These have been implemented.*
- E. *The city will discuss this issue with the Police Department and Prosecuting Attorney and determine the actions to be taken.*
- F. *The city is implementing better control over court procedures. The city will take the State Auditor's opinion under advisement.*

10.	Street Maintenance Plan
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A formal street maintenance plan for the city streets has not been prepared annually. A street maintenance plan should be prepared in conjunction with the annual budget and include a description of the streets to be worked on, the type of work to be performed, a cost estimate, the dates such work could begin, and any other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents. The city spent approximately \$24,000 on street maintenance during the year ended December 31, 2005.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

WE RECOMMEND the Board of Aldermen prepare a formal maintenance plan for the city streets at the beginning of the year and periodically update the plan throughout the year. In addition, the board should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects.

AUDITEE'S RESPONSE

The City plans to hold a public hearing regarding street maintenance.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF BATES CITY MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Bates City is located in Lafayette County. The city was incorporated in 1904 and is currently a fourth class city. The population of the city in 2000 was 245.

The city government consists of a mayor and four-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a two-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other officials during the year ended December 31, 2005, are identified below. The Mayor is paid \$100 per month and Board of Alderman \$65 per month. The compensation of these officials is established by ordinance.

Mayor and Board of Alderman	Dates of Service During the Year Ended December 31, 2005	Compensation Paid for the Year Ended December 31, 2005
Diana Rickey, Mayor	April 2005 – December 2005	\$ 800
Shawn Fox, Mayor	January 2005 – April 2005	400
Forrest Jeffery, Alderman (1)	January 2005 – December 2005	715
Donald McCarty, Alderman (2)	January 2005 – December 2005	780
Doug Rickey, Alderman	April 2005 – December 2005	520
Roy Trussell, Alderman	January 2005 – April 2005	260
Don White, Alderman	April 2005 – December 2005	520
Angela Hilbrenner, Alderman	January 2005 – April 2005	260

Other Principal Officials	Dates of Service During the Year Ended December 31, 2005	Compensation Paid for the Year Ended December 31, 2005
Tammy Engen, City Clerk/Treasurer	September 2005 – December 2005	\$ 6,576
Melissa Hays, City Clerk/Treasurer	January 2005 – August 2005	19,313
Sandy O'Donnell, City Collector/Court Clerk (3)	January 2005 – December 2005	18,393
Garry Helm, Municipal Judge	January 2005 – December 2005	2,700
Brent Teichman, City Attorney/ Prosecuting Attorney	April 2005 – December 2005	6,660
John Jack, City Attorney/Prosecuting Attorney	January 2005 – April 2005	1,635
Timothy McCorkle, Police Chief (4)	January 2005 – December 2005	30,153
Stacie Herrington, Water Superintendent	January 2005 – April 2005	12,060

- (1) Garry Johnson elected to this seat in April 2006.
- (2) Re-elected in April 2006.
- (3) Employment was terminated by the city in May 2006. Cathy Dandurand was appointed to fill this position in August 2006.
- (4) Replaced by Rusty Nicholson in October 2006.

In addition to the officials identified above, the city employed one full-time employee and five part-time employees on December 31, 2005.

Assessed valuations and tax rates for 2005 were as follows:

ASSESSED VALUATIONS

Real estate	\$ 1,959,963
Personal property	492,297
Railroad and utility	120,101
Total	<u>\$ 2,572,361</u>

TAX RATE PER \$100 ASSESSED VALUATION

	Rate
General Fund	<u>\$.3159</u>

TAX RATES PER \$1 OF RETAIL SALES

	Rate
General	<u>\$.0100</u>
Capital Improvement *	.0050

- * The citizens voted in April 2005 to authorize the Capital Improvement sales tax for the combined water and sewer system.



Claire McCaskill

Missouri State Auditor

December 2006

Office of Attorney General

Three Years Ended June 30, 2006



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2006

The following findings were included in our audit report on the Office of the Attorney General.

The Office of the Attorney General (AGO) is not billing the Department of Social Services (DSS) correctly for employee salaries and fringe benefits related to certain federal programs. Some monthly billings tested totaled over \$170,000 and included salaries and fringe benefits for over 30 attorneys and nearly 20 support staff. The office selects which attorneys and support staff to include in the allocation based on the impact those hours will have on the reimbursement amount. The audit also noted all allowable Financial Service Division (FSD) expense and equipment expenditures may not be included in the billing calculation. The extent to which the DSS programs may have been under-billed or over-billed could not be determined.

The Governmental Affairs Division (GAD) has not established adequate procedures to ensure the number of hours billed for work performed by the division's attorneys are properly charged to the applicable professional boards. Also, the GAD discards timesheets after the professional boards review and approve the billings.

In July 2005, the office's Case Tracking System (CTS), which is utilized for case docketing, billing various entities for work performed by the office, tracking costs by case for some divisions, and for other case management purposes, was implemented. The current process of preparing timesheets and then entering the timesheets into the CTS is a time consuming process which is susceptible to errors. Our review of 55 timesheets identified numerous problems. In addition, the CTS is not adequately utilized to track costs per case. Our review of 15 cases noted that costs incurred were generally not recorded on the CTS, with the exception of Labor Division cases. Office personnel indicated that costs per case are not tracked when reimbursement is not available because they believe the process would be burdensome.

Accounting duties in the Financial Services Division (FSD) were not adequately segregated, and the FSD's controls over the office's accounts receivables records were not sufficient. In addition, our review of accounts receivable records and procedures disclosed instances where improvement of collection efforts is needed. Database balances were not always accurate, and more improvement is needed to ensure the accuracy of the balances. Also, FSD did not maintain a control list of all uncollectible accounts which had been written-off nor does office management review or approve significant accounts written-off. Finally, the office does not disburse some restitution monies held for other parties nor transmit receipts to the fiscal unit or other entities in a timely manner.

YELLOW SHEET

The controls and procedures over cellular telephones and blackberries need improvement. Some costs incurred for additional minutes, roaming, and toll fees were not covered by applicable cellular telephone plans, and personal calls appeared to contribute to some of these additional charges. Also, some telephones were used for a limited amount of time and call detail was not obtained for all phones. Additionally, the office does not use its blackberries for telephone service.

Office expenditures (excluding payroll) totaled approximately \$10.3 million, \$6.1 million, and \$4.9 million for the years ended June 30, 2006, 2005, and 2004, respectively. In addition, payments were made for professional services, such as outside legal counsel, expert witnesses, court reporters, and other professional court services, from the State Legal Expense Fund through an Office of Administration (OA) appropriation, but based on the approval of the AGO. According to OA records, over \$1.8 million was paid during the three years ended June 30, 2006, for legal and other professional services, based upon approval by the AGO. We noted written agreements were not prepared for some professional services. A written engagement letter, signed by both parties, was not prepared for 61 percent of expenditures reviewed for expert witnesses and outside legal counsel services. Also, there were seven payments, totaling approximately \$22,000, which included charges which were not in accordance with the engagement letters. Additionally, documentation supporting the method/criteria for selecting expert witnesses and outside legal counsel services was not always prepared and retained. Finally, some invoices for professional services did not include sufficient documentation regarding the services provided and expenses claimed.

Some professional services and supplies/equipment were obtained without documented prior approval by appropriate office employees. For 52 percent of payments for items such as audio tapes, computers, software, conference fees, and supplies, the proper approval for these purchases was not documented. In addition, bids were not obtained for 78 percent of payments reviewed for court reporting services, when the vendor was paid in excess of the \$3,000 legal limit during the applicable fiscal year.

The audit also includes recommendations related to other office policies and procedures.

All reports are available on our website: www.auditor.mo.gov

OFFICE OF ATTORNEY GENERAL

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Attorney General
Jefferson City, MO 65102

We have audited the Office of Attorney General. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2006, 2005, and 2004. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.
4. Determine the extent to which audit recommendations included in our prior audit were implemented.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the office, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office's management and was not subjected to the procedures applied in the audit of the office.

The accompanying Management Advisory Report presents our findings arising from our audit of the Office of Attorney General.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

September 15, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Kim Spraggs, CPA
Audit Staff:	Ryan M. King
	Rebecca Harris

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

OFFICE OF ATTORNEY GENERAL
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Billings to Other Governmental Entities
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The Office of Attorney General (AGO) needs to revise and improve its policies and procedures related to billing governmental entities.

- A. The office did not follow its cooperative agreement when billing the Department of Social Services (DSS). In addition, some timesheets did not support the billings, and all applicable expense and equipment costs were not appropriately billed.

Some Financial Services Division (FSD) attorneys and support staff provide various legal services to the DSS, primarily related to the federal Child Support Enforcement and Medical Assistance (Medicaid) programs. Attorneys from other divisions may also periodically work on these federal programs. A monthly bill is prepared by the fiscal unit and submitted to the DSS for salaries, fringe benefits, expense and equipment, and indirect costs associated with the services provided. For the three years ended June 30, 2006, the office billed DSS over \$5.8 million.

We reviewed in detail the August 2005 billing, which totaled over \$170,000. The bill included salaries and fringe benefits for 34 attorneys and 19 support staff. According to available timesheets, 18 attorneys worked solely on one of the federal programs. Our review of this billing disclosed the following concerns:

1. The office is not billing the DSS correctly for employee salaries and fringe benefits.
 - The salary and fringe benefits for individuals who work exclusively on one federal program are not billed directly to that program.
 - Not all FSD attorneys and staff are included in the billing calculation.

The office bills the DSS through a cost allocation calculation based on time spent by attorneys and support staff on various federal programs. According to office personnel, the office selects which attorneys and support staff to include or not include in the allocation based on the affect those hours will have on the reimbursement amount.

The cooperative agreement between the office and DSS provides the salary and fringe benefits for individuals who work solely on a single

federal program be direct billed as opposed to being distributed through a cost allocation calculation. The agreement also provides that all costs of the unit performing services for the federal programs should be included in the allocation calculation when individuals work on federal and non-federal activities.

2. Time records were not adequate to determine the extent that billings to the DSS may have been incorrect. Timesheet problems include:

- Some timesheets contained errors in coding the time worked on the federal or state programs, or time was not correctly entered on the office's computerized time system. For example, there were many instances where the program code was not recorded on the timesheet and administrative hours were not recorded consistently. Timesheet errors are also addressed at MAR finding number 2.
- Timesheets reviewed for some attorneys were not prepared or were not sufficient to identify the actual time spent on the federal programs. For example, the federal program was not always identified on the timesheet. Although the time for these attorneys was not included in the allocation calculation, a portion of their salaries and benefits were billed to the DSS.
- Timesheets for some attorneys reviewed were not retained. Office personnel indicated that once the timesheet information was entered into the office's computerized time system the timesheets were destroyed.
- Some timesheets were not signed by the attorney.

Office of Management and Budget (OMB) Circular A-87 requires that where employees work on multiple programs or cost objectives, the distribution of their salaries or wages needs to be supported by personnel activity reports or equivalent documentation which reflect total, actual activity of each employee. In addition, this circular also requires these time records be signed by the employee. The office's agreement with the DSS requires that the office comply with the provisions of OMB Circular A-87.

3. All allowable FSD expense and equipment expenditures may not be included in the billing calculation. The fiscal unit staff reviews expense and equipment documentation for an attorney's signature who they believe works on a federal program(s). Then the unit contacts the FSD as needed for clarification of the costs, and includes those items in the billing calculation. This unsystematic method to identify billable costs provides little certainty regarding the accuracy of billings.

The cooperative agreement provides that all FSD allowable costs under OMB Circular A-87 should be included in the billing.

Because of the numerous errors, inadequate records, and weaknesses noted above, the extent the DSS programs may have been under-billed or over-billed could not be determined.

- B. The Governmental Affairs Division's (GAD) procedures were not adequate to ensure applicable professional licensing boards were properly billed for services.

Division attorneys serve as general counsel for more than 30 professional licensing boards, and a monthly bill is submitted to the various boards for the attorneys' time. Based upon the monthly bill, the Division of Professional Registration transfers funds of the various boards to the state's General Revenue Fund for the work performed. The division's attorneys prepare monthly timesheets which identify the client and the hours worked each day. This information is entered by division staff into the office's computerized time system.

Our review of the GAD's procedures and the support for the December 2005 billing to the professional licensing boards noted the following:

1. Some timesheet information was not entered accurately on the computerized time system.

For the December 2005 billing, 6 of 17 (35 percent) timesheets were not correctly recorded on the system. Overall, four boards were over-billed a total of almost five hours. Although the dollar amount of these errors is not significant, given the high rate of timesheet entry errors, the office should establish procedures to ensure the hours recorded on its time system are accurate.

Office personnel indicated the board billings are reviewed and revised as necessary; however, the timesheets are not reconciled to the billings. To help ensure the various boards are properly billed, the office should establish procedures to reconcile the timesheets to the billing records.

2. The GAD discards timesheets after the professional boards review and approve the billings. At the time of our review, the GAD had discarded all timesheets except for those for the most recent three months. Office personnel indicated that retaining timesheets was not necessary since the computerized time system was maintained to support billings to other entities.

However, this policy does not appear sufficient or reasonable given the numerous types of errors related to the timesheets and time system. To

ensure billings to other entities are proper and accurate, signed timesheets should be retained.

A condition similar to part B.1. was also noted in the prior report.

WE RECOMMEND the AGO:

- A.1. Revise its policies and procedures to ensure compliance with the cooperative agreement with the DSS. The salaries and fringe benefits for employees working solely on one federal program should be billed directly to the program and all FSD employees should be included in the billing allocation calculation.
2. Ensure all time records used in the allocation calculation are complete and accurate. Also, the time records should be signed by the employee.
3. Ensure all FSD allowable costs are included in the billing calculation.
- B.1. Establish policies and procedures to ensure all employee time is recorded correctly on the timesheets, entered accurately on the time system, and reconciled to the applicable billings to other entities.
2. Ensure the timesheets which are prepared and signed by employees are retained to support billings to other entities.

AUDITEE'S RESPONSE

A.1. *The Attorney General's Office (AGO) has reviewed its policies and procedures to ensure compliance. While the cooperative agreement does set out a direct billing option – it is only one of two available options. The Office of Management and Budget (OMB) Circular A-87 allows for direct billing **only** in circumstances where employees work completely on that program. If an attorney does any work outside that particular program, the AGO cannot direct bill. The AGO is obligated to verify work responsibility at least twice a year.*

In an effort to take advantage of office efficiencies, AGO attorneys often work in more than one area and for more than one agency. (For example, if a child support modification attorney has a docket hearing in Phelps County on a Department of Social Services (DSS) child support case and another attorney has three collection cases for different agencies on the same Phelps County docket, the child support attorney will cover all those cases. Because of this, this attorney cannot be direct billed.)

Therefore, the AGO uses a cost allocation method which is allowed under the agreement. Although the AGO has received conflicting opinions on the need to include all personnel in a cost allocation payment plan and has received zero complaints from this agency in regard to its billing process, it will review those requirements and proceed accordingly.

2. *The AGO will continue to stress the importance of time records and will review with personnel the need to include all information (program codes, time, and signatures) going forward. The AGO will also consider the possibility of electronic entry of time records.*
3. *The AGO has systems in place to ensure that all expense and equipment expenditures for qualified personnel are billed to the appropriate agency. This includes a review of all expense reports and invoices for the month billed and these costs are included for that particular month. While the auditor indicated this is a potential problem, it failed to disclose any specific expense the AGO failed to include in any billing.*
- B.1. *The audit of these time records for December 2005 identified only six entry errors reflecting a total of 4.6 hours of overbilling. This is based on the review of time for approximately 24 lawyers, 548 time records and 1,927 entries for December 2005.*

That said, the AGO will continue to stress the importance of time records and will review with personnel the need to include all information (program codes, time, and signatures) going forward. The AGO will also consider the possibility of electronic entry of time records. The AGO will reiterate the need to reconcile the timesheets to the Case Tracking System.

2. *The AGO will ensure the retention of its time records, although the actual billing amount is always retained in the electronic database system.*

2. Case Tracking System

Information in the office's computerized Case Tracking System (CTS) is not always accurate and complete. Also, the CTS is not adequately utilized to track costs per case.

In July 2005, the office implemented the CTS. Case information from various divisions' systems and the office's time system were consolidated into the CTS. Information from the system is utilized for case docketing, billing various entities for work performed by the office, tracking costs by case for some divisions, and for other case management purposes. Office procedures provide that attorneys are to prepare monthly timesheets which identify the hours worked each day by division, client, program, and case. This information is then entered by division staff into the CTS.

Our review of the CTS disclosed the following concerns:

- A. The current process of preparing timesheets and then entering the timesheets into the CTS is a time consuming process which is susceptible to errors. We determined the CTS sometimes contained inaccurate and incomplete information. As a result, some hours worked were not reflected on billings to other entities, as noted earlier in this report, or were not on case cost tracking reports generated from the system.

Our review of 55 timesheets identified the following problems:

- Information on the timesheets was not always accurately recorded on the CTS. For 26 (47 percent) timesheets, information such as number of hours worked, work activity, and case number was not correctly entered on the system. The majority of these errors related to billings to other entities.
- Some timesheets were entered twice on the CTS.
- Many timesheets were not complete or accurate. There were numerous instances where the program code, case name, or case number was not recorded on the timesheet; and thus, not entered into the CTS.
- Several timesheets did not include the leave taken as recorded on the payroll records.
- Many timesheets identified inconsistent case names (multiple names or other identifiers for the same case) and numbers.
- Vacation and sick leave hours were not recorded consistently. Leave was sometimes charged to administration, a program, or not recorded.
- Many different formats of timesheets were used. Some did not contain all information fields maintained on the CTS.
- Timesheets usually did not have totals which could be verified to the hours entered into the CTS.
- Some timesheets were not signed by the attorney. Also, some supervisors do not review and sign the timesheets.

According to office personnel, attorneys verify the information entered on the CTS to ensure accuracy of the information on the system. However, given the errors noted, this procedure is not sufficient.

To ensure accuracy of the CTS information and any billings based on this system, policies and procedures should be developed to ensure all employee time is recorded correctly on the timesheet and entered accurately on the system, including appropriate reconciliation procedures. In addition, the office needs to establish written guidelines for attorneys to follow when completing timesheets. These guidelines should require the supervisory review and approval of the attorney timesheets to ensure proper coding and accuracy.

Additionally, the office should consider enhancing the CTS to allow employees to enter the timesheet information into an electronic timesheet which could be

automatically posted to the system. This would eliminate discrepancies between the two records and reduce the time spent by office staff and attorneys in recording, entering, and verifying the timesheet information.

- B. The CTS is not adequately utilized to track costs per case. The office receives reimbursement for the cost of investigation and prosecution for certain types of cases including consumer protection, environmental, and "No Call" cases.

Our review of 15 cases noted that costs incurred were generally not recorded on the system, with the exception of Labor Division cases. The CTS contains fields where related case costs can be recorded. According to office personnel, costs related to those cases where reimbursement is received are recorded on individual records maintained by the attorneys, and that they plan to implement a system to track these costs electronically. They also indicated that costs per case are not tracked when reimbursement is not available because they believe the process would be burdensome.

A system which accurately charges costs and time to the various cases would support the appropriate reimbursement of investigation or prosecution costs, and could prove useful in monitoring the cost effectiveness of overall office performance, and in determining which cases should be litigated and court settlements should be considered. It appears that costs per case could be readily accumulated from the CTS.

A condition similar to part B. was also included in prior reports.

WE RECOMMEND the AGO:

- A. Establish policies and procedures to ensure all employee time is recorded correctly on timesheets, entered accurately on the CTS, and appropriately reconciled. Timesheets should be signed by the employee and reviewed and approved by a supervisor. In addition, the office should consider the implementation of an electronic timesheet process.
- B. Establish procedures to track costs per case on the CTS.

AUDITEE'S RESPONSE

The AGO agrees with many of these recommendations . In the limited circumstances where it is provided by law, the A GO seeks and recovers its costs. In those circumstances, the AGO will track its time and reconcile the information from the time sheet to the Case Tracking System. In the vast majority of matters handled by the A GO, however, there is no opportunity to seek case costs from the opposing party.

3. Internal Control Policies, Procedures, and Records

Accounting duties in the Financial Services Division (FSD) were not adequately segregated, and the FSD's controls over the office's accounts receivables records were not sufficient. In addition, some restitution in the Merchandising Practices Restitution Account was not distributed in a timely manner, and receipts were not always transmitted by the FSD on a timely basis.

The FSD handles most of the office's collection efforts to recoup money owed to the state, or its officers or agencies, including restitution for consumers from cases handled by the Consumer Protection Division. Any monies received as a result of legal action taken by the division's attorneys are recorded in both manual logs maintained in each case file and computerized receivable records (database). The FSD forwards receipts to the office's fiscal unit for deposit or to other entities, as appropriate. The FSD collected approximately \$55.5 million during the three years ended June 30, 2006.

In addition, receipts are also received by other divisions or units within the office. During the three years ended June 30, 2006, the "No Call" unit received approximately \$921,000 from telemarketers for the sale of no call listings; the Medicaid Fraud Control Unit (MFCU) received over \$24 million related to their cases; the Consumer Protection Division received approximately \$89,000 from vendors for various licenses and registrations; and an administration attorney received approximately \$36,000 from businesses and individuals for copies of documents requested under the Sunshine Law. The "No Call", Consumer Protection Division, and Sunshine Law receipts are forwarded to the fiscal unit for deposit in the General Revenue, Merchandising Practices Revolving, and Health Spa Regulatory Funds, while the MFCU receipts are forwarded directly to the DSS or other entities.

Our review of the office's control policies, procedures, and records disclosed the following:

- A. The FSD accounting duties are not adequately segregated and an independent review of these duties is not performed. Two administrative staff are responsible for collecting and recording receipts, forwarding receipts to the fiscal unit or other appropriate entities, ensuring a signed receipt verification form is returned by the appropriate entity, preparing the monthly cash receipts log, and maintaining computerized accounts receivable records on the FSD's database.

There is not a sufficient independent review of the receipts received by the FSD and sent to other entities. An independent FSD employee periodically reconciles manual case records to computerized records, ensuring the signed receipt verification forms are on file; however, it appears this reconciliation only covers a limited number of cases. In addition, even though numeric transaction numbers are automatically assigned to each receipt entered in the database, procedures

have not been established to independently account for each transaction number assigned.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and transmitting monies from that of recording receipts and maintaining records. Also, procedures to properly account for the numerical sequence of transaction numbers should be established.

B. The FSD needs to improve controls over its accounts receivable records.

1. The FSD does not monitor accounts receivable cases, including a review of the number and dollar amounts and the period of time amounts have remained uncollected.

Without periodically monitoring accounts receivable cases, there is an increased risk that sufficient collection efforts will not be performed. To better manage cases and collect accounts receivable, the office should monitor the number and dollar amounts of accounts receivable. In addition, to help follow-up on past due receivable balances an accounts receivable aging listing should be prepared on a periodic basis.

2. Our review of accounts receivable records and procedures disclosed instances where improvement of collection efforts is needed. Although demand letters are typically sent to the debtors which reflect a deadline and state that other collection efforts will be pursued, we rarely saw where additional action was taken after no response was received. For example, additional actions could include garnishments and tax intercepts. In addition, payment plans were not always established or monitored for compliance.

Collection efforts were not performed for several months for 12 of 60 (20 percent) accounts receivable cases reviewed. In one of these cases, no collection effort had been performed for nearly three years. Additionally, there were several instances where cases were not opened and demand letters were not sent for approximately a year after the case was received by the FSD.

Also, there were several instances where payments due under a payment plan stopped or were not made and no follow-up action was taken; where periodic payments were made, but no payment plan was prepared; and where payments were not monitored because the case was not correctly identified on the database.

To ensure all outstanding receivable balances are properly handled and collected, the office should establish policies and procedures to ensure collection efforts are adequate and performed in a timely manner. If feasible, all available options for collection should be pursued. The office should prepare payment plans, as appropriate, ensure the plans are entered correctly on the database, and monitor the payments for compliance with the terms of the plan.

3. The database balances were not always accurate, and more improvement is needed to ensure the accuracy of the balances. During the year ended June 30, 2005, the FSD established procedures to periodically reconcile the individual database balances to records in the applicable case file to ensure the accuracy of the database. Although our review noted some improvement in the accuracy of payments entered in the database since our last audit, some errors still occurred.

For example, the initial or current accounts receivable balances in the database did not agree to documentation in the case file for 8 of 60 (13 percent) cases reviewed. For these cases, the accounts receivable balances were overstated by more than \$3 million.

Several of the errors appeared due to entering a receivable amount which exceeded the amount the office can legally collect. For example, for Tort Victim cases, sometimes the total punitive damage award was recorded as a receivable, rather than the state's share which is one-half of the punitive damages, less attorney fees and expenses. Other errors appeared to be data entry errors. In one case, related to inmate reimbursement, the database reflected an initial amount due of \$999,999, although court documents in the case file indicate the maximum amount due to the state was less than \$40,000.

To facilitate monitoring of amounts due, accurate accounts receivable records are necessary. The office needs to establish policies and procedures to ensure accounts receivable records are accurate and complete, and these policies and procedures should be consistently applied.

4. The reconciliations of the database information to case file records were not always properly approved.

Office personnel indicated the FSD deputy chief counsel approved each reconciliation and any recommended changes to the manual or computerized records. However, three of three reconciliations reviewed were not approved by the FSD deputy chief counsel. In addition, we noted comments in one case file which indicated a reconciliation had been performed; however, the reconciliation report was not in the case file.

Each reconciliation should be documented, and properly reviewed and approved.

5. The FSD did not maintain a control list of all uncollectible accounts which had been written-off, and office management does not review or approve significant accounts written-off. According to office personnel, uncollectible accounts are written-off with the approval of the division's management, and a memo documenting the basis and authorization for the closure is placed in the individual case file. They indicated that approval to write off an account may be obtained from office management; however, this is at the discretion of the FSD Chief Counsel. In addition, although the FSD personnel can generate a list from their database of accounts written-off, such a list is not periodically prepared and reviewed.

To ensure adequate controls over uncollectible accounts, a control list of accounts written-off should be maintained, and office management should review and approve significant accounts written-off.

- C. The office does not disburse some restitution monies held for other parties in a timely manner. Our review of the Merchandising Practices Restitution Account in April 2006 disclosed restitution, totaling approximately \$32,000, from a case should have been disbursed to appropriate parties.

When the FSD receives restitution payments from cases where the courts have awarded restitution for the violation of state merchandising practices laws, the monies are forwarded to the fiscal unit and deposited into the office's Merchandising Practices Restitution Account, which is held outside the state treasury. When all restitution monies related to a case have been collected, the office issues checks to the appropriate parties.

The restitution noted above was deposited into the account in January and February 2000. In July 2005, the case file information indicated that all likely monies had been collected on the case. However, these funds had not been disbursed at the time of our review, about ten months later. The office disbursed this restitution after the situation was brought to their attention.

The office should establish procedures to monitor and distribute restitution monies in a timely manner.

- D. The FSD did not always transmit receipts to the fiscal unit or other entities on a timely basis. Also, checks were not restrictively endorsed immediately upon receipt.

For 137 receipts reviewed, 11 (8 percent) receipts, totaling \$6,660, were not forwarded to the appropriate entity in a timely manner. These receipts were held

from 8 days to over 3 months before being forwarded to the fiscal unit, DSS, and Department of Revenue, as appropriate.

Also, the FSD does not restrictively endorse checks upon receipt. Checks sent to the fiscal unit are endorsed when received by the fiscal unit. In addition, although some checks may be addressed to other entities rather than the office, a general restrictive endorsement could be applied to these checks to safeguard receipts.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be forwarded to the fiscal unit or appropriate entity when received and checks should be restrictively endorsed immediately upon receipt by the FSD.

Conditions similar to parts B.2., B.3., and B.5. were also noted in our prior report.

WE RECOMMEND the AGO:

- A. Ensure the duties of receiving, recording, and transmitting monies within the FSD are adequately segregated. In addition, the office should establish procedures to properly account for the numerical sequence of transaction numbers.
- B.1. Establish procedures to monitor accounts receivable cases, including a review of the number and dollar amounts. Also, to help follow-up on past due receivable balances, an accounts receivable aging listing should be prepared on a periodic basis.
 - 2. Establish procedures to ensure collection efforts are adequate and pursued in a timely manner. The office should evaluate all collection options available for each case. Payment plans should be prepared as appropriate, entered correctly on the database, and monitored for compliance.
 - 3. Establish policies and procedures to ensure accounts receivable records are accurate and complete. These policies and procedures should be consistently applied.
 - 4. Ensure each reconciliation of the computerized database information to the manual receivable records is properly documented, reviewed, and approved.
 - 5. Maintain a list of accounts written-off as uncollectible. Office management should review and approve significant accounts written-off.
- C. Establish procedures to ensure restitution monies are monitored and disbursed in a timely manner.
- D. Ensure the FSD forwards all moneys to the fiscal unit and other entities on a timely basis and restrictively endorses all checks immediately upon receipt.

AUDITEE'S RESPONSE

As an introduction, it is important to note that these audit recommendations are suggestions to improve a system that is currently working. Effective recovery efforts and efficient use of state resources have led to stronger recoveries every year. The AGO requires that the receivable information and receipts are logged not only in each individual case file, but also in a computer database system. All these efforts, as reflected in the audit, revealed no loss of money/checks and an increase in recoveries every year.

The audit found that the AGO had received "approximately \$36,000 from businesses and individuals for copies of documents requested under the Sunshine Law." Of the \$36,000 cited in the audit, however, \$23,937 was received not from any Missouri individual or business but from the U.S. Department of Justice related to various requests made by that agency. Most Sunshine Law requests by Missouri individuals and businesses during the audit period imposed minimal costs and did not result in receivables.

A. The AGO takes very seriously the need to ensure against potential loss. The AGO has at least two employees collecting and recording receipts. A receipt verification goes to each agency to review and sign upon receipt of a payment and an independent AGO employee reconciles this information. In addition, each attorney has access to case files on a daily basis, including the receipt log kept in each case file. The AGO will continue to ensure ongoing segregation and will review the transaction number issue.

B.1. The AGO reviews and monitors accounts receivables. The AGO is forced to do this on at least a weekly basis to ensure we are pursuing the appropriate cases and prioritizing our resources. It was stressed during this audit process that not every case in our database system is a receivable, and may not become a receivable until very late in the case process, if at all (i.e., – Tort Victim Compensation Fund (TVCF) and Missouri Inmate Reimbursement Act (MIRA)).

This means that while the case is in our system – the AGO may not be able to collect on it. The AGO can review what is owed and will look at that report to see if we can address the aging listing suggestion.

2. The AGO has procedures in place to ensure maximum collection efforts are pursued. While the AGO prioritizes its efforts, it also considers all available means to collect the amount due. However, not every method is available in every case. The AGO will continue to evaluate its collection options. As indicated in the past audit, the AGO is now using a database system and will continue to attempt to use it to monitor payment plan compliance.

3. The AGO has policies in place to monitor accounts receivable records. As indicated, the AGO is placing all accounts receivable balances into its database. The audit found certain balances in the database need to be entered correctly. It is important to note that the individual case files have an accurate balance. Because not every case is an

accounts receivable and/or collectible, the AGO inputs a figure in to the database to address that particular database issue. This has proven to be challenging in cases where the amount owed is not known or may not ever be owed (i.e., TVCF and MIRA) . The AGO will evaluate this challenge and put a plan in place to address this audit concern.

4. This finding reflects that reconciliations are being performed by the AGO. The AGO agrees the review should be documented.
5. The AGO agrees with this recommendation. Further, the AGO is determining the collectibility of cases on a case-by-case basis, prioritizing them and then adjusting the next review period for each file. The AGO is not closing cases as uncollectible.
- C. The AGO has a restitution recovery disbursement policy in place. When the money is collected in full, or a significant amount is collected with no further hope of additional recovery, the AGO disburses the money. This audit revealed one case out of dozens where the recovery disbursement was deemed to take too long.
- D. The AGO policy is to process checks quickly and accurately. In only 8 percent of the cases reviewed did this audit determine the checks were held too long. During the time a check is held by the Financial Services Division, the check is kept in a locked safe. The AGO agrees with the recommendation to restrictively endorse checks upon receipt.

4. Cellular Telephones and Blackberries

The office needs to improve its controls and procedures over the assignment and usage of its cellular telephones and blackberries (wireless device which supports e-mail, mobile telephone, text messaging, internet faxing, web browsing and other wireless information services). Additionally, employees are not required to monitor their plan usage and personal calls.

At the time of our review of cellular telephones and blackberries, the office had 84 cellular telephones and 80 blackberries. Subsequently, the office obtained a large number of blackberries and disposed of some cellular telephones. As of August 2006, the office had 77 cellular telephones and 171 blackberries. Cellular telephone and blackberry costs totaled approximately \$87,000, \$71,000, and \$58,000 during the years ended June 30, 2006, 2005, and 2004, respectively.

While the office reviews cellular telephone usage quarterly to identify and switch to plans which meet employee needs at the lowest costs, these review procedures did not always appear effective. The following weaknesses were noted during our review of cellular telephone and blackberries for calendar year 2005:

- A. Many employees incurred significant costs for cellular telephone calls that were not covered by their cellular telephone plan. These additional costs included charges for additional minutes, roaming, and toll fees. For example, usage costs

totaled almost \$14,000 for ten telephones, and almost one-half of these costs were not covered by the applicable cellular telephone plan. Although some changes were made to the plans subsequent to our review, several employees continued to incur considerable additional monthly costs. Additionally, employees are not held responsible for adhering to their plan usage and are not provided with their monthly statements for review.

- B. There were many instances where it appeared that personal calls contributed to some additional charges noted above. Employees made calls after working hours, on weekends, and while on annual leave. For example, in July 2005, an employee made or received 421 calls of which 37 (9 percent) of the calls were made/received while the employee was on vacation and included calls to numbers in his name, as well as various businesses. However, the office did not review these calls to determine if they were personal in nature.

Although the office personnel indicated that employees are required to report any personal calls and submit applicable reimbursement, there appears to be little monitoring or enforcement of this policy.

- C. Many cellular telephones were only used for a limited amount of time and the office incurred significant costs for these telephones.

For example, 25 (30 percent) of the office's cellular telephones, which incurred costs totaling approximately \$7,200 for the year, were used less than 30 minutes per month for six or more months. In addition, seven of these phones sat idle up to eighteen months prior to our review.

- D. The office did not receive call detail for eight cellular telephones. According to office personnel, call detail is not requested for these cellular telephones because certain calls are confidential in nature.
- E. The office does not use its blackberries for telephone services. As of February 2006, 36 employees were assigned both devices. Additionally, the office has doubled the number of blackberries since that time. Office personnel indicated services are not consolidated because the blackberry is awkward to use for cellular telephone purposes and employees are more productive when utilizing both devices.

While cellular telephones can help increase employee productivity, they are also costly. The Office of Administration's (OA) wireless telephone policy requires that agencies implement "procedures for wireless equipment and service usage, and accountability". Agencies are required to develop internal controls to ensure timely monitoring of and reimbursement for personal use of cellular telephones, and the policy provides that personal calls should be "infrequent and kept to a minimum in length". The policy also provides that call detail should include the telephone number, minutes used per call, and other charges on the monthly invoice for all telephones. Additionally, the OA

recommends that agencies consolidate cellular telephone and blackberry services onto one device, when both services are needed by an employee. The blackberry state contract provides for monthly rates and other services which are comparable to, and depending on the type of plan, often more advantageous than those in the cellular telephone state contract.

To ensure the efficient and effective use of cellular telephones and blackberries, the office should develop written controls, policies, and procedures regarding their use. Such policies and procedures should address when an employee needs a cellular telephone or blackberry, the appropriate use of this equipment, reimbursement for personal use, and a review process. Also, the office may be able to prevent some unnecessary costs by requiring employees to monitor their usage. In addition, the office should consider canceling services for telephones with low usage and consolidating cellular telephone and blackberry services.

WE RECOMMEND the AGO develop controls, policies, and procedures regarding cellular telephone and blackberries. Such a policy should address when an employee needs a cellular telephone or blackberry, the appropriate use of this equipment, reimbursement for personal use, and a review process. The review process should include detailed billing statements for every telephone, and employees should monitor their plans and usage. In addition, the office should determine the need for cellular telephones with low usage, and cancel plans for those not needed; and consolidate the cellular telephone and blackberry plans for those employees needing both services.

AUDITEE'S RESPONSE

The AGO protects and serves Missourians 24 hours a day, 7 days a week, 365 days a year. Fortunately, law enforcement communications technology has evolved at a rapid pace in recent years to help fulfill that mission. To better protect Missourians and help make employees more efficient and productive, the AGO utilizes a variety of modern handheld communication devices. Though they are not yet fully-integrated in state government, these devices are ubiquitous in society today. They are particularly important in the legal field, where they are utilized by more than 87 percent of the law firms in the nation. Top law schools are even distributing handheld devices to incoming students to download course materials, so future generations of lawyers are likely to be even more reliant on these valuable devices. While away from the office, a lawyer can communicate with others on official business in ways that were not possible before the advent of this equipment, avoiding delay and expediting business. For example, rather than experiencing downtime, a lawyer may productively review e-mails and attached documents, manage his or her calendar, and share information with colleagues about a matter via e-mail while awaiting a court appearance in a distant courthouse. Meanwhile, vital information about a crime can be transmitted in real time, rather than waiting for an attorney to return to the office. It is imperative for the AGO to provide professional services for Missouri citizens, and that the AGO be able to contact an employee who is away from the office at a meeting or deposition when necessary. In addition, an employee may use the device after hours, on the weekend or even while on leave when it becomes important to communicate with the office. This is especially important because with today's technology, a lawyer is never really away from the

office. Accordingly, it is not fair or accurate to assume that any call or e-mail sent after 5 p.m. is a "personal call" in today's law practice environment. Indeed, the volume of legitimate "after-hours" and weekend communications are likely to increase with the availability of these devices. The AGO takes pride in the fact that it is a full-service modern law firm that provides efficient round-the-clock service to all Missourians. Our employees often work long hours – routinely on weekends and after normal business hours – to achieve this goal. Not utilizing readily-available communications technology to help make this possible would not make any sense.

The AGO has in place appropriate controls, policies and procedures regarding this practical and functional equipment. Nonetheless, the AGO will further develop these practices to address more clearly when an employee needs a device and to establish a process for users to monitor their billing statements, service plan and usage. During the audit period, the AGO followed applicable OA policies and reviewed cell phone usage quarterly. Between April 2004 and May 2006, the AGO switched plans 117 times and cancelled 18 phones to improve efficiency consistent with the OA policy. This reflects responsible plan management. Existing policies with respect to the appropriate use of communication devices are sufficiently well-documented by current practices and procedures. In addition, the AGO has tested the use of blackberries as phones with a number of its employees. The AGO, based on this test period, is now in the process of consolidating usage where appropriate and will use blackberries for cell service.

5. Expenditures

Written agreements were not prepared for some professional services; some payments were made for charges which were not included in the agreement; and the reasons for selecting expert witnesses and outside legal counsel were not always prepared and retained. Additionally, some documentation for outside legal counsel services was not adequate. Also, the proper approval by appropriate office personnel was not always obtained for the purchase of some goods and/or services and bids were not always obtained for court reporting services.

Office expenditures (excluding payroll) totaled approximately \$10.3 million, \$6.1 million, and \$4.9 million, for the years ended June 30, 2006, 2005, and 2004, respectively. In addition, payments were made for professional services, such as outside legal counsel, expert witnesses, court reporters, and other professional court services, from the State Legal Expense Fund through an OA appropriation, but based on the approval of the AGO. According to OA records, the OA paid over \$1.8 million during the three years ended June 30, 2006, for legal and other professional services, based upon approval by the office.

The following concerns were noted in our review of expenditures from the office's appropriations and the State Legal Expense Fund:

- A. Written agreements were not prepared for some professional services. In addition, some payments were made for charges which were not in accordance with the agreement.

1. A written engagement letter, signed by both parties, was not prepared for 19 of 31 (61 percent) expenditures reviewed for expert witnesses and outside legal counsel services. The office uses an engagement letter to document arrangements for these types of professional services.

For 16 of these expenditures, totaling over \$312,000, an engagement letter was prepared and signed by an assistant attorney general to document the arrangement; however, the letter was not signed by the outside counsel signifying agreement with the terms of the arrangement. In addition, one of these letters was prepared over a year after the services were provided. We were told obtaining the outside counsel's signature would have unnecessarily delayed the retention process. For the other three expenditures, totaling approximately \$22,000, the office was unable to furnish us with an engagement letter or any other form of agreement. These expenditures were for expert witness fees ranging from \$150 to \$250 an hour.

2. There were seven payments, totaling approximately \$22,000, which included charges which were not in accordance with the engagement letters. For these items, 1) office personnel had not approved the services billed for legal counsel/expert witnesses, 2) the rates billed exceeded the rates outlined in the engagement letter, or 3) the services provided were not within the service period outlined in the engagement letter. Office personnel indicated verbal approval was given for most of the charges which did not comply with the engagement letters. In addition, the personnel indicated that invoices are reviewed by the applicable assistant attorney general and division chief for compliance with agreement terms and office policies.

Without written agreements, it is difficult to determine whether all charges billed are proper. In addition, written agreements are necessary to ensure all parties are aware of their duties and to clarify all compensation allowed. The office should develop procedures to ensure engagement letters for expert witness and outside legal counsel services are prepared and signed by both parties. The agreements should cover all pertinent arrangements and be prepared prior to the services being provided. In addition, if payments are not in accordance with the engagement letter, written authorization for any changes should be prepared and retained.

- B. Documentation supporting the method/criteria for selecting expert witnesses and outside legal counsel services was not always prepared and retained. For 22 of 31 (71 percent) payments reviewed, documentation supporting the method/criteria for selecting the service for a particular case was not maintained. These payments totaled \$361,000.

Although the office provided us with some information upon our request, they indicated this information is generally not documented and maintained because they believe it is privileged information. Considering the extent of payments to these type of vendors, it appears this documentation could be prepared in a manner to protect confidentiality requirements.

- C. Some invoices for professional services did not include sufficient documentation regarding the services provided and expenses claimed. For 12 of 41 (29 percent) invoices reviewed for legal services, there was not sufficient detailed documentation. The amounts on the invoices without adequate supporting documentation totaled approximately \$26,000, and included the following problems:

- Invoices for expert witnesses did not always include sufficient detail of the individuals providing the service, dates worked, amount of time spent, a description of the work activity, and the rate(s) charged.
- Invoices for court reporters did not always include detail of the number of copies and/or amount of time spent and the rates.
- Invoices for expert witness, outside legal counsel, and courier services did not always include sufficient detail and/or receipts for significant charges, such as copying and shipping fees or travel expense.

The office has established policies/procedures for outside legal counsel services; but, not for other types of professional services. The policies/procedures for outside legal counsel require that invoices include detail of the time spent, description of work activity, rate, and fees attributable for each professional individual providing services. The policies/procedures also require that payments of \$200 (\$100 prior to January 2004) or more be supported by invoices or other supporting documentation. However, the policies/procedures do not specifically describe the type of supporting documentation needed for other charges such as copying and shipping fees, travel expense, telephone charges, and other expenses that may be billed.

The office should ensure invoices for all professional services are sufficiently detailed, contain adequate supporting documentation, and are in compliance with applicable policies/procedures. In addition, current policies/procedures need to be revised to include all professional services and to clearly identify the type of supporting documentation needed for expenses charged.

- D. Some professional services and supplies/equipment were obtained without documented prior approval by appropriate office employees.
1. Retention authorization letters, which outline the reasons for services from a particular individual, were not always prepared and approved in accordance with office policies for applicable professional services. Office policies require that retention authorizations letters for professional services under \$5,000 be

approved by a Chief Counsel, and those \$5,000 or more be approved by the Deputy Attorney General.

For 7 of 31 (23 percent) payments reviewed for outside legal counsel and expert witness services, a retention authorization letter was not prepared and approved. According to office personnel, retention was authorized by the appropriate party for these payments; however, documentation of the authorization was not maintained.

2. There was no documentation of approval of purchase requests by applicable personnel for some purchases of supplies and equipment. For 11 of 21 (52 percent) payments for items such as audio tapes, computers, software, conference fees, and supplies, the proper approval for these purchases was not documented. We were told many of these purchases were properly approved by appropriate personnel; however, documentation of this approval was not retained.

The office's internal control plan provides that all purchase requests must have the approval of the Chief Counsel for the division requesting the purchase along with either final approval of the Deputy Attorney General or the Chief of Staff before the order can be placed. Office personnel stated that the plan does not require the approval be documented.

Prior approval for the purchase of goods and services is necessary for the office to monitor and control expenses. The proper prior approval should be obtained and documented, in accordance with applicable office policies and procedures.

- E. Bids were not obtained for 7 of 9 (78 percent) payments reviewed for court reporting services, when the vendor was paid in excess of \$3,000 during the applicable fiscal year. Total payments to these vendors ranged from approximately \$3,300 to \$98,000 during the fiscal year reviewed. During the three years ended June 30, 2006, the office procured professional court services totaling over \$1.6 million.

Office personnel indicated that from August 2003 to April 2006, court reporting services for the central Missouri area were obtained from the state contract awarded by OA. However, for services needed in all other areas of the state, the office hired court reporters without soliciting bids. During this period, OA had not awarded a state contract for court reporter services for areas outside central Missouri. Office personnel also indicated two of the purchases were from a specific vendor because no other vendor could provide the transcripts needed; but, the reason for the sole source purchases was not documented.

Section 34.040, RSMo and OA's procurement policy requires bids be obtained for purchases over \$3,000, including any item or service in which the total expenditure over a twelve month period is over \$3,000. Competitive bidding helps ensure the office receives fair value by contracting with the lowest and best

bidders, and also ensures all interested parties are given an equal opportunity to participate in the state's business. If the item or service is only available from one vendor or if other than the lowest bid is selected, the reasons should be adequately documented.

Conditions similar to parts A., B., and C. were also noted in prior reports.

WE RECOMMEND the AGO:

- A. Ensure all expert witness and outside legal counsel services are supported by written agreements signed by both parties, prior to the services being provided. The services billed should be reviewed for compliance with the written agreement and applicable office policies.
- B. Document the method/criteria for selecting the expert witness and outside legal counsel services.
- C. Ensure invoices for professional services are sufficiently detailed, with adequate supporting documentation and are in compliance with office policies/procedures. In addition, the office should revise existing policies/procedures to include professional services other than outside legal counsel and to clearly identify documentation needed for all types of charges billed.
- D. Ensure the proper prior approval for the purchase of goods and services is obtained and retained, in accordance with applicable office policies/procedures. In addition, retention authorization letters should cover all services that will be provided.
- E. Ensure competitive bids are obtained for court reporting services, in accordance with state law. The reasons for sole source purchases, or for not selecting the lowest bidder, should be documented.

AUDITEE'S RESPONSE

- A. *This office elects to use engagement letters, rather than contracts signed by both parties, when retaining outside legal services. Engagement letters are sufficient to evidence the terms of the retention. The performing of the services set out in the engagement reflects acceptance of the terms by the contractor. Requiring the contractor to sign before performing the services would unnecessarily delay the retention process. Such a delay is unwarranted, in our view, in light of the fact that your audit found no instances where this office and the contractor disagreed about the nature of the contractor's duties or the appropriate rate of reimbursement under the terms of the engagement. You identified instances where invoices included charges that were not in accordance with the engagement letter. Two of these instances involved billing for experts retained by outside counsel without AGO approval. While the AGO policies and procedures for outside counsel for civil litigation requires "pre-approval" from our office before*

obtaining assistance from” experts, it does not require written approval. In both of the instances noted, outside counsel sought and obtained authorization to employ the expert, and expert bills were reviewed and approved by the Deputy Attorney General. Thus, retention of these experts was not inconsistent with the terms of engagement for outside counsel.

You identified two instances where contractors were paid for services after their period of engagement expired. In both cases, oral approval was given prior to the work being performed and services were provided consistent with the rate and cap proposed by the original agreement.

All invoices are reviewed twice prior to payment being authorized. In the case of experts, the invoice is reviewed by the attorney handling the case, because of his/her familiarity with the expert’s work, and they approve payment before the bill is sent to the Deputy Attorney General for final approval. Similarly, outside counsel bills are reviewed for an attorney for compliance with the engagement letter and outside counsel policies before being sent to the Deputy Attorney General for final approval. We will continue to use this procedure to ensure accuracy and billing.

- B. Often legal contractors, particularly experts, are selected for strategic reasons. Documents laying out the reasons for such selection may be obtained by the opposing side in pre-trial discovery. Thus, the maintaining of such records is ill-advised. Other than strategic consideration, factors that influence selection of legal contractors include the reputation and willingness to work for the rate paid by the state in previous experiences this office has had with the expert attorney or firm. As you know, AGO individuals were able to provide reasons for selecting contractors upon request.*
- C. In many cases, the invoices reviewed included extensive detail and documentation. Because experts are retained to perform specific functions (i.e., prepare a report, testify in a case, etc.) and the attorney reviewing the bills is the one who engaged the expert and is familiar with his/her work, they have information about the work performed beyond what appears on the invoice.*

The AGO will review its billing policies and, where appropriate, strengthen the documentation requirements.

- D. The AGO has a prior approval policy in place regarding purchases of goods and services. The need for purchases are run through the Chief Counsel and are then approved by the Administration. There is no requirement in the Internal Control Plan of the AGO that indicates this approval must be documented. Approval is oftentimes documented in e-mail or memo format. Prior approval is obtained.*
- E. The AGO uses statewide contracts to the extent one exists. In this circumstance, the Office of Administration (OA) only had a contract for court reporting services in central Missouri. The AGO asked and OA directed there was no need to bid on a cumulative*

basis. The obligation to bid arose only if a particular deposition would exceed \$3,000. The AGO followed OA's directive.

6.

Office Policies and Procedures

Comprehensive written policies and procedures for the operation of the office have not been developed. Additionally, performance appraisals are not always prepared on a timely basis.

- A. A formal written contingency plan to resume normal business operations and recover information from automated data systems after a disaster or other disruptive event has not been prepared. The office's information system personnel indicated the office has a verbal disaster recovery plan. They also indicated that some aspects of the plan are tested on a monthly basis; however, the test results are not documented or retained. The office relies heavily on its computer system for various activities, including docket information for all divisions.

A formal written disaster recovery plan should specify recovery actions required to reestablish critical computer operations. In the case of a disaster, such documentation can reduce confusion and provide a framework for the uninterrupted continuance of operations. Once a disaster recovery plan has been developed and approved, it should be periodically tested and reviewed. Additionally, test results should be retained.

- B. The office has not developed a written comprehensive employee manual which addresses issues such as working hours, vacation and sick leave, overtime and compensatory time, performance appraisals, travel policies, lines of authority, and other items of interest to employees. Office policies and procedures are generally communicated verbally or by email. In addition, during discussions with various employees and review of documentation, we noted some inconsistencies in the employees' understanding of the office policies and procedures.

For example, the office does not require cost analysis documentation be retained for deciding the type of vehicle (state, rental, or personal) for travel by employees on state business. It should be noted that in April 2006, a vehicular travel policy was established by OA that requires agencies to establish sufficient controls to ensure travel expenses are minimized. These controls must include methods for calculating travel costs to ensure employees use the most cost effective travel option, and agencies must maintain appropriate documentation to support travel decisions.

A comprehensive employee manual which summarizes policies can benefit both the office and employees by providing a basic understanding between management and employees regarding rights and responsibilities. In addition, an employee manual can provide guidance and control for the effective and

consistent management of the office and to help ensure management's policies are fairly and consistently applied to all employees.

- C. Performance appraisals are not always prepared on a timely basis. Our review of performance appraisals for 13 employees disclosed there was no appraisal on file for 3 employees, appraisals for another 3 employees were prepared over 18 months prior to our review, appraisals for another 6 employees were prepared within 12 to 18 months prior to our review, and the appraisal for 1 employee was prepared less than 12 months prior to our review.

Office personnel indicated that performance appraisals are prepared every 12 to 18 months for all full-time employees, except for senior staff attorneys and chief counsels. They believe that senior staff attorneys and chief counsels don't need an appraisal because these individuals have frequent interaction with the Attorney General and senior management within the office and their performance is continually appraised.

To adequately evaluate employee performance and to assist in personnel decisions, the office should complete employee performance appraisals on an annual basis.

A condition similar to part B was also noted in our prior report.

WE RECOMMEND the AGO:

- A. Develop a formal written disaster recovery plan which is periodically tested and evaluated.
- B. Develop a comprehensive written employee manual.
- C. Implement procedures to ensure annual performance appraisals are completed for all applicable employees.

AUDTEE'S RESPONSE

- A. *Information Systems personnel developed a disaster recovery plan which includes loss of location, loss of equipment and damage to equipment. The most critical components of the plan have been implemented. Additional aspects of the plan are tested on a monthly basis.*
- B. *The AGO makes every effort to inform its employees of personnel policies and their individual job assignments. In addition, management is available to discuss these issues in a consistent and comprehensive manner and does so verbally and by e-mail. The AGO does perform cost analysis of trips on a case-by-case basis.*

- C. *The AGO does provide performance appraisals. The AGO continuously evaluates performance on an ongoing basis throughout the year and uses performance plans and counseling/instruction to improve performance in addition to performance appraisals.*

FOLLOW-UP ON PRIOR AUDIT FINDINGS

OFFICE OF ATTORNEY GENERAL
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Office of Attorney General on findings in the Management Advisory Report (MAR) of our prior audit report issued for the four years ended June 30, 2003. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the office should consider implementing those recommendations.

1. Accounts Receivable

- A. The financial services unit's (FSU) manual and/or computerized database records were not always complete or accurate. In addition, the unit could not generate an accounts receivable report with current and accurate balances.
- B. Collection efforts were not always performed in a timely manner.
- C. The FSU did not maintain a control list of all uncollectible accounts which had been written-off, and office management did not review and/or approve significant accounts written-off.

Recommendation:

The AGO:

- A. Establish policies and procedures to ensure accounts receivable records are accurate and complete. In addition, the office should perform periodic reconciliations of the detailed receivable records and the computerized database.
- B. Establish procedures to ensure collections are pursued in a timely manner.
- C. Maintain a list of accounts written-off as uncollectible. Office management should review and/or approve significant accounts written-off.

Status:

- A. Partially implemented. Reconciliation procedures have been developed and have been applied to some cases. However, our review noted problems with the accuracy of the accounts receivable records. See MAR finding number 3.
- B&C. Not implemented. See MAR finding number 3.

2. Internal Control Records, Policies, and Procedures

- A. Receipting duties were not centralized in the fiscal unit. Instead, the office's various divisions received the funds related to their cases.
- B.1. The Environmental Protection Division (EPD) did not establish adequate procedures to ensure all checks and related check information were properly recorded on the division's computerized receipts system.
 - 2. The EPD did not always forward checks to the applicable entity in a timely manner. Checks were not forwarded to the applicable entity until there was final resolution by all parties.
 - 3. The EPD did not always obtain a return receipt for checks forwarded to other entities.
- C. The AGO did not establish adequate procedures to ensure the number of hours billed for work performed by the division's attorneys were properly charged to the applicable professional boards. Errors in entering the timesheets into the computerized time system caused incorrect billings to the various boards, and the division failed to bill for some hours.
- D. The office did not require all employees to prepare time sheets to account for hours worked and leave taken during the month. Only attorneys and hourly employees prepared time sheets.
- E. The office did not establish procedures to track the costs per case.

Recommendation:

The AGO:

- A. Establish procedures whereby all monies are initially received by the fiscal unit. The fiscal unit should then notify the appropriate division of the receipt.
- B.1. Establish procedures to ensure all receipts are properly recorded.
 - 2. Establish procedures to ensure all checks are deposited when received. Once a final resolution has been reached, the office could issue a check to the appropriate entity, if applicable.
 - 3. Establish procedures to ensure return receipts are obtained and retained for all checks forwarded to other entities.

- C. Establish procedures to ensure attorney time records are reconciled to the computerized time system. In addition, the office should bill the applicable professional boards for any under-reported hours.
- D. Require the applicable employees to prepare monthly time sheets that document actual hours worked and leave taken, and submit these to their supervisor and the fiscal office for review and approval.
- E. Develop a system which accumulates costs per case.

Status:

- A. Partially implemented. Most payments are now received by the FSD and forwarded to the fiscal unit for deposit. However, some payments are still being handled by other divisions/units. See MAR finding number 3.
- B. The EPD receivables and receipting processes have been moved to the FSD. See MAR finding number 3.
- C. Not implemented. See MAR finding number 1.
- D. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.
- E. Not implemented. See MAR finding number 2.

3. Plane Flights

The AGO did not maintain documentation to support the comparison between the cost of commercial flights and the cost of using the OA planes for out-of-state air travel.

Recommendation:

The AGO ensure a comparison of the costs of commercial flights to the costs of using OA planes for out-of-state travel is documented and retained.

Status:

Not implemented. From July 2003 through June 2006, we only noted one instance where an OA plane was used for out-of-state travel. Although not repeated in the current MAR, our recommendation remains as stated above.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

OFFICE OF ATTORNEY GENERAL HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Office of Attorney General was created in 1806, when Missouri was still a territory. The Missouri Constitution of 1820 provided for an appointed attorney general. It remained an appointed position until 1865, when a new constitution provided for an attorney general elected by the people.

The Attorney General's office is located in Jefferson City. There are branch offices in Kansas City, St. Louis, Springfield, and Cape Girardeau.

The office is organized into eight divisions: Agriculture and Environment, Consumer Protection, Criminal, Financial Services, Governmental Affairs, Labor, Litigation, and Public Safety. Each division is headed by a chief counsel who is responsible for the operations of the division.

Agriculture and Environment Division: This division protects Missouri's natural resources and agricultural productivity, and represents the Department of Natural Resources (DNR) including its constituent boards and commissions that regulate the use of Missouri's air, land and waters. Attorneys take legal action to stop pollution of the state's air, water and soil and penalize polluters through fines, penalties, and, in the most serious cases, incarceration. The division also works to protect and enhance agriculture and the quality of life for rural Missourians by enforcing the law and advocating responsible public policy. Enforcement litigation is filed primarily in state courts to seek preliminary and permanent injunctions to assure compliance with state environment laws. The division also obtains civil penalties and recovers costs and damages for the state.

Consumer Protection Division: The division handles fraud investigations and litigation. Attorneys in this division represent Missouri consumers as a group in cases of consumer fraud, securities fraud, and antitrust matters. Also, these attorneys are active in discovering businesses that commit merchandising practices fraud in connection with the sale and advertising of products or services. This division includes an investigative staff that assists attorneys in investigations involving violations of the state's Merchandising Practices Act. The No Call program, to reduce telemarketing calls, is also under this division.

Criminal Division: This division represents the state in every felony case appealed to the Supreme Court of Missouri and Missouri Court of Appeals. The attorneys in this division also defend the state in all habeas corpus actions filed by prison inmates in state and federal court and assist with extraditions to and from Missouri of those charged in criminal cases.

Financial Services Division: The division pursues recoveries of monies due the Office of Attorney General and other state agencies/departments, including amounts due on defaults on student loans and economic development loans, delinquent audit and lottery commission fees, penalties owed the Missouri Ethics Commission, estate recovery cases, money owned by inmates to reimburse the state for the costs of their care, and collections in bankruptcy court.

Additionally, the attorneys in this division provide legal assistance to the Department of Social Services by establishing and enforcing child support obligations.

Governmental Affairs Division: The division represents the governor and other statewide elected officials; the Office of Administration; various state departments; and more than 30 professional licensing boards. Division attorneys defend constitutional challenges to state laws and ballot issues and enforce compliance with state laws by trusts, foundations, and nonprofit corporations. The attorneys in this division are also responsible for enforcing the state ethics and campaign finance laws; for enforcing state laws requiring tobacco manufacturers to establish escrow accounts; and for addressing questions about the state's open meeting and records law, commonly known as the Sunshine Law.

Labor Division: This division provides general counsel and litigation services for the Missouri Department of Labor and Industrial Relations and its officers and agencies. The division also represents the state in prevailing wage disputes, crime victims' claims, and workers' compensation cases of state employees, including claims involving the Second Injury Fund.

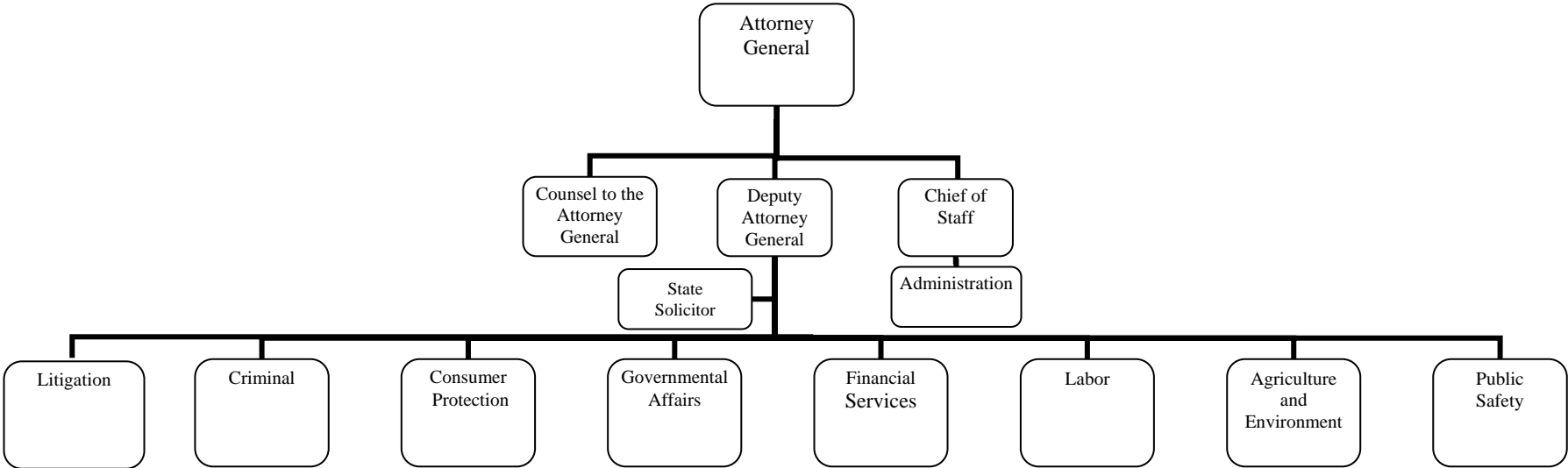
Litigation Division: This division is responsible for representing all state agencies, officers and employees in civil litigation matters in state and federal courts. Cases include damage claims, contract cases, civil rights cases, personal injury lawsuits, employment issues, and constitutional law issues. This division also defends the state in lawsuits brought by inmates of Missouri's correctional facilities.

Public Safety Division: The Public Safety Division handles criminal prosecutions at the trial level. The Special Prosecution Unit assists local prosecuting attorneys in serious or difficult trials, including homicide cases and grand jury proceedings. The Meth Prosecution Unit specializes in handling criminal cases involving the manufacture, sale or possession of methamphetamine and other illegal drugs. The Workers' Compensation Fraud Unit prosecutes fraud or misconduct involving workers' compensation, and the Medicaid Fraud Control Unit prosecutes cases involving fraud of the state Medicaid program by health professionals, or abuse or neglect of Medicaid recipients by caregivers. The High Technology and Computer Crime Unit assists local law enforcement with investigations and prosecutions of computer and Internet crime cases, and the Sexually Violent Predator Unit enforces the sexual violent predator law. In addition, attorneys in the division also serve as legal counsel for the Department of Public Safety, Highway Patrol, Water Patrol, and other state law enforcement agencies, and represent those agencies in all civil litigation in which they are a party.

On January 11, 1993, Jeremiah W. (Jay) Nixon was inaugurated as the state's fortieth Attorney General. He was reelected in November 1996, 2000, and 2004, and his present term will expire in January 2009.

At June 30, 2006, the Office of Attorney General employed approximately 370 full-time and 45 part-time employees. An organization chart follows:

OFFICE OF ATTORNEY GENERAL
ORGANIZATION CHART
JUNE 30, 2006



Appendix A-1

OFFICE OF ATTORNEY GENERAL
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
 YEAR ENDED JUNE 30, 2006

	Federal and Other Fund	Court Costs Fund	Antitrust Revolving Fund	Merchandising Practices Revolving Fund	Merchandising Practices Restitution Account	Health Spa Regulatory Fund	Inmate Incarceration Reimbursement Act Revolving Fund	Trust Fund	Multi-State Consumer Fraud Accounts	Total (Memorandum Only)
RECEIPTS										
Federal grants	\$ 3,140,225	0	0	0	0	0	0	0	0	3,140,225
Restitution	0	0	0	0	2,372,871	0	0	0	0	2,372,871
Inmate housing receipts	0	0	0	0	0	0	137,908	0	0	137,908
Penalties, awards, and settlements	0	1,993	17,459	1,057,041	0	0	0	5,295,410	0	6,371,903
Registration fees	0	0	0	16,165	0	15,425	0	0	0	31,590
No call program fees	0	0	0	414,775	0	0	0	0	0	414,775
Recovery costs	75	0	550,000	10,667	0	0	0	0	0	560,742
Interest	0	0	0	0	8,324	0	0	0	12,408	20,732
Miscellaneous	0	521	0	951	0	900	0	0	0	2,372
Total Receipts	3,140,300	2,514	567,459	1,499,599	2,381,195	16,325	137,908	5,295,410	12,408	13,053,118
DISBURSEMENTS										
Personal service	1,727,611	0	255,340	645,768	0	0	48,325	0	0	2,677,044
Employee fringe benefits	705,525	0	85,011	272,114	0	0	22,783	0	0	1,085,433
Expense and equipment	459,860	187,000	8,010	1,071,627	0	4,445	6,138	0	1,712	1,738,792
Payments to other parties	0	0	0	0	673,538	0	0	5,151,021	3,542,845	9,367,404
Leasing operations	243	0	307	5,776	0	0	0	0	0	6,326
Cost allocation	0	1,360	3,630	22,774	0	77	1,315	0	0	29,156
State office building rent	91,927	0	0	0	0	0	0	0	0	91,927
State office building maintenance and repair	0	0	0	0	0	0	0	0	0	0
Other	8,092	0	0	0	0	0	0	0	0	8,092
Total Disbursements	2,993,258	188,360	352,298	2,018,059	673,538	4,522	78,561	5,151,021	3,544,557	15,004,174
RECEIPTS OVER (UNDER) DISBURSEMENTS	147,042	(185,846)	215,161	(518,460)	1,707,657	11,803	59,347	144,389	(3,532,149)	(1,951,056)
TRANSFERS										
Transfers from:										
General Revenue Fund	0	165,600	69,000	0	0	0	0	0	0	234,600
Merchandising Practices Restitution Account	0	0	0	21,090	0	0	0	0	665,000	686,090
Multi-State Consumer Fraud Accounts	0	0	0	1,901	0	0	0	0	0	1,901
Trust Fund	0	440	0	45,000	0	0	0	0	0	45,440
Transfers to:										
Multi-State Consumer Fraud Accounts	0	0	0	0	(665,000)	0	0	0	0	(665,000)
Merchandising Practices Revolving Fund	0	0	0	0	(21,090)	0	0	(45,000)	(1,901)	(67,991)
Court Costs Fund	0	0	0	0	0	0	0	(440)	0	(440)
Total Transfers	0	166,040	69,000	67,991	(686,090)	0	0	(45,440)	663,099	234,600
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	147,042	(19,806)	284,161	(450,469)	1,021,567	11,803	59,347	98,949	(2,869,050)	(1,716,456)
CASH AND INVESTMENTS, JULY 1, 2005	203,096	33,411	20,658	2,145,486	458,079	116,240	483,008	60,755	2,877,530	6,398,263
CASH AND INVESTMENTS, JUNE 30, 2006	\$ 350,138	13,605	304,819	1,695,017	1,479,646	128,043	542,355	159,704	8,480	4,681,807

Appendix A-2

OFFICE OF ATTORNEY GENERAL
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
YEAR ENDED JUNE 30, 2005

	Federal and Other Fund	Court Costs Fund	Anti-Trust Revolving Fund	Merchandising Practices Revolving Fund	Merchandising Practices Restitution Account	Health Spa Regulatory Fund	Inmate Reimbursement Act Revolving Fund	Trust Fund	Multi-State Consumer Fraud Accounts	Total (Memorandum Only)
RECEIPTS										
Federal grants	\$ 2,812,442	0	0	0	0	0	0	0	0	2,812,442
Restitution	0	0	0	0	562,001	0	0	0	0	562,001
Inmate housing receipts	0	0	0	0	0	0	135,660	0	0	135,660
Penalties, court awards, and settlements	0	4,517	115,940	1,124,854	0	0	0	820,434	0	2,065,745
Registration fees	0	0	0	15,710	0	18,350	0	0	0	34,060
No call program fees	0	0	0	259,375	0	0	0	0	0	259,375
Recovery costs	0	996	56,175	4,572	0	0	0	0	0	61,743
Interest	0	0	0	0	1,671	0	0	0	14,202	15,873
Miscellaneous	1,519	650	0	660	0	0	0	0	0	2,829
Total Receipts	2,813,961	6,163	172,115	1,405,171	563,672	18,350	135,660	820,434	14,202	5,949,728
DISBURSEMENTS										
Personal service	1,704,279	0	249,205	576,047	0	0	23,324	0	0	2,552,855
Employee fringe benefits	671,468	0	79,860	227,131	0	0	10,728	0	0	989,187
Expense and equipment	478,113	187,000	14,719	1,124,805	0	5,000	2,854	0	2,512	1,815,003
Payments to other parties	0	0	0	0	299,912	0	0	759,679	0	1,059,591
Leasing operations	507	0	312	4,576	0	0	0	0	0	5,395
Cost allocation plan	0	1,260	4,945	24,834	0	60	745	0	0	31,844
State office building rent	0	0	0	0	0	0	2,496	0	0	2,496
State office building maintenance and repair	0	0	0	0	0	0	582	0	0	582
Other	4,632	0	0	0	0	0	0	0	0	4,632
Total Disbursements	2,858,999	188,260	349,041	1,957,393	299,912	5,060	40,729	759,679	2,512	6,461,585
RECEIPTS OVER (UNDER) DISBURSEMENTS	(45,038)	(182,097)	(176,926)	(552,222)	263,760	13,290	94,931	60,755	11,690	(511,857)
TRANSFERS										
Transfers from:										
General Revenue Fund	0	165,600	69,196	0	0	0	0	0	0	234,796
Merchandising Practices Restitution Account	0	0	0	53,554	0	0	0	0	0	53,554
Other Funds	0	0	0	328	0	0	0	0	0	328
Transfers to:										
Merchandising Practices Revolving Fund	0	0	0	0	(53,554)	0	0	0	0	(53,554)
Total Transfers	0	165,600	69,196	53,882	(53,554)	0	0	0	0	235,124
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	(45,038)	(16,497)	(107,730)	(498,340)	210,206	13,290	94,931	60,755	11,690	(276,733)
CASH AND INVESTMENTS, JULY 1, 2004	248,134	49,908	128,388	2,643,826	247,873	102,950	388,077	0	2,865,840	6,674,996
CASH AND INVESTMENTS, JUNE 30, 2005	\$ 203,096	33,411	20,658	2,145,486	458,079	116,240	483,008	60,755	2,877,530	6,398,263

Appendix A-3

OFFICE OF ATTORNEY GENERAL
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
 YEAR ENDED JUNE 30, 2004

	Federal and Other Fund	Court Costs Fund	Anti-Trust Revolving Fund	Merchandising Practices Revolving Fund	Merchandising Practices Restitution Account	Health Spa Regulatory Fund	Inmate Reimbursement Act Revolving Fund	Multi-State Consumer Fraud Accounts	Total (Memorandum Only)
RECEIPTS									
Federal grants	\$ 2,687,627	0	0	0	0	0	0	0	2,687,627
Restitution	0	0	0	0	183,744	0	0	0	183,744
Inmate housing receipts	0	0	0	0	0	0	168,755	0	168,755
Penalties, court awards, and settlements	0	3,876	0	619,666	0	0	0	6,000,000	6,623,542
Registration fees	0	0	0	15,075	0	8,500	0	0	23,575
No call program fees	0	0	0	246,465	0	0	0	0	246,465
Recovery costs	0	297	44,031	113,598	0	0	0	0	157,926
Interest	0	0	0	0	1,560	0	0	12,875	14,435
Miscellaneous	773	298	0	1,077	0	0	0	0	2,148
Total Receipts	2,688,400	4,471	44,031	995,881	185,304	8,500	168,755	6,012,875	10,108,217
DISBURSEMENTS									
Personal service	1,670,241	0	347,618	598,662	0	0	22,125	0	2,638,646
Employee fringe benefits	543,910	0	92,659	208,761	0	0	9,063	0	854,393
Expense and equipment	245,225	185,800	24,642	1,092,028	0	3,533	9,673	30,670	1,591,571
Payments to other parties	0	0	0	0	226,742	0	0	5,724,000	5,950,742
Leasing operations	1,380	0	380	5,571	0	0	0	0	7,331
Cost allocation plan	0	1,453	7,763	37,978	0	67	1,271	0	48,532
State office building rent	0	0	0	0	0	0	2,892	0	2,892
State office building maintenance and repair	0	0	0	0	0	0	402	0	402
Other	2,236	0	0	0	0	0	0	0	2,236
Total Disbursements	2,462,992	187,253	473,062	1,943,000	226,742	3,600	45,426	5,754,670	11,096,745
RECEIPTS OVER (UNDER) DISBURSEMENTS	225,408	(182,782)	(429,031)	(947,119)	(41,438)	4,900	123,329	258,205	(988,528)
TRANSFERS									
Transfers from:									
General Revenue Fund	0	165,600	69,000	0	0	0	0	0	234,600
Merchandising Practices Restitution Account	0	0	0	116,984	0	0	0	0	116,984
Multi-State Consumer Fraud Accounts	0	0	0	405,000	0	0	0	0	405,000
Transfers to:									
Merchandising Practices Revolving Fund	0	0	0	0	(116,984)	0	0	(405,000)	(521,984)
Total Transfers	0	165,600	69,000	521,984	(116,984)	0	0	(405,000)	234,600
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	225,408	(17,182)	(360,031)	(425,135)	(158,422)	4,900	123,329	(146,795)	(753,928)
CASH AND INVESTMENTS, JULY 1, 2003	22,726	67,090	488,419	3,068,961	406,295	98,050	264,748	3,012,635	7,428,924
CASH AND INVESTMENTS, JUNE 30, 2004	\$ 248,134	49,908	128,388	2,643,826	247,873	102,950	388,077	2,865,840	6,674,996

Appendix B

OFFICE OF ATTORNEY GENERAL
COMPARATIVE STATEMENT OF RECEIPTS

	Year Ended June 30,		
	2006	2005	2004
GENERAL REVENUE FUND			
Federal grants	\$ 8,595	0	0
Penalties, court awards, and settlements	4,943	901,205	2,375
Recoveries	9,305	5,242	1,350
Refunds	1,192	7,503	3,832
Fees for copying public records	4,251	9,893	22,077
Miscellaneous	6,817	2,073	471
Total General Revenue Fund	<u>\$ 35,103</u>	<u>925,916</u>	<u>30,105</u>
SECOND INJURY FUND			
Penalties, court awards, and settlements	\$ 25,006	25,006	27,781
Recoveries	0	34	0
Miscellaneous	0	1,360	2,707
Total Second Injury Fund	<u>\$ 25,006</u>	<u>26,400</u>	<u>30,488</u>
TORT VICTIMS COMPENSATION FUND			
Penalties, court awards, and settlements	\$ 186,469	7,190	21,076
Refunds	136	0	0
Total Tort Victims Compensation Fund	<u>\$ 186,605</u>	<u>7,190</u>	<u>21,076</u>
WORKERS' COMPENSATION FUND			
Miscellaneous	<u>\$ 0</u>	<u>34</u>	<u>0</u>
HEALTHY FAMILIES TRUST FUND			
Recoveries	<u>\$ 133,078,223</u>	<u>144,964,644</u>	<u>142,829,966</u>
NATURAL RESOURCES PROTECTION FUND - WATER POLLUTION PERMIT FEE SUBACCOUNT FUND			
Penalties, court awards, and settlements	\$ 0	1,000	0
Recoveries	0	0	1,000
Fees for copying public records	0	5	0
Total Natural Resources Protection Fund - Water Pollution Permit Fee Subaccount Fund	<u>\$ 0</u>	<u>1,005</u>	<u>1,000</u>
SOLID WASTE MANAGEMENT FUND			
Fees for copying public records	<u>\$ 20</u>	<u>0</u>	<u>49</u>

Appendix C-1

OFFICE OF ATTORNEY GENERAL
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2006

	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND			
Personal Service	\$ 10,435,628	10,415,014	20,614
Medicaid Fraud Unit - Expense and Equipment	150,164	105,386	44,778
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	259,396	259,396	0
Medicaid Fraud Unit - Personal Service	151,452	148,839	2,613
Expense and Equipment	1,845,214	1,844,134	1,080
Total General Revenue Fund	12,841,854	12,772,769	69,085
FEDERAL AND OTHER FUND			
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	92,600	91,763	837
Medicaid Fraud Unit - Personal Service	752,139	651,428	100,711
Personal Service	1,535,812	1,076,184	459,628
Expense and Equipment	533,059	368,097	164,962
Total Federal and Other Fund	2,913,610	2,187,472	726,138
GAMING COMMISSION FUND			
Personal Service	123,052	123,052	0
Expense and Equipment	6,742	5,431	1,311
Total Gaming Commission Fund	129,794	128,483	1,311
NATURAL RESOURCES PROTECTION FUND - WATER POLLUTION PERMIT FEE SUBACCOUNT FUND			
Personal Service	33,184	33,184	0
Expense and Equipment	4,715	4,715	0
Total Natural Resources Protection Fund - Water Pollution Permit Fee Subaccount Fund	37,899	37,899	0
SOLID WASTE MANAGEMENT FUND			
Personal Service	33,184	33,184	0
Expense and Equipment	5,215	5,215	0
Total Solid Waste Management Fund	38,399	38,399	0
PETROLEUM STORAGE TANK INSURANCE FUND			
Personal Service	22,757	22,757	0
Total Petroleum Storage Tank Insurance Fund	22,757	22,757	0
MOTOR VEHICLE COMMISSION FUND			
Personal Service	39,592	39,592	0
Expense and Equipment	6,300	0	6,300
Total Motor Vehicle Commission Fund	45,892	39,592	6,300

Appendix C-1

OFFICE OF ATTORNEY GENERAL
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2006

	Appropriation Authority	Expenditures	Lapsed Balances
HEALTH SPA REGULATORY FUND			
Expense and Equipment	5,000	4,445	555
Total Health Spa Regulatory Fund	5,000	4,445	555
NATURAL RESOURCES PROTECTION FUND - AIR POLLUTION PERMIT FEE SUBACCOUNT FUND			
Personal Service	33,160	33,160	0
Expense and Equipment	4,715	4,715	0
Total Natural Resources Protection Fund - Air Pollution Permit Fee Subaccount Fund	37,875	37,875	0
COURT COSTS FUND			
Expense and Equipment	187,000	187,000	0
Total Court Costs Fund	187,000	187,000	0
SOIL AND WATER SALES TAX FUND			
Personal Service	11,055	11,055	0
Expense and Equipment	2,267	2,267	0
Total Soil And Water Sales Tax Fund	13,322	13,322	0
MERCHANDISING PRACTICES REVOLVING FUND			
Personal Service	645,971	645,768	203
Expense and Equipment	1,870,951	908,287	962,664
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	164,548	163,250	1,298
Total Merchandising Practices Revolving Fund	2,681,470	1,717,305	964,165
WORKERS' COMPENSATION FUND			
Personal Service	291,466	290,511	955
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	103,581	102,760	821
Expense and Equipment	153,653	26,589	127,064
Total Workers' Compensation Fund	548,700	419,860	128,840
SECOND INJURY FUND			
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	103,581	103,566	15
Personal Service	1,691,946	1,691,713	233
Expense and Equipment	983,332	923,753	59,579
Total Second Injury Fund	2,778,859	2,719,032	59,827

Appendix C-1

OFFICE OF ATTORNEY GENERAL
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2006

	Appropriation Authority	Expenditures	Lapsed Balances
LOTTERY PROCEEDS FUND			
Personal Service	50,081	49,495	586
Total Lottery Proceeds Fund	50,081	49,495	586
ANTI-TRUST REVOLVING FUND			
Personal Service	335,144	255,340	79,804
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	11,034	1,035	9,999
Expense and Equipment	254,400	6,974	247,426
Total Anti-Trust Revolving Fund	600,578	263,349	337,229
HAZARDOUS WASTE FUND			
Personal Service	33,160	33,160	0
Expense and Equipment	4,715	4,715	0
Total Hazardous Waste Fund	37,875	37,875	0
SAFE DRINKING WATER FUND			
Personal Service	11,079	11,079	0
Expense and Equipment	2,265	2,265	0
Total Safe Drinking Water Fund	13,344	13,344	0
HAZARDOUS WASTE REMEDIAL FUND			
Personal Service	223,878	223,878	0
Expense and Equipment	10,165	10,165	0
Total Hazardous Waste Remedial Fund	234,043	234,043	0
TRUST FUND			
Fulfillment or failure of conditions, or other such developments, necessary to determine the appropriate disposition of such funds, to those individuals, entities, or accounts within the State Treasury, certified by the Attorney General as being entitled to receive them - Expense and Equipment	5,196,462	5,196,461	1
Total Trust Fund	5,196,462	5,196,461	1
INMATE INCARCERATION REIMBURSEMENT ACT REVOLVING FUND			
Expense and Equipment	26,295	6,138	20,157
Personal Service	48,325	48,325	0
Total Inmate Incarceration Reimbursement Act Revolving Fund	74,620	54,463	20,157
MINED LAND RECLAMATION FUND			
Personal Service	11,055	11,055	0
Expense and Equipment	2,262	2,262	0
Total Mined Land Reclamation Fund	13,317	13,317	0
Total All Funds	\$ 28,502,751	26,188,557	2,314,194

Appendix C-2

OFFICE OF ATTORNEY GENERAL
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2005

	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND			
Personal Service	\$ 10,274,798	10,271,400	3,398
Medicaid Fraud Unit - Expense and Equipment	150,164	134,357	15,807
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	257,432	245,576	11,856
Medicaid Fraud Unit - Personal Service Expense and Equipment	151,452 1,934,922	116,003 1,934,766	35,449 156
Total General Revenue Fund	<u>12,768,768</u>	<u>12,702,102</u>	<u>66,666</u>
FEDERAL AND OTHER FUND			
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	16,860	8,100	8,760
Medicaid Fraud Unit - Personal Service	752,139	575,485	176,654
Personal Service	1,650,468	1,128,793	521,675
Expense and Equipment	688,908	470,013	218,895
Total Federal and Other Fund	<u>3,108,375</u>	<u>2,182,391</u>	<u>925,984</u>
GAMING COMMISSION FUND			
Personal Service	127,288	127,245	43
Expense and Equipment	2,506	0	2,506
Total Gaming Commission Fund	<u>129,794</u>	<u>127,245</u>	<u>2,549</u>
NATURAL RESOURCES PROTECTION FUND - WATER POLLUTION PERMIT FEE SUBACCOUNT FUND			
Personal Service	33,184	33,184	0
Expense and Equipment	4,715	4,715	0
Total Natural Resources Protection Fund - Water Pollution Permit Fee Subaccount Fund	<u>37,899</u>	<u>37,899</u>	<u>0</u>
SOLID WASTE MANAGEMENT FUND			
Personal Service	33,184	33,184	0
Expense and Equipment	5,215	5,215	0
Total Solid Waste Management Fund	<u>38,399</u>	<u>38,399</u>	<u>0</u>
PETROLEUM STORAGE TANK INSURANCE FUND			
Personal Service	22,757	22,757	0
Total Petroleum Storage Tank Insurance Fund	<u>22,757</u>	<u>22,757</u>	<u>0</u>
MOTOR VEHICLE COMMISSION FUND			
Personal Service	34,592	34,592	0
Expense and Equipment	11,300	2,589	8,711
Total Motor Vehicle Commission Fund	<u>45,892</u>	<u>37,181</u>	<u>8,711</u>

Appendix C-2

OFFICE OF ATTORNEY GENERAL
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2005

	Appropriation Authority	Expenditures	Lapsed Balances
HEALTH SPA REGULATORY FUND			
Expense and Equipment	5,000	5,000	0
Total Health Spa Regulatory Fund	5,000	5,000	0
NATURAL RESOURCES PROTECTION FUND - AIR POLLUTION PERMIT FEE SUBACCOUNT FUND			
Personal Service	33,160	33,160	0
Expense and Equipment	4,715	4,715	0
Total Natural Resources Protection Fund - Air Pollution Permit Fee Subaccount Fund	37,875	37,875	0
COURT COSTS FUND			
Expense and Equipment	187,000	187,000	0
Total Court Costs Fund	187,000	187,000	0
SOIL AND WATER SALES TAX FUND			
Personal Service	11,055	11,055	0
Expense and Equipment	2,267	2,267	0
Total Soil And Water Sales Tax Fund	13,322	13,322	0
MERCHANDISING PRACTICES REVOLVING FUND			
Personal Service	622,062	576,047	46,015
Expense and Equipment	1,894,860	971,683	923,177
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	251,747	152,921	98,826
Total Merchandising Practices Revolving Fund	2,768,669	1,700,651	1,068,018
WORKERS' COMPENSATION FUND			
Personal Service	309,318	309,261	57
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	136,302	102,760	33,542
Expense and Equipment	135,801	52,334	83,467
Total Workers' Compensation Fund	581,421	464,355	117,066
SECOND INJURY FUND			
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	264,723	102,761	161,962
Personal Service	1,681,804	1,681,275	529
Expense and Equipment	993,474	922,045	71,429
Total Second Injury Fund	2,940,001	2,706,081	233,920

Appendix C-2

OFFICE OF ATTORNEY GENERAL
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2005

	Appropriation Authority	Expenditures	Lapsed Balances
LOTTERY PROCEEDS FUND			
Personal Service	50,081	50,079	2
Total Lottery Proceeds Fund	50,081	50,079	2
ANTI-TRUST REVOLVING FUND			
Personal Service	335,144	249,206	85,938
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	10,069	5,541	4,528
Expense and Equipment	254,400	9,178	245,222
Total Anti-Trust Revolving Fund	599,613	263,925	335,688
HAZARDOUS WASTE FUND			
Personal Service	33,160	33,160	0
Expense and Equipment	4,715	4,715	0
Total Hazardous Waste Fund	37,875	37,875	0
SAFE DRINKING WATER FUND			
Personal Service	11,079	11,079	0
Expense and Equipment	2,265	2,265	0
Total Safe Drinking Water Fund	13,344	13,344	0
HAZARDOUS WASTE REMEDIAL FUND			
Personal Service	223,878	223,878	0
Expense and Equipment	10,165	10,165	0
Total Hazardous Waste Remedial Fund	234,043	234,043	0
TRUST FUND			
Fulfillment or failure of conditions, or other such developments, necessary to determine the appropriate disposition of such funds, to those individuals, entities, or accounts within the State Treasury, certified by the Attorney General as being entitled to receive them - Expense and Equipment	759,689	759,679	10
Total Trust Fund	759,689	759,679	10
INMATE INCARCERATION REIMBURSEMENT ACT REVOLVING FUND			
Expense and Equipment	11,700	2,854	8,846
Personal Service	23,325	23,325	0
Total Inmate Incarceration Reimbursement Act Revolving Fund	35,025	26,179	8,846
MINED LAND RECLAMATION FUND			
Personal Service	11,055	11,055	0
Expense and Equipment	2,262	2,262	0
Total Mined Land Reclamation Fund	13,317	13,317	0
Total All Funds	\$ 24,428,159	21,660,699	2,767,460

Appendix C-3

OFFICE OF ATTORNEY GENERAL
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2004

	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND			
Personal Service	\$ 9,808,315	9,798,829	9,486
Medicaid Fraud Unit - Expense and Equipment	150,164	82,942	67,222
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	514,864	257,432	257,432 *
Medicaid Fraud Unit - Personal Service	144,852	97,350	47,502
Expense and Equipment	2,316,836	2,311,535	5,301
Total General Revenue Fund	12,935,031	12,548,088	386,943
FEDERAL AND OTHER FUND			
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	24,360	7,500	16,860 *
Medicaid Fraud Unit - Personal Service	731,139	489,032	242,107
Personal Service	1,405,135	1,181,209	223,926
Expense and Equipment	583,387	237,725	345,662
Total Federal and Other Fund	2,744,021	1,915,466	828,555
GAMING COMMISSION FUND			
Personal Service	120,047	119,715	332
Expense and Equipment	6,747	783	5,964
Total Gaming Commission Fund	126,794	120,498	6,296
NATURAL RESOURCES PROTECTION FUND - WATER POLLUTION PERMIT FEE SUBACCOUNT FUND			
Personal Service	32,272	32,272	0
Expense and Equipment	4,715	4,715	0
Total Natural Resources Protection Fund - Water Pollution Permit Fee Subaccount Fund	36,987	36,987	0
SOLID WASTE MANAGEMENT FUND			
Personal Service	32,272	32,264	8
Expense and Equipment	5,215	5,215	0
Total Solid Waste Management Fund	37,487	37,479	8
PETROLEUM STORAGE TANK INSURANCE FUND			
Personal Service	22,157	22,157	0
Total Petroleum Storage Tank Insurance Fund	22,157	22,157	0
MOTOR VEHICLE COMMISSION FUND			
Personal Service	33,392	0	33,392
Expense and Equipment	11,300	0	11,300
Total Motor Vehicle Commission Fund	44,692	0	44,692

Appendix C-3

OFFICE OF ATTORNEY GENERAL
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2004

	Appropriation Authority	Expenditures	Lapsed Balances
HEALTH SPA REGULATORY FUND			
Expense and Equipment	5,000	3,533	1,467
Total Health Spa Regulatory Fund	5,000	3,533	1,467
NATURAL RESOURCES PROTECTION FUND - AIR POLLUTION PERMIT FEE SUBACCOUNT FUND			
Personal Service	32,260	32,260	0
Expense and Equipment	4,715	4,715	0
Total Natural Resources Protection Fund - Air Pollution Permit Fee Subaccount Fund	36,975	36,975	0
COURT COSTS FUND			
Expense and Equipment	187,000	185,800	1,200
Total Court Costs Fund	187,000	185,800	1,200
SOIL AND WATER SALES TAX FUND			
Personal Service	10,755	10,746	9
Expense and Equipment	2,267	2,267	0
Total Soil And Water Sales Tax Fund	13,022	13,013	9
MERCHANDISING PRACTICES REVOLVING FUND			
Personal Service	598,662	598,662	0
Expense and Equipment	1,894,860	913,496	981,364
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	430,178	178,431	251,747 *
Total Merchandising Practices Revolving Fund	2,923,700	1,690,589	1,233,111
WORKERS' COMPENSATION FUND			
Personal Service	268,518	268,496	22
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	239,350	103,048	136,302 *
Expense and Equipment	168,801	80,541	88,260
Total Workers' Compensation Fund	676,669	452,085	224,584
SECOND INJURY FUND			
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	368,806	104,083	264,723 *
Personal Service	1,594,620	1,576,227	18,393
Expense and Equipment	401,124	364,174	36,950
Total Second Injury Fund	2,364,550	2,044,484	320,066

Appendix C-3

OFFICE OF ATTORNEY GENERAL
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2004

	Appropriation Authority	Expenditures	Lapsed Balances
LOTTERY PROCEEDS FUND			
Personal Service	48,881	48,862	19
Total Lottery Enterprise Fund	48,881	48,862	19
ANTI-TRUST REVOLVING FUND			
Personal Service	347,744	347,617	127
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	19,568	9,499	10,069 *
Expense and Equipment	233,400	15,143	218,257
Total Anti-Trust Revolving Fund	600,712	372,259	228,453
HAZARDOUS WASTE FUND			
Personal Service	32,260	32,254	6
Expense and Equipment	4,715	4,715	0
Total Hazardous Waste Fund	36,975	36,969	6
SAFE DRINKING WATER FUND			
Personal Service	10,767	10,764	3
Expense and Equipment	2,265	2,265	0
Total Safe Drinking Water Fund	13,032	13,029	3
HAZARDOUS WASTE REMEDIAL FUND			
Personal Service	218,766	218,713	53
Expense and Equipment	10,165	10,165	0
Total Hazardous Waste Remedial Fund	228,931	228,878	53
INMATE INCARCERATION REIMBURSEMENT ACT REVOLVING FUND			
Expense and Equipment	11,700	9,673	2,027
Personal Service	22,125	22,125	0
Total Inmate Incarceration Reimbursement Act Revolving Fund	33,825	31,798	2,027
MINED LAND RECLAMATION FUND			
Personal Service	10,755	10,739	16
Expense and Equipment	2,262	2,262	0
Total Mined Land Reclamation Fund	13,017	13,001	16
Total All Funds	\$ 23,129,458	19,851,950	3,277,508

* Biennial appropriations set up in fiscal year 2004 are re-appropriations to fiscal year 2005. After the fiscal year-end processing has been completed, the unexpended fiscal year 2004 appropriation balance for a biennial appropriation is established in fiscal year 2005. Therefore, there is no lapsed balance for a biennial appropriation at the end of fiscal year 2004.

Appendix D

OFFICE OF ATTORNEY GENERAL
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,				
	2006	2005	2004	2003	2002
Salaries and wages	\$ 15,847,774	15,555,222	14,950,293	13,692,929	13,833,257
Travel, in-state	475,507	469,792	420,758	437,581	457,180
Travel, out-of-state	128,378	101,435	106,504	114,727	138,273
Fuel and utilities	32,302	30,234	36,645	33,752	35,720
Supplies	1,039,367	1,008,975	1,046,131	980,370	891,090
Professional development	189,256	203,167	215,512	160,342	178,121
Communication service and supplies	450,271	449,870	473,474	605,067	209,563
Services:					
Professional	1,396,756	1,325,945	787,412	789,671	586,240
Housekeeping and janitorial	83,938	69,245	68,059	68,238	68,630
Maintenance and repair	215,399	282,617	273,221	243,639	202,675
Equipment:					
Computer	179,663	362,344	331,963	348,553	269,298
Motorized	75,768	27,153	109,203	120,423	105,166
Office	85,839	91,167	91,668	138,134	95,960
Other	15,052	16,595	18,486	96,862	102,627
Property and improvements	1,890	150,749	151,920	1,347	0
Real property rentals and leases	725,597	707,580	734,273	729,740	739,020
Equipment rental and leases	3,456	5,435	9,143	6,249	6,588
Miscellaneous expenses	87,110	43,495	25,985	44,036	21,504
Rebillable expenses	0	0	0	0	692,692
Refunds	0	0	1,300	0	667
Payments to other parties	5,151,021	759,679	0	0	0
Program distributions	4,213	0	0	0	0
Total Expenditures	\$ <u>26,188,557</u>	<u>21,660,699</u>	<u>19,851,950</u>	<u>18,611,660</u>	<u>18,634,271</u>

Appendix E

OFFICE OF ATTORNEY GENERAL STATEMENT OF CHANGES IN GENERAL CAPITAL ASSETS

All Funds	Furniture and Equipment	Motor Vehicles	Total
Balance, July 1, 2003	\$ 3,048,804	553,168	3,601,972
Additions	323,695	112,099	435,794
Dispositions	(454,810)	(109,212)	(564,022)
Balance, June 30, 2004	2,917,689	556,055	3,473,744
Additions	319,782	37,774	357,556
Dispositions	(404,660)	(39,645)	(444,305)
Balance, June 30, 2005	2,832,811	554,184	3,386,995
Additions	195,169	90,109	285,278
Dispositions	(178,950)	(75,523)	(254,473)
Balance, June 30, 2006	\$ 2,849,030	568,770	3,417,800

Fund of Acquisition	Balance June 30, 2006
General Revenue Fund	\$ 2,211,648
Federal and Other Fund	204,375
Gaming Commission Fund	2,270
Motor Vehicle Commission Fund	705
Merchandising Practices Revolving Fund	401,696
Workers' Compensation Fund	141,536
Second Injury Fund	425,127
Anti-Trust Revolving Fund	15,694
Department of Natural Resources Funds	12,893
Health Spa Regulatory Fund	824
Inmate Incarceration Reimbursement Act Revolving Fund	1,032
Total All Funds	\$ 3,417,800

Appendix F

OFFICE OF ATTORNEY GENERAL
COMPARATIVE STATEMENT OF FINANCIAL SERVICES DIVISION COLLECTIONS

	Year Ended June 30,					
	2006		2005		2004	
	Number of Payments	Amount Collected	Number of Payments	Amount Collected	Number of Payments	Amount Collected
Forwarded to:						
AGO - Fiscal Unit *	1,533	\$ 11,185,664	1,284	\$ 3,163,974	960	\$ 1,537,817
AGO - Medicaid Fraud Control Unit **	2	376,250	0	0	16	24,831
Department of Agriculture	63	82,498	47	40,745	26	53,712
Department of Corrections	12	131,494	14	168,827	309	1,680,560
Department of Economic Development	20	165,177	36	464,328	37	221,238
Department of Health and Senior Services	134	94,525	130	68,460	88	23,102
Department of Labor and Industrial Relations	890	1,029,475	546	694,414	523	2,340,531
Department of Mental Health	91	379,555	63	197,881	26	16,626
Department of Natural Resources	75	184,064	160	712,140	30	35,158
Department of Public Safety	0	0	13	512	27	1,791
Department of Social Services	1,343	10,842,161	1,498	9,247,187	2,021	7,563,318
Missouri Ethics Commission	40	13,586	93	12,329	64	14,683
Missouri National Guard	169	44,676	97	21,624	183	22,410
State Lottery Commission	288	191,175	165	331,378	225	114,842
Various political subdivisions	108	787,865	131	320,101	54	252,349
Other entities	19	264,795	28	396,760	35	31,760
Total	<u>4,787</u>	<u>\$ 25,772,960</u>	<u>4,305</u>	<u>\$ 15,840,659</u>	<u>4,624</u>	<u>\$ 13,934,726</u>

* These moneys are reflected in Appendices A and B.

** These moneys are transmitted by the Medicaid Fraud Control Unit to the Department of Social Services.



Claire McCaskill

Missouri State Auditor

December 2006

Hyannis Port Road
Transportation Development
District



Office Of
Missouri State Auditor
Claire McCaskill

December 2006

The following problems were included in our audit of the Hyannis Port Road Transportation Development District.

The Hyannis Port Road Transportation Development District (the district) was established on July 16, 2004, and is located in an unincorporated area of Jefferson County. Its related development is the Gravois Dillon Plaza. The district was formed for the purpose of improving traffic flow into and out of the development. The district's qualified voters approved the imposition of a 1 percent sales tax on all taxable transactions within the district effective November 1, 2004. The costs of the district's transportation projects were originally estimated at approximately \$564,000, with the costs of construction and other related costs being paid initially by the owner/developer. The transportation projects were completed in July 2005.

On September 29, 2005, the board approved a resolution approving and certifying transportation project costs totaling \$599,289, to be reimbursed to the owner/developer and authorized a revenue note to that party. Subsequently, the district made a payment of \$197,091 on the note to partially reimburse the owner/developer for the costs incurred. Also, the board passed a resolution repealing the district's sales tax, effective November 1, 2005. At the time these actions were taken, the owner/developer was still owed about \$402,000 in unreimbursed transportation costs.

On September 11, 2006, the board approved a resolution formalizing its intent to: dissolve the district, request the required audit, and subsequently submit to its voters a ballot question to abolish the district. The State Auditor's Office has performed an audit of this TDD as required by state law.

Our audit indicates the district's assets exceed or meet its outstanding liabilities. However, before proceeding with the abolishment of the district, the board should ensure a written agreement is entered into formalizing the owner/developer's intent to forgive or write-off the district's liability for any unreimbursed transportation project costs.

Our audit also noted bid documentation for the construction contract related to the district's projects was not maintained by the records custodian. The board minutes also do not indicate whether a board member who was a party to the construction contract abstained from voting when costs were certified and approved for reimbursement. Additionally, the district did not solicit requests for proposals for some professional services and did not submit annual financial reports to the State Auditor's Office for 2005 or 2004, as required by state law.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Tonia Shelton, Chairman
and
Board of Directors
Hyannis Port Road Transportation Development District
Hillsboro, MO 63050

Section 238.275, RSMo, requires the State Auditor to audit a transportation development district prior to the question of abolishment being submitted to a vote. On September 11, 2006, the Board of Directors of the Hyannis Port Road Transportation Development District approved a resolution of its intent to dissolve the district and request an audit as required by statute. The State Auditor was subsequently notified of this resolution.

To satisfy our statutory obligation, we have audited the financial status and related activity of the district. The scope of our audit included, but was not necessarily limited to, the period January 1, 2006 to September 30, 2006, and the years ended December 31, 2005 and 2004. The objectives of this audit were to:

1. Evaluate the financial status of the district and determine whether the district may be abolished pursuant to law.
2. Review the receipts, disbursements, and cash balances of the district.
3. Review compliance with certain legal provisions.
4. Report our findings to the district's Chairman and Board of Directors.

Our methodology to accomplish these objectives included reviewing the district's accounting and bank records and other pertinent documents and interviewing various district officials or representatives.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying Management Advisory Report presents our findings arising from our audit of the Hyannis Port Road Transportation Development District.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

November 17, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Gregory A. Slinkard, CPA, CIA
In-Charge Auditor:	Robert L. McArthur II

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

HYANNIS PORT ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the Hyannis Port Road Transportation Development District (TDD) to comply with the State Auditor's responsibility under Section 238.275, RSMo. This Management Advisory Report presents the findings arising from our audit of the district.

1.

TDD's Financial Status

Our audit of the Hyannis Port Road Transportation Development District indicates the district's financial condition is such that it may be abolished, as it appears the district's assets exceed or meet its outstanding liabilities. However, before proceeding with the abolishment of the district, the board should ensure a written agreement is entered into formalizing the owner/developer's intent to forgive or write-off the district's liability for any unreimbursed transportation project costs.

The Hyannis Port Road Transportation Development District (the district) was established on July 16, 2004, by a circuit court order pursuant to a petition filed by the owner/developer of the property within the proposed district. The district's Board of Directors (the board) and officers include the owner/developer, various associates, and the general contractor on the project. The qualified voter(s) of the district (the property owner/developer), approved the imposition of a one percent (1%) sales tax on all transactions which are taxable within the boundaries of the district, effective November 1, 2004.

The TDD is located in an unincorporated area of Jefferson County, along Highway 30 (Gravois Road) where it is intersected by Caroline Road and Dillon Road. The related development, the Gravois Dillon Plaza, includes retail, restaurant, grocery, banking and other service establishments. The district has a fiscal year end of December 31. The TDD has elected not to have separate financial audits of the district conducted beyond any audits performed by the State Auditor's Office pursuant to Chapter 238, RSMo.

The district was formed for the purpose of relocating and improving Hyannis Port Road and constructing Jacqueline Road to connect Hyannis Port Road to Caroline Road, improving traffic flow into and out of the district. The costs of these transportation projects were originally estimated at approximately \$564,000, with the costs of construction and other related costs incurred on behalf of the district being paid initially by the owner/developer. The transportation projects were completed in July 2005.

Jefferson County, the public entity with jurisdiction over these projects, approved and accepted the completed projects in September 2005. Pursuant to a maintenance agreement, responsibility for the future maintenance of the related roads rests with the owner/developer and a local subdivision association.

On September 29, 2005, the board approved a resolution approving and certifying transportation project costs totaling \$599,289, to be reimbursed to the owner/developer and the board authorized the issuance of a revenue note to that party. Subsequently, the district made a payment of \$197,091 on the note to partially reimburse the owner/developer for the transportation project costs incurred. Also, the board passed a resolution (subsequently approved by the district's voters) repealing the district's sales tax, effective November 1, 2005. These actions were taken as a result of the board's plans to abolish the district. At the time these actions were taken, the remaining balance of unreimbursed transportation project costs due the owner/developer totaled approximately \$402,000.

On September 11, 2006, the board approved a resolution formalizing its intent to: dissolve the district, request an audit as required pursuant to Section 238.275, RSMo, and subsequently submit to its voters a ballot question to abolish the district. The State Auditor's Office was advised of this resolution on September 27, 2006.

The State Auditor's Office has performed an audit of this TDD as required by Section 238.275, RSMo. That statute requires the state auditor to audit the district to determine the financial status of the district, and determine whether the district may be abolished pursuant to law. That law also states the district board shall not propose the question to abolish the district while there are outstanding claims or causes of action pending against the district, if its liabilities exceed its assets, or while the district is insolvent, in receivership or under the jurisdiction of a bankruptcy court.

The following table presents the financial activity and cash balances of the district from its establishment through September 30, 2006:

	Period January 1, 2006 to September 30, 2006	Year Ended December 31, 2005	Year Ended December 31, 2004
RECEIPTS			
Sales taxes	\$ 863	226,349	18,150
Total Receipts	863	226,349	18,150
DISBURSEMENTS			
Accounting and administration	0	1,887	0
Payment on revenue note	0	197,091	0
Total Disbursements	0	198,978	0
RECEIPTS OVER (UNDER)			
DISBURSEMENTS	863	27,371	18,150
BEGINNING CASH	45,521	18,150	0
ENDING CASH	\$ 46,384	45,521	18,150

Based on our audit of the district, it appears the district's cash balance of \$46,384 will be sufficient to pay any remaining costs to abolish the district. The fiscal 2006 budget message disclosed that the district anticipated incurring approximately \$35,000 in additional legal and other administrative expenses associated with dissolving the district. The estimated monies remaining after paying these costs would then be paid to the owner/developer as the final payment on the note. According to district representatives, the owner/developer has verbally agreed that upon this final payment, the owner/developer will forgive or write-off any remaining unreimbursed transportation project costs that party incurred. The district's legal counsel indicated the owner/developer and TDD board were willing to do this and take steps to abolish the district to get a major retail establishment to locate in the development.

Prior to abolishment of the district, the board should enter into a written agreement with the owner/developer formalizing that party's intent to write-off the remaining liability related to any unreimbursed transportation project costs. Having done so, the board can then proceed with the abolishment of the district in accordance with Section 238.275, RSMo.

WE RE COMMEND the Board of Directors enter into a written agreement with the owner/developer formalizing that party's intent to write-off the remaining liability related to any unreimbursed transportation project costs. After such agreement has been prepared and signed, the board can proceed with abolishing the district in accordance with law.

AUDITEE'S RESPONSE

The District will enter into a written agreement with Gravois/Dillon, L.L. C. (the "Developer"), pursuant to which the Developer will acknowledge its intent to write off all outstanding principal of and interest on the District's up to \$565,000 Transportation Revenue Note, Series 2005 (the "Note").

2. Expenditures and Financial Reporting

Bid documentation for the construction contract related to the district's projects was not maintained by the records custodian. In addition, the board minutes do not indicate a board member who was a party to the construction contract abstained from voting when the related costs were certified and approved for reimbursement. Also, the district did not solicit requests for proposals for some professional services and did not submit annual financial reports to the State Auditor's Office for 2005 or 2004, as required by statute.

- A. The contract with the general contractor, who also serves on the district board, for construction of the district's projects was signed in April 2004, prior to the establishment of the district. The initial contract amount was approximately \$397,000, with change orders ultimately increasing the amount paid pursuant to this contract to about \$438,000. These costs were included in the costs certified

and approved for reimbursement to the owner/developer as noted in MAR No. 1 above. The following concerns were noted during our review of these contracted expenditures:

- According to district's legal counsel, this construction contract was competitively bid; however, documentation of the bids obtained and the contractor selection process was not received and maintained by the records custodian. As a result, the district had no evidence that the bidding process related to this construction contract was handled properly.
- The \$438,000 in construction costs were included among those the board certified and approved for reimbursement to the owner/developer in September 2005. The board minutes do not indicate the applicable board member (the general contractor) who was a party to the construction contract abstained from voting on this issue.

Competitive bidding is necessary to ensure a political subdivision receives fair value by contracting with the lowest or best bidder and complete documentation should be maintained of the bid process. In addition, discussions and decisions concerning any related party transaction(s) should be thoroughly documented to provide assurance the situation was handled properly.

- B. The district did not solicit requests for proposals for professional services, including project engineering and legal services. These services were solicited by the owner/developer prior to the establishment of the district.

During the planning phase and construction of the transportation projects, the district's owner/developer paid about \$23,700 for engineer services and \$57,300 for legal services. These costs were included in the costs certified and approved for reimbursement to the owner/developer as noted in MAR No. 1 above. The legal services were billed at rates ranging from \$110 to \$365 per hour for paralegal and attorney services. During our review of invoices, we noted that most of the legal services billed the district were charged at rates between \$110 and \$260 per hour.

Soliciting proposals for professional services helps provide a range of possible choices and allows for a better-informed decision to ensure necessary services are obtained from the best qualified service provider at the lowest and best cost.

- C. The district did not submit annual financial reports to the State Auditor's Office for either 2005 or 2004. Section 105.145, RSMo, requires political subdivisions to file annual financial reports with the State Auditor's Office.

Because this district is in the process of being abolished, we make no recommendations to the Board of Directors related to the above matters.

AUDITEE'S RESPONSE

- A. *The District's custodian of records requested a copy of the construction contract, the bid tabulations and invitations to bid related to the Transportation Project financed by the District. The Developer provided these documents to the District's custodian of records on Thursday, December 14, 2006.*
- B. *There is no requirement under Missouri law that the District solicit proposals for professional services. However, the District acknowledges that soliciting such proposals may, under certain circumstances, enable the District to ensure that professional services are obtained from the best qualified service provider at the lowest and best cost.*
- C. *The District acknowledges that it did not submit annual financial reports to the State Auditor's Office for 2004 or 2005.*



Claire McCaskill

Missouri State Auditor

December 2006

Atchison County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of
Missouri State Auditor
Claire McCaskill

December 2006

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Atchison, that do not have a county auditor. In addition to a financial audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

The county provides dispatching services to all political subdivisions in the county, but has entered into written contracts with only one of those entities. The county does not charge these various entities for most dispatching services, but has not performed a cost analysis of providing these services.

In April 1999, Atchison County voters approved a ½ cent sales tax for implementing and operating an enhanced 911 system. The 911 fund generates approximately \$250,000 per year, primarily through this sales tax. In the future, if costs associated with providing dispatching services exceed available revenues, the county may need to consider charging a fee for dispatching. At a minimum, the county should enter into contracts with all entities for dispatching services and perform a cost analysis of providing these services.

An independent review of transactions, deposits, and bank reconciliations is not performed in the Associate Circuit Division. While the Associate Circuit Judge does review month end reports, a review of bank reconciliations and a comparison of receipts to deposits are not performed. The court implemented procedures during our audit to have the court clerks review each others work, including daily deposits and bank reconciliations.

Receipt slips are not always issued immediately upon receipt of monies and the court has not implemented procedures to ensure these monies are later posted to the computer system. As a result, monies are not deposited intact on a timely basis. Additionally, checks and money orders are not restrictively endorsed immediately upon receipt and procedures have not been established to follow-up on old outstanding checks.

In the Sheriff's Office, monies are not deposited on a timely basis, bank reconciliations are not performed timely and controls over seized property are not sufficient.

All reports are available on our Web site: www.auditor.mo.gov

YELLOW SHEET

ATCHISON COUNTY, MISSOURI

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ATCHISON COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

To the County Commission
and
Officeholders of Atchison County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Atchison County, Missouri, as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Atchison County, Missouri, as of December 31, 2005 and 2004, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Atchison County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2005 and 2004, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated October 26, 2006, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Atchison County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

October 26, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Tania Williams
Audit Staff:	Julie A. Orlowski
	Eartha Taylor
	Robert Graham



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Atchison County, Missouri

We have audited the financial statements of various funds of Atchison County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated October 26, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Atchison County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Atchison County, Missouri, are free of material misstatement, we performed tests of the

county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the management of Atchison County, Missouri, and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

October 26, 2006 (fieldwork completion date)

Financial Statements

Exhibit A-1

ATCHISON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2005

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 271,911	1,050,294	1,118,140	204,065
Special Road and Bridge	149,497	1,125,970	1,080,299	195,168
Assessment	2,543	141,669	127,850	16,362
Law Enforcement Training	8,636	7,730	5,090	11,276
Prosecuting Attorney Training	14,049	1,658	2,480	13,227
Crime Investigation	1,226	264	497	993
Landfill	69,512	1,693	2,866	68,339
Donations	8,506	9,701	6,410	11,797
Emergency Preparedness	15,414	95,412	93,467	17,359
Local Emergency Planning Commission	13,091	6,207	6,407	12,891
Domestic Violence	301	316	302	315
County Road Rock	39,551	238,103	261,017	16,637
Economic Development	0	113,914	113,914	0
Circuit Clerk Interest	227	71	0	298
Recorder's User Fee	21,058	6,162	1,281	25,939
Associate Circuit Interest	186	184	69	301
Tax Maintenance	6,680	7,776	6,249	8,207
Sheriff's Civil Fee	7,232	6,018	7,490	5,760
Prosecuting Attorney Bad Check	14,589	3,759	1,758	16,590
911	62,452	252,289	238,276	76,465
Off Highway Systems	0	28,614	28,614	0
Rest Home Improvements	115,544	2,515	12,616	105,443
Senate Bill 40	12,861	81,236	82,278	11,819
Health Center	152,693	209,697	224,635	137,755
Election Services	4,532	807	1,144	4,195
Phelps City	10,296	8,044	4,778	13,562
Law Library	711	3,495	4,170	36
HAVA	15,018	6,334	5,974	15,378
Senior Citizen Service	0	65	45	20
Sheriff Revolving	0	1,067	0	1,067
Recorder's Interest	217	9	2	224
Sheriff's Service	500	0	0	500
Total	\$ 1,019,033	3,411,073	3,438,118	991,988

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

ATCHISON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 304,952	1,072,400	1,105,441	271,911
Special Road and Bridge	336,136	1,134,964	1,321,603	149,497
Assessment	14,028	120,116	131,601	2,543
Law Enforcement Training	10,335	7,507	9,206	8,636
Prosecuting Attorney Training	14,971	1,287	2,209	14,049
Crime Investigation	850	1,153	777	1,226
Landfill	70,855	631	1,974	69,512
Donations	7,669	6,510	5,673	8,506
Emergency Preparedness	21,476	105,997	112,059	15,414
Local Emergency Planning Commission	18,101	2,943	7,953	13,091
Domestic Violence	834	302	835	301
County Road Rock	172,698	231,986	365,133	39,551
Economic Development	0	113,843	113,843	0
Circuit Clerk Interest	451	70	294	227
Recorder's User Fee	17,063	5,675	1,680	21,058
Associate Circuit Interest	276	154	244	186
Tax Maintenance	6,389	7,533	7,242	6,680
Sheriff's Civil Fee	13,018	6,822	12,608	7,232
Prosecuting Attorney Bad Check	11,832	4,416	1,659	14,589
911	75,879	247,989	261,416	62,452
Off Highway Systems	(26)	269,788	269,762	0
Rest Home Improvement	115,674	1,042	1,172	115,544
Senate Bill 40	19,990	79,971	87,100	12,861
Health Center	152,622	212,559	212,488	152,693
Election Services	2,412	2,120	0	4,532
Phelps City	15,039	416	5,159	10,296
Law Library	522	3,412	3,223	711
HAVA	0	15,018	0	15,018
Recorder's Interest	209	10	2	217
Sheriff's Service	0	500	0	500
Total	\$ 1,404,255	3,657,134	4,042,356	1,019,033

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

ATCHISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 3,519,025	3,409,997	(109,028)	3,429,185	3,656,624	227,439
DISBURSEMENTS	4,157,582	3,438,116	719,466	4,231,056	4,042,354	188,702
RECEIPTS OVER (UNDER) DISBURSEMENTS	(638,557)	(28,119)	610,438	(801,871)	(385,730)	416,141
CASH, JANUARY 1	1,018,207	1,018,316	109	1,404,046	1,404,046	0
CASH, DECEMBER 31	379,650	990,197	610,547	602,175	1,018,316	416,141
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	388,000	400,640	12,640	368,254	394,391	26,137
Sales and use taxes	289,200	310,070	20,870	244,500	298,600	54,100
Intergovernmental	7,800	6,946	(854)	6,800	8,922	2,122
Charges for services	223,350	215,835	(7,515)	213,050	233,116	20,066
Interest	4,100	10,336	6,236	3,800	4,187	387
Other	104,900	103,467	(1,433)	98,968	130,184	31,216
Transfers in	3,352	3,000	(352)	3,000	3,000	0
Total Receipts	1,020,702	1,050,294	29,592	938,372	1,072,400	134,028
DISBURSEMENTS						
County Commissioner	86,600	84,153	2,447	84,565	82,330	2,235
County Clerk	70,369	67,573	2,796	69,287	67,764	1,523
Elections	0	428	(428)	22,100	29,073	(6,973)
Buildings and grounds	139,971	89,325	50,646	150,127	90,664	59,463
Employee fringe benefit	203,300	201,538	1,762	180,003	181,995	(1,992)
County Treasurer	39,491	38,927	564	37,765	37,426	339
County Collector	63,896	62,898	998	67,679	59,225	8,454
Ex Officio Recorder of Deed	23,980	20,664	3,316	20,800	20,682	118
Circuit Clerk	4,150	2,049	2,101	4,450	3,388	1,062
Associate Circuit Court	9,100	880	8,220	10,730	1,056	9,674
Associate Circuit (Probate)	0	6,099	(6,099)	0	6,384	(6,384)
Court administration	6,103	1,508	4,595	4,955	1,587	3,368
Public Administrator	23,900	21,302	2,598	18,750	17,724	1,026
Sheriff	368,764	310,583	58,181	326,716	302,358	24,358
Jail	0	11,613	(11,613)	0	15,714	(15,714)
Prosecuting Attorney	73,501	73,019	482	67,752	69,482	(1,730)
Juvenile Officer	9,064	7,303	1,761	8,975	6,412	2,563
County Coroner	14,483	13,263	1,220	14,126	10,928	3,198
Insurance, bonds, and	27,780	27,195	585	25,500	24,315	1,185
Public Defender retainer	1,221	0	1,221	1,144	0	1,144
Miscellaneous expenses	43,480	39,981	3,499	38,844	44,224	(5,380)
Plat books	3,000	89	2,911	1,000	210	790
Public health and welfare	4,750	2,750	2,000	4,500	2,500	2,000
Transfer out	35,000	35,000	0	40,000	30,000	10,000
Emergency fund	37,558	0	37,558	28,200	0	28,200
Total Disbursements	1,289,461	1,118,140	171,321	1,227,968	1,105,441	122,527
RECEIPTS OVER (UNDER) DISBURSEMENTS	(268,759)	(67,846)	200,913	(289,596)	(33,041)	256,555
CASH, JANUARY 1	271,911	271,911	0	304,952	304,952	0
CASH, DECEMBER 31	3,152	204,065	200,913	15,356	271,911	256,555

Exhibit B

ATCHISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	422,600	455,009	32,409	422,076	453,147	31,071
Intergovernmental	610,000	621,381	11,381	605,000	612,880	7,880
Charges for services	26,860	26,730	(130)	24,000	30,669	6,669
Interest	3,075	8,029	4,954	4,300	3,538	(762)
Other	8,300	14,821	6,521	5,475	34,730	29,255
Total Receipts	1,070,835	1,125,970	55,135	1,060,851	1,134,964	74,113
DISBURSEMENTS						
Salaries	453,367	394,636	58,731	451,350	437,270	14,080
Employee fringe benefit	179,340	152,712	26,628	173,649	164,048	9,601
Mileage expense	0	0	0	0	19,198	(19,198)
Supplies	30,650	24,577	6,073	35,625	31,385	4,240
Materials, equipment, and maintenance	311,962	424,696	(112,734)	455,700	623,578	(167,878)
Other	224,567	83,678	140,889	232,286	46,124	186,162
Total Disbursements	1,199,886	1,080,299	119,587	1,348,610	1,321,603	27,007
RECEIPTS OVER (UNDER) DISBURSEMENTS	(129,051)	45,671	174,722	(287,759)	(186,639)	101,120
CASH, JANUARY 1	149,497	149,497	0	336,136	336,136	0
CASH, DECEMBER 31	20,446	195,168	174,722	48,377	149,497	101,120
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	100,875	103,829	2,954	84,250	88,461	4,211
Interest	125	383	258	125	136	11
Other	1,500	2,457	957	1,500	1,519	19
Transfer in	35,000	35,000	0	40,000	30,000	(10,000)
Total Receipts	137,500	141,669	4,169	125,875	120,116	(5,759)
DISBURSEMENTS						
Assessor	135,464	127,850	7,614	137,426	131,601	5,825
Total Disbursements	135,464	127,850	7,614	137,426	131,601	5,825
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,036	13,819	11,783	(11,551)	(11,485)	66
CASH, JANUARY 1	2,543	2,543	0	14,028	14,028	0
CASH, DECEMBER 31	4,579	16,362	11,783	2,477	2,543	66
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	2,300	2,347	47	2,300	2,259	(41)
Charges for services	4,400	5,137	737	4,000	4,720	720
Interest	50	246	196	50	89	39
Other	150	0	(150)	555	439	(116)
Total Receipts	6,900	7,730	830	6,905	7,507	602
DISBURSEMENTS						
Mileage and training	6,500	5,090	1,410	7,000	9,206	(2,206)
Other	2,000	0	2,000	3,500	0	3,500
Total Disbursements	8,500	5,090	3,410	10,500	9,206	1,294
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,600)	2,640	4,240	(3,595)	(1,699)	1,896
CASH, JANUARY 1	8,636	8,636	0	10,335	10,335	0
CASH, DECEMBER 31	7,036	11,276	4,240	6,740	8,636	1,896

Exhibit B

ATCHISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,250	1,322	72	1,250	1,156	(94)
Interest	100	336	236	100	131	31
Total Receipts	1,350	1,658	308	1,350	1,287	(63)
DISBURSEMENTS						
Mileage and training	2,000	1,449	551	3,050	1,935	1,115
Other	5,000	1,031	3,969	3,000	274	2,726
Total Disbursements	7,000	2,480	4,520	6,050	2,209	3,841
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,650)	(822)	4,828	(4,700)	(922)	3,778
CASH, JANUARY 1	14,049	14,049	0	14,971	14,971	0
CASH, DECEMBER 31	8,399	13,227	4,828	10,271	14,049	3,778
<u>CRIME INVESTIGATION FUND</u>						
RECEIPTS						
Charges for service:	1,000	235	(765)	400	1,140	740
Interest	10	29	19	4	13	9
Total Receipts	1,010	264	(746)	404	1,153	749
DISBURSEMENTS						
Equipment/testing	2,050	497	1,553	800	777	23
Total Disbursements	2,050	497	1,553	800	777	23
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,040)	(233)	807	(396)	376	772
CASH, JANUARY 1	1,226	1,226	0	850	850	0
CASH, DECEMBER 31	186	993	807	454	1,226	772
<u>LANDFILL FUND</u>						
RECEIPTS						
Interest	600	1,693	1,093	450	631	181
Total Receipts	600	1,693	1,093	450	631	181
DISBURSEMENTS						
Equipment and maintenance	6,150	1,825	4,325	6,150	956	5,194
Other	350	41	309	175	18	157
Transfer out	1,000	1,000	0	1,000	1,000	0
Total Disbursements	7,500	2,866	4,634	7,325	1,974	5,351
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,900)	(1,173)	5,727	(6,875)	(1,343)	5,532
CASH, JANUARY 1	69,512	69,512	0	70,855	70,855	0
CASH, DECEMBER 31	62,612	68,339	5,727	63,980	69,512	5,532

Exhibit B

ATCHISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DONATION FUND</u>						
RECEIPTS						
Donations	3,500	9,495	5,995	3,500	6,443	2,943
Interest	60	206	146	60	67	7
Total Receipts	3,560	9,701	6,141	3,560	6,510	2,950
DISBURSEMENTS						
Other	6,410	6,410	0	0	5,173	(5,173)
Transfer out	0	0	0	0	500	(500)
Total Disbursements	6,410	6,410	0	0	5,673	(5,673)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,850)	3,291	6,141	3,560	837	(2,723)
CASH, JANUARY 1	8,506	8,506	0	7,669	7,669	0
CASH, DECEMBER 31	5,656	11,797	6,141	11,229	8,506	(2,723)
<u>EMERGENCY PREPAREDNESS FUND</u>						
RECEIPTS						
Intergovernmental	32,333	31,541	(792)	45,968	51,247	5,279
Charges for services	60,000	60,000	0	45,000	45,000	0
Interest	225	900	675	225	284	59
Other	4,500	2,971	(1,529)	9,200	9,466	266
Total Receipts	97,058	95,412	(1,646)	100,393	105,997	5,604
DISBURSEMENTS						
Salaries	42,887	41,716	1,171	46,533	44,259	2,274
Office expenses	12,507	10,463	2,044	7,107	14,873	(7,766)
Mileage & training	11,000	9,958	1,042	2,000	2,158	(158)
Other	30,533	30,330	203	60,241	49,769	10,472
Transfer out	1,000	1,000	0	1,000	1,000	0
Total Disbursements	97,927	93,467	4,460	116,881	112,059	4,822
RECEIPTS OVER (UNDER) DISBURSEMENTS	(869)	1,945	2,814	(16,488)	(6,062)	10,426
CASH, JANUARY 1	15,414	15,414	0	21,476	21,476	0
CASH, DECEMBER 31	14,545	17,359	2,814	4,988	15,414	10,426
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	4,000	5,821	1,821	3,000	2,794	(206)
Interest	100	338	238	95	149	54
Other		48	48		0	0
Total Receipts	4,100	6,207	2,107	3,095	2,943	(152)
DISBURSEMENTS						
Office expenses	2,000	4,800	(2,800)	5,000	7,584	(2,584)
Mileage/seminar	1,500	0	1,500	500	369	131
Other	9,596	1,607	7,989	9,200	0	9,200
Total Disbursements	13,096	6,407	6,689	14,700	7,953	6,747
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,996)	(200)	8,796	(11,605)	(5,010)	6,595
CASH, JANUARY 1	13,091	13,091	0	18,101	18,101	0
CASH, DECEMBER 31	4,095	12,891	8,796	6,496	13,091	6,595

Exhibit B

ATCHISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for service:	250	305	55	250	295	45
Interest	7	11	4	30	7	(23)
Total Receipts	257	316	59	280	302	22
DISBURSEMENTS						
Other	302	302	0	835	835	0
Total Disbursements	302	302	0	835	835	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(45)	14	59	(555)	(533)	22
CASH, JANUARY 1	301	301	0	834	834	0
CASH, DECEMBER 31	256	315	59	279	301	22
<u>COUNTY ROAD ROCK FUND</u>						
RECEIPTS						
Sales tax	225,000	227,826	2,826	208,022	227,685	19,663
Intergovernmental	0	3,493	3,493	0	3,582	3,582
Interest	500	1,349	849	1,050	719	(331)
Other	3,500	5,435	1,935	1,500	0	(1,500)
Total Receipts	229,000	238,103	9,103	210,572	231,986	21,414
DISBURSEMENTS						
Rock	263,905	261,017	2,888	255,000	365,133	(110,133)
Other	520	0	520	260	0	260
Total Disbursements	264,425	261,017	3,408	255,260	365,133	(109,873)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(35,425)	(22,914)	12,511	(44,688)	(133,147)	(88,459)
CASH, JANUARY 1	39,551	39,551	0	172,698	172,698	0
CASH, DECEMBER 31	4,126	16,637	12,511	128,010	39,551	(88,459)
<u>ECONOMIC DEVELOPMENT FUND</u>						
RECEIPTS						
Sales tax	115,000	113,914	(1,086)	104,000	113,843	9,843
Total Receipts	115,000	113,914	(1,086)	104,000	113,843	9,843
DISBURSEMENTS						
Contract services	115,000	113,914	1,086	104,000	113,843	(9,843)
Total Disbursements	115,000	113,914	1,086	104,000	113,843	(9,843)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0

Exhibit B

ATCHISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	50	71	21	130	70	(60)
Total Receipts	50	71	21	130	70	(60)
DISBURSEMENTS						
Office supplies	227	0	227	400	294	106
Total Disbursements	227	0	227	400	294	106
RECEIPTS OVER (UNDER) DISBURSEMENTS	(177)	71	248	(270)	(224)	46
CASH, JANUARY 1	227	227	0	451	451	0
CASH, DECEMBER 31	50	298	248	181	227	46
<u>RECORDER'S USER FEE FUND</u>						
RECEIPTS						
Intergovernmental	0	1,023	1,023	0	0	0
Charges for services	5,400	4,570	(830)	5,000	5,501	501
Interest	0	569	569	0	174	174
Total Receipts	5,400	6,162	762	5,000	5,675	675
DISBURSEMENTS						
Office expenses	2,000	1,281	719	7,000	1,680	5,320
Matching grant funds	19,000	0	19,000	3,000	0	3,000
Total Disbursements	21,000	1,281	19,719	10,000	1,680	8,320
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,600)	4,881	20,481	(5,000)	3,995	8,995
CASH, JANUARY 1	21,058	21,058	0	17,063	17,063	0
CASH, DECEMBER 31	5,458	25,939	20,481	12,063	21,058	8,995
<u>ASSOCIATE CIRCUIT INTEREST FUND</u>						
RECEIPTS						
Interest	125	184	59	300	154	(146)
Total Receipts	125	184	59	300	154	(146)
DISBURSEMENTS						
Office supplies	180	69	111	250	244	6
Total Disbursements	180	69	111	250	244	6
RECEIPTS OVER (UNDER) DISBURSEMENTS	(55)	115	170	50	(90)	(140)
CASH, JANUARY 1	186	186	0	276	276	0
CASH, DECEMBER 31	131	301	170	326	186	(140)

Exhibit B

ATCHISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	7,400	7,559	159	7,500	7,446	(54)
Interest	80	217	137	25	87	62
Total Receipts	7,480	7,776	296	7,525	7,533	8
DISBURSEMENTS						
Office supplies	5,000	4,306	694	1,925	4,928	(3,003)
Equipment	5,000	1,943	3,057	7,000	2,314	4,686
Total Disbursements	10,000	6,249	3,751	8,925	7,242	1,683
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,520)	1,527	4,047	(1,400)	291	1,691
CASH, JANUARY 1	6,680	6,680	0	6,389	6,389	0
CASH, DECEMBER 31	4,160	8,207	4,047	4,989	6,680	1,691
<u>SHERIFF'S CIVIL FEE FUND</u>						
RECEIPTS						
Charges for service:	6,400	5,855	(545)	6,200	6,727	527
Interest	80	163	83	80	95	15
Total Receipts	6,480	6,018	(462)	6,280	6,822	542
DISBURSEMENTS						
Office supplies	5,300	5,029	271	4,000	8,838	(4,838)
Mileage/training	250	14	236	1,000	0	1,000
Equipment	2,000	2,447	(447)	6,500	3,770	2,730
Other			0	4,000	0	4,000
Total Disbursements	7,550	7,490	60	15,500	12,608	2,892
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,070)	(1,472)	(402)	(9,220)	(5,786)	3,434
CASH, JANUARY 1	7,232	7,232	0	13,018	13,018	0
CASH, DECEMBER 31	6,162	5,760	(402)	3,798	7,232	3,434
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	4,200	3,385	(815)	3,700	4,298	598
Interest	75	374	299	60	118	58
Total Receipts	4,275	3,759	(516)	3,760	4,416	656
DISBURSEMENTS						
Office supplies	2,250	1,273	977	2,675	1,263	1,412
Other	2,000	485	1,515	800	396	404
Total Disbursements	4,250	1,758	2,492	3,475	1,659	1,816
RECEIPTS OVER (UNDER) DISBURSEMENTS	25	2,001	1,976	285	2,757	2,472
CASH, JANUARY 1	14,589	14,589	0	11,832	11,832	0
CASH, DECEMBER 31	14,614	16,590	1,976	12,117	14,589	2,472

Exhibit B

ATCHISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>911 FUND</u>						
RECEIPTS						
Sales tax	215,000	227,765	12,765	208,000	227,640	19,640
Intergovernmental	19,244	19,244	0	14,782	14,782	0
Interest	600	1,860	1,260	450	617	167
Other	5,300	3,420	(1,880)	2,300	4,950	2,650
Total Receipts	240,144	252,289	12,145	225,532	247,989	22,457
DISBURSEMENTS						
Employee benefits	38,690	36,600	2,090	37,800	39,040	(1,240)
Salary	119,500	118,845	655	115,000	116,207	(1,207)
Office supplies	54,570	35,845	18,725	52,200	50,906	1,294
Mileage	3,750	2,631	1,119	2,000	1,171	829
Other	46,555	44,355	2,200	55,702	54,092	1,610
Total Disbursements	263,065	238,276	24,789	262,702	261,416	1,286
RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,921)	14,013	36,934	(37,170)	(13,427)	23,743
CASH, JANUARY 1	62,452	62,452	0	75,879	75,879	0
CASH, DECEMBER 31	39,531	76,465	36,934	38,709	62,452	23,743
<u>OFF-HIGHWAY SYSTEMS FUND</u>						
RECEIPTS						
Intergovernmental	240,984	28,614	(212,370)	327,862	269,788	(58,074)
Total Receipts	240,984	28,614	(212,370)	327,862	269,788	(58,074)
DISBURSEMENTS						
Bridge construction	240,984	28,614	212,370	327,862	269,762	58,100
Total Disbursements	240,984	28,614	212,370	327,862	269,762	58,100
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	26	26
CASH, JANUARY 1	0	0	0	(26)	(26)	0
CASH, DECEMBER 31	0	0	0	(26)	0	26
<u>REST HOME IMPROVEMENTS FUND</u>						
RECEIPTS						
Interest	1,000	2,515	1,515	0	1,042	1,042
Total Receipts	1,000	2,515	1,515	0	1,042	1,042
DISBURSEMENTS						
Upkeep/building/grounds	100,000	11,437	88,563	50,000	456	49,544
Other	10,200	1,179	9,021	10,050	716	9,334
Total Disbursements	110,200	12,616	97,584	60,050	1,172	58,878
RECEIPTS OVER (UNDER) DISBURSEMENTS	(109,200)	(10,101)	99,099	(60,050)	(130)	59,920
CASH, JANUARY 1	115,544	115,544	0	115,674	115,674	0
CASH, DECEMBER 31	6,344	105,443	99,099	55,624	115,544	59,920

Exhibit B

ATCHISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SENATE BILL 40 FUND</u>						
RECEIPTS						
Property taxes	76,175	80,509	4,334	78,162	79,859	1,697
Interest	100	727	627	227	112	(115)
Total Receipts	76,275	81,236	4,961	78,389	79,971	1,582
DISBURSEMENTS						
Contract Services	85,000	82,278	2,722	87,112	87,100	12
Total Disbursements	85,000	82,278	2,722	87,112	87,100	12
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,725)	(1,042)	7,683	(8,723)	(7,129)	1,594
CASH, JANUARY 1	12,861	12,861	0	19,990	19,990	0
CASH, DECEMBER 31	4,136	11,819	7,683	11,267	12,861	1,594
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	40,000	40,343	343	40,000	39,679	(321)
Intergovernmental	129,000	120,665	(8,335)	96,000	120,521	24,521
Charges for services	56,000	45,783	(10,217)	60,000	50,124	(9,876)
Interest	2,000	2,786	786	3,000	1,999	(1,001)
Other	200	120	(80)	0	236	236
Total Receipts	227,200	209,697	(17,503)	199,000	212,559	13,559
DISBURSEMENTS						
Salaries	144,000	148,042	(4,042)	138,000	138,133	(133)
Office expenditures	15,000	16,621	(1,621)	14,100	14,074	26
Services	56,500	50,054	6,446	54,400	54,483	(83)
Facility	2,000	2,442	(442)	1,700	1,630	70
Mileage & training	1,500	2,105	(605)	900	804	96
Other	7,600	5,371	2,229	3,300	3,364	(64)
Total Disbursements	226,600	224,635	1,965	212,400	212,488	(88)
RECEIPTS OVER (UNDER) DISBURSEMENTS	600	(14,938)	(15,538)	(13,400)	71	13,471
CASH, JANUARY 1	152,584	152,693	109	152,622	152,622	0
CASH, DECEMBER 31	153,184	137,755	(15,429)	139,222	152,693	13,471
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	0	34	34	0	313	313
Charges for services	500	657	157	1,000	1,781	781
Interest	60	116	56	0	26	26
Total Receipts	560	807	247	1,000	2,120	1,120
DISBURSEMENTS						
Supplies/equipment	3,500	1,144	2,356	1,700	0	1,700
Mileage	1,000	0	1,000	1,000	0	1,000
Total Disbursements	4,500	1,144	3,356	2,700	0	2,700
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,940)	(337)	3,603	(1,700)	2,120	3,820
CASH, JANUARY 1	4,532	4,532	0	2,412	2,412	0
CASH, DECEMBER 31	592	4,195	3,603	712	4,532	3,820

Exhibit B

ATCHISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PHELPS CITY FUND</u>						
RECEIPTS						
Interest	150	290	140	0	416	416
Other	7,000	7,754	754	0	0	0
Total Receipts	7,150	8,044	894	0	416	416
DISBURSEMENTS						
Other	6,925	3,778	3,147	4,425	4,159	266
Transfer out	1,000	1,000	0	1,000	1,000	0
Total Disbursements	7,925	4,778	3,147	5,425	5,159	266
RECEIPTS OVER (UNDER) DISBURSEMENTS	(775)	3,266	4,041	(5,425)	(4,743)	682
CASH, JANUARY 1	10,296	10,296	0	15,039	15,039	0
CASH, DECEMBER 31	9,521	13,562	4,041	9,614	10,296	682
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	3,100	3,495	395	3,300	3,412	112
Total Receipts	3,100	3,495	395	3,300	3,412	112
DISBURSEMENTS						
Law books	3,210	4,170	(960)	3,900	3,223	677
Total Disbursements	3,210	4,170	(960)	3,900	3,223	677
RECEIPTS OVER (UNDER) DISBURSEMENTS	(110)	(675)	(565)	(600)	189	789
CASH, JANUARY 1	711	711	0	522	522	0
CASH, DECEMBER 31	601	36	(565)	(78)	711	789
<u>HAVA FUND</u>						
RECEIPTS						
Intergovernmental	7,070	5,947	(1,123)	15,000	15,000	0
Interest	60	387	327	0	18	18
Total Receipts	7,130	6,334	(796)	15,000	15,018	18
DISBURSEMENTS						
Grant fund expense	22,070	5,974	16,096	0	0	0
Total Disbursements	22,070	5,974	16,096	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(14,940)	360	15,300	15,000	15,018	18
CASH, JANUARY 1	15,018	15,018	0	0	0	0
CASH, DECEMBER 31	78	15,378	15,300	15,000	15,018	18

Exhibit B

ATCHISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SENIOR CITIZENS SERVICE FUND</u>						
RECEIPTS						
Property taxes	3,800	0	(3,800)			
Charges for services	0	45	45			
Other	0	20	20			
Total Receipts	3,800	65	(3,735)			
DISBURSEMENTS						
Senior services	3,800	45	3,755			
Total Disbursements	3,800	45	3,755			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	20	20			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	20	20			

Notes to the Financial Statements

ATCHISON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Atchison County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, Senior Citizen's Board or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff's Revolving Fund	2005
Recorder's Interest Fund	2005 and 2004
Sheriff's Service Fund	2005 and 2004

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Donation Fund	2004
County Road Rock Fund	2004
Economic Development Fund	2004
Health Center Fund	2004
Law Library Fund	2005

Although Section 50.740, RSMo, requires a balanced budget, deficit balances were budgeted in the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Off Highway Systems Fund	2004
Law Library Fund	2004

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Recorder's Interest Fund	2005 and 2004
Sheriff's Service Fund	2005 and 2004

2. Cash

Disclosures are provided below to comply with Statement No. 40 of the Governmental Accounting Standards Board, *Deposit and Investment Risk Disclosures*. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit.

To protect the safety of county deposits, Section 110.020, RSMo, requires depositaries to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities must be of the types specified by Section 30.270, RSMo, for the collateralization of state funds and held by either the county or a financial institution other than the depository bank. Section 67.085, RSMo, also requires certificates of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depository bank fails, Atchison County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The county's deposits at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance or by collateral securities held by a correspondent bank in the name of the depository bank's customers.

The Health Center Board's deposit at December 31, 2005 and 2004, were entirely covered by federal depository insurance.

Investments

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. At December 31, 2005 and 2004, the county had no such investments. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

3. Prior Period Adjustment

The Tax Maintenance Fund's cash balance of \$6,389 at January 1, 2004, was not previously reported but has been added.

The 911 Fund's cash balance at January 1, 2004, as previously stated has been increased by \$30,000 to reflect the portion of the cash balance restricted for improvements to the system which was not previously reported.

Schedule

ATCHISON COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEARS ENDED DECEMBER 31, 2005 AND 2004

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

ATCHISON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2003, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

ATCHISON COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Atchison County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated October 26, 2006.

In addition, to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years, we have audited the operations of elected officials with funds other than those presented in the financial statements. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Responses. These MAR findings resulted from our audit of the financial statements of Atchison County but do not meet the criteria for inclusion in the written report on internal control over financial reporting and on compliance and other matters that is required for an audit performed in accordance with *Government Auditing Standards*.

1.

911 Revenue Maximization

The county does not have written contracts with the various political subdivisions in the county to which they provide dispatching services. The county has entered into a contract with the Atchison-Holt Ambulance District, which requires no fee for dispatching ambulance calls in Atchison County, but does require a fee for dispatching calls from outside the county. In addition, the county has not performed a cost analysis of providing dispatching services to the various entities, and currently these services are provided at no charge, except as discussed above for the Atchison-Holt Ambulance District.

In April 1999, Atchison county voters approved a ½ cent sales tax to be used for the purpose of implementing and operating an enhanced 911 system. In conjunction with implementing the 911 system for the county, dispatching services previously provided through the Sheriff's Department were transferred to 911 central (the 911 dispatch center operated by the county).

This 911 central provides dispatching services to all political subdivisions in the county and receives and expends approximately \$250,000 per year, which is apparently sufficient at this time to provide 911 services. The county should perform a cost analysis of providing these services and, if in the future, the costs associated with providing dispatching services exceed available revenues, the county may need to consider charging a fee for dispatching. At a minimum, the county should enter into written contracts with other entities for dispatching services and perform a cost analysis to determine the amounts, if any, that should be charged to these entities.

Contracts for services provided to other entities should cover the costs of providing such services and should be maintained on a current basis. While revenues are currently sufficient to cover the costs of these services, the county should monitor these costs and begin charging for these services if necessary in the future. Without a cost analysis, the county cannot ensure the costs of providing services are recovered.

WE RECOMMEND the County Commission ensure contracts are entered into for dispatching services and perform and document a cost analysis of providing dispatching services to other entities on an annual basis to determine if a charge is necessary.

AUDITEE'S RESPONSE

We will enter into contracts during 2007 with all of the various entities we dispatch for. We will continue to monitor the cost of providing these services and document our analysis in the future.

2.

Associate Division's Controls and Procedures

An independent review of financial records, including a comparison of receipt slips issued to deposits and a review of bank reconciliations, is not performed. Receipt slips are not issued immediately upon receipt, receipts were not deposited intact on a timely basis, checks were not restrictively endorsed upon receipt, and old outstanding checks were not followed up on properly.

- A. An independent review of transactions posted to the computer system, deposits, and bank reconciliations is not performed. The court has two clerks who receive monies, post transactions to the computer, prepare and make deposits, and perform bank reconciliations. One clerk is responsible for all transactions related to civil and small claims cases and the other handles criminal and traffic cases. While the Associate Circuit Judge reviews month end reports, a review of bank reconciliations and a comparison of receipts to deposits are not performed. Failure to ensure an adequate independent review of financial records is performed may allow errors or misappropriations to go undetected.

Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. Receipts slips are not always issued immediately upon receipt of monies. Prior to March 2006, a manual receipt slip was issued for civil and small claims receipts and computerized receipt slips were issued for criminal/traffic receipts. In some instances, when monies were received, the clerk would attach the monies to the case information, but would not issue a receipt slip immediately. Receipt slips would not be issued for the monies until the payment was manually recorded into a case file for civil and small claims or entered into the computer system for criminal/traffic. After implementing the Justice Information System (JIS) in March 2006 the court continued this process and receipt slips are still not issued immediately unless requested, in which case a manual receipt slip is issued and later used to post the payment to the system. The manual receipt slips issued are not reconciled to the JIS system to ensure all manual receipts have been posted.

To adequately account for all receipts, pre-numbered receipt slips should be issued for all monies received immediately upon receipt and the numerical sequence accounted for properly. If manual receipt slips are used, they should be reconciled to the JIS receipts periodically to ensure they were posted properly.

- C. Monies received are not always deposited intact on a timely basis. While deposits are generally made daily, only monies that have been processed and posted to case files and the computer system are deposited. A cash count performed June 5, 2006, and totaling approximately \$6,200, identified numerous checks which had not been processed and posted to the system. A deposit totaling \$3,865 was made on June 5, 2006, after we counted the cash, but much of the money on hand was not deposited because it had not yet been posted to the system. Three additional deposits were

made between June 7 and June 12, 2006, yet over \$300 in checks on hand June 5, 2006 were not deposited until June 22, 2006. In addition, checks and money orders are not restrictively endorsed immediately upon receipt. Typically, the endorsement is applied when the deposit is prepared.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all monies received should be deposited intact daily. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

- D. The Associate Division has not established procedures to follow-up on old outstanding checks. At December 31, 2005, seven checks from the civil account, totaling \$397, and two checks from the probate account, totaling \$99, had been outstanding for over a year. None of these had been followed up on by the clerk.

These old outstanding checks create additional and unnecessary recordkeeping responsibilities. Procedures should be adopted to routinely follow-up on old outstanding checks and reissue them if the payees can be located. If the payees cannot be located, these monies should be disposed of in accordance with state law.

Conditions similar to B & C were noted in our prior report.

WE RECOMMEND the Associate Circuit Judge:

- A. Segregate the duties of receiving and depositing monies from that of recording and disbursing monies. If a proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of receipt slips issued to the amount deposited and an independent review of bank statements and month-end reconciliations.
- B. Ensure receipt slips are issued for all monies immediately upon receipt and checks and money orders are restrictively endorsed upon receipt. If manual receipt slips are issued, they should be reconciled to the JIS system periodically.
- C. Ensure monies received are deposited intact on a timely basis and checks and money orders are restrictively endorsed immediately upon receipt.
- D. Adopt procedures to routinely follow up on old outstanding checks and reissue them if the payee can be located. If the payee cannot be located or identified, these monies should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

- A. *Each court clerk is now responsible for reviewing the daily close out reports and deposits of the other clerk. I have notified the Associate Circuit Judge – elect of the auditor's findings.*

- B. *We make every attempt to process monies received as quickly as possible. While our caseload does not allow us to process everything immediately upon receipt, we will make an effort to reconcile our manual receipt slips to the JIS system in the future.*
- C. *We are now having the clerks review each clerk's work at the end of each day and reconcile deposits to the daily register in JIS. We will make every effort to endorse checks and money orders immediately upon receipt.*
- D. *I will ensure my successor is aware of the auditor's concerns in this area and leave to him to adopt specific procedures.*

3.	Sheriff's Controls and Procedures
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Deposits are not made intact on a timely basis, receipt slips issued are not compared to deposits, and bank reconciliations are not performed on a timely basis. In addition, controls over seized property are in need of improvement.

- A. Monies received are not deposited intact on a timely basis. In addition, an independent comparison of receipt slips issued to deposits is not performed. During December 2005, approximately \$3,775 was received throughout the month, yet only two deposits were made. The composition of receipts did not agree to the composition of the deposits for either of the two deposits made that month. It appears for one deposit an error was made in recording the composition of a receipt, and the other deposit did not agree due to a personal check from an employee being cashed.

To provide assurance all monies received have been properly deposited, receipts should be deposited intact and the composition of cash, checks, and money orders received should be reconciled to deposits to ensure proper accounting of all receipts and disbursements.

- B. Bank reconciliations are not performed on a timely basis. Bank reconciliations for 2005 and 2004 were not prepared until June 2, 2006. Due to the failure to reconcile the bank account timely, a non-sufficient funds check returned in November 2004 to the Sheriff's account was not identified. These monies were paid out at month end to the appropriate party, causing the account balance to be negative. Collection of this check was not pursued until June 2006 when it was identified.

Timely completion of bank reconciliations is necessary to ensure all monies are accounted for properly, accounting records are correct, and to identify errors on a timely basis. In addition, to prevent unnecessary bank charges, the county should more closely monitor check book balances.

- C. Controls over seized property are not sufficient. Seized property is stored in secured and unsecured lockers. In addition, items larger than the evidence locker are stored either on the floor or on top of the lockers. Each officer has a key to the evidence room, and they are not required to sign in or out each time evidence is removed from the room. A property evidence card is prepared when assets are submitted and the item is posted to the evidence log, but a description of the item is not included on the log, making it more difficult to ensure each item is properly accounted for. The ultimate disposition of each item is not recorded on the evidence card or log. In addition, a periodic inventory of evidence by an independent person is not performed.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. An inventory control record should include information such as description, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record when evidence is removed from the room. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is secured and accounted for properly.

WE RECOMMEND the Sheriff:

- A. Deposit all receipts intact on a timely basis and discontinue the policy of cashing personal checks for employees. In addition, an independent comparison of receipts to deposits should be performed.
- B. Ensure formal bank reconciliations are performed monthly.
- C. Establish an official custodian for evidence and other seized property. Maintain a complete inventory record of all seized property including information such as a description, persons involved, current location, case number, and disposition of such property. In addition, perform periodic inventories of seized property to ensure that items are properly identified, tagged, logged and secured.

AUDITEE'S RESPONSE

- A. *We will take steps to make deposits more timely, and will designate an independent person to compare receipts to deposits periodically.*
- B. *This has been implemented.*
- C. *By January 1, 2007, I will take steps to limit access to seized property room and implement new processes to address the Auditor's concerns, as well as meet the needs of the office.*

Follow-Up on Prior Audit Findings

ATCHISON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Atchison County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2001. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Health Center

- A. Receipts were not deposited on a timely basis. In addition, checks and money orders were not restrictively endorsed immediately upon receipt.
- B. The board minutes did not identify the disbursements approved by the board at its monthly meetings. In addition, supporting documentation was not available for several expenditures tested.
- C. Adequate documentation was not maintained to support changes made to the Health Center's personnel policy manual regarding payment to employees for unused annual leave.
- D. The following concerns related to the board minutes:
 - 1) The board minutes did not always include sufficient detail of matters discussed and actions taken at the board's meetings.
 - 2) In several instances the approved board minutes were not signed by the board president. In addition, minutes were not always signed by the board secretary who prepared the minutes.
- E. The financial records of the Health Center did not agree to some numbers presented in the Health Center's budget.

Recommendation:

The Health Center Board:

- A. Deposit all monies daily or when accumulated receipts exceeded \$100 and restrictively endorse checks and money orders immediately upon receipt.
- B. Ensure the approval of all disbursements was adequately documented by including a listing of all approved disbursements in the board minutes. Require adequate supporting documentation be filed prior to payment.

- C. Ensure the board's approved changes in the personnel policy to allow for payment of unused leave was adequately documented. In addition, the board should determine whether inclement weather was a valid use of administrative leave.
- D.1. Ensure board minutes contained all necessary information and provided a complete record of all significant matters discussed and actions taken by the board.
 - 2. Ensure the minutes are signed by the secretary and the board president.
- E. Ensure the budget was prepared accurately to reflect the financial activity of the Health Center.

Status:

- A. Partially implemented. Checks are now restrictively endorsed immediately upon receipt. While deposits are generally only made weekly, very little cash is received in the office and monies are adequately safeguarded until deposited. Although not repeated in the current MAR, our recommendation remains as stated above.
- B-E. Implemented.

2. Associate Division's Controls and Procedures

- A. Monthly listings of liabilities (open items) were prepared, but were not agreed to the reconciled bank and book balances for the civil and criminal/traffic division.
- B. Criminal/traffic receipts were not deposited intact on a timely basis.
- C. The method of payment was not indicated on the civil receipts ledger.
- D. The bank reconciliations for December 31, 2001 included fourteen checks written from the civil account, totaling \$365, and two checks from the criminal/traffic account, totaling \$104, that were outstanding for over a year.
- E. The Associate Division was turning over a portion of all fines from applied bonds and of forfeited bonds to the General Revenue Fund instead of limiting the turnover to 25 percent of forfeited bond.

Recommendation:

The Associate Division:

- A. Reconcile the open items balances to the cash balance monthly.
- B. Deposit receipts intact daily.

- C. Indicate the method of payment on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- D. Adopt procedures to routinely follow up on old outstanding checks and reissue them if the payee can be located. If the payee cannot be located or identified, these monies should be disposed of in accordance with state law.
- E. Stop withholding the 15 to 25 percent judgment for the county from the bonds applied. Request the county to turn over monies inappropriately received to the schools.

Status:

- A. Partially implemented. The criminal/traffic division's open items listing is reconciled to the cash balance. While the civil division's open items listing is totaled, the listing is not reconciled to the cash balance. Although not repeated in the current MAR, our recommendation remains as stated above.

B&D. Not implemented. See MAR finding number 2.

C&E. Implemented.

3. Sheriff's Controls and Procedures

- A. Receipts were not deposited on a timely basis.
- B. Checks and money orders were not restrictively endorsed immediately upon receipt.
- C. Some cash bonds were transmitted directly to the Atchison County Associate Circuit Court and were not deposited into the Sheriff's bank account. In addition, some bonds paid by check or money order were transmitted directly to various courts in the state and receipt slips from the courts were not retained.
- D. Monthly listings of open items were not prepared and consequently, open items were not reconciled with the reconciled cash balance.

Recommendation:

The Sheriff:

- A. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- B. Restrictively endorse checks and money orders immediately upon receipt. In addition, the composition of receipts should be reconciled to the composition of bank deposits.

- C. Deposit all bond monies into the bank account, or, if bond monies must be transmitted directly to various courts, ensure the bonds are transmitted immediately and receipt slips from the courts are retained and compared to the receipt slips issued.
- D. Prepare monthly listings of open items and reconcile to the cash balance.

Status:

A. Not implemented. See MAR finding number 3.

B-D. Implemented.

4. Officials' Salaries

Section 50.333.13 RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The Associate County Commissioners were given raises, totaling approximately \$10,880 for the two years ended December 31, 2000. Based on the Supreme Court decision, the raises given to the Associate County Commissioners were unconstitutional and should be repaid.

Recommendation:

The County Commission review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

Status:

Not Implemented. No action has been taken by the County Commission regarding repayment of the salary overpayments. Although not repeated in the current MAR, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

ATCHISON COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1845, the county of Atchison was named after David Atchison, a U.S. senator. Atchison County is a county-organized, third-class county and is part of the Fourth Judicial Circuit. The county seat is Rock Port.

Atchison County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 648 miles of county roads and 122 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 7,457 in 1980 and 6,430 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2005	2004	2003	2002	1985*	1980**
		(in millions)					
Real estate	\$	49.2	49.2	48.8	48.8	39.3	27.4
Personal property		22.3	20.0	20.0	19.4	11.6	10.7
Railroad and utilities		8.8	9.6	10.4	10.5	7.4	7.2
Total	\$	80.3	78.8	79.2	78.7	58.3	45.3

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Atchison County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2005	2004	2003	2002
General Revenue Fund	\$	.5000	.4959	.4931	.4926
Special Road and Bridge Fund *		.5000	.4959	.4931	.4926
Health Center Fund		.0500	.0500	.0500	.0500
Senate Bill 40 Fund		.1000	.1000	.1000	.1000
Senior Citizen's Service Fund		.0500	0	0	0

* The county retains all tax proceeds from areas not within road districts. The county has four road districts that receive four-fifths of the tax collections from property within these

districts, and the Special Road and Bridge Fund retains one-fifth. Most road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),			
		2006	2005	2004	2003
State of Missouri	\$	24,177	23,956	23,968	23,742
General Revenue Fund		401,376	393,773	393,112	389,401
Special Road and Bridge Fund		499,422	552,521	449,379	440,521
Assessment Fund		65,756	62,960	48,802	48,504
Health Center Fund		39,793	39,447	39,582	39,208
Senate Bill 40 Board Fund		79,547	78,852	79,123	78,330
School districts		3,134,184	3,012,063	2,701,370	2,674,882
Library district		237,334	231,993	158,245	156,751
Ambulance district		238,612	236,525	237,333	235,091
Fire protection district		128,955	126,245	126,682	121,543
Special Road District		158,353	97,955	181,698	179,167
Drainage District		250,931	205,732	225,366	234,604
Surtax		62,888	68,441	74,349	73,574
Senior Citizen Service		37,728	0	0	0
Tax Maintenance Fund		8,009	7,753	8,035	2,861
Cities		161,074	145,271	147,304	140,196
County Employees' Retirement		23,705	22,956	24,245	23,963
Commissions and fees:					
General Revenue Fund		91,321	87,016	84,278	84,677
Collector		5,384	4,327	4,714	4,844
County Clerk		1,494	1,275	1,292	1,222
Total	\$	5,650,043	5,399,061	5,008,877	4,953,081

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),			
		2006	2005	2004	2003
Real estate		95.2	94.8	94.1	93.0 %
Personal property		92.6	92.2	91.8	90.0 %
Railroad and utilities		100.0	100.0	100.0	100.0 %

Atchison County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$ 0.50	None	None	%
General – 911	0.50	None	None	
County Rock	0.50	2014	None	
Economic Development	0.25	2010	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2006	2005	2004	2003	2002
County-Paid Officials:	\$				
Marlin Logan, Presiding Commissioner		26,842	26,153	25,225	25,225
Larry Hicks, Associate Commissioner		24,845	24,154	23,225	23,225
Kent Fisher, Associate Commissioner		24,845	24,154	23,225	23,225
Susette Taylor, County Clerk (1)		38,936	37,892	35,190	
Dale Faulkner, County Clerk (1)				1,222	36,391
Sharleen Bothwell, Prosecuting Attorney		45,410	44,133	42,435	42,435
Dennis D. Martin, Sheriff		43,187	41,979	40,365	40,365
Debbie True, County Treasurer		36,374	35,359	34,000	26,041
Michael Minter Jr., County Coroner		10,545	10,226	9,833	9,833
Karen Lester, Public Administrator (2)		19,999	15,600	17,011	15,543
Diane Livengood, County Collector (3), year ended February 28 (29),	42,872	41,084	41,779		
Dale Hoeppner, County Collector (3)				41,857	
Lori Jones, County Assessor (4), year ended August 31,		38,561	37,275	35,764	35,878

(1) Includes \$1,275, \$1,292, \$1,222, and \$1,201, respectively, of commissions earned for collecting city property taxes in 2005, 2004, 2003, and 2002, respectively.

(2) Includes fees received from probate cases in 2003 and 2002.

(3) Includes \$5,165, \$4,344, \$4,644 and \$4,823, respectively, of commissions earned for collecting city property taxes in 2006, 2005, 2004, and 2003, respectively.

(4) Includes \$900, \$675, \$574 and \$688 annual compensation received from the state in 2005, 2004, 2003, and 2002, respectively.

State-Paid Officials:

Lorie Hall, Circuit Clerk and Ex Officio Recorder of Deeds	48,500	47,850	47,300	47,300
Kay Graves Rosenbohm, Associate Circuit Judge	96,000	96,000	96,000	96,000



Claire McCaskill

Missouri State Auditor

December 2006

City of Pine Lawn, Missouri

Year Ended June 30, 2005



Office Of
Missouri State Auditor
Claire McCaskill

December 2006

The following findings were included in our audit report on the City of Pine Lawn, Missouri.

The Missouri State Auditor's Office has been petitioned by the citizens of Pine Lawn to audit the city three times in the last eleven years. Of the 37 recommendations reported in 2000 (Report no. 2000-108), only 6 were implemented and another 6 were partially implemented. Twenty-one findings were not implemented and the remaining 4 no longer applied. Multiple recommendations in this report are repeated from previous audit reports issued by our office.

The city of Pine Lawn is in poor financial condition and there was no evidence that the elected officials are providing the guidance and controls necessary to ensure the continuing operations of the city. Accounting records and financial reporting do not exist and, therefore, the Board and Mayor are unable to monitor and control the city's finances. In addition, controls over receipts and disbursements are poor, increasing the risk that monies could be misappropriated or misspent without the Board and Mayor's knowledge.

The city's General Revenue Fund balance has decreased from over \$208,000 at December 31, 2002, to just under \$50,000 at December 31, 2005. In addition, the city has transferred over \$239,000 from other accounts to cover General Revenue disbursements and payroll. As of March 2006, the city is in arrears on payments totaling over \$218,000.

Court receipts to the city do not agree between court and city receipt records and deposits and there are no reconciliations performed between the two receipt ledgers. Also, the composition of bond receipts is not recorded in the bond receipt ledger and deposited monies are not reconciled to the bond receipt ledger. Receipts totaling \$4,355 collected by the city through the municipal court and police department in May 2005 could not be traced to deposits.

No record of receipts is maintained in the city's general ledger computer system; however, General Revenue bank deposits totaled almost \$2,000,000 in 2005. No check ledger was maintained and disbursements totaling \$850,750 had no detail such as vendor name, check number, date, amount, and purpose recorded in the city's accounting system for the period of February 2005 through August 2005. General Fund disbursements per the bank for 2005 totaled approximately \$2,300,000. The city administrator indicated checks were written from the city's system, but the check information was not retained. As a result of this lack of records, the city has no accounting record indicating the amount of cash available at any time. No bank reconciliations have been performed for several months and those supposedly performed prior to April 2005 could not be located. Also, the city has 12 bank accounts; however, several of the accounts are not

YELLOW SHEET

utilized and accounting and record keeping duties are not adequately segregated.

The city has not prepared and adopted budgets or financial statements. In addition to being required by law, these reports would help the city to monitor and control their financial condition.

During 2005 and 2006, the city did not enter into written contracts for various services. In addition, the mayor entered into contracts for insurance and trash services totaling over \$430,000 without obtaining Board approval.

The city does not have a formal written bid/request for proposal policy. During 2005 and 2006 bid/proposals were not solicited for several different services. Additionally, several invoices were not submitted to the board for approval, invoices were not always paid timely, and some disbursements were not supported by invoices. Also, the city withheld but did not properly pay out more than \$3,000 from employee checks for child support and garnishments.

The city does not have a formal policy regarding cellular phone usage. From January 2005 through April 2006, more than \$12,900 was paid as usage for 12 cellular phones, with \$7,160 of this being fees for exceeding plan minutes.

The city is not separately accounting for trash operations and, as a result, cannot determine if the trash service is breaking even or losing money. In addition, the city does not have adequate procedures to pursue collection of delinquent trash fees. As of June 30, 2006, the city had approximately \$507,350 in delinquent trash fees. According to city records, over 70 customers owe more than \$1,000 in trash fees.

The Municipal Court receipts average over \$200,000 per year. A monthly listing of bond open items was not prepared and reconciled with the bond account cash balance. Upon our request, a list was prepared; however, the Court Clerk indicated most of the bonds on the list were old and probably closed. Also, bonds collected by the police department are not transmitted to the Court Clerk on a timely basis, and deposits are not made timely. The Crime Victim's Compensation and Peace Officer Standards and Training fees collected by the municipal court have not been disbursed to the state since September 2004. Finally, the court has not established procedures to pursue the collection of delinquent accounts and failure to appear cases. As of June 30, 2006, court records indicate that delinquent accounts total approximately \$378,000.

Also included in the report are recommendations related to planning and financial reporting, seized property, meeting minutes and ordinances, and city property records.

All reports are available on our website: www.auditor.mo.gov

CITY OF PINE LAWN, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Alderman
City of Pine Lawn, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Pine Lawn, Missouri. The scope of our audit of the city included, but was not necessarily limited to, the year ended June 30, 2005. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.
4. Review the city's implementation of recommendations made in our report of the city for the year ended June 30, 1999.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur.

Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Pine Lawn, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 1, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA
In-Charge Auditor:	Monique Williams, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF PINE LAWN
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Lack of Financial Management
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The city of Pine Lawn is in poor financial condition and there was no evidence that the elected officials are providing the guidance and controls necessary to ensure the continuing operations of the city. Accounting records and financial reporting do not exist and, therefore, the Board and Mayor are unable to monitor and control the city's finances. Although some requests for financial reporting were made by members of the board, no reports showing the financial position of the city were provided. (See MAR No. 3.)

Controls over receipts and disbursements are poor, increasing the risk that monies could be misappropriated or misspent without the Board and Mayor's knowledge. There appears to be no attempt to improve the record keeping and controls in the city as several recommendations in this report are repeated from previous audit reports issued by our office. In addition, given the current lack of records, if asked to perform a financial audit, we would have to disclaim an opinion on the city's financial statements. We can give no assurance that money was not misappropriated or misspent, and as noted in MAR No. 2, some monies received by the city were not deposited to city accounts.

Based on bank information (as no other information was available), the city's General Revenue Fund balance has been declining over the past four years.

December 31,	2005	2004	2003	2002
General Revenue	\$49,714	\$76,497	\$80,210	\$208,736

In addition, to cover disbursements, the city transferred the following amounts to the general account:

<u>Amount</u>	<u>From</u>	<u>Date</u>
\$59,000	Trash Account	January 13, 2005
14,606	Trash Account	March 1, 2005
40,000	Trash Account	April 1, 2005
30,000	Seized Property	January 25, 2006
10,000	Bond Account	August 1, 2005

In addition, two transfers totaling \$25,000 from the Bond Account and one transfer totaling \$36,000 from the Trash Account were made to the payroll account, which is used to disburse paychecks and related payments. The payroll account is simply a clearing account and receives transfers from the General Funds.

The Trash, Seized Property, and Bond Accounts represent restricted monies that should not be used for general city operations (See MAR No. 8, 9, and 10).

In addition to the declining balance, as of March 2006, the city was in arrears on several payments including \$113,128 for trash services, \$78,266 for federal payroll taxes, \$16,503 for liability insurance, \$4,421 for utilities, \$3,904 for a bank credit card, and \$2,562 for phone service. (See MAR No. 7). In addition, the city has not paid the Crime Victim's Compensation and Peace Officer Standards and Training fees to the state as required (See MAR No. 10).

Because of the lack of accounting records and financial reporting, it is not clear whether the Board of Aldermen and Mayor are fully aware of the city's poor financial condition. Annual budgets and financial statements have not been prepared, accounting records are not maintained, and controls are lacking. (See MAR No. 2, 3, 4, and 7).

Given all the concerns noted in this report, it is apparent that no one is adequately monitoring the city. The Board of Aldermen and Mayor need to request accurate monthly financial reports and insist that the recommendations in this report are implemented on a timely basis to ensure the city is operated professionally and competently.

WE RECOMMEND the Board of Aldermen and Mayor ensure adequate accounting records are maintained and controls are established. The Board and Mayor should monitor the financial position of the city and require monthly financial reports showing budget to actual information. In addition, the Board and Mayor should ensure the recommendations in this report are addressed and implemented on a timely basis.

AUDITEE'S RESPONSE

The city's officials recognize the poor condition of the city's accounting records. The current administration inherited a city in total financial crisis, a city that lacked any written policy for internal controls and accounting. In April 2005, when there was a change in the office of Mayor, the city put in place a City Administrator who was charged with, among other things, the responsibility of formulating financial policies for the Mayor's and Board of Aldermen's review and approval. After approximately a year, it was apparent that this person was not qualified and the Mayor requested his resignation. Long story short, the financial policies were neither presented nor adopted by the Board.

The city will accept the recommendation cited in the report and draft an ordinance requiring the city administrator and/or the financial agent of the city to provide monthly financial reports to the Mayor and Board showing the budget to actual information. We estimate that this ordinance will be adopted at the December 11, 2006 Board of Aldermen meeting.

We note that there were several findings in the previous audit that have not been addressed and/or resolved. The city will review those findings and take the necessary steps to adhere to your recommendations. As you can imagine, the city has to roll up its sleeves and get to work on many fronts. Financial responsibility is priority and will receive the Mayor's and Board of Aldermen's immediate and constant attention. We will strive to make Pine Lawn fiscally responsible and accountable to the taxpayers of the city.

2.**Receipt Controls and Procedures**

Controls over city and court receipts are lacking. A one-write receipt ledger is used by the city clerk and the housing clerk to issue receipt slips for city monies. The court clerk maintains a separate court receipt ledger to record all monies received by the court. Periodically, the court clerk will total receipts per her ledger and record her receipts in total in the city's one-write receipt ledger. The court clerk then prepares the city deposit. The court receipt ledger is not reconciled to the city ledger and the monies deposited are not reconciled to the city or court ledger. In addition, some receipts are not recorded in the receipt records. Bond monies received by the police department are not reconciled to bond deposits. Because of the lack of controls over the city receipts, a detail review was performed for the month of May 2005, in an attempt to trace all receipts to deposits. Receipts totaling \$4,355 collected by the city through the municipal court and the police department could not be traced to deposits.

- A. Court receipts to the city do not agree between court and city receipt records and deposits. In May 2005, the court receipt ledger indicated \$6,707 in cash was received; however, only \$5,112 in cash was transmitted to the city for a shortage of \$1,595. In addition, checks totaling \$555 received in May were not transmitted to the city that month. No comparison is performed between the amount deposited with the amount recorded in the city ledger. In addition, there is no reconciliation performed between the court receipt ledger and the city receipt ledger.
- B. Receipt slips are not issued for some monies received. A check for \$150 was received by the city for a housing inspection which was deposited but not entered into the city receipt ledger. Checks totaling \$565 were transmitted by the court to the city and deposited; however, the checks were not receipted in the city receipt ledger. In addition, \$198 in cash was also received and deposited, but not entered into the city receipt ledger. Because there is no reconciliation between the city ledger and the deposits, these unrecorded receipts were not discovered.
- C. In May 2005, bond receipts totaling \$1,875 could not be traced to a deposit. The police department accepts cash, checks, and money orders for bond payments and enters the bonds in a bond receipt ledger. Periodically, the police department transmits bond monies to the municipal court clerk. For each transmittal from the police department, the court clerk initials the bond receipt ledger and places the bond monies in the safe located in the city clerk's office until the end of the week when she prepares the bond deposit ticket. The composition of bond receipts is not recorded in the bond receipt ledger and deposited monies are not reconciled to the bond receipt ledger. This weakness allowed discrepancies between the bond receipt ledger and the bond deposits to go undetected. A total of \$15,513 in bonds was received in May 2005, but only \$13,638 was deposited for a shortage of \$1,875.

- D. Bond fees totaling \$490 were recorded as received in the bond ledger for May 2005; however, only \$160 was recorded as received in the city receipt ledger for a shortage of \$330. The police department collects \$10 for each bond posted. These fees are included as part of the bond payment on the bond receipt ledger and are transmitted to the city on a monthly basis for deposit in the city account.

Adequate controls are necessary to ensure all receipts are accounted for properly. A prenumbered receipt slip should be issued for all monies received and the composition of deposits should be reconciled with the composition of receipt records.

WE RECOMMEND the Board of Aldermen and Mayor ensure prenumbered receipt slips are issued for all monies received and the composition of all receipts is recorded and reconciled to deposits. The Board and Mayor should investigate the differences noted and discuss any additional actions to take with law enforcement and their legal counsel.

AUDITEE'S RESPONSE

The city accepts the recommendation in your report under this section. Prior to your report, the city has adopted the practice of using pre-numbered receipt slips for all monies received and the composition of all receipts is recorded and reconciled to deposits.

On the issue of the unaccounted for funds cited in your report, the city will refer this issue to the prosecuting attorney for St. Louis County for review and appropriate law enforcement action.

3. Accounting Controls and Procedures

The city is not maintaining adequate accounting records. Receipts and disbursements are not adequately recorded and the city does not track its cash balances. Bank reconciliations have not been performed on the city's bank accounts and the city has several inactive accounts. Accounting duties are not adequately segregated. In addition, the city has no list of the contents of its safe deposit box and at the time of our audit could not locate the keys to it.

- A. The city is not maintaining adequate accounting records. The only record of receipts is the receipt ledger discussed in MAR 2 above which is not reconciled to deposits. No record of receipts is maintained in the city's general ledger computer system; however, General Revenue bank deposits totaled almost \$2,000,000 in 2005. No check ledger was maintained and disbursements totaling \$850,750 had no detail such as vendor name, check number, date, amount, and purpose recorded in the city's accounting system for the period of February 2005 through August 2005. General Fund disbursements per the bank for 2005 totaled approximately \$2,300,000. The city administrator indicated checks were written from the city's system, but the check information was not retained. As a result of this lack of records, the city has no accounting record indicating the amount of

cash available at any time. Receipt, disbursement and cash information is necessary to prepare annual budgets and financial statements, perform monthly bank reconciliations, and support the city's accounting transactions. (See MAR No. 1).

- B. No bank reconciliations have been performed for several months and those supposedly performed prior to April 2005 could not be located. Several requests were made for the city to provide us with copies of bank reconciliations; however, no such records were provided.

Complete and accurate bank reconciliations are necessary to ensure accounting records are in agreement with the bank, and errors or discrepancies are detected and corrected timely.

- C. The city has 12 bank accounts; however, several of the accounts are not utilized. The city is currently using the main General Fund checking account, the payroll account, the bond account, and the two Capital Improvement accounts. There are three general revenue accounts not used - one checking, one savings, and one money market account. These account balances at December 31, 2005 totaled \$7,033, and had service charges totaling over \$90 in 2005. The city also has an inactive DARE checking account and law enforcement grant account with balances of \$1,320 and \$13,656 respectively at December 31, 2005. As discussed in MAR No. 9, the city is not properly using the Trash Account and MAR No. 8 discusses the Seized Property Account. The city should consider eliminating and consolidating the unused bank accounts to save record keeping time and service charges.

- D. Accounting and recordkeeping duties are not adequately segregated. The city administrator is responsible for the recordkeeping duties of the city, including duties which would normally be performed by a city treasurer and city clerk. The administrator's duties include preparing and distributing checks, signing checks, and maintaining all financial records and bank accounts. The Board of Aldermen approve some bills for payment; however, as discussed in MAR No. 7, concerns were noted with their review. In addition, the mayor or an alderman must sign the checks in addition to the city administrator. However, no person independent of the recordkeeping functions reviews the work of the city administrator.

As mentioned in other parts of this report, the recordkeeping of the city needs much improvement. The city clerk performs limited cash collection duties and the city does not have a city collector or a city treasurer. The current procedures do not allow the separation of duties necessary for a proper evaluation and review of financial transactions.

- E. The city pays over \$200 a year for a safe deposit box. City officials indicated that a list of the items held in the city's safe deposit box was prepared; however, the listing could not be located by the city. In addition, the city was unable to locate

the keys to the city's safe deposit box. The city believes there are some old coins obtained through police seizure in the box; however, we were unable to verify what was held in the safe deposit box.

A log of the contents in the city's safe deposit box is necessary to properly account for and control this property. In addition, an actual physical inventory of the items should be performed periodically and compared to the log to ensure the accuracy and completeness of the records. Keys to the box should be kept in a secure location.

Similar conditions to B and D were noted in the previous audit report and the city indicated at that time they would implement the recommendations.

WE RECOMMEND the Board of Aldermen and Mayor:

- A. Ensure accounting records are maintained including a record of all receipts and disbursements and the cash balance.
- B. Ensure monthly bank reconciliations are prepared and maintained for all city accounts.
- C. Consider eliminating and consolidating some of the city bank accounts.
- D. Ensure the accounting duties and custody of financial assets are adequately segregated or that appropriate reviews of accounting records are performed and bills are approved prior to payment.
- E. Ensure adequate records are maintained of the contents of the city's safe deposit box and perform periodic physical inventories and compare these records to the inventory records. Access to the box should be obtained either through finding the keys or discussion with the bank.

AUDITEE'S RESPONSE

A&B. Though the city is certainly not where it should be in maintaining adequate accounting records, it certainly has improved with its current city administrator.

The city accepts your recommendations under this section. The Board will adopt a financial accounting policy which will require monthly bank reconciliations and ensure accounting records are maintained (including a record of all receipts and disbursements and cash balances.) The city has requested a copy of the financial controls and procedure policies of other fourth class cities and will adopt a written policy no later than January 2007.

C. The city has eliminated and/or consolidated some of the city bank accounts.

- D. *The city intends to adopt an accounting and record keeping policy, and job descriptions for each position in the city, which should resolve the issues cited in this section. Additionally, the city intends to appoint a city treasurer no later than January 2007.*
- E. *The city intends to pass a resolution authorizing the City Administrator to enter into the safe deposit box, inventory its contents, and thereafter the city, with the advice of counsel, will take appropriate action to either dispose of the property or tender it to the State of Missouri's unclaimed property. Lastly, the city has begun to inventory all of its personal and real property.*

4. Budget, Planning and Financial Reporting

Annual financial reports, semi annual financial statements, and annual budgets have not been prepared as required by state law. The city has not separately accounted for its parks and storm water control sales tax proceeds and has not adopted a long term plan for the proceeds of this tax or the capital improvement sales tax.

- A. Annual financial reports or audited financial statements have not been prepared since the fiscal year ended June 30, 2003. In addition, the city has not filed financial statements with the State Auditor's office since June 30, 1999. Section 105.145, RSMo, requires political subdivisions to file annual reports of the financial transactions of the political subdivision with the State Auditor's office.
- B. The city has not prepared and published semi-annual financial statements as required by state law. Section 79.160, RSMo, requires the Board of Aldermen to prepare and publish semi-annual financial statements. These statements are to include a statement of receipts and disbursements and indebtedness of the city for the preceding six month period. In addition, Section 79.165, RSMo, states the city cannot legally disburse funds until the financial statement is published.
- C. The city has not prepared and adopted budgets for the city as required by Section 67.010, RSMo. No budget was adopted for the year ended June 30, 2006. Although a budget was prepared for fiscal year 2005, it did not have all the required elements and only included one previous year's actual amounts in addition to the budgeted amounts. No periodic comparisons between budgeted and actual amounts were performed.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful tool by establishing specific cost expectations for each area. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual disbursements. A complete budget should include separate receipt and disbursement estimations, and include the beginning available resources and a reasonable estimate of the ending available resources. The budget should also include a budget message and a comparison of actual receipts and disbursements for the two preceding years.

- D. The city collects a one half of one percent sales tax for the purpose of improving parks and storm water control in the city and another one half of one percent sales tax for general capital improvements. Proceeds from both of these taxes are deposited into the Capital Improvement bank account and are not accounted for separately. In addition, the city does not have long term plans for the proceeds from these two sales tax issues. Monies have been used for several projects including \$113,286 during fiscal year 2006 for new police cars, small demolition projects and tree removal services. At February 2006, the Capital Improvement Fund had a balance of \$1,141,971.

Section 644.032, RSMo, requires the parks and storm water control tax monies to be deposited and accounted for separately and used only for the funding of storm water controls and local parks.

Given the city's poor financial position as noted in MAR No. 1, it is important that the city properly plan for the use of these monies. These monies are restricted and cannot be used for general city operations. A formal long term capital improvement plan should be prepared and updated each year in conjunction with the annual budget. This plan should include a description of the projects to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the date such work could begin, the amount of labor required to perform the work, and other relevant information. In addition, a public hearing should be held to obtain input from the city residents and the plan should be approved by the Board.

Similar conditions were noted in our prior audit report and the city indicated at that time they would implement the recommendations.

WE AGAIN RECOMMEND the Board of Aldermen and Mayor:

- A. Submit financial reports to the State Auditor's office as required by state law.
- B. Prepare and publish semi-annual financial statements as required by state law.
- C. Prepare annual budgets that contain all information required by state law to provide a complete financial plan for the city. In addition, the Board should monitor the budget and periodically compare budget to actual amounts throughout the year.
- D. Establish separate funds for the two separate sales tax issues to ensure the receipts are spent in accordance with the purpose of the sales tax. In addition, the Board of Aldermen and Mayor should prepare a long term capital improvement plan and update this annually as part of the budget.

AUDITEE RESPONSE

The city accepts your recommendations in this section. We will submit financial reports to the State Auditor's Office, prepare annual budgets that contain all information required by state law, prepare and publish semi-annual financial statements as required by law, monitor the budget, establish separate funds for the two separate sales tax issues, and prepare a long term capital improvement plan and budget. The city intends to implement these recommendations immediately.

5. Meeting Minutes and Ordinances

The new codification of city ordinances has not been formally adopted by the board and a complete set of ordinances with all changes is not maintained. Board minutes were not signed by the mayor and a tentative agenda was not prepared and posted for some meetings. A review of the board meeting minutes noted concerns regarding compliance with the Sunshine Law. In addition, annual tax rates were not established in accordance with state law and housing inspection fees were increased without a vote of the people.

- A. In 2005, the city paid \$4,433 for a new codification of the city ordinances. Although the new ordinance codification is being used by the city, it has not been formally adopted by the board. City officials indicated they have not been able to approve the ordinances due to problems with retaining board members. In addition, a complete set of ordinances was not maintained and changes to ordinances were not tracked. Since ordinances represent legislation which has been passed by the Board of Aldermen to govern the city and its residents, it is important that the city's ordinances be maintained in a complete and up to date manner. An index of all the ordinances passed and repealed by the city could help keep track of additions and changes made to the city ordinances. In addition, a complete set of original signed ordinances should be maintained at city hall.
- B. The city has not adopted ordinances which are required by state law or would provide helpful guidelines for city operations:
 - 1) Compensation paid to city officials and employees has not been set by city ordinance. Section 79.270, RSMo, requires salaries of all officers and employees be set by city ordinance.
 - 2) Duties of the City Administrator have not been established by ordinance. Documentation of duties and job descriptions would clarify the duties and responsibilities of each official and employee and prevent misunderstandings. In addition, Section 79.290, RSMo, requires that appointed positions be set by ordinance. A similar condition was noted in our two previous reports of the city.

- 3) Personnel policies and procedures included in the ordinances do not provide guidelines for hiring new employees. A written personnel policy addressing this issue is necessary to provide assurance all employees are treated equitably and to prevent misunderstandings.
- C. The board minutes were prepared by the city clerk and approved by the board at the following meeting; however, they were not signed by the mayor, city clerk or any of the board members. Section 610.020, RSMo, requires minutes be taken and retained for meetings. The minutes should be signed by the clerk and mayor immediately upon approval to provide attestation that the minutes are a correct and approved record of the matters discussed and actions taken during the board meetings.
- D. A tentative agenda was not prepared and posted for all meetings. Section 610.020, RSMo, requires public entities to give notice of the time, date, and place of each meeting, and its tentative agenda, to advise the public of the matters to be considered. The notice shall be given at least 24 hours prior to the meeting.
- E. A review of closed meeting minutes noted the following concerns:
- 1) Open meeting minutes did not always document all items required by the Sunshine Law including the related vote to close the meeting and the specific reasons for closing the meeting. Section 610.022, RSMo, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote.
 - 2) The city did not document how some items discussed in closed session complied with state law. These items included budget concerns, collection of delinquent trash accounts, inspection fees, approving sales tax rates, renovation of the senior citizens building, and bank account issues.
- Section 610.021, RSMo, allows the board to discuss certain subjects in closed meetings including litigation, real estate transactions, bid specifications and sealed bids, personnel matters, and confidential or privileged communications with auditors. The board should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes.
- F. The Board of Aldermen did not prepare ordinances establishing the annual tax rates as required by Section 94.190.3 and 94.210, RSMo. In addition, the board did not hold public hearings on the proposed property tax rates. Section 67.110, RSMo, requires each governing body to hold at least one public hearing prior to approval of the proposed tax rates at which citizens may be heard. The section

also provides guidance on what information is to be included at the public hearing.

- G. In August 2005, the Board of Aldermen increased the housing inspection fee from \$75 to \$200 per house and the occupancy permit fee from \$5 to \$30. No documentation was provided to justify these rate increases or to document the total cost of providing these services to the residents. A portion of the cost is paid to the building commissioner who is paid \$80 for each residential inspection. The fees charged were established without a vote of the residents as required by Article X, Section 22(a) of the Missouri Constitution, commonly known as the Hancock Amendment. This section prohibits political subdivisions from increasing existing taxes, licenses, or fees above levels authorized at the time of passage of the Hancock Amendment without voter approval. However, Section 67.042, RSMo, allows political subdivisions to adjust existing fees and licenses to maintain funding of services provided at the time of passage of the Hancock Amendment. The Missouri Supreme Court, in its decision in Beatty V. Metropolitan St. Louis Sewer District applied a five-pronged analysis to determine whether a governmental charge was a tax, thus requiring a public vote, or user fee which could be revised without a vote. This court case also indicated that if the analysis did not clearly indicate the charge was a user fee, the issue should be put to a vote. No review of this issue was performed prior to the board increasing the fee.

Similar conditions to B and E were noted in the previous audit report and the city indicated at that time they would implement the recommendations.

WE RECOMMEND the Board of Aldermen and Mayor:

- A. Formally adopt the ordinance codification and review all additional ordinances to ensure a complete set of all ordinances is maintained and complied with.
- B. Establish by ordinance the compensation and duties of all officials and employees. In addition, the Board should establish guidelines for hiring new employees.
- C. Ensure all minutes are signed by the mayor and city clerk.
- D. Ensure that proper notification and agendas for public meetings are given or reasons for any deviation are documented in the minutes in accordance with applicable statutes.
- E.
 - 1) Ensure the board minutes document the vote to go into closed session, state the reasons for going into closed session and publicly disclose the final disposition of all applicable matters discussed in closed session.
 - 2) Ensure only allowable, specified subjects are discussed in closed session.

- F. Hold public hearings on proposed property tax rates and establish the tax rates by ordinance, as required by state law.
- G. Seek legal guidance from the City Attorney and determine whether this fee is a user fee or should be put to public vote.

AUDITEE'S RESPONSE

The city accepts each of the recommendations in this section.

- A. *The city will at its January 2007 meeting adopt its Municipal Code Book, which has been under review by the Board for several months.*
- B. *The city intends to adopt an ordinance at its December 2006 meeting, establishing the compensation and duties of its appointed officials. Additionally, a formal hiring policy will be adopted by February 2007.*
- C. *The City Clerk will hereafter sign and get the signature of the Mayor on all minutes.*
- D. *The new City Clerk has been made aware of the issue cited in your report and will make the necessary corrections in posting notices and recording minutes.*
- E. *The City Attorney has discussed with the City Clerk the concerns raised in this section and we are confident that these issues are resolved.*
- F. *The city has and will hereafter hold public hearings on proposed tax rates and establish tax rates by ordinance.*
- G. *The city will discuss this issue with legal counsel.*

6.	City Property Records
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The city has not established adequate records to account for city property and concerns were noted with real estate transactions. Vehicle and gasoline usage records are not adequate.

- A. The city has not established adequate records to account for city property. The police department has a list of their vehicles and the street department has a partial list of equipment and vehicles they own. However, the lists do not include all necessary information including cost and date obtained. Other property owned by the city is not included on any lists. In addition, the city does not perform physical inventories and does not tag or otherwise identify the items as property of the city.

Property records should be maintained on a perpetual basis, accounting for property additions and dispositions as they occur. The records should include a

detailed description of the assets including the name, make and model numbers, and asset identification number, the physical location of the assets, and the date and method of disposition of the assets. Complete and accurate asset records are necessary to ensure better internal controls over city property and provide a basis for determining proper insurance coverage required on city property. Physical inventories are necessary to ensure the asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. In addition, all property items should be identified with a tag or similar device.

- B. The city owns several pieces of real estate property that have been obtained through non payment of taxes or abandonment. The city does not have a list of property owned or sold and does not have a written policy documenting what records should be kept on such property or what procedures to follow in the sale of the property.

In one instance, commercial property was sold for \$31,000 to a business owner. The appraised value per St. Louis County was \$227,000. Although the city did not obtain an independent appraisal, they did have a market value estimate from an appraiser of \$100,000. The city had no record of bids or receipt of monies for the sale of this property. In addition, it does not appear that the sale was approved by the board.

The January 2006 board minutes indicated the sale of this property was finalized and bids were taken. However, we saw no votes approving the sale of this property and no bids. St. Louis County records indicate the deed and title were transferred on February 22, 2006.

To ensure the best possible price is obtained for property sold and to ensure all interested parties are given equal opportunities to participate, the city should develop a written policy for all real estate property sales. This policy should address how the city will handle real estate sales including obtaining board approval, soliciting of bids, requiring a professional appraisal, and retaining documentation of the sale proceeds. In addition, the city needs to maintain a list of all real estate property obtained and sold.

- C. The city, through its various departments, owns and operates several vehicles. Each time gasoline is pumped from the city fuel tank into a vehicle, the vehicle number, date, mileage and amount of gasoline are recorded. In addition, a daily activity log is maintained for police vehicles that records the beginning and ending odometer readings and the calls and locations. During our review of the city vehicles and gasoline usage, we noted the following concerns:

- 1) The information on the fuel logs is not utilized to verify the validity of the gasoline bills. Gallons purchased per the fuel billings are not reconciled to the gallons dispensed as recorded in the logs. Periodic reconciliations of

the fuel usage and purchases to the calculated fuel on hand are not performed. To monitor the reasonableness and propriety of fuel usage and purchases, the fuel usage logs should be periodically reviewed and recorded usage should be reconciled to fuel purchased and on hand. Failure to account for fuel usage could result in theft or misuse.

- 2) The mayor has been assigned a city vehicle for his use and no log is maintained documenting its use. During the period from April 28, 2005 to April 25, 2006, a total of 18,271 or approximately 1,500 miles per month were put on this vehicle. The city of Pine Lawn is less than five square miles and there is no documentation of why so many miles were driven. Some of the mileage may be for personal use or commuting. IRS guidelines require the full value of the provided vehicle to be reported if the employer does not require the submission of detailed logs that distinguish between business and personal use. The city should be reporting the full value of the vehicle to the IRS as compensation to the mayor.

Similar conditions to A and C were noted in our last two audit reports and the city indicated at that time they would implement the recommendations.

WE RECOMMEND the Board of Aldermen and Mayor:

- A. Establish complete and detailed property records that account for all property items of the city. These records should be updated for any property additions or deletions as they occur. In addition, all items should be tagged or otherwise identified as city property and an annual physical inventory should be taken of all city-owned property.
- B. Implement a written policy or procedure for handling real estate property sales which would include obtaining board approval, soliciting bids, requiring a professional appraisal, and retaining documentation of the sale proceeds. In addition, the Board should ensure a list of all real estate property obtained and sold is maintained.
- C.1) Ensure complete fuel inventory records are maintained and that fuel usage logs are periodically reviewed for completeness and reasonableness of usage and reconciled to fuel purchased and on hand.
- 2) Require logs be maintained for the mayor's vehicle that reflect business and personal miles driven and review these logs periodically for reasonableness. Personal mileage should be reported to the IRS as taxable compensation.

AUDITEE'S RESPONSE

The city accepts the recommendations in this section.

- A. *The city is in the process of creating an inventory of all "city owned property". All property will be tagged, identifying it as city owned property and an inventory check will be conducted yearly.*
- B. *The city will adopt by ordinance a written policy on handling real estate property sales no later than January 2007. Your report indicates that a city owned commercial property was sold for \$31,000 when it was appraised by the county at \$227,000. Further, you indicate that there was no appraisal, no bids taken, and the Board did not approve the sale. The former City Administrator was responsible for this transaction and it was the Board's understanding that an appraisal was obtained and bids taken. The referenced property was, and still to this day is, a public nuisance and has been in a deplorable condition for years. The city welcomed the opportunity for redevelopment of this property. The city has been unable to identify which city account these funds were deposited. If resolution to this deposit issue is not obtained in the next few weeks, the city will refer the matter to St. Louis County for investigation.*
- C. *The city will adopt by ordinance a policy for fuel inventory and usage. Said policy will set out requirements for fuel usage logs and how they will be reviewed for completeness and reasonableness of usage and reconciled to fuel purchased and on hand. This ordinance will be presented for approval by January 2007.*

The city will adopt by ordinance a policy requiring a travel log be utilized in all city owned vehicles that are operated by the mayor, city administrator, police chief, and police captain. Any personal mileage will be reported to the IRS as taxable compensation.

AUDITOR'S COMMENT

- B. The city obtained a copy of the title company check made payable to the city for \$28,666; and traced this check to a deposit in March 2006.

7. Disbursements

The city purchased services without contracts and also entered into agreements without board approval. A formal bid policy has not been established, invoices are not paid timely, there is no cellular phone policy and employee deductions for child support and garnishment orders were not handled properly.

- A. During 2005 and 2006, the city did not enter into written contracts defining services to be provided and benefits to be received for the following items:

Tree Services	\$22,300
Demolition Services	15,000
Legal Services	19,315
Accounting Services	6,575

In addition, the mayor entered into contracts for insurance for \$162,759 and trash services for \$271,069 without obtaining approval from the board. Section 432.070, RSMo, requires contracts to be in writing. Written contracts approved by the board are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings.

- B. The city does not have a formal written bid/request for proposal policy. During 2005 and 2006 bids/proposals were not solicited for the following services:

Trash Service	\$271,069
Insurance	162,759
Building Inspections	39,096
Legal Services	19,315
Accounting Services	6,575

Bidding procedures for major purchases provide a framework for the economical management of city resources and help assure the city it receives fair value by contracting with the lowest and best bidder. To show compliance, documentation of bids/proposals should include a vendor listing and request for proposals, a newspaper publication notice when applicable, the bids/proposals received, and the basis and justification for awarding the bid/proposal.

A similar condition was noted in our prior audit report and the city indicated at that time they would implement the recommendation.

- C. Several invoices were not submitted to the board for approval and invoices were not always paid timely. In addition, some disbursements for legal services, building inspections, and cell phones did not have invoices. To ensure the obligation was actually incurred and properly approved, all disbursements should be supported by a properly approved invoice. In addition, procedures should be in place to ensure bills are paid timely to avoid late charges and interest. (See MAR 1).
- D. The city does not have a formal policy regarding cellular phone usage or guidelines to determine whether a cellular phone is needed or of benefit to the city. From January 2005 through April 2006, a total of more than \$12,900 was paid as usage for 12 cellular phones, with \$7,160 of this being fees for exceeding the plan minutes. These totals do not include amounts for three monthly phone bills that could not be located by the city.

While cellular phones can help increase productivity, they are costly. A policy is needed to ensure that cellular phones are used for business purposes only. Such a policy should address which employees need a cellular phone, proper use of the phone, and a reimbursement policy if the board authorizes the phone to be used for personal purposes. Effective procedures should be implemented to monitor cellular phone usage and review invoices for propriety.

- E. During 2005, the city did not properly handle child support and garnishment payments withheld from employee paychecks. The city underpaid five employee child support cases by over \$2,800 and one bankruptcy case by \$390. There were several instances in which there were no disbursements made to the child support cases for a three month period even though the deductions had been withheld. In addition, there were two instances where the city did not withhold the correct amount stated in the court order. A monthly amount was paid instead of the bi-weekly amount. This caused the deduction not to correspond with the amount stated in the court order.

To ensure monies are handled appropriately and ensure compliance with state laws, employee withholdings for child support and garnishment orders need to be remitted correctly.

WE RECOMMEND the Board of Aldermen and Mayor:

- A. Enter into written agreements for all services provided and require approval from the Board prior to signing all contracts.
- B. Establish a formal bid policy with provisions for documenting the justification for selecting and rejecting bids or proposals.
- C. Ensure all invoices are properly approved and paid timely. The Board should require adequate supporting documentation for all disbursements.
- D. Develop a cellular phone policy regarding the use of cellular phones including an assessment of which employees need a cellular phone and procedures to monitor their use. In addition, the monthly billings need to be retained so that usage can be monitored.
- E. Properly remit employee withholdings.

AUDITEE'S RESPONSE

The city accepts each of your recommendations in this section.

- A. *The city has a policy requiring all contracts be approved by the Board; however, this policy will be communicated to all city officials so that they are aware and govern themselves accordingly.*

- B. *The city has obtained bid processes from other municipalities and will implement same by January 2007.*
- C. *The city will adopt an ordinance requiring all bills for payment to be accompanied by an invoice documenting the service or product. This ordinance should be in place by January 2007. The city will make timely payment of its bills as funds are available. Additionally, the city will, in the next budget year, make concessions in spending to assure adequate funds are available to meet its expenses.*
- D. *The city will adopt a cell phone policy and conduct a needs assessment by January 2007.*
- E. *The city has and will continue to properly remit employee withholdings.*

8. Seiz	ed Property
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Adequate controls over seized property have not been established. A complete log of seized property is not maintained and periodic inventories of the property on hand are not conducted. In addition, the city improperly transferred \$30,000 of seized monies to the city general revenue account.

- A. The police department does not maintain a log of the seized property on hand. Adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. An inventory control record should include information such as description, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record each time evidence is removed from the room. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.
- B. The city deposits seized money into a bank account. As of February 2006, the city was holding \$36,841 in seized property monies. Most of the seizures were conducted several years ago. During 2005, the city transferred \$30,000 of these monies to the city's General Revenue Account without a proper court order. The city should return the \$30,000 to the seized property account and begin forfeiture proceedings on any money subject to forfeiture. All other monies should be returned to its owners.

Similar conditions were noted in our two prior audit reports and the city indicated at that time they would implement the recommendations.

WE AGAIN RECOMMEND the Board of Aldermen and Mayor:

- A. Ensure the police department maintains a complete inventory record of all seized property including information such as a description, persons involved, current

location, case number, and disposition of such property. In addition, the Board should ensure that periodic inventories of seized property are performed.

- B. Consult with legal counsel and determine the proper disposition of these monies. In addition, the Board should ensure that the money improperly transferred to the General Revenue Account is paid back into the Seized Property Account.

AUDITEE'S RESPONSE

The city accepts your recommendations in this section.

A&B. The city has implemented a policy to properly inventory all property seized. The Board will adopt by ordinance a policy to review the inventory and disposition of said property no later than February 2007.

The city will transfer back the funds transferred from the seized property account to the general account by the end of the fiscal year.

9. Trash

Account

The city is not properly restricting trash fees collected for trash operations only. The city has a separate trash bank account for the collection of payments from residents and to make payments to the provider. Transfers were made from this account to other accounts and the city is intermingling trash monies with other city monies. In addition, the city does not have adequate procedures to pursue the collection of delinquent trash fees.

- A. During 2005, the city made several transfers from the Trash Account to the General Account totaling \$113,606 to pay general expenses of the city. In addition, \$36,000 was transferred to the payroll account to pay for employee salaries. Board approval of these transfers was not documented. Trash fees represent payments from residents to help defray the cost of trash services and should not be used to cover salaries of city employees and pay general expenses of the city.

In past years, the General Account transferred monies to the Trash Account; however, the city did not keep track of these amounts and did not indicate if these were loans or permanent transfers.

As of July 2005, the city began depositing trash fees into the city's General Revenue Account with other city monies and paying the provider directly from this account. There is no separate accounting of the trash operations and, as a result, the city cannot determine if the trash service is breaking even or losing money. Revenues restricted for a specific purpose should be maintained in a separate fund and should not be used for general operating expenses of the city.

- B. The city does not have adequate procedures to pursue collection of delinquent trash fees. As of June 30, 2006, the city had approximately \$507,350 in delinquent trash fees. According to city records, over 70 customers owe more than \$1,000 in trash fees. The city passed an ordinance in 2002 to collect delinquent trash fees when housing inspections or business licenses are required or renewed. Although this ordinance attempts to collect a portion of the amount owed, the city does not actively pursue collection of past due trash fees when housing inspections or business licenses are not required. In addition, the city should review the list of unpaid bills to verify that the list is correct.

A similar condition was noted in our prior two reports.

WE RECOMMEND the Board of Aldermen and Mayor:

- A. Ensure a separate accounting of trash revenues and expenses is maintained, and only expenses related to trash services should be paid from the Trash Account. In addition, the city should consider returning transferred money to the Trash Account.
- B. Discuss with legal counsel options available to ensure collection of delinquent trash accounts. The Board and Mayor should also review the list of delinquent fees to ensure it is accurate.

AUDITEE'S RESPONSE

The city accepts your recommendations, in part, in this section. The city will ensure a separate accounting for trash revenues and expenses is maintained. However, the city does not understand the logic in your recommendation that they reimburse the trash account for transfers made from it to the general revenue account. The trash account owes general revenue in excess of \$500,000, which is evident from the delinquencies. The city will discuss with legal counsel ways to collect on the delinquent trash fees owed to the city.

10. Municipal

Court

Monthly listings of open items are not prepared and the court has not implemented adequate procedures to follow up on old bonds. Bonds collected by the police department are not transmitted to the Court Clerk on a timely basis and bond forms are not prenumbered and accounted for as they are used. CVC and POST fees have not been disbursed. Deposits are not made timely and checks and money orders are not restrictively endorsed. Procedures have not been established to follow up on cases needing to have warrants issued. Court receipts average over \$200,000 per year.

- A. A monthly listing of bond open items is not prepared and reconciled with the bond account cash balance. Upon our request, the municipal court prepared a list as of April 30, 2006. The open items list totaled \$685,109 while the bond account

bank balance was only \$77,808. An additional \$35,000 was due from the General Fund to the Bond Account due to unauthorized transfers made (see MAR No. 1). This resulted in a difference of \$572,301 between the open items list and the monies available. The court clerk indicated most of the bonds included on the list are old and probably closed. These older bonds were transferred from the old computer history during the last computer change several years ago and they have never been able to find the time to clean up the older bonds from the system. In addition, the court has not implemented adequate procedures to follow up on old bonds held for more than one year.

A complete and accurate bond open items listing should be prepared monthly and reconciled to the cash balance to ensure records are in balance and sufficient funds are available for the payment of all liabilities. An attempt should be made to determine the proper disposition of these bonds. In addition, a review should be made of any bonds posted by persons who failed to make the required court appearance to determine if bonds should be forfeited and monies paid over to the city treasury as provided by Section 479.210, RSMo. For those bonds which are held on closed cases and remain unclaimed, Section 447.500 through 447.505, RSMo, which relate to unclaimed property, should be used to disburse these monies. Any unidentified amounts should be investigated and resolved.

- B. Bonds collected by the police department are not transmitted to the Court Clerk on a timely basis. Bonds are transmitted approximately once or twice a month. A cash count made in February 2006 revealed \$18,963 in bond receipts not transmitted. Some of these monies had been held for almost one month. In May 2005, two transmittals were made totaling \$6,113 and \$7,525. To adequately safeguard bond receipts and reduce the risk of loss or misuse of funds, transmittals should be made daily or when accumulated receipts exceed \$100.
- C. Bond forms are not pre-numbered and accounted for as they are used by the police department. To ensure all bonds are accounted for and deposited, pre-numbered bond forms should be used and the numbers accounted for properly.
- D. Crime Victim's Compensation (CVC) and Peace Officer Standards and Training (POST) fees collected by the municipal court have not been disbursed to the state since September 2004. The court deposits these fees into the city's General Fund. The total CVC and POST due the state were not determined; however, between July 2004 and June 2005 the city collected \$14,062 in CVC payable to the state and \$1,852 in POST fees.

The city is responsible for remitting the CVC and POST fees to the state. Section 595.045.6, RSMo, requires 95 percent of the CVC fees be paid monthly to the state. POST fees should also be disbursed monthly to the state. To ensure compliance with state law, the city should attempt to determine the amounts due from prior years, and begin turning monies over to the state monthly.

- E. Deposits are not made timely. Once a week the court clerk totals the court receipts and enters the amount in the city one-write receipt ledger. She then prepares the total city deposit. Deposits are made when a police officer is available. This is usually once a week, sometimes every other week. Deposits made in May 2005 were for \$22,073, \$14,625, \$1,513 and \$10,259. In addition, checks and money orders are not restrictively endorsed immediately upon receipt.

To reduce the risk of loss or misuse of funds, deposits should be made on a timely basis and checks and money orders should be restrictively endorsed immediately upon receipt.

- F. The court has not established procedures to pursue the collection of delinquent accounts and failure to appear cases including issuing warrants. As of June 30, 2006, court records indicate that delinquent accounts (over 120 days old) total approximately \$378,000. Cases with delinquent balances or failure to appear cases have not had warrants issued in over a year. Proper and timely issuance of warrants for amounts due to the court helps to maximize court revenues along with providing equitable treatment for those citizens who are paying fines and costs when they are due.

Similar conditions to A, B, D, E, and F were noted in our two previous audit reports and the city indicated at that time they would implement the recommendations.

WE RECOMMEND the city of Pine Lawn Municipal Division:

- A. Prepare monthly listings of bond open items and reconcile the listing with the cash balance. In addition, the Municipal Division should request the \$35,000 back from the General Fund and should implement adequate procedures to follow up on bonds being held and dispose of them in accordance with state law.
- B. And the Police Chief ensure that bonds are transmitted to the court on a timely basis.
- C. And the Police Chief ensure bonds are pre-numbered and the numbers are accounted for properly.
- D. Develop procedures to ensure all CVC and POST fees are remitted to the state in accordance with state law and on a timely basis.
- E. Deposit all monies on a timely basis and restrictively endorse all checks and money orders immediately upon receipt.
- F. Establish procedures to routinely follow up on older cases needing to have a warrant issued.

AUDITEE'S RESPONSE

The city accepts your recommendations in this section.

- A. The city has already and will continue to prepare monthly listings of bond open items and reconcile the listing with the cash balance. The city will return the \$35,000 to the bond account from the general revenue account by the end of the fiscal year.*
- B. The city intends to make daily deposits of receipts in excess of \$100. This procedure will be a part of the accounting policy adopted by the city.*
- C. The Chief of Police and the Court Clerk have created a procedure to ensure all bonds are pre-numbered and accounted for properly.*
- D. The city has adopted a procedure for remitting CVC and POST fees on a timely basis.*
- E. The Board will adopt an ordinance on deposits of monies and endorsement of checks and money orders.*
- F. The city will implement a procedure for following up on older cases needing to have a warrant issued.*

FOLLOW-UP ON PRIOR AUDIT FINDINGS

CITY OF PINE LAWN, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

This section reports the auditor's follow-up on action taken by the City of Pine Lawn on findings in the Management Advisory Report (MAR) of our prior audit report issued for the year ended June 30, 1999. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the city should consider implementing those recommendations.

1. City Expenditures

- A. Monthly expense allowances and uniform allowances were not properly reported to the Internal Revenue Service.
- B. There were expenditures for which the public purpose was questionable including sending flowers to funerals, and the reimbursement of older residents' franchise taxes on utility bills.
- C. The city did not always obtain bids or solicit proposals for purchases.
- D. Although the city indicated it solicited proposals for engineering services, no documentation of this was maintained.
- E. The city did not document its approval of purchases made with the city's credit card.
- F. The city did not have a formal travel expense policy.

Recommendation:

- A. Require the police officers and Street Commissioner to submit itemized reports of uniform expenses or report the allowances as other income on the employees' W-2 forms. In addition, the city should consider filing amended W-2 forms for the unreported employee compensation.
- B. Ensure expenditures are limited to those necessary to properly operate the city and within the city's authority.
- C. Ensure bids are solicited for all applicable purchases in accordance with city ordinance. Documentation of the bidding process should be maintained in all cases. If the city feels that it is not practical to obtain bids on certain purchases, documentation explaining why bids were not obtained should be maintained.
- D. Solicit and document proposals for engineering services.

- E. Ensure expenditures made with the city's credit card are properly approved and approval documentation is retained.
- F. Adopt a formal policy for travel expenses which includes a definition of ordinary versus extraordinary expenses.

Status:

- A. Partially implemented. Paid receipts for uniform expenses were filed with the payroll reports; however, this procedure was not consistently applied to all disbursements. Although not repeated in this report, our recommendations remain the same.
- B. The city's records were insufficient to determine if all disbursements were limited to those necessary to properly operate the city and within the city's authority. Although not repeated in this report, our recommendation remains the same.
- C. Not implemented. See MAR finding number 7.
- D. Per city officials, the city did not incur any engineering services during the time reviewed.
- E. Implemented. The city rarely used the city credit cards; however, purchases were approved and documentation was retained for the disbursements incurred.
- F. Implemented.

2. Inadequate Planning

- A. The city did not properly plan for the building of a proposed community center and did not properly obtain proposals from architectural firms when selecting the architect for the project.
- B. The city paid \$3,300 to purchase and install park equipment in a playground the board voted to demolish six months later.

Recommendation:

- A. Ensure adequate funding is in place to complete the project before putting a project up for a vote of the citizens or signing any contracts for work. In addition, the city should solicit and document proposals for architectural services.
- B. Consider the future use of property before making improvements to the property to ensure city funds are put to the best possible use.

Status:

A&B. No similar capital improvement disbursements were noted and city officials indicated none were made during our audit period. If similar projects are done in the future, the city should implement the recommendations.

3. Evidence and Seized Property Controls and Procedures

- A. The police department did not maintain an adequate record of evidence and seized property.
- B. The city had \$40,343 in seized money that had been held in a separate account for many years.

Recommendation:

- A. Require a complete log of all seized property be maintained, prenumbered evidence receipts be obtained, and the numerical sequence of the evidence receipts issued be accounted for properly. In addition, a periodic inventory should be taken and reconciled to the log.
- B. Consult with legal counsel and determine the proper disposition of these monies.

Status:

A&B. Not implemented. See MAR finding number 8.

4. Delinquent Trash Collection Fees

The city had not properly pursued the collection of delinquent trash collection fees and as of June 30, 1999, the city had approximately \$656,000 in delinquent fees.

Recommendation:

Ensure citations are issued to the property owners who are delinquent in excess of 90 days, and ensure no permits or licenses are issued to any property owner who appears on the delinquent list. The board should consider instituting other procedures to collect the delinquencies as the city deems appropriate. Amounts that are deemed uncollectible should be written off the city's records.

Status:

Partially implemented. The city does not actively pursue the collection of delinquent trash account balances; however, permits and licenses are not issued if trash accounts are past due. See MAR finding number 9.

5. City Business Licenses

The city did not have an adequate system in place to ensure compliance with city business license and building code ordinances. The city made payments to a towing company for various services that was operating without a city business license.

Recommendation:

Ensure that a system is in place to enforce city ordinances regarding business licenses and building codes. In addition, the city should discontinue the practice of utilizing the services of a business that does not have a current business license.

Status:

Partially implemented. The city does not have a complete and up to date record of the ordinances. See MAR finding number 5. However, the city discontinued its contract with the previous towing contractor and the current towing contractor has a current business license.

6. Board Meetings and Ordinances

A. The city discussed items in closed session that were not allowed under the provisions of the Sunshine Law. In addition, the items were not included on the closed session agenda.

B. The city had not adopted ordinances regarding duties of several city employees and the use of the Senior Citizens Building.

Recommendation:

A. Ensure minutes and agendas state the specific reasons for going into a closed session, as required by state law, and only the items specified in the agenda are discussed in the closed meeting. In addition, ensure that only items allowed in Section 610.021, RSMo, are discussed in closed meetings.

B.1. Enact an ordinance establishing duties and descriptions of all city positions that are not currently in the City Code.

2. Enact an ordinance establishing policies regarding the rental of the Senior Citizens Building.

Status:

A&

B.1 Not implemented. See MAR finding number 5.

- B.2 Not implemented. The Senior Citizens Building was rarely used for anything. Although not repeated in this report, our recommendation remains the same.

7. Budgets and Financial Reporting

- A. The city did not publish semiannual financial statements.
- B. Budgets were not approved on a timely basis for fiscal years 1998 and 1999.
- C. The Board of Aldermen did not receive complete financial information to make informed decisions and properly manage city monies.

Recommendation:

- A. Prepare and publish semiannual financial statements in accordance with state law.
- B. Adopt the city budget prior to the beginning of the city's fiscal year, as required by state law and lease provisions.
- C. Require complete information regarding the financial position of the city, including balances of funds held by the city and a comparison of budgeted and actual revenues and expenditures to date each month. In addition, the Board of Aldermen should ensure expenditures for individual funds do not exceed the amounts approved in the budget, unless proper and timely amendments are made prior to the expenditures.

Status:

- A, B
&C. Not implemented. See MAR finding number 4.

8. City Property Records

- A. The city had not established records to annually inventory and account for city property.
- B. The city did not reconcile the gallons of gas purchased to gallons of gas pumped and on hand. Complete logs were not maintained for city-owned vehicles documenting their use.

Recommendation:

- A. Establish complete and detailed property records that account for all property items of the city. These records should be updated for any property additions or dispositions as they occur. In addition, all items should be tagged or otherwise identified as city property and an annual physical inventory should be taken of all city-owned property.
- B.1. Maintain records of the gallons of gas pumped and reconcile these records to the gallons of gas recorded on the vehicle logs and the gallons of gas purchased.
- 2. Establish a written policy for the use of city vehicles and require a complete and accurate log be maintained for each vehicle.

Status:

A&

- B.1. Not implemented. See MAR finding number 6.
- B.2. Partially implemented. The city has established a written policy for the use of city vehicles. Logs are maintained for the vehicles used by the police department; however, no log is maintained for the car used by the mayor. See MAR finding number 6.

9. Miscellaneous Records and Procedures

- A. Several city employees did not maintain time sheets.
- B. Leave records were not updated timely and did not appear to be complete.
- C. Law enforcement training and domestic violence shelter fees were not properly handled by the city.
- D. The city did not separately account for restricted sales tax monies.
- E. Occupancy permits were not required to be on file for all candidates for city office.

Recommendation:

- A. Require all city employees to prepare detailed time sheets.
- B. Ensure records are maintained for all employees to document vacation and sick leave earned, taken and accumulated on a monthly basis.

- C.1. Establish a separate fund or accounting of the local law enforcement training fees to ensure these funds are spent only for the purposes of police training.
- 2. Determine the total amount of POSTC fees due the state and remit these fees in accordance with the law.
- 3. Determine the total amount of domestic violence fees owed to St. Louis County and remit as required.
- D. Establish a separate fund for sales tax monies to ensure these receipts are spent in accordance with the purpose of the sales tax.
- E. Require all candidates for elected office in the city to have an occupancy permit on file with the city in order to validate residency.

Status:

A&B. Implemented.

C. Not implemented. See MAR finding number 10.

D. Not implemented. See MAR finding number 4.

E. Implemented.

10. Municipal Court Division

- A. Several weaknesses were noted in the internal control procedures and accounting records of the municipal court. Bank reconciliations were not performed, checks were not restrictively endorsed, and duties were not adequately segregated over receipting and depositing court monies.
- B. Monthly listings of open items were not prepared, bonds held for more than one year were not followed up on properly, bonds collected by the police department were not transmitted timely, and bond fees were not always accounted for on the ledger.
- C. The police department did not account for the numerical sequence of traffic tickets and summonses issued.
- D. Procedures had not been established to monitor the collection of delinquent accounts and failure to appear cases.

Recommendation:

- A.1. Ensure monthly bank reconciliations are performed and documented.

2. Restrictively endorse all checks and money orders immediately upon receipt.
3. Properly segregate duties between available employees and/or establish a documented periodic review of municipal division records by an independent person.
- B.1. Prepare monthly listings of open items and reconcile this listing to the balance in the bank account.
 2. Implement adequate procedures to follow up on bonds being held and dispose of them in accordance with state law.
 3. Transmit bond receipts daily or when accumulated receipts exceed \$100.
 4. Ensure that the bond fee is always recorded in the bond ledger.
- C. Work with the police department to ensure records are maintained to account for the numerical sequence of all tickets and summonses issued.
- D. Monitor to ensure all warrants are prepared and activated in a timely manner.

Status:

- A. Not implemented. See MAR finding number 3 and 10.
- B.1, 2
&3. Not implemented. See MAR finding number 10.
- B.4. Partially implemented. The bond fee is tracked on the city clerk's ledger instead of the police department bond ledger. See MAR finding number 2.
- C. Implemented. The numerical sequence of traffic tickets is reported back to the police department on a monthly basis by the court.
- D. Partially implemented. The court issues a warrant after two missed court appearances. They are currently working on the older cases which may need to have warrants issued. See MAR finding number 10.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF PINE LAWN, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Pine Lawn is located in St. Louis County. The city was incorporated in 1947 and is currently a fourth-class city. The population of the city in 2000 was 5,083.

The city government consists of a mayor and eight-member board of alderman. The members are elected for 2-year terms. The mayor is elected for a 4-year term, presides over the board of alderman, and votes only in the case of a tie. The Mayor, Board of Alderman, and other officials during the year ended June 30, 2005, are identified below.

<u>Mayor and Board of Alderman</u>	<u>Dates of Service During the Year Ended June 30, 2005</u>	<u>Compensation Paid for the Year Ended June 30, 2005</u>
Adrian Wright Sr, Mayor	July 2004 – March 2005	\$ 6,650
Sylvester Caldwell, Mayor	April 2005 – June 2005	2,000
Kittie Billups, Alderman (1)	July 2004 – June 2005	6,000
Pelton Jackson, Alderman	July 2004 – June 2005	6,000
Sylvester Caldwell, Alderman	July 2004 – March 2005	4,500
Nicole Jones, Alderman (2)	June 2005 – June 2005	500
Tracey Adair, Alderman (3)	July 2004 – June 2005	6,000
Johnson White Sr, Alderman (4)	July 2004 – June 2005	5,250
Cheris D. Metts (4)	April 2005 – April 2005	500
Johnny O'Kain, Alderman (5)	July 2004 – June 2005	6,000
Chester Brown, Alderman	July 2004 – June 2005	6,000
Richard Laususe, Alderman	July 2004 – June 2005	6,000

Other Principal Officials	Dates of Service During the Year Ended June 30, 2005	Compensation Paid for the Year Ended June 30, 2005
Tom Roedell, City Administrator	July 2004 – December 2004	\$ 13,632
Carolyn Page, City Administrator	December 2004 – May 2005	8,641
Karl Taylor, City Administrator (6)	May 2005 – June 2005	4,051
Huedell McGee, City Treasurer (7)	July 2004 – June 2005	600
Charlotte Graham, City Clerk (8)	July 2004 – June 2005	29,195
Nakisha Ford, Court Clerk (9)	July 2004 – June 2005	24,933
Mark H. Zoole, City Attorney	July 2004 – April 2005	*
Donnell Smith, City Attorney	May 2005 – June 2005	1,304
James Sievers, Prosecuting Attorney	July 2004 – June 2005	3,200
Charles Kirksey, Municipal Judge	July 2004 – June 2005	2,550
Dean Plocher, Municipal Judge	June 2005 – June 2005	850
Donald Hardy, Police Chief	July 2004 – May 2005	44,293
Steven Haynes, Police Chief	May 2005 – June 2005	5,904
Al Winton, Building Commissioner (10)	July 2004 – June 2005	*
George Prophete, Street Supervisor (11)	July 2004 – June 2005	32,438

*The city did not have information on the amounts paid to these individuals or their companies.

- (1) Kittie Billups resigned from the board in August 2005 and was replaced by James Brooks.
- (2) Nicole Jones resigned from the board in February 2006. She was replaced by Rosalyn Halk in March 2006.
- (3) Tracey Adair resigned from the board in August 2005. Her seat was vacant until she was replaced by Donna Gillespie in the April 2006 election.
- (4) Johnson White was replaced by Cheris Metts in the April 2005 election. Alderwoman Metts was removed after her election by court order. Mayor Caldwell appointed Myra Perkins in July 2005 to the vacant position. Johnson White replaced Myra Perkins in the April 2006 election.
- (5) Johnny O'Kain was impeached in April 2006. He was replaced by Myra Perkins in May 2006.
- (6) Karl Taylor was replaced by Janice Jones in June 2006.
- (7) Huedell McGee passed away in August 2005. His position remains vacant.
- (8) Charlotte Graham was replaced by Robin Dees in September 2005. In August 2006, Carolyn Calender was appointed City Clerk.
- (9) Nakisha Ford was replaced by Angela Chatman in April 2006.
- (10) Al Winton was replaced by J.B. Garriss in July 2005.
- (11) George Prophete was replaced by Earl Ganaway in November 2005.

In addition to the officials identified above, the city employed 35 full-time employees and 9 part-time employees on June 30, 2005.

Assessed valuations and tax rates for 2005 and 2004 were as follows:

ASSESSED VALUATIONS	2005	2004
Real estate	\$ 14,464,483	12,080,930
Personal property	3,431,387	3,233,990
Total	<u>\$ 17,895,870</u>	<u>15,314,920</u>

TAX RATE(S) PER \$100 ASSESSED VALUATION

General:	2005	2004
Real estate	.0252	.0267
Commercial	.0218	.0267
Personal property	.0258	.0258

TAX RATE(S) PER \$1 OF RETAIL SALES

Capital improvement	.0050
Parks and storm water control	.0050

A statement showing receipts, disbursements, and changes in cash by each bank account for the year ended December 31, 2005 follows. This was the only financial information available for the city.

CITY OF PINE LAWN
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BY BANK ACCOUNTS
YEAR ENDED DECEMBER 31, 2005

	US Bank						Keystone Bank						
	General Revenue- Interest Checking	Payroll- Checking	Bail Bond- Checking	General Revenue- Savings	Seized Property- Interest Checking	General Revenue- Money Market	General Revenue- Checking	Capital Improvement- Checking	Capital Improvement- Money Market	D.A.R.E. Board- Checking	Trash Account- Money Market	LLEBG- Money Market	Total All Bank Accounts
Receipts	\$ 1,995,869	901,156	236,742	628	4,006	1,040	113,606	0	297,117	225	155,564	218	3,706,171
Disbursements	2,026,603	893,063	207,939	0	36	0	111,322	8,097	67,889	747	172,609	0	3,488,305
RECEIPTS OVER (UNDER) DISBURSEMENTS	(30,734)	8,093	28,803	628	3,970	1,040	2,284	(8,097)	229,228	(522)	(17,045)	218	217,866
CASH, JANUARY 1	73,415	7,204	19,976	1,857	32,864	1,224	1	41,190	866,573	1,841	23,768	13,438	1,083,351
CASH, DECEMBER 31	\$ 42,681	15,297	48,779	2,485	36,834	2,264	2,285	33,093	1,095,801	1,319	6,723	13,656	1,301,217



Claire McCaskill

Missouri State Auditor

December 2006

Adair County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of
Missouri State Auditor
Claire McCaskill

December 2006

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Adair, that do not have a county auditor. In addition to a financial audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

Adair County is required by federal regulations to prepare a Schedule of Expenditures of Federal Awards each year. The county does not have adequate procedures in place to track federal awards for the preparation of the schedule. This condition was noted in prior audit reports.

Several areas of concern were noted regarding policies and records at the Juvenile Division including no formal written policies on the proper use of vehicles, credit cards, cellular phones, and equipment. In addition, improvements were needed in procedures over travel expenses, the bulk fuel tank, and receipt handling. While the Juvenile Division had implemented many changes prior to the completion of the audit, with the lack of oversight and record keeping there is no assurance assets were not mishandled.

Problems were noted regarding receipt and disbursement classifications in county budgets. Additional budget concerns included no budget for several smaller funds and actual disbursements exceeded budgeted amounts in several funds.

Bid and other supporting documentation for disbursements was not always retained and the county had not entered into written agreements for some services.

Concerns regarding the property tax system noted in our prior audit still existed. The County Clerk does not verify the accuracy of the current and delinquent tax books as required by state statute. In addition, the County Commission and County Clerk are not providing a review of the activities of the County Collector and some tax abatements were not approved by court order.

Sheriff's office procedures relating to processing of monies, unidentified monies, old outstanding checks, and contract monitoring were in need of improvement. While some of these areas were repeated from the prior audit, the Sheriff has currently implemented all the recommendations made.

The Recorder is not fully utilizing all capabilities of the county's document recording and indexing system including the use of pre-numbered receipt slips and is not providing for

YELLOW SHEET

the timely archiving and off-site backup of system records. Additional concerns were noted regarding copy monies and written contracts with abstract companies. As indicated by the Recorder, there were three office holders during this four year term which contributed to some of the problems noted in the audit report.

As noted in our prior audit report, the Health Center budget does not reasonably reflect the Health Center's anticipated financial activity and cash balances and, therefore, lessens the effectiveness of the budget as a tool for monitoring and controlling Health Center disbursements. The budgets significantly underestimated receipts by over \$360,000 and overestimated disbursements by over \$570,000 in 2005 causing the ending cash balance to be underestimated by approximately \$940,000.

The Health Center paid the daughter of the Health Center Administrator \$36,180 for the two years ended December 31, 2005, for Nurse Practitioner services. While requests for proposals were not solicited or advertised by the Health Center for these services, the Health Center indicated they recently advertised and received no responses. In addition, the contract was signed only by the administrator. There were other recommendations to the Health Center regarding the CDC grant, disbursement approvals, collateral securities, leave policies, and meal expenses.

The audit also includes recommendations to improve procedures for the Election Reform Payments grant, personnel policies, and computer controls. Additional concerns regarding controls were noted for the Prosecuting Attorney and Circuit and Associate Courts.

All reports are available on our Web site: www.auditor.mo.gov

ADAIR COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Adair County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Adair County, Missouri, as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Adair County, Missouri, as of December 31, 2005 and 2004, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Adair County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2005 and 2004, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 27, 2006, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Adair County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

July 27, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice Fast, CPA
In-Charge Auditor:	Daniel Vandersteen, CPA
Audit Staff:	Heather Stiles
	Carrie Rasmussen
	Matthew Schulenberg
	Michael Kuster, Jr.



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Adair County, Missouri

We have audited the financial statements of various funds of Adair County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 27, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Adair County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Adair County, Missouri, are free of material misstatement, we performed tests of the

county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Adair County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

July 27, 2006 (fieldwork completion date)

Financial Statements

Exhibit A-1

ADAIK COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2005

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 233,655	1,944,954	1,886,672	291,937
Special Road and Bridge	173,833	1,376,904	1,463,115	87,622
Assessment	9,306	249,451	238,348	20,409
Self Funded Health Insurance	43,506	401,763	420,026	25,243
Financial Emergency	213,472	5,542	0	219,014
E-911	14,132	63,092	61,456	15,768
Countryside	88,499	2,201	5,000	85,700
Violence Intervention Services	965	5,924	6,889	0
Domestic Violence Shelter	10,715	2,433	10,715	2,433
Milliken Cemetery	8,043	949	125	8,867
Election Administration	10,798	966	0	11,764
HAVA Grant	15,000	77,767	88,030	4,737
Recorder Users	47,953	9,679	6,676	50,956
Recorder Technology	12,950	5,152	0	18,102
Collectors Maintenance	25,151	15,256	252	40,155
Law Enforcement Construction	341,085	683,668	595,205	429,548
Law Enforcement Center Bond	3,398	16,135	18,963	570
Law Enforcement General	15,904	1,206,731	1,218,096	4,539
Law Enforcement Training	3,355	5,977	6,515	2,817
Sheriff Civil Fees	68,485	42,514	102,029	8,970
Sheriff Helicopter	18,852	370	19,222	0
Prosecuting Attorney Training	2,088	1,093	468	2,713
Prosecuting Attorney Administration	35,962	37,274	20,782	52,454
Prosecuting Attorney Delinquent Sales Tax	4,087	545	796	3,836
Multi-County Child Support	158	125,984	124,834	1,308
Juvenile Justice System	365,836	675,009	740,899	299,946
Juvenile Grant Operations	55,475	401,550	382,487	74,538
Health Center	819,931	1,477,956	1,353,966	943,921
Sheriff Revolving	3,172	1,319	1,122	3,369
Senate Bill 40	0	47,647	7,761	39,886
Drug Task Force	6,482	336,503	334,860	8,125
Drug Court	2,684	1,946	1,911	2,719
Associate Court Interest	1,399	213	30	1,582
Circuit Clerk Interest	1,282	671	0	1,953
Law Library	313	2,682	2,793	202
Total	\$ 2,657,926	9,227,820	9,120,043	2,765,703

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

ADAIR COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 493,392	1,886,682	2,146,419	233,655
Special Road and Bridge	536,421	1,557,034	1,919,622	173,833
Assessment	95	237,853	228,642	9,306
Self Funded Health Insurance	50,601	376,087	383,182	43,506
Financial Emergency	210,000	3,472	0	213,472
E-911	16,652	54,903	57,423	14,132
Countryside	86,969	1,530	0	88,499
Violence Intervention Services	0	9,772	8,807	965
Domestic Violence Shelter	7,952	2,763	0	10,715
Milliken Cemetery	7,399	769	125	8,043
Election Administration	9,280	2,494	976	10,798
HAVA Grant	0	15,000	0	15,000
Recorder Users	50,428	9,375	11,850	47,953
Recorder Technology	13,045	4,905	5,000	12,950
Collectors Maintenance	10,707	15,078	634	25,151
Law Enforcement Construction	274,804	659,458	593,177	341,085
Law Enforcement Center Bond	11,108	46,770	54,480	3,398
Law Enforcement General	8,423	1,178,532	1,171,051	15,904
Law Enforcement Training	2,362	5,627	4,634	3,355
Sheriff Civil Fees	48,828	50,382	30,725	68,485
Sheriff Helicopter	24,455	429	6,032	18,852
Prosecuting Attorney Training	1,501	1,044	457	2,088
Prosecuting Attorney Administration	25,543	32,438	22,019	35,962
Prosecuting Attorney Delinquent Sales Tax	3,207	2,200	1,320	4,087
Multi-County Child Support	1,345	100,304	101,491	158
Juvenile Justice System	175,428	1,009,504	819,096	365,836
Juvenile Grant Operations	44,890	389,174	378,589	55,475
Health Center	723,332	1,332,940	1,236,341	819,931
Sheriff Revolving	0	3,747	575	3,172
Drug Task Force	3,900	334,341	331,759	6,482
Drug Court	1,167	2,365	848	2,684
Associate Court Interest	1,653	346	600	1,399
Circuit Clerk Interest	3,864	1,102	3,684	1,282
Law Library	1,439	2,510	3,636	313
Total	\$ 2,850,190	9,330,930	9,523,194	2,657,926

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

ADAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 8,973,162	8,838,158	(135,004)	8,392,871	8,986,519	593,648
DISBURSEMENTS	9,895,248	8,772,688	1,122,560	9,854,788	9,182,092	672,696
RECEIPTS OVER (UNDER) DISBURSEMENTS	(922,086)	65,470	(1,257,564)	(1,461,917)	(195,573)	(79,048)
CASH, JANUARY 1	2,637,955	2,645,766	7,811	2,838,167	2,838,167	0
CASH, DECEMBER 31	1,715,869	2,711,236	995,367	1,376,250	2,642,594	1,266,344
GENERAL REVENUE FUND						
RECEIPTS						
Sales taxes	1,300,000	1,332,660	32,660	1,300,000	1,304,053	4,053
Intergovernmental	27,704	51,630	23,926	53,911	75,498	21,587
Charges for services	352,400	341,121	(11,279)	372,750	347,353	(25,397)
Interest	8,300	6,580	(1,720)	20,000	8,573	(11,427)
Other	82,825	56,686	(26,139)	74,650	54,224	(20,426)
Transfers in	105,280	156,277	50,997	112,870	96,981	(15,889)
Total Receipts	1,876,509	1,944,954	68,445	1,934,181	1,886,682	(47,499)
DISBURSEMENTS						
County Commissior	91,170	89,042	2,128	95,170	89,342	5,828
County Clerk	119,214	116,221	2,993	116,063	111,873	4,190
Elections	5,700	7,000	(1,300)	72,300	68,142	4,158
Buildings and grounds	89,900	62,195	27,705	93,367	80,701	12,666
Employee fringe benefit	147,500	150,269	(2,769)	154,000	144,744	9,256
County Treasurer	71,937	67,522	4,415	71,637	67,288	4,349
County Collector	114,080	107,819	6,261	113,080	108,911	4,169
Ex Officio Recorder of Deed	98,439	82,472	15,967	99,272	101,312	(2,040)
Circuit Clerk	42,000	31,536	10,464	48,162	49,390	(1,228)
Associate Circuit (Probate)	23,350	19,322	4,028	22,850	25,030	(2,180)
Court administration	38,309	29,117	9,192	44,926	34,483	10,443
Public Administrator	65,682	64,885	797	59,413	56,511	2,902
Prosecuting Attorney	218,005	218,644	(639)	213,680	208,225	5,455
County Coroner	20,370	20,000	370	19,200	22,000	(2,800)
Local agencies	72,665	66,729	5,936	71,660	66,056	5,604
Circuit Court Reporter	6,280	1,705	4,575	3,820	1,499	2,321
Surveyor	500	0	500	1,300	1,293	7
Miscellaneous	42,700	51,821	(9,121)	94,850	79,392	15,458
Public health and welfare service	112,010	75,759	36,251	109,500	98,231	11,269
Transfers out	611,220	589,030	22,190	676,120	731,996	(55,876)
Emergency Fund	65,000	35,584	29,416	70,000	0	70,000
Total Disbursements	2,056,031	1,886,672	169,359	2,250,370	2,146,419	103,951
RECEIPTS OVER (UNDER) DISBURSEMENTS	(179,522)	58,282	237,804	(316,189)	(259,737)	56,452
CASH, JANUARY 1	233,655	233,655	0	493,392	493,392	0
CASH, DECEMBER 31	54,133	291,937	237,804	177,203	233,655	56,452

Exhibit B

ADAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	560,000	547,090	(12,910)	530,000	560,317	30,317
Intergovernmental	967,500	721,703	(245,797)	899,000	836,080	(62,920)
Charges for services	80,000	74,847	(5,153)	69,500	134,172	64,672
Interest	10,000	6,544	(3,456)	30,000	12,389	(17,611)
Other	21,057	26,720	5,663	20,000	14,076	(5,924)
Total Receipts	1,638,557	1,376,904	(261,653)	1,548,500	1,557,034	8,534
DISBURSEMENTS						
Salaries	469,798	435,348	34,450	469,798	489,360	(19,562)
Employee fringe benefit	120,600	114,740	5,860	83,000	119,671	(36,671)
Supplies	142,500	189,339	(46,839)	135,000	153,095	(18,095)
Insurance	27,000	26,094	906	20,000	18,438	1,562
Road and bridge materials	330,500	373,493	(42,993)	355,500	372,907	(17,407)
Equipment repairs	55,000	56,492	(1,492)	57,000	58,219	(1,219)
Rentals	2,000	9,461	(7,461)	5,000	228	4,772
Equipment purchases	144,450	101,309	43,141	355,341	306,878	48,463
Construction, repair, and maintenance	200,000	25,933	174,067	309,000	289,182	19,818
Other	48,000	27,840	20,160	77,866	26,138	51,728
Transfers out	120,000	103,066	16,934	105,000	85,506	19,494
Total Disbursements	1,659,848	1,463,115	196,733	1,972,505	1,919,622	52,883
RECEIPTS OVER (UNDER) DISBURSEMENTS	(21,291)	(86,211)	(64,920)	(424,005)	(362,588)	61,417
CASH, JANUARY 1	173,833	173,833	0	536,421	536,421	0
CASH, DECEMBER 31	152,542	87,622	(64,920)	112,416	173,833	61,417
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	262,900	237,134	(25,766)	190,000	209,244	19,244
Interest	1,000	1,195	195	2,200	639	(1,561)
Other	1,400	2,222	822	1,250	5,970	4,720
Transfers in	36,900	8,900	(28,000)	51,800	22,000	(29,800)
Total Receipts	302,200	249,451	(52,749)	245,250	237,853	(7,397)
DISBURSEMENTS						
Assessor	233,688	216,999	16,689	215,274	206,948	8,326
Transfers out	27,500	21,349	6,151	22,000	21,694	306
Total Disbursements	261,188	238,348	22,840	237,274	228,642	8,632
RECEIPTS OVER (UNDER) DISBURSEMENTS	41,012	11,103	(29,909)	7,976	9,211	1,235
CASH, JANUARY 1	9,306	9,306	0	95	95	0
CASH, DECEMBER 31	50,318	20,409	(29,909)	8,071	9,306	1,235

Exhibit B

ADAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SELF FUNDED HEALTH INSURANCE FUND</u>						
RECEIPTS						
Interest	800	734	(66)	1,500	790	(710)
Other	0	55,434	55,434	1,100	39,286	38,186
Transfers in	428,690	345,595	(83,095)	379,593	336,011	(43,582)
Total Receipts	429,490	401,763	(27,727)	382,193	376,087	(6,106)
DISBURSEMENTS						
Premium	190,000	152,463	37,537	190,000	210,333	(20,333)
Claims and pharmacy	175,000	267,563	(92,563)	200,000	172,849	27,151
Total Disbursements	365,000	420,026	(55,026)	390,000	383,182	6,818
RECEIPTS OVER (UNDER) DISBURSEMENTS	64,490	(18,263)	(82,753)	(7,807)	(7,095)	712
CASH, JANUARY 1	43,506	43,506	0	50,601	50,601	0
CASH, DECEMBER 31	107,996	25,243	(82,753)	42,794	43,506	712
<u>FINANCIAL EMERGENCY FUND</u>						
RECEIPTS						
Interest	3,500	5,542	2,042	5,000	3,472	(1,528)
Total Receipts	3,500	5,542	2,042	5,000	3,472	(1,528)
DISBURSEMENTS						
Other	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,500	5,542	2,042	5,000	3,472	(1,528)
CASH, JANUARY 1	213,472	213,472	0	210,000	210,000	0
CASH, DECEMBER 31	216,972	219,014	2,042	215,000	213,472	(1,528)
<u>E-911 FUND</u>						
RECEIPTS						
Charges for services	52,100	62,812	10,712	58,150	54,695	(3,455)
Interest	200	280	80	250	208	(42)
Total Receipts	52,300	63,092	10,792	58,400	54,903	(3,497)
DISBURSEMENTS						
E-911 Board of Directors	52,300	61,456	(9,156)	58,000	57,423	577
Total Disbursements	52,300	61,456	(9,156)	58,000	57,423	577
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,636	1,636	400	(2,520)	(2,920)
CASH, JANUARY 1	14,132	14,132	0	16,652	16,652	0
CASH, DECEMBER 31	14,132	15,768	1,636	17,052	14,132	(2,920)
<u>COUNTRYSIDE FUND</u>						
RECEIPTS						
Interest	1,500	2,201	701	2,500	1,530	(970)
Total Receipts	1,500	2,201	701	2,500	1,530	(970)
DISBURSEMENTS						
Transfers out	5,000	5,000	0	10,000	0	10,000
Total Disbursements	5,000	5,000	0	10,000	0	10,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,500)	(2,799)	701	(7,500)	1,530	9,030
CASH, JANUARY 1	88,499	88,499	0	86,969	86,969	0
CASH, DECEMBER 31	84,999	85,700	701	79,469	88,499	9,030

Exhibit B

ADAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>VIOLENCE INTERVENTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	8,000	5,924	(2,076)	6,000	9,772	3,772
Total Receipts	8,000	5,924	(2,076)	6,000	9,772	3,772
DISBURSEMENTS						
Victim Support Service	8,000	6,889	1,111	6,000	8,807	(2,807)
Total Disbursements	8,000	6,889	1,111	6,000	8,807	(2,807)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(965)	(965)	0	965	965
CASH, JANUARY 1	965	965	0	0	0	0
CASH, DECEMBER 31	965	0	(965)	0	965	965
<u>DOMESTIC VIOLENCE SHELTER FUND</u>						
RECEIPTS						
Charges for services	2,500	2,377	(123)	2,500	2,544	44
Interest	200	56	(144)	150	219	69
Total Receipts	2,700	2,433	(267)	2,650	2,763	113
DISBURSEMENTS						
Domestic Violence Shelter	10,716	10,715	1	0	0	0
Total Disbursements	10,716	10,715	1	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,016)	(8,282)	(266)	2,650	2,763	113
CASH, JANUARY 1	10,715	10,715	0	7,952	7,952	0
CASH, DECEMBER 31	2,699	2,433	(266)	10,602	10,715	113
<u>MILLIKEN CEMETERY FUND</u>						
RECEIPTS						
Interest	100	221	121	250	133	(117)
Dividends	600	728	128	400	636	236
Total Receipts	700	949	249	650	769	119
DISBURSEMENTS						
Cemetery upkeep	125	125	0	125	125	0
Total Disbursements	125	125	0	125	125	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	575	824	249	525	644	119
CASH, JANUARY 1	8,043	8,043	0	7,399	7,399	0
CASH, DECEMBER 31	8,618	8,867	249	7,924	8,043	119
<u>ELECTION ADMINISTRATION FUND</u>						
RECEIPTS						
Charges for services	1,200	670	(530)	3,000	2,303	(697)
Interest	150	296	146	400	191	(209)
Total Receipts	1,350	966	(384)	3,400	2,494	(906)
DISBURSEMENTS						
County Clerk	500	0	500	3,000	976	2,024
Total Disbursements	500	0	500	3,000	976	2,024
RECEIPTS OVER (UNDER) DISBURSEMENTS	850	966	116	400	1,518	1,118
CASH, JANUARY 1	10,798	10,798	0	9,280	9,280	0
CASH, DECEMBER 31	11,648	11,764	116	9,680	10,798	1,118

Exhibit B

ADAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HAVA GRANT FUND</u>						
RECEIPTS						
Intergovernmental	58,351	62,767	4,416	15,000	15,000	0
Transfers in	14,928	15,000	72	0	0	0
Total Receipts	73,279	77,767	4,488	15,000	15,000	0
DISBURSEMENTS						
Election equipment	81,000	80,834	166	0	0	0
Computer	6,899	6,899	0	0	0	0
Training	380	297	83	0	0	0
Total Disbursements	88,279	88,030	249	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,000)	(10,263)	4,737	15,000	15,000	0
CASH, JANUARY 1	15,000	15,000	0	0	0	0
CASH, DECEMBER 31	0	4,737	4,737	15,000	15,000	0
<u>RECORDER USERS FUND</u>						
RECEIPTS						
Charges for services	8,500	8,375	(125)	8,200	8,529	329
Interest	850	1,304	454	1,500	846	(654)
Total Receipts	9,350	9,679	329	9,700	9,375	(325)
DISBURSEMENTS						
Recorder of Deeds	6,800	6,676	124	13,200	11,850	1,350
Total Disbursements	6,800	6,676	124	13,200	11,850	1,350
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,550	3,003	453	(3,500)	(2,475)	1,025
CASH, JANUARY 1	47,953	47,953	0	50,428	50,428	0
CASH, DECEMBER 31	50,503	50,956	453	46,928	47,953	1,025
<u>RECORDER TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for services	5,000	4,755	(245)	5,000	4,717	(283)
Interest	200	397	197	200	188	(12)
Total Receipts	5,200	5,152	(48)	5,200	4,905	(295)
DISBURSEMENTS						
Recorder of Deeds	0	0	0	5,600	5,000	600
Total Disbursements	0	0	0	5,600	5,000	600
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,200	5,152	(48)	(400)	(95)	305
CASH, JANUARY 1	12,950	12,950	0	13,045	13,045	0
CASH, DECEMBER 31	18,150	18,102	(48)	12,645	12,950	305

Exhibit B

ADAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COLLECTORS MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	14,631	14,358	(273)	13,000	14,744	1,744
Interest	319	898	579	150	334	184
Total Receipts	14,950	15,256	306	13,150	15,078	1,928
DISBURSEMENTS						
County Collector	15,000	252	14,748	10,000	634	9,366
Total Disbursements	15,000	252	14,748	10,000	634	9,366
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50)	15,004	15,054	3,150	14,444	11,294
CASH, JANUARY 1	25,151	25,151	0	10,707	10,707	0
CASH, DECEMBER 31	25,101	40,155	15,054	13,857	25,151	11,294
<u>LAW ENFORCEMENT CONSTRUCTION FUND</u>						
RECEIPTS						
Sales taxes	625,000	665,993	40,993	630,000	651,786	21,786
Interest	7,000	17,675	10,675	12,000	7,672	(4,328)
Total Receipts	632,000	683,668	51,668	642,000	659,458	17,458
DISBURSEMENTS						
Bond payment	591,000	592,087	(1,087)	591,000	591,713	(713)
TIF payment	2,250	1,568	682	2,250	1,464	786
Administrative fees	0	1,550	(1,550)	0	0	0
Total Disbursements	593,250	595,205	(1,955)	593,250	593,177	73
RECEIPTS OVER (UNDER) DISBURSEMENTS	38,750	88,463	49,713	48,750	66,281	17,531
CASH, JANUARY 1	341,085	341,085	0	274,804	274,804	0
CASH, DECEMBER 31	379,835	429,548	49,713	323,554	341,085	17,531
<u>LAW ENFORCEMENT CENTER BOND FUND</u>						
RECEIPTS						
Bond proceeds	85,000	16,100	(68,900)	70,000	46,633	(23,367)
Interest	140	35	(105)	500	137	(363)
Total Receipts	85,140	16,135	(69,005)	70,500	46,770	(23,730)
DISBURSEMENTS						
Jail	20,000	0	20,000	20,000	0	20,000
Radio system	60,000	12,363	47,637	30,000	0	30,000
Annex remodel	0	0	0	20,000	52,980	(32,980)
Trust fee	1,500	0	1,500	1,500	1,500	0
Other	0	6,600	(6,600)	0	0	0
Total Disbursements	81,500	18,963	62,537	71,500	54,480	17,020
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,640	(2,828)	(6,468)	(1,000)	(7,710)	(6,710)
CASH, JANUARY 1	3,398	3,398	0	11,108	11,108	0
CASH, DECEMBER 31	7,038	570	(6,468)	10,108	3,398	(6,710)

Exhibit B

ADAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT GENERAL FUND</u>						
RECEIPTS						
Sales taxes	650,000	665,993	15,993	630,000	651,787	21,787
Intergovernmental	0	13,980	13,980	0	0	0
Charges for services	254,150	227,298	(26,852)	192,550	262,432	69,882
Interest	900	790	(110)	1,250	467	(783)
Other	15,480	4,448	(11,032)	200	1,346	1,146
Transfers in	294,222	294,222	0	365,000	262,500	(102,500)
Total Receipts	1,214,752	1,206,731	(8,021)	1,189,000	1,178,532	(10,468)
DISBURSEMENTS						
Sheriff	431,964	427,557	4,407	349,378	363,780	(14,402)
Jail	491,222	530,276	(39,054)	603,016	576,145	26,871
Employee fringe benefit	153,971	149,925	4,046	148,000	140,130	7,870
Transfers out	122,000	110,338	11,662	97,000	90,996	6,004
Total Disbursements	1,199,157	1,218,096	(18,939)	1,197,394	1,171,051	26,343
RECEIPTS OVER (UNDER) DISBURSEMENTS	15,595	(11,365)	(26,960)	(8,394)	7,481	15,875
CASH, JANUARY 1	15,904	15,904	0	8,423	8,423	0
CASH, DECEMBER 31	31,499	4,539	(26,960)	29	15,904	15,875
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	1,850	1,855	5	1,500	1,777	277
Charges for services	3,400	4,044	644	3,200	3,802	602
Interest	50	78	28	20	48	28
Total Receipts	5,300	5,977	677	4,720	5,627	907
DISBURSEMENTS						
Sheriff	5,000	6,515	(1,515)	5,000	4,634	366
Total Disbursements	5,000	6,515	(1,515)	5,000	4,634	366
RECEIPTS OVER (UNDER) DISBURSEMENTS	300	(538)	(838)	(280)	993	1,273
CASH, JANUARY 1	3,355	3,355	0	2,362	2,362	0
CASH, DECEMBER 31	3,655	2,817	(838)	2,082	3,355	1,273
<u>SHERIFF CIVIL FEES FUND</u>						
RECEIPTS						
Charges for services	48,000	41,407	(6,593)	45,000	49,423	4,423
Interest	821	1,107	286	500	959	459
Total Receipts	48,821	42,514	(6,307)	45,500	50,382	4,882
DISBURSEMENTS						
Sheriff	42,000	42,029	(29)	23,879	30,725	(6,846)
Transfers out	60,000	60,000	0	70,000	0	70,000
Total Disbursements	102,000	102,029	(29)	93,879	30,725	63,154
RECEIPTS OVER (UNDER) DISBURSEMENTS	(53,179)	(59,515)	(6,336)	(48,379)	19,657	68,036
CASH, JANUARY 1	68,485	68,485	0	48,828	48,828	0
CASH, DECEMBER 31	15,306	8,970	(6,336)	449	68,485	68,036

Exhibit B

ADAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF HELICOPTER FUND</u>						
RECEIPTS						
Interest	275	370	95	20	429	409
Total Receipts	275	370	95	20	429	409
DISBURSEMENTS						
Sheriff	2,500	0	2,500	12,025	6,032	5,993
Transfers out	19,222	19,222	0	0	0	0
Total Disbursements	21,722	19,222	2,500	12,025	6,032	5,993
RECEIPTS OVER (UNDER) DISBURSEMENTS	(21,447)	(18,852)	2,595	(12,005)	(5,603)	6,402
CASH, JANUARY 1	18,852	18,852	0	24,455	24,455	0
CASH, DECEMBER 31	(2,595)	0	2,595	12,450	18,852	6,402
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	950	1,031	81	900	1,012	112
Interest	30	62	32	40	32	(8)
Total Receipts	980	1,093	113	940	1,044	104
DISBURSEMENTS						
Prosecuting Attorney	980	468	512	970	457	513
Total Disbursements	980	468	512	970	457	513
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	625	625	(30)	587	617
CASH, JANUARY 1	2,088	2,088	0	1,501	1,501	0
CASH, DECEMBER 31	2,088	2,713	625	1,471	2,088	617
<u>PROSECUTING ATTORNEY ADMINISTRATION FUND</u>						
RECEIPTS						
Charges for service:	30,000	36,247	6,247	30,000	31,902	1,902
Interest	500	1,027	527	500	536	36
Total Receipts	30,500	37,274	6,774	30,500	32,438	1,938
DISBURSEMENTS						
Prosecuting Attorney	29,500	20,782	8,718	23,250	22,019	1,231
Total Disbursements	29,500	20,782	8,718	23,250	22,019	1,231
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,000	16,492	15,492	7,250	10,419	3,169
CASH, JANUARY 1	35,962	35,962	0	25,543	25,543	0
CASH, DECEMBER 31	36,962	52,454	15,492	32,793	35,962	3,169
<u>PROSECUTING ATTORNEY DELINQUENT SALES TAX FUND</u>						
RECEIPTS						
Intergovernmental	2,000	436	(1,564)	1,650	2,133	483
Interest	50	109	59	150	67	(83)
Total Receipts	2,050	545	(1,505)	1,800	2,200	400
DISBURSEMENTS						
Prosecuting Attorney	2,050	796	1,254	2,000	1,320	680
Total Disbursements	2,050	796	1,254	2,000	1,320	680
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(251)	(251)	(200)	880	1,080
CASH, JANUARY 1	4,087	4,087	0	3,207	3,207	0
CASH, DECEMBER 31	4,087	3,836	(251)	3,007	4,087	1,080

Exhibit B

ADAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>MULTI-COUNTY CHILD SUPPORT FUND</u>						
RECEIPTS						
Intergovernmental	112,100	111,905	(195)	105,043	92,786	(12,257)
Interest	50	79	29	90	18	(72)
Transfers in	0	14,000	14,000	0	7,500	7,500
Total Receipts	112,150	125,984	13,834	105,133	100,304	(4,829)
DISBURSEMENTS						
Prosecuting Attorney	111,390	98,759	12,631	105,129	97,875	7,254
Transfers out	0	26,075	(26,075)	0	3,616	(3,616)
Total Disbursements	111,390	124,834	(13,444)	105,129	101,491	3,638
RECEIPTS OVER (UNDER) DISBURSEMENTS	760	1,150	390	4	(1,187)	(1,191)
CASH, JANUARY 1	158	158	0	1,345	1,345	0
CASH, DECEMBER 31	918	1,308	390	1,349	158	(1,191)
<u>JUVENILE JUSTICE SYSTEM FUND</u>						
RECEIPTS						
Intergovernmental	706,946	503,485	(203,461)	662,014	736,550	74,536
Interest	7,000	6,423	(577)	7,000	3,215	(3,785)
Other	0	14,435	14,435	0	0	0
Transfers in	150,666	150,666	0	150,666	269,739	119,073
Total Receipts	864,612	675,009	(189,603)	819,680	1,009,504	189,824
DISBURSEMENTS						
Juvenile Justice Center	713,239	581,095	132,144	731,776	721,066	10,710
Transfers out	137,821	159,804	(21,983)	91,229	98,030	(6,801)
Total Disbursements	851,060	740,899	110,161	823,005	819,096	3,909
RECEIPTS OVER (UNDER) DISBURSEMENTS	13,552	(65,890)	(79,442)	(3,325)	190,408	193,733
CASH, JANUARY 1	365,836	365,836	0	175,428	175,428	0
CASH, DECEMBER 31	379,388	299,946	(79,442)	172,103	365,836	193,733
<u>JUVENILE GRANT OPERATIONS FUND</u>						
RECEIPTS						
Intergovernmental	269,870	230,872	(38,998)	235,154	257,491	22,337
Transfers in	170,678	170,678	0	124,882	131,683	6,801
Total Receipts	440,548	401,550	(38,998)	360,036	389,174	29,138
DISBURSEMENTS						
Juvenile Offices	440,547	360,375	80,172	356,712	359,004	(2,292)
Transfers out	0	22,112	(22,112)	0	19,585	(19,585)
Total Disbursements	440,547	382,487	58,060	356,712	378,589	(21,877)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1	19,063	19,062	3,324	10,585	7,261
CASH, JANUARY 1	55,475	55,475	0	44,890	44,890	0
CASH, DECEMBER 31	55,476	74,538	19,062	48,214	55,475	7,261

Exhibit B

ADAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	380,685	416,990	36,305	381,268	427,452	46,184
Intergovernmental	200,000	288,132	88,132	200,000	288,859	88,859
Charges for services	450,000	737,241	287,241	250,000	584,742	334,742
Interest	10,000	25,409	15,409	10,000	23,897	13,897
Other	75,000	10,184	(64,816)	50,000	7,990	(42,010)
Total Receipts	1,115,685	1,477,956	362,271	891,268	1,332,940	441,672
DISBURSEMENTS						
Salaries	1,542,805	1,035,058	507,747	1,299,600	890,032	409,568
Office expenditure:	165,000	60,417	104,583	145,000	66,023	78,977
Equipment and building	70,000	20,747	49,253	40,000	14,240	25,760
Mileage and training	60,000	36,753	23,247	40,000	39,186	814
Other professional service:	0	5,410	(5,410)	0	7,183	(7,183)
Medical supplies	0	184,355	(184,355)	0	140,521	(140,521)
Other	90,000	3,415	86,585	90,000	8,448	81,552
Transfers out	0	7,811	(7,811)	0	70,708	(70,708)
Total Disbursements	1,927,805	1,353,966	573,839	1,614,600	1,236,341	378,259
RECEIPTS OVER (UNDER) DISBURSEMENTS	(812,120)	123,990	936,110	(723,332)	96,599	819,931
CASH, JANUARY 1	812,120	819,931	7,811	723,332	723,332	0
CASH, DECEMBER 31	0	943,921	943,921	0	819,931	819,931
<u>SHERIFF REVOLVING FUND</u>						
RECEIPTS						
Charges for services:	744	1,240	496			
Interest	20	79	59			
Total Receipts	764	1,319	555			
DISBURSEMENTS						
Sheriff	500	1,122	(622)			
Total Disbursements	500	1,122	(622)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	264	197	(67)			
CASH, JANUARY 1	3,172	3,172	0			
CASH, DECEMBER 31	3,436	3,369	(67)			

The accompanying Notes to the Financial Statements are an integral part of this statement

Notes to the Financial Statements

ADAIR COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Adair County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff Revolving Fund	2004
Senate Bill 40 Fund	2005
Drug Task Force Fund	2005 and 2004
Drug Court Fund	2005 and 2004
Associate Court Interest Fund	2005 and 2004
Circuit Clerk Interest Fund	2005 and 2004
Law Library Fund	2005 and 2004

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Self Funded Health Insurance Fund	2005
E-911 Fund	2005
Violence Intervention Services Fund	2004
Law Enforcement Construction Fund	2005
Law Enforcement General Fund	2005
Law Enforcement Training Fund	2005
Sheriff Civil Fees Fund	2005
Multi-County Child Support Fund	2005
Juvenile Grant Operations Fund	2004
Sheriff Revolving Fund	2005

Although Section 50.740, RSMo, requires a balanced budget, a deficit balance was budgeted in the Sheriff Helicopter Fund for the year ended December 31, 2005.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2005 and 2004, did not include the Drug Task Force Fund, the Drug Court Fund, the Associate Court Interest Fund, the Circuit Clerk Interest Fund, or the Law Library Fund.

In addition, for the Health Center Fund, the county's published financial statements for the years ended December 31, 2005 and 2004, included only those amounts that passed through the County Treasurer.

2. Cash

Disclosures are provided below to comply with Statement No. 40 of the Governmental Accounting Standards Board, *Deposit and Investment Risk Disclosures*. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit. To protect the safety of county deposits, Section 110.020, RSMo, requires depositaries to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities must be of the types specified by Section 30.270, RSMo, for the collateralization of state funds and held by either the county or a financial institution other than the depositary bank. Section 67.085, RSMo, also requires certificates of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depositary bank fails, Adair County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The county's deposits at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

Of the Health Center Board's bank balance at December 31, 2005 and 2004, \$16,856 and \$38,631, respectively, was exposed to custodial credit risk because those amounts were uncollateralized.

Investments

The county's only investment is recorded in the Milliken Cemetery Fund. The investment is corporate stock with a carrying amount of \$156. Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. At December 31, 2005 and 2004, the county's other funds had no such investments. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

As of December 31, 2005 and 2004, the fair values of the corporate stock held for the Milliken Cemetery Fund were \$23,616 and \$21,844.

Supplementary Schedule

Schedule

ADAIR COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Social Services -			
10.550	Food Donation	RI-001-0-14	\$ 691	591
10.555	National School Lunch Program	65732	18,367	15,762
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state			
	Department of Social Services -			
14.231	Emergency Shelter Grants Program	ER01640620	8,924	6,088
U.S. DEPARTMENT OF JUSTICE				
	Passed through:			
	State Department of Public Safety			
16.523	Juvenile Accountability Incentive Block Grant	2003-JAIBG-LG-01	3,955	26,138
16.549	JJDP Challenge	N/A	0	9,412
16.579	Byrne Formula Grant Program	2002-NCD2-040	193,245	190,648
	Cape Girardeau County -			
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	2005-NMDTF	91,775	91,764
	State Department of Public Safety			
16.588	Violence Against Women Formula Grant	ERO1640664	10,552	0
	Missouri Sheriffs' Association -			
16	Domestic Cannabis Eradication/Suppression Program	N/A	0	973
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO - B001(40)	0	164,889
		BRO - B001(22)	0	341
		BRO - 41	25,933	0

Schedule

ADAIR COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2005	2004
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	1128940A	2,563	0
	GENERAL SERVICES ADMINISTRATION			
	Passed through state			
	Office of Secretary of State			
39.011	Election Reform Payment	SCS 231 S5EL0000175	77,387	0
	ELECTIONS ASSISTANCE COMMISSION			
	Passed through state Office of Secretary of State			
90.401	Help America Vote Act Requirements Payment	SCS 231 S5EL0000409	6,899	0
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed through state			
	Department of Health and Senior Services -			
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-5100L	4,796	4,865
93.268	Immunization Grants	PGA064	54,532	39,113
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	ADC05280171 ERS145-5100S	0 168,035	152,594 0
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	57,730	57,705
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Grant	CCHC070904 PGA0674100S	2,860 0	2,303 4,630
	Department of Social Services -			
93.658	Foster Care - Title IV-E	ER01820070	1,202	6,484
93.667	Social Services Block Grant	ERO5501786	0	19,536
93.917	Ryan White Care Act Title 2	DH020083001	14,882	14,866
	Department of Health and Senior Services			
93.675	Child Care Inspection	N/A	1,640	1,405
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	ERS16140030	2,619	6,516

Schedule

ADAIR COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2005	2004
93.994	Maternal and Child Health Services Block Grant to the States	580E146F00001 PGA057-5100S ERS1466100C	18,646 21,200 60,874	20,409 0 65,691
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through state Department of Public Safety				
83.562	State and Local All Hazards Emergency Operations Plannin	N/A	0	14,250
97.004	State Domestic Preparedness Equipment Support Program	N/A	0	11,259
97.036	Public Assistance Grants	DR 1412	62,104	0
Total Expenditures of Federal Award:			\$ <u>911,411</u>	<u>928,232</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

ADAIR COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Adair County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2005 and 2004.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Adair County, Missouri

Compliance

We have audited the compliance of Adair County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Adair County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004. However, the results of our auditing procedures disclosed

instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 05-1 through 05-3.

Internal Control Over Compliance

The management of Adair County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 05-1 through 05-3.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider finding numbers 05-1 and 05-3 to be material weaknesses.

This report is intended for the information and use of the management of Adair County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 27, 2006 (fieldwork completion date)

Schedule

ADAIR COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2005 AND 2004

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes x no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? x yes no
- Reportable conditions identified that are not considered to be material weaknesses? x yes none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
16.579	Byrne Formula Grant Program
20.205	Highway Planning and Construction
39.011	Election Reform Payments
93.283	Centers for Disease Control and Prevention – Investigations and Technical

Assistance

Dollar threshold used to distinguish between Type A
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

05-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	State Department of Public Safety
Federal CFDA Number:	16.579
Program Title:	Byrne Formula Grant Program
Pass-Through Entity	
Identifying Number:	2002-NCD2-040
Award Years:	2005 and 2004
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO - B001(40), BRO - B001(22), and BRO - 41
Award Years:	2005 and 2004
Questioned Costs:	Not applicable

Federal Grantor:	General Services Administration
Pass-Through Grantor:	State Office of Secretary of State
Federal CFDA Number:	39.011
Program Title:	Election Reform Payments
Pass-Through Entity	
Identifying Number:	SCS 231 S5EL0000175
Award Years:	2005 and 2004
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	State Department of Health and Senior Services
Federal CFDA Number:	93.283
Program Title:	Centers for Disease Control and Prevention – Investigations and Technical Assistance
Pass-Through Entity	
Identifying Number:	ADC05280171 and ERS145-5100S
Award Years:	2005 and 2004
Questioned Costs:	Not applicable

The county does not have adequate procedures in place to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA), and as a result, the county's SEFA contained several errors and omissions. Expenditures were understated by \$146,212 and \$191,248 for the years ended December 31, 2005 and 2004, respectively.

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the county to prepare a SEFA for the period covered by the county's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget.

Expenditures relating to several federal grants were reported incorrectly or not included on the schedule. For example, in 2005 the County Clerk failed to include federal monies of \$77,387 passed through from the state's Office of the Secretary of State under the Election Reform Payments Program. Also for 2005, the Health Center overstated federal monies by \$22,069, passed through from the state's Department of Health and Senior Services under the Centers for Disease Control and Prevention – Investigations and Technical Assistance program. For 2004, the County Clerk failed to include federal monies of \$190,648 passed through from the state's Department of Public Safety under the Byrne Formula Grant Program. The Health Center failed to include federal monies of \$82,074 and \$65,691 for 2005 and 2004, respectively, passed through from the state's Department of Health and Senior Services under the Maternal and Child Health Services Block Grant to the States program. Also for 2004, the County Clerk overstated federal monies by \$136,421, passed through the state's Highway and Transportation Commission under the Highway Planning and Construction program. In addition, the County Clerk and Health Center failed to include the required pass-through grantor's number on some of the programs that were reported. The County Clerk indicated it is not always easy to obtain the necessary information from other departments and/or officials and both he and the Health Center Administrator indicated they

do not always know whether monies received are federal in nature, and thus reportable on the SEFA. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The County Commission should take steps to ensure all departments and/or officials properly track federal awards to ensure all federal awards are properly accounted for on the SEFA.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

Similar conditions were noted in prior reports. Although the County Commission and County Clerk indicated they would implement the recommendations, the county has not improved these controls and procedures.

WE AGAIN RECOMMEND the County Commission and County Clerk, along with the Health Center Administrator, work to ensure the SEFA is complete and accurate.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission and County Clerk indicated:

We agree with this finding and will work towards ensuring the SEFA is complete and accurate.

The Health Center Administrator indicated:

This will be implemented.

05-2. CDC	Grant
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Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	State Department of Health and Senior Services
Federal CFDA Number:	93.283
Program Title:	Centers for Disease Control and Prevention – Investigations and Technical Assistance
Pass-Through Entity Identifying Number:	ADC05280171 and ERS145-5100S
Award Years:	2005 and 2004
Questioned Costs:	\$1,481

Various charges totaling \$1,481 claimed by the Health Center did not appear to be related to the activities of the grant and there was no documentation indicating quarterly progress reports were reviewed and approved prior to submission to the state.

- A. A portion of office supply expenses and internet charges claimed by the Health Center against the Centers for Disease Control and Prevention – Investigations and Technical Assistance grant were not necessarily related to the activities of the grant.

Total office supply expenses of \$1,081 and internet charges of \$400 were reimbursed in 2005. Office supplies and the internet usage were not restricted to activities pertaining to the grant and are available to and used in other aspects of the Health Center's operations. As such, the charging of total office supply and internet expenses against the grant does not appear reasonable and allowable. Without adequate supporting documentation for allocating the charges to the grant, costs totaling \$1,481 appear questionable and could be disallowed by the granting agency.

- B. There was no documentation indicating quarterly progress reports required by the grant agreement were reviewed and approved by the Health Center Administrator or Health Center Board of Trustees prior to being submitted to the State Department of Health and Senior Services (DHSS). The progress reports were to contain information relating to performance expectations pertaining to the grant.

During a grant monitoring review conducted by the DHSS, the Health Center was cited for poor performance in relation to performance expectations outlined in the grant agreement and was put on grant probationary status for approximately one year. Had quarterly progress reports been subject to thorough review and approval, the degree of the Health Center's progress towards the performance expectations may have been noted and actions could have been taken on a timely basis to correct any deficiencies. Further, had such administrative oversight occurred, the findings of the DHSS may have been averted and the Health Center may have avoided its probationary period.

WE RECOMMEND the Health Center Board:

- A. Contact the granting agency to resolve the questioned costs and ensure adequate supporting documentation for cost allocations is maintained on future grants.
- B. Establish controls and procedures to ensure reports required under grant agreements are reviewed and approved prior to submission to the granting agency.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The Health Center Administrator indicated:

- A. *We no longer receive this grant. In the future, we will ensure adequate supporting documentation is maintained for cost allocations.*
- B. *This is currently being done.*

05-3.**Election Reform Payments Grant**

Federal Grantor:	General Services Administration
Pass-Through Grantor:	State Office of Secretary of State
Federal CFDA Number:	39.011
Program Title:	Election Reform Payments
Pass-Through Entity	
Identifying Number:	SCS 231 S5EL0000175
Award Years:	2005 and 2004
Questioned Costs:	\$6,765

Grant receipts and disbursements were incorrectly reported on financial status reports submitted to the granting agency and the county did not solicit bids for equipment totaling \$6,765.

- A. The county incorrectly reported grant receipts and disbursements on its financial status report submitted to the granting agency. The granting agency requested the county prepare a financial status report on grant receipts and disbursements since the inception of the grant through December 31, 2005. The county prepared the report in June 2006 and incorrectly included on the financial status report 2006 grant receipts totaling \$11,512 and 2006 grant disbursements totaling \$21. Although the financial status report was reviewed by the County Clerk, the reporting of 2006 transactions was not noted. The county should prepare accurate financial status reports as required by the grant agreement.
- B. The county did not solicit bids for a 2005 purchase of ten Palm Pilots totaling \$6,765 as required by the Common Rule and Section 50.660, RSMo. These handheld computers are used to lookup and verify voter information at the various polling places. In addition, the county did not require the contractor to certify that they had not been suspended or debarred. Controls must be established to obtain suspension and debarment certifications from parties to ensure compliance with federal regulations. Since documentation was not available to show applicable bidding requirements were met, we question the amount of the purchase, or \$6,765.

WE RECOMMEND the County Commission:

- A. Prepare accurate financial status reports for the Election Reform Payments grant.
- B. Contact the granting agency to resolve the questioned costs and solicit bids as required by state law. Further, the County Commission should obtain certifications from parties awarded contracts that the organization and its principals are not suspended or debarred.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

- A. *The County Commission and County Clerk indicated this will be done.*
- B. *The County Clerk indicated he originally purchased Palm Pilots at a total cost of less than \$4,500 and no bids were required. Subsequent to this purchase, the county purchased a maintenance agreement for the Palm Pilots from the same company resulting in total Palm Pilot related costs of \$6,765. At the time of the original purchase, he did not anticipate total costs to exceed \$4,500 and thus, did not bid the purchase. In the future, the County Commission will solicit bids as required by state law and obtain the necessary certifications from contractors to ensure compliance with federal regulations. Further, the County Commission will contact the granting agency to resolve the questioned costs.*

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

ADAIR COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Adair County, Missouri, on the applicable finding in the prior audit report issued for the two years ended December 31, 2003.

03-1. County Budgets

- A. Formal budgets were not prepared for various county funds.
- B. Actual expenditures exceeded budgeted expenditures of various funds.

Recommendation:

The County Commission:

- A. Ensure that budgets are prepared for all county funds including newly established funds.
- B. Ensure that disbursements are not authorized in excess of budgeted expenditures.

Status:

A&B. Partially implemented. Some improvement was noted; however, see Management Advisory Report finding number 3.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

ADAIR COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

Findings - Two Years Ended December 31, 2003

03-2. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	State Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	01-PF-253 and 02-PF-14
Award Years:	2003 and 2002
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Health and Human Resources
Pass-Through Grantor:	State Department of Health
Federal CFDA Number:	93.288
Program Title:	Regional Public Health Emergency Planning & Prep.
Pass-Through Entity	
Identifying Number:	AOC03380025
Award Years:	2003 and 2002
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	State Department of Health
Federal CFDA Number:	93.911
Program Title:	Preventive Health and Health Services Block Grant
Pass-Through Entity	
Identifying Number:	ERS1464100C
Award Years:	2003 and 2002
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Homeland Security
Pass-Through Grantor:	State Emergency Management Agency
Federal CFDA Number:	97.042
Program Title:	Emergency Management Performance Grants
Pass-Through Entity	
Identifying Number:	1412
Award Years:	2003 and 2002
Questioned Costs:	Not applicable

The county did not have adequate procedures in place to track federal assistance for the preparation of the schedule of expenditures of federal awards.

Recommendation:

Compilation of the SEFA requires consulting financial records and requesting information from other departments and/or officials. The Clerk should instruct the other offices on the procedures they should use to arrive at the information given to him. It appears that the County Clerk's office needs to reconcile the information obtained from the other offices with the amounts shown in the County's financial information. The Clerk should also review the County's general ledger to make sure that all federal grant programs have been reflected on the schedule.

Status:

Not implemented. See finding number 05-1.

03-3. Cash Management

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	State Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	01-PF-253 and 02-PF-14
Award Years:	2003 and 2002
Questioned Costs:	Not applicable

The County did not establish procedures to minimize the time elapsed between the receipt of federal funds and the disbursement of such funds.

Recommendation:

The County establish procedures to minimize the time elapsed between the receipt of federal funds and the disbursement of such funds. The County must make sure appropriate procedures are in place with any grant administrator and the department that is in charge of the project to make sure the correct information is being communicated and reported.

Status:

Implemented.

Findings - Two Years Ended December 31, 2001

01-2 Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	State Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	99-PF-11 and 98-PF-01
Award Years:	2001 and 2000
Questioned Costs:	Not Applicable

Federal Grantor: U.S. Department of Justice
Pass-Through Grantor: State Department of Public Safety
Federal CFDA Number: 16.523
Program Title: Juvenile Accountability Incentive Block Grant
Pass-Through Entity
Identifying Number: 98-JAIBG-CB-001
Award Year: 2000
Questioned Costs: Not Applicable

Federal Grantor: U.S. Department of Transportation
Pass-Through Grantor: State Highway and Transportation Commission
Federal CFDA Number: 20.205
Program Title: Highway Planning and Construction
Pass-Through Entity
Identifying Number: BRO-001(19), BRO-001(21) and BRO-001(22)
Award Years: 2000 and 2001
Questioned Costs: Not Applicable

The county did not have adequate procedures in place to track federal assistance for the preparation of the schedule of expenditures of federal awards.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards and submit the schedule to the State Auditor's office as part of the annual budget.

Status:

Not implemented. See finding number 05-1.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

ADAIR COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Adair County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 27, 2006. We also have audited the compliance of Adair County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 27, 2006.

In addition, to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years, we have audited the operations of elected officials with funds other than those presented in the financial statements. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Adair County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are

required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1.	Juvenile Division Policies
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The Juvenile Division had no formal written policies on the proper use of vehicles; credit cards; cellular phones; equipment; nor for its travel expenses.

- A. Controls over juvenile division vehicles were inadequate. The Juvenile Division had no formal written policy on the proper use of vehicles and did not maintain vehicle usage logs for its county-owned vehicles. Some juvenile division personnel were allowed to use official vehicles for commuting purposes.

During the two years ended December 31, 2005, the Juvenile Division owned and operated an average of thirteen vehicles according to its inventory records. The Juvenile Division used several methods to fuel vehicles including charge accounts at certain gas stations, charging fuel to credit cards, and a bulk fuel tank located at the Juvenile Division. Fuel purchases were \$13,787 and \$18,529 for the years ended December 31, 2005 and 2004, respectively. The following table shows the categories and amounts of fuel purchases for 2005 and 2004:

	Totals	Gas Stations	Credit Cards	Bulk Fuel Tank
2005	\$13,787	1,828	2,861	9,098
2004	18,529	2,354	3,349	12,826
Totals	\$32,316	4,182	6,210	21,924

1. The Juvenile Division had no formal written policy on the proper use of vehicles and did not maintain vehicle usage logs for their county-owned vehicles. A formal written vehicle policy should require the use of vehicle logs documenting the purpose and destination of each trip, the daily beginning and ending odometer readings, and the operation and maintenance costs. These logs should be reviewed by a supervisor to ensure vehicles are used only for county business and to help identify vehicles which should be replaced. Information on the logs should be reconciled to gasoline purchases and other maintenance charges.
2. Some juvenile division personnel were allowed to use official vehicles for commuting purposes. While the Juvenile Division did not officially assign vehicles to specific employees, juvenile division personnel indicated that three vehicles were used primarily by the Chief Juvenile Officer/Juvenile Services Administrator, the Superintendent, and the Chief Deputy Juvenile Officer. These three individuals used county vehicles to commute to and

from home daily. The Juvenile Division did not keep records of mileage incurred on the county vehicles for commuting purposes.

A formal written vehicle policy should also address the use of official vehicles for commuting purposes and ensure such activity is accounted for in accordance with IRS guidelines. Such a policy is needed to inform juvenile division employees of the proper use of county vehicles, outline vehicle usage log documentation requirements, address and define personal use of vehicles, and ensure compliance with related IRS guidelines and reporting requirements.

3. During the two years ended December 31, 2005, juvenile office accounting records indicated the Juvenile Division paid employee mileage reimbursements amounting to approximately \$6,900. Employees were allowed to claim reimbursement for use of personal vehicles even if juvenile division vehicles were available for use. The reimbursement forms did not indicate the purpose of trips. As noted above, usage logs were not maintained for the juvenile division vehicles and employees were allowed to charge gasoline on official credit cards. Due to the weaknesses noted, the Juvenile Division could not ensure the propriety of mileage expenses paid.

In November 2005, a written policy was established indicating that juvenile division vehicles should be used for business purposes only. The Juvenile Division implemented vehicle usage logs for all juvenile division vehicles in February 2006.

- B. The Juvenile Division had not adopted formal policies and procedures for the use of its credit cards. The Juvenile Division had ten credit cards used by employees for payment of juvenile division expenses including gasoline, hotels, meals, car rentals, airline tickets, and office supplies. According to juvenile division accounting records, credit card disbursements totaled approximately \$99,000 during the two years ended December 31, 2005.

The credit card policy should address the documentation required to be submitted in support of credit card charges. As addressed in MAR No. 2 A below, payments made for credit card purchases were not always supported by the individual credit card slips, supporting invoices, or other documentation.

The credit card policy should also address proper review and approval procedures for credit card purchases. Credit card purchases were not always reviewed and approved by someone other than the credit card holder. The Chief Juvenile Officer/Juvenile Services Administrator approved his own billings. These billings should be reviewed and approved by the Circuit Judge or the County Commission.

The credit card policy should also address and require the timely payment of credit card bills. During the two years ended December 31, 2005, the Juvenile Division incurred credit card finance and late fee charges totaling \$1,376. We noted 73 of 141 (52 percent) credit card statements reviewed reflected finance or late charges. The Juvenile Division did not always submit credit card payment requests through the County Clerk's office on a timely basis, resulting in excess finance and late fee charges. Failure to pay bills promptly exposes the county to unnecessary costs.

Complete and detailed written credit card policies and procedures are necessary to provide guidance to employees and help ensure the credit cards are used only for official business. In addition, the Juvenile Division should evaluate the need for each credit card.

- C. The Juvenile Division did not have a formal written policy regarding cellular phone usage until October 2005. Employees who were assigned phones were not required to review and approve the monthly bills and identify any personal use. The Juvenile Division had ten cellular phones issued to various employees and, according to accounting records, paid cellular phone costs amounting to approximately \$13,000 during the two years ended December 31, 2005.

While cellular phones can help increase employee productivity, they are also costly. A formal written policy is needed regarding cellular phones. Such a policy should address which employees need a cellular phone, proper use of the phone, and a review and authorization process. The Juvenile Division should prohibit the personal use of the cellular phones, except in cases of emergency.

- D. The Juvenile Division has informally allowed employees to borrow equipment during non-working hours for personal use. No record was maintained to document such use of the equipment.

A formal written policy is needed regarding the use of equipment. Such a policy should prohibit the personal use of juvenile division equipment since it is not a prudent use of county resources.

- E. The Juvenile Division had no formal written policies for travel and meal expenses. During the two years ended December 31, 2005, accounting records indicated the Juvenile Division paid meal costs amounting to approximately \$7,700 (approximately \$5,000 on credit cards and approximately \$2,700 on expense accounts).

Some employees were allowed to pay for meals and claim reimbursement on an expense account. Other employees could also charge meals on one of the office's credit cards. Until the Office of the State Courts Administrator (OSCA) policy was adopted in August 2005, there were no established daily or meal limits. In addition, meals charged at local restaurants while an employee was not on overnight travel status were not adequately supported. For example, one juvenile division employee

charged a juvenile division credit card for five individual local meals ranging from approximately \$47 to \$71 during the two years ended December 31, 2005. These meal charges were not supported by listings of those in attendance and an explanation of the nature and purpose of the meal. The lack of a formal written meal expense policy and adequate documentation in support of meal expenses for employees not on overnight travel makes it difficult for the Juvenile Division to ensure the propriety of payments made for meal expenses.

Without written, documented policies, the types of expenses that can be incurred and the extent of those expenses that will be paid by the Juvenile Division may not be known. The county's residents place a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner.

WE RECOMMEND the Juvenile Division:

- A. Continue to maintain its vehicle usage policy and vehicle usage logs. In addition, the Juvenile Division should comply with IRS guidelines for reporting fringe benefits related to commuting in county owned vehicles, or adequately document their reasoning for exempting these individuals in a written policy. Finally, the Juvenile Division should cease allowing the reimbursement of mileage on personal vehicles when official vehicles are available.
- B. Evaluate the need for each credit card and cancel any cards which are determined unnecessary. The Juvenile Division should adopt formal policies and procedures for credit card use, including policies which prohibit the personal use of juvenile division credit cards, requiring all credit card slips be submitted prior to payment of invoices for the administrator's approval, and requiring that credit card bills be paid on a timely basis.
- C. Require users to review cellular phone bills before payment and identify any personal usage for reimbursement.
- D. Develop a formal written policy prohibiting the personal use of juvenile division equipment.
- E. Establish and maintain appropriate policies and procedures regarding meal and travel expenses.

AUDITEE'S RESPONSE

The Circuit Judge and Juvenile Services Administrator indicated:

GENERAL RESPONSE:

The organizational structure of the Second Circuit Juvenile Division which consisted of the Chief Juvenile Officer, Chief Deputy Juvenile Officer, Deputy Juvenile Officers, clerical and other staff, ultimately proved inadequate after the construction of the Bruce Normile Juvenile Justice Center in December 2000, and the expansion of juvenile services related to that construction. Before the Normile Center was built, the Chief Juvenile Officer was able to handle all the responsibilities of supervising and managing the daily operations and administration of the entire juvenile office. With the addition of the Normile Center with 14 detention and 16 residential beds, and with 58 employees circuit-wide, that is no longer the case. There are simply too many personnel, financial management and administrative responsibilities, as well as field services and case management responsibilities, for one person to adequately fulfill the many duties connected with the Juvenile Division and its multiple and, often, complex operations.

Upon recognizing this organizational deficiency and evaluating an appropriate solution, the position of Juvenile Services Administrator was created in 2004. While the Chief Juvenile Officer is, primarily, a field services worker and case manager with supervisory responsibilities over other field services staff and programs, the Juvenile Services Administrator is just that, an administrator, who has, as one of his primary responsibilities, the review and analysis of operational policies and procedures and recommendations for changes and improvements in those policies and procedures. After an extensive review of the dozens of policies and procedures of the Juvenile Division, most of the comments outlined in the audit report were internally identified and virtually all of the recommendations contained in the report had already been implemented by the Juvenile Services Administrator in 2005 prior to the commencement of the audit.

Also, it should be noted that the concerns identified in the report do not indicate any improper conduct by Juvenile Division personnel, but merely that the then existing policies and procedures were inadequate to insure that proper documentation was always available to justify particular expenditures or to ensure that public funds and other resources were not improperly used.

Each of the recommendations made by the Missouri State Auditor's Office have been followed and implemented at this time.

A. Vehicles

In November 2005, the vehicle policies and procedures for the Juvenile Division were revised and implemented, as follows:

- 1. Office vehicles shall be used for official juvenile division business **only**.*

2. *Only those officers who are on call are permitted to commute in official vehicles. These include the Chief Juvenile Officer, the Director of Residential Services, and the Detention Unit Coordinator. These personnel are subject to frequent calls from home to respond to emergencies during non business hours and these office vehicles are made available for their official use to respond to after hour emergencies. Office vehicles are not used for commuting by these personnel when they are not on call to respond. It appears that this use of official vehicles complies with IRS guidelines and exempts such use from reporting as a fringe benefit and the existing written policies adequately document the reason for this exempt use. Further investigation will be done to ensure IRS compliance and revisions or additions to current policies will be adopted if required for IRS compliance.*
3. *No employee shall be reimbursed for mileage when office vehicles are available for use. Mileage for personal vehicle use will be paid only upon prior authorization by the Juvenile Services Administrator.*
4. *Completion of mileage/usage logs is required for every use of each official vehicle.*

B. Credit cards

The need for credit cards was carefully evaluated in September 2005, and only one credit card is now available for official Juvenile Division use. In October 2005, written policies and procedures were implemented regarding all credit card use. They include the following:

1. *The credit card is locked in the office of the Juvenile Services Administrator or his administrative assistant and is made available to employees only upon the written authorization of the Juvenile Services Administrator.*
2. *Prior written approval from the Juvenile Services Administrator is required for all credit card purchases. All purchase requests must be in writing. Immediately upon completion of the transaction with the credit card, the employee shall return the card along with the transaction receipt(s) to the Juvenile Services Administrator.*
3. *All credit card invoices must be supported by the receipts for each purchase and are submitted to the county clerk's office for prompt payment. If a credit card payment may be late due to the fact that the county's check issuance date would fall after the payment due date, a request shall be made to have a special check issued to avoid unnecessary late charges, interest, or fees.*

C. Cellular phones

In October 2005, new cellular phone policies and procedures were adopted. They include the following:

- 1. Four cellular phones are owned by the Juvenile Division with 1,300 minutes per month shared by all four phones at a cost of approximately \$100 per month. The four phones are assigned to the on-call staff for Adair County, Knox County, and Lewis County, and the Residential Unit of the Bruce Normile Juvenile Justice Center. They are to be used only for official business and no personal use is permitted.*
- 2. The Chief Juvenile Officer, Chief Deputy Juvenile Officer, Director of Residential Services, Detention Unit Coordinator, and the Guardian Ad Litem are in supervisory positions and are subject to frequent after hours contact with the office and other employees they supervise. They secure their own cellular phone contracts and agree to use their phones for official use but may also use them for personal use. Each employee is responsible for the payment of their own cellular phone bill. Stipends of \$40 per month are paid to these employees. Monthly cellular phone invoices are required to be submitted prior to the stipend payment to verify that these expenses are personally incurred.*

D. Personal use of office property

In the fall of 2005, a formal written policy was adopted prohibiting the personal use of property owned by the Second Judicial Circuit, Juvenile Division.

E. Meals and travel expenses

In the fall of 2005, the Juvenile Division formally adopted the "Court Employee Travel Policy" of the Office of State Courts Administrator. These policies and procedures outline proper procedures regarding meals and travel expenses.

AUDITOR'S COMMENT

With the lack of oversight and records prior to the changes made, the Juvenile Division had no assurance that assets were not mishandled.

2. Juvenile Division Accounting Controls and Procedures

Improvements are needed in the Juvenile Division's accounting controls and procedures relating to credit card and fuel purchases, its bulk fuel tank, and handling of receipts. Payments made for credit card and fuel purchases were not always supported by the individual credit card slips, supporting invoices, or other documentation. Perpetual

inventory records are not maintained for the bulk fuel tank. In addition, physical and processing controls over receipts are in need of improvement.

- A. Payments made for credit card and fuel purchases were not always supported by the individual credit card slips, supporting invoices, or other documentation. The Juvenile Division had ten credit cards used by employees for payment of juvenile division expenses. Charges to these cards included expenses for gasoline, hotels, meals, car rentals, airline tickets, and office supplies.

We noted one cash advance for \$400 on a credit card that had no supporting documentation itemizing usage of the cash. Juvenile Division officials indicated the cash advance was used for a field trip to St. Louis for juveniles. We also reviewed the line item details of ten credit card statements and noted that 62 of 137 (45 percent) line item charges reviewed did not have any supporting documentation. Further, the Juvenile Division did not always retain receipts or other documentation of fuel purchases from gas stations or on credit cards. According to juvenile division accounting records, fuel purchases from gas stations and on credit cards were approximately \$10,400 for the two years ended December 31, 2005. Since credit card receipts or other documentation of fuel purchased by each employee was not always retained, fuel purchases cannot be reconciled to monthly credit card statements prior to payment and the Juvenile Division cannot be certain about the validity and propriety of its fuel charges.

Adequate supporting documentation should be required and retained in support of all credit card and fuel purchases. Without adequate supporting documentation, the Juvenile Division cannot evaluate the necessity and reasonableness of credit card and fuel purchases.

- B. A perpetual inventory record is not maintained for the bulk fuel tank. According to juvenile division accounting records, fuel purchases for the bulk fuel tank amounted to approximately \$21,900 for the two years ended December 31, 2005.

Failure to maintain a perpetual inventory of the fuel tank by recording all additions to and usage of fuel from the tank prevents the Juvenile Division from reconciling fuel usage to fuel purchases, increasing the risk that theft or misuse of fuel could occur and not be detected. Periodic physical inventories of the bulk fuel tanks are necessary to ensure the records are accurate, identify any unrecorded additions and deletions, and detect possible loss or theft. Fuel usage information on the perpetual inventory record should be reconciled to fuel purchases on a periodic basis.

- C. Physical controls over receipts are in need of improvement and checks are not restrictively endorsed immediately upon receipt. In addition, receipt slips are not issued for some monies received at the Juvenile Division.

- 1. Physical controls over receipts are in need of improvement. Monies received are maintained in a folder on the receptionist's desk until transmitted to the

County Treasurer. In addition, checks are not restrictively endorsed immediately upon receipt. Restrictive endorsements are applied by the County Treasurer upon receipt of the transmittal from the Juvenile Division. To safeguard against possible loss or misuse of funds and to ensure that receipts are properly handled, receipts should be maintained in a secure location with restricted access until transmitted to the County Treasurer and checks should be restrictively endorsed by the Juvenile Division immediately upon receipt.

2. Receipt slips are not issued for some monies received at the Juvenile Division. Receipt slips were only issued for restitution payments received. Also, the numerical sequence of receipt slips is not accounted for properly. To help ensure receipts are accounted for properly, prenumbered receipt slips should be issued for all monies received immediately upon receipt and the receipt slip numbers should be accounted for properly.

WE RECOMMEND the Juvenile Division:

- A. Require adequate supporting documentation, including credit card charge slips, invoices, and/or other documentation, be submitted and retained in support of all credit card and fuel purchases. Further, supporting documentation for credit card purchases should be reconciled to monthly credit card statements prior to payment.
- B. Ensure bulk fuel tank perpetual inventory records are maintained which are periodically reconciled to fuel purchases. In addition, the Juvenile Division should ensure a periodic physical inventory of the fuel is performed and compared to the balance on the perpetual inventory record.
- C.1. Establish procedures to ensure access to receipts is properly restricted and require that checks be restrictively endorsed immediately upon receipt.
2. Require that prenumbered receipt slips be issued for all monies received and the numerical sequence of those receipt slips should be accounted for properly.

AUDITEE'S RESPONSE

The Circuit Judge and Juvenile Services Administrator indicated:

- A. *Supporting documentation for credit card and fuel purchases.*

1. This recommendation has been the policy of the Juvenile Division since October 2005. The purchasing policy of the Juvenile Division requires written purchase requests be submitted to the Juvenile Services Administrator and written approval prior to purchase. Follow up documentation regarding the purpose or justification for each purchase shall be submitted to the Juvenile Services Administrator.

2. Receipts are collected immediately following credit card purchases and are reconciled on a monthly basis with the credit card statement. Since the implementation of this policy, every credit card receipt has been retained and supports each and every purchase.

In the event fuel is purchased, the vehicle mileage at the time of fueling is noted on the receipt along with a description of the vehicle that was fueled. A notation is also made in the mileage log of that particular vehicle by the vehicle operator.

B. Bulk fuel tank inventory

1. *In November 2005, vehicle fueling policies and procedures were revised and implemented. Fuel key control for the bulk fuel tank at the Bruce Normile Juvenile Justice Center was implemented allowing only the Juvenile Services Administrator, Chief Juvenile Officer, Director of Residential Services and the Maintenance Worker access to this pump to fuel office vehicles. In December 2005, the Chief Deputy Juvenile Officer was added to the list of employees with access to the bulk fuel pump. Each time an office vehicle is fueled at the bulk fuel pump, the employee fueling the vehicle records the identity of the vehicle fueled, the employee fueling, the date and time of fueling, and the number of gallons pumped.*
2. *The policy regarding the bulk fuel tank requires that an internal check be performed at a minimum of every time the bulk fuel tank is filled. This check is performed by either the Maintenance Worker or the Juvenile Services Administrator. The number of gallons reported to have been pumped by Juvenile Division employees shall be within 8 gallons per every 100 gallons pumped (per MFA regulations) of what the overall pump fuel meter reads.*

C. Physical control of checks and receipts

1. *Immediately upon receiving a physical check payable to the Second Judicial Circuit, Juvenile Division, the check is restrictively endorsed by the Juvenile Services Administrator "For Deposit Only". Checks are then immediately locked in the office of the Administrative Assistant to the Juvenile Services Administrator, or taken to the Adair County Treasurer's Office to be deposited on the date of receipt.*
2. *In July 2006, a revenue receipt log was implemented for the Juvenile Division. This log assigns a sequential number to each receipt, along with the date of receipt and from whom it was received.*

3.**County Budgets**

Some receipts and disbursements were not properly classified in the county's budgets and budgets were not prepared for some county funds. Information regarding several county funds was omitted from the county's annual published financial statements and the county's financial monitoring procedures are ineffective and resulted in excess disbursements.

- A. Some receipts and disbursements were not appropriately classified in the county's budgets. Budget misclassifications included inconsistent and erroneous classifications of receipts and transfers. For example, some federal and state grant reimbursement monies were classified in the Other Revenues category. As such monies are a significant source of revenue to the county, they should be appropriately classified in the county's financial statements. In addition, some transfers were not consistently reflected between county funds. For example, while the county reflected transfers in on the Self Funded Health Insurance Fund, the corresponding transfers out were not properly reflected on the General Revenue, Special Road and Bridge, Assessment, Multi-County Child Support, Juvenile Grant Operations, and Health Center Funds. They were erroneously reflected in various operating expense categories and totaled \$235,257 and \$245,015 for 2005 and 2004, respectively.

While these budget misclassifications do not have an effect on the overall accuracy of budget totals for receipts and disbursements, they do result in an inaccurate and inconsistent presentation of the county's financial activity.

Adjustments have been made to the audited financial statements to correct these errors. To ensure the information presented on the county's budget documents is complete and accurate, the County Clerk should perform thorough reviews and comparisons to supporting records. Such procedures are essential for communicating accurate financial data to county residents. Further, the county's budgets should include appropriate classifications of receipts and disbursements to ensure the county's financial information is properly presented and to increase the effectiveness of the budgets as management tools. Similar conditions were noted in our previous audit report.

- B. The County Commission and various elected officials did not ensure that budgets were prepared for several county funds. Receipts of approximately \$389,660 and \$344,410 and disbursements of approximately \$347,000 and \$341,000 were not budgeted for the years 2005 and 2004, respectively. Included in these amounts were the receipts and disbursements of the Drug Task Force Fund. Drug Task Force Fund receipts of approximately \$336,000 and \$334,000 and disbursements of approximately \$335,000 and \$332,000 were not budgeted for the years 2005 and 2004, respectively.

Some of the unbudgeted funds were both small and new, while other funds, including the Drug Task Force Fund, were held outside the county treasury. The County Clerk indicated he requested a budget from the officials holding funds outside the county treasury but a budget was not provided.

The county has not complied with statutory provisions and cannot effectively monitor expenditures or fund balances without a comprehensive budget document.

Chapter 50, RSMo, requires counties to prepare annual budgets for all funds and prohibits the expenditure of public funds without an approved budget that has been filed with the State Auditor's office. By preparing or obtaining budgets for all county funds, the County Commission, county boards, and other county officials present a complete financial plan to the county citizens, can more effectively monitor and evaluate all county financial resources, can ensure compliance with statutory provisions, and can prepare complete financial statements.

- C. The county's annual published financial statements did not include financial activity of some funds as required. Receipts of approximately \$342,000 and \$341,000 and disbursements of approximately \$339,000 and \$340,000 were omitted from the 2005 and 2004 annual published financial statements, respectively. Included in these amounts are the receipts and disbursements of the Drug Task Force Fund as noted in Part B above. Section 50.800, RSMo, provides details regarding the various information required to be provided in the county's annual published financial statements and requires that receipts, disbursements, and beginning and ending balance information be presented for all county funds. Complete published financial statements are needed to adequately inform the citizens of the county's financial activities and show compliance with statutory requirements.
- D. Actual disbursements exceeded budgeted amounts in various funds during the years ended December 31, 2005 and 2004, as follows:

<u>Fund</u>	<u>Year Ended December 31,</u>	
	<u>2005</u>	<u>2004</u>
Self Funded Health Insurance	\$ 55,026	N/A
Law Enforcement Construction	1,955	N/A
E-911	9,156	N/A
Violence Intervention Services	N/A	2,807
Election Administration	N/A	484
Law Enforcement General	18,939	N/A
Law Enforcement Training	1,515	N/A
Sheriff Revolving	622	N/A
Multi-County Child Support	13,444	N/A
Juvenile Grant Operations	N/A	21,877
Sheriff Civil Fees	29	N/A

The County Clerk and Commission indicated that although they do monitor budget and actual disbursements on a monthly basis, it is not always easy to anticipate the level of financial activity near year end and, as a result, they do not always formally amend the budgets. However, there was no evidence in the commission meeting minutes of discussions regarding the budget status.

Case law provides that strict compliance with county budget laws is required by county officials. If there are valid reasons which require excess disbursements (i.e., emergencies, unforeseen occurrences or revenues, and statutorily required obligations), amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. To improve the effectiveness of the budgets as a planning tool and ensure compliance with state law, budget to actual comparison reports need to be reviewed and used when making spending decisions throughout the year.

WE RECOMMEND the County Commission:

- A. And the County Clerk ensure all significant receipts, disbursements, and transfers are accurately and consistently reported in the county budget documents.
- B. And other county officials ensure budgets are prepared or obtained for all county funds.
- C. And other county officials ensure all required information is presented in the county's annual published financial statements.
- D. Review budget to actual reports carefully and refrain from approving disbursements which exceed budgeted amounts. Budgets should be properly amended if necessary.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. *They and the County Clerk understand and agree with this finding and will strive to implement this recommendation on future budgets.*
- B. *They agree with this finding and will ensure budgets are prepared for all funds, including those from other officials, as required.*
- C. *They agree with this finding and will try to ensure all required information, including that from other county officials, is presented in the county's annual published financial statements.*
- D. *They agree with this finding and will properly amend budgets as necessary.*

4. County

Disbursements

The county did not always retain bid documentation for some purchases, did not always enter into formal written agreements for services, and did not always have sufficient supporting documentation for disbursements.

- A. While the county has procedures to solicit bids for major purchases, the county did not always retain bid documentation for some purchases. Examples of items purchased for which bid documentation could not be located are as follows:

<u>Item or Services</u>	<u>Cost</u>
Grader	\$ 73,650
Chevrolet Blazer	8,900
Patrol cars	23,500

While the County Commission minutes do generally discuss the opening and awarding of bids, the county did not always retain actual documentation of this process. Such documentation would include the bid specifications, the method of bid solicitation (i.e., newspaper advertisement, telephone, etc.), and the actual bids submitted by vendors. In addition to the grader purchase above, we noted three other instances where the county purchased graders for a total of \$64,125 net of trade-in and did not retain bid documentation. The County Commission indicated these items were bid; however, the bid files were inadvertently discarded when the prior County Clerk left office.

The County Commission indicated that while the prior Assessor had the practice of obtaining telephone bids, they believed he did not retain such documentation supporting the purchase of the Chevrolet Blazer. Further, the County Commission believed such documentation may not have been filed with the County Clerk. Similarly, the County Commission indicated the Sheriff does obtain quotes or bids in support of the purchase of patrol cars; however, such documentation was not always filed with the County Clerk. If the County Commission is going to delegate bid responsibilities to respective officials, the Commission should followup and ensure compliance with state law by maintaining documentation of the process.

The county and its officials should comply with state law requiring bids for certain purchases. Documentation of this process should be filed and available in the County Clerk's office to support the transactions. Further, Section 50.660, RSMo, requires bids for all purchases of \$4,500 or more from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidders. Competitive bidding ensures all parties are given equal opportunity to participate in county business.

- B. The county did not enter into formal written agreements for transportation services for older adults and economic development for the city of Kirksville. The county paid \$1,000 and \$5,000, respectively, for these services for each of the two years ended December 31, 2005.

Written agreements provide the framework necessary to detail the services to be provided and the compensation to be paid. In addition, Section 432.070, RSMo, prohibits a county from making a contract unless it is in writing. In addition to being required by statute, written contracts are necessary to document the duties, rights, and responsibilities of each party and should establish performance criteria which must be met prior to payment for work completed. Commission minutes should document approval of all agreements.

- C. As similarly noted in our prior report, supporting documentation related to some expenditures was insufficient. For example, the County Clerk could not find invoices in support of 3 of 55 (5 percent) items tested. These included a 2004 purchase of a laptop computer (\$3,745), a 2005 software lease payment (\$3,545), and a 2005 communications payment (\$4,048). The County Clerk indicated the invoices may have been misfiled.

To ensure the validity and propriety of disbursements and compliance with statutory provisions, adequate supporting documentation should be maintained for all payments to vendors.

WE RECOMMEND the County Commission:

- A. And other county officials solicit bids for all purchases in accordance with state law and maintain documentation of bids.
- B. Ensure that contracts are obtained and entered into for services received.
- C. Require adequate supporting documentation prior to approving disbursements for payment.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. *This will be implemented immediately. Further, the County Commission will try to ensure future bids from other county officials are filed with the County Clerk.*
- B. *This will be implemented for all future contractual arrangements.*
- C. *They agree with this finding and will strive to fully implement this recommendation immediately.*

5.**Personnel Policies and Procedures**

The County Clerk's office does not have sufficient time records to support payroll disbursements. As noted in the prior audit report, timesheets are not submitted to the County Clerk's office on a timely basis. The Sheriff's Department submits payroll request forms to the County Clerk's office to initiate the issuance of payroll checks to department employees; however, time records to support these requests are often not submitted until one week later and are not reconciled to the payroll request. In addition, although timesheets are prepared by the court bailiff and a part time county employee in the Circuit Clerk's office, the timesheets are not submitted to the County Clerk's office. Further, the County Commission does not review and approve the monthly time sheets of the Road and Bridge Supervisor.

Detailed time sheets document hours actually worked, provide information necessary to monitor overtime worked, leave and compensatory time usage, and federal Fair Labor Standards Act (FLSA) requirements. Timesheets should be signed by all employees, verified for accuracy, approved by the applicable supervisor, and filed with the County Clerk's office in a timely manner.

WE RECOMMEND the County Commission require all employees to prepare timesheets. These timesheets should be prepared and signed by the employee, approved by the applicable supervisor, and filed with the County Clerk on a timely basis.

AUDITEE'S RESPONSE

The County Commission indicated they will require properly approved timesheets for all employees and request that timesheets be filed on a timely basis. In addition, they will currently begin approving the timesheets of the Road and Bridge Supervisor. Further, the County Clerk will currently begin reviewing timesheets from the Sheriff's office to ensure proper salaries have been paid.

6. Computer**Controls**

Computer systems and data are vulnerable to unauthorized use, modification or destruction. The security of a password system is dependent upon keeping passwords confidential. However, passwords are not periodically changed on the systems within the offices of the County Clerk, County Treasurer, County Collector, and County Assessor to help ensure they remain known only to the assigned user and to reduce the risk of compromised passwords. As a result, there is less assurance passwords are effectively limiting access to computer systems and data files to only those individuals who need access to perform their job responsibilities. Passwords should be unique and confidential, changed periodically to reduce the risk of unauthorized use, and used to restrict individuals' access to only those computer systems and data files they need to accomplish their jobs.

WE RECOMMEND the County Commission require passwords for all employees which are confidential and periodically changed to prevent unauthorized access to the county's computer systems and data.

AUDITEE'S RESPONSE

The County Commission indicated they agree with this finding and will implement the recommendation as soon as possible.

7. Property Tax System

Property tax system procedures and controls are not sufficient. The County Clerk does not prepare or verify the current and back tax books or maintain a complete account book with the County Collector. Neither the County Clerk nor the County Commission verify the County Collector's settlements or adequately review property tax additions and abatements.

- A. The County Clerk does not prepare or verify the accuracy of the current or delinquent tax books. The County Collector sends a letter to the property tax system vendor indicating certified tax rates for the current year and the vendor enters these rates into the property tax system. Personnel in the County Collector's office print the tax books and tax statements, and verify the accuracy of some tax statements. The County Collector also prepares the back tax books. According to the County Collector, he randomly tests the accuracy of several tax statements, and documents this procedure; however, the County Clerk is not involved in this procedure. Although the County Collector prepares and the County Clerk signs a letter indicating the County Clerk has verified the accuracy of tax statements, the County Clerk could not provide documentation of this verification.

Because the Collector is responsible for collecting property tax monies, good internal controls require that someone independent of that process be responsible for generating and testing the accuracy of the property tax books.

Sections 137.290 and 140.050, RSMo, require the County Clerk to extend the current and back tax books and charge the Collector with the amount of taxes to be collected. If it is not feasible for the County Clerk to prepare the tax books, at a minimum, he should verify the accuracy of the tax books and document approval of the tax book amounts to be charged to the County Collector. Failure to do so could result in errors or irregularities going undetected.

- B. Controls over property tax additions and abatements are not adequate. During the two years ended February 28, 2006, additions and abatements to the tax books totaled approximately \$213,000 and \$182,000, respectively. The County Collector makes additions and abatements to the property tax system based upon court orders approved by the County Commission. In addition, the County Collector can make

changes to the property tax system without orders approved by the County Commission. During the two years ended February 28, 2006, we noted two instances totaling approximately \$630 where the County Collector abated taxes without obtaining a court order from the County Commission. No independent and subsequent review of the actual changes made to the property tax system as compared to approved change requests and/or court orders is performed. As a result, additions and abatements, which constitute changes to the amount of taxes the County Collector is charged with collecting, are not properly monitored and errors or irregularities could go undetected.

Sections 137.260 and 137.270, RSMo, assigns responsibility to the County Clerk for making changes to the tax books with the approval of the County Commission.

The county's failure to follow control procedures established under statutory guidelines allows greater opportunity for errors or inappropriate transactions to occur. To comply with the statutes and provide for the proper segregation of duties, court orders should be prepared and approved periodically by the County Commission for property tax additions and abatements. The County Clerk should periodically reconcile all approved additions and abatements to actual changes made to the property tax system. Such procedures are essential to ensure that only appropriate correcting adjustments are made to the master property tax records.

- C. Neither the County Commission nor the County Clerk provide a review of the activities of the County Collector. The County Clerk does not maintain a complete account book or other record summarizing property tax transactions and changes, and no evidence was provided to indicate procedures are performed by the County Clerk or the County Commission to verify the County Collector's monthly or annual settlements. As a result, errors or irregularities in the County Collector's settlements could go undetected.

Section 51.150(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury.

An account book would summarize all taxes being charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. These amounts could then be verified by the County Clerk to ensure the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the County Commission to verify the County Collector's annual settlement. Such procedures are intended to establish some checks and balances related to the collection of property taxes.

Similar conditions were noted in our previous audit report.

WE AGAIN RECOMMEND:

- A. The County Clerk prepare the current and delinquent tax books or, at a minimum, verify the accuracy of the tax books prior to charging the County Collector with the property tax amounts.
- B. The County Commission develop procedures to ensure any changes to the property tax system are properly approved and monitored.
- C. The County Clerk and County Commission monitor property tax system activities and perform a thorough review of the County Collector's annual settlements.

AUDITEE'S RESPONSE

- A. *The County Clerk indicated he could initiate the procedure by which the tax books are electronically prepared. The County Commission will make the incoming County Clerk aware of this responsibility so she can perform this function when tax books are again prepared next year. In addition, the County Clerk indicated he will be present and assist during the process of verifying the accuracy of the tax books. The County Commission will also inform the incoming County Clerk of these responsibilities.*
- B. *The County Commission and County Collector indicated they agree with this finding and the recommendation will be implemented as soon as possible.*
- C. *The County Commission and County Clerk indicated they agree with this finding and will perform more thorough reviews of future County Collector's annual settlements.*

8. Sheriff's Accounting Controls and Procedures

Sheriff's office procedures related to processing of monies, unidentified cash balances, old outstanding checks, and contract monitoring are in need of improvement. Receipt slips are not issued for some monies received, the numerical sequence of receipt slips is not accounted for, the composition of receipt slips issued is not reconciled to the composition of deposits, monies received are not always deposited in a timely manner, checks and money orders are not restrictively endorsed immediately upon receipt, and receipts are not posted to the cash control ledger on a timely basis. The Sheriff's checking account had a balance of \$4,788 at December 31, 2005 which represented unidentified monies. Approximately \$1,556 in outstanding checks from an old inmate account have been held for over a year without adequate follow up to dispose of the checks. In addition, the Sheriff does not adequately monitor commissions received from a company it contracts with to provide telephone services to inmates.

The Sheriff's office processes approximately \$300,000 annually in civil and criminal case fees, gun permit sales, concealed carry permit sales, jail board remittances, and cash bonds.

- A.
 - 1. Receipt slips are not issued for some monies received. Receipt slips are primarily only issued for payments made in person. Sheriff personnel indicated they do not have adequate personnel or time to issue receipt slips for the high volume of checks received in the mail. Also, the numerical sequence of receipt slips is not accounted for properly. There are three different series of receipts in use by the Sheriff to cover activity at different collection points. Sheriff personnel indicated they do not review individual receipt books to ensure numerical sequence. In addition, the composition of receipt slips issued is not reconciled to the composition of deposits. Finally, receipts are not posted to the cash control ledger on a timely basis. Receipts are recorded in the cash control ledger when the deposits are prepared.
 - 2. Monies received are not always deposited in a timely manner. Monies are normally collected each business day, but deposits are normally made only two times per week. Deposit slips for April 2004 indicated deposits ranged from \$229 to \$4,188 and included cash of \$10 to \$2,500. Deposit slips for December 2005 indicated deposits ranged from \$608 to \$5,390 and included cash of \$-0- to \$5,390. Also, checks and money orders are not restrictively endorsed immediately upon receipt.

To adequately account for collections and reduce the risk of loss or misuse of funds, prenumbered receipt slips should be issued for all monies received immediately upon receipt. The receipt slips should indicate the method of payment (i.e., cash, checks, or money orders), the receipt slip numbers should be accounted for properly, and the composition should be reconciled to the bank deposits. Further, to ensure accounting records are complete, to assist in the reconciliation process, and to allow for consistent deposit procedures to be developed, receipts should be posted to the cash control ledger when written. In addition, checks and money orders should be restrictively endorsed immediately upon receipt and deposits should be made intact on a timely basis. Deposits should be more frequent if significant amounts of cash are collected. Similar conditions were noted in our previous audit report.

- B. The Sheriff's checking account had a balance of \$4,788 at December 31, 2005 which represented unidentified monies. Based on the types of monies collected in the Sheriff's office, there should normally be very few, if any, open-items (liabilities) since most receipts are paid out immediately as collected or at month-end in the turnover to the County Treasurer. To ensure the propriety of this cash balance, the Sheriff should attempt to identify and appropriately distribute the monies. Any unidentified monies remaining in the account should be disposed of in accordance with state law.
- C. At the time of our review, the Sheriff's Office had approximately \$1,556 in outstanding checks from an old inmate account that had been held for over a year without adequate follow up to dispose of the checks. These old outstanding checks create additional and unnecessary record-keeping responsibilities. Outstanding checks should be periodically reviewed to determine if the payees can be readily

located and if there is a need to reissue the checks. Various statutory provisions including Sections 447.500 through 447.995, RSMo, provide for the disposition of unclaimed monies.

- D. The Sheriff does not adequately monitor commissions received from a company it contracts with to provide telephone services to inmates. According to the contract, the Sheriff is to receive a commission at the rate of 35 percent of the company's net revenue. However, the Sheriff has not requested, nor does he receive, adequate information on the commission remittance advices to enable verification of the propriety of the commission. As a result, the Sheriff cannot be certain as to the propriety of the commissions he receives under the contract. Contractual agreements should be monitored to ensure the county is receiving proper consideration under the contract.

WE RECOMMEND the Sheriff:

- A.1. Require prenumbered receipt slips be issued for all monies received and the numerical sequence of those receipt slips be accounted for properly. In addition, the Sheriff should ensure the composition of receipt slips is reconciled to deposits. Further, the Sheriff should post all receipts to the cash control ledger on a timely basis.
- 2. Deposit all monies intact on a timely basis and restrictively endorse checks and money orders immediately upon receipt.
- B. Identify and appropriately distribute the balance remaining in the checking account. Any unidentified monies remaining in the account should be disposed of in accordance with state law.
- C. Reissue old outstanding checks to any payees who can be located. If the payees cannot be located, the monies should be disposed of through the applicable statutory provisions. In addition, the Sheriff should develop procedures to periodically follow up on outstanding checks so the checks can be disbursed in a timely manner.
- D. Establish procedures to ensure proper monitoring of commissions on the telephone services contract.

AUDITEE'S RESPONSE

The Sheriff indicated:

- A. *These recommendations were implemented shortly after the auditors first communicated their recommendations.*
- B. *The unidentified monies have been identified and disposed of.*

- C. *Effective July 26, 2006, all monies have been turned over to the Adair County Treasurer and reported as "unclaimed money" to be forwarded on to the State of Missouri.*
- D. *The contractor has provided a new contract in more understandable contractual language and the monthly commissions are now being monitored to ensure we are receiving the proper amount.*

9.	Prosecuting Attorney's Accounting Controls and Procedures
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The Prosecuting Attorney cannot reconcile his electronic accounting system to his check register because no cash balance is maintained on the electronic accounting system. In addition, there were errors in the disbursement totals.

The Prosecuting Attorney processes approximately \$207,000 annually in bad check restitution and fees, court ordered restitution, and delinquent tax payments. The Prosecuting Attorney uses an electronic accounting system which does not provide information regarding cash balances. However, the Prosecuting Attorney does maintain a manual check register in which cash balances are maintained and reconciled with bank balances.

During our review of system reports, we noted mathematical errors in the disbursement totals provided by the system. When brought to the attention of the Prosecuting Attorney's staff, they indicated they were aware of this and had brought it to the attention of their programmer; however, this situation has yet to be corrected.

Allowing this problem to remain uncorrected has resulted in differences between cash balances per the manual check register and cash balances calculated from electronic system information. While in some instances checks issued had been manually voided, but not voided in the electronic system, other differences remain unexplained and appear simply due to erroneous totals provided by the system. For example, the Prosecuting Attorney's year-end cash balances in the check register and as calculated from electronic system information differed as follows:

<u>Cash balance per:</u>	<u>December 31, 2005</u>	<u>December 31, 2004</u>
Manual check register	\$ 23,346	3,872
Electronic system information	<u>18,662</u>	<u>1,724</u>
Difference	4,684	2,148

To improve accounting controls, the Prosecuting Attorney should establish and maintain a cash control balance within his electronic system and periodically reconcile its balance to the check register balance. Any differences noted should be promptly investigated and corrected. Further, the Prosecuting Attorney should ensure technical problems in his electronic accounting system are corrected.

WE RECOMMEND the Prosecuting Attorney establish and maintain a cash control balance within his electronic system and periodically reconcile its balance to the check register balance. Any differences noted should be promptly investigated and corrected. Further, the Prosecuting Attorney should ensure technical problems in his electronic accounting system are corrected.

AUDITEE'S RESPONSE

The Prosecuting Attorney indicated that the electronic system that was inherited by this current Prosecuting Attorney on January 1, 2003, did not have the capability to reconcile balances with a cash register until a February 2006 update was released. Based upon this fact, the Prosecuting Attorney's staff created the manual register that included all deposits, checks written and any adjustments made. This manual register is balanced to the bank statements on a monthly basis. Notice of the February 2006 update was finally given to the Prosecuting Attorney's staff on Monday, November 20, 2006 and installed on the office computer system on Tuesday, November 21, 2006. The Prosecuting Attorney's staff will receive training on this reconciliation process in December 2006, and will begin using it on January 1, 2007. Any differences between the manual check register and the electronic system will be identified on a monthly basis from this point forward.

The differences outlined in the audit between the manual check register and the electronic system have been identified by the Prosecuting Attorney's staff as deposits not made in the system, disbursements more than the system reflected, manual checks not taken out of the system, system payout of Court Ordered Restitution, system payout of bad checks more than the actual amount paid and miscellaneous adjustments that could not be made to the system. All monies except \$142 have been accounted for and it is speculated that this amount is made up of miscellaneous adjustments.

10. Recorder of Deeds' Accounting Controls and Procedures

The Recorder's procedures relating to utilization of equipment resources, processing of monies, and contracting with abstract companies are in need of improvement. The Recorder is not fully utilizing all capabilities of the county's document recording and indexing system and is not providing for the timely archiving and off-site backup of system records. The Recorder did not issue receipt slips for some monies received and did not account for the numerical sequence of receipt slips. In addition, copy monies are not recorded in a log. Written contracts do not exist to support agreements between the Recorder and local abstract companies and the rate charged to the abstract companies has not been evaluated to ensure it is sufficient to cover related costs.

During the two years ended December 31, 2005 and 2004, the Recorder of Deeds collected approximately \$147,000 annually for copies and recording marriage licenses, deeds, tax liens, and interest. In December 2003, the previously elected Recorder of Deeds passed away. A new Recorder was appointed in January 2004 and served through December 2004. The current Recorder was elected to complete the term and took office in January 2005.

- A. The Recorder is not fully utilizing all capabilities of the county's document recording and indexing system. The system contains accounting software; however, the Recorder does not use this software. The county entered into a lease purchase agreement in 2003 for computer hardware and software enabling the electronic recording and indexing of documents. Under the agreement, the county paid a one time fee of \$10,000 in 2003 and pays the contractor \$4.20 per recorded document for archival and system recovery services. As of April 2006, the county has paid a total of approximately \$35,900 in fees for archival and system recovery services.

To ensure the county is receiving full value for its investment in the recording and indexing system, the Recorder should fully utilize its capabilities, including the accounting capabilities. Using the electronic accounting system would improve the Recorder's accounting controls by providing the sequential assigning of receipt numbers. Currently, the Recorder does not issue prenumbered receipt slips for all monies received.

- B. The Recorder is not providing for the timely archiving and off-site backup of system records. In addition, the lack of timely archiving and off-site backup is not in compliance with contractual provisions allowing such activity to occur on a monthly basis.

As of April 2006, the last system archival and off-site backup performed by the Recorder covered records through May 2005. As a result, the Recorder is currently almost one year behind in obtaining adequate archival and system backup services. The Recorder indicated that the office has fallen behind because of the death of the Recorder who originally purchased the system and the turnover in officeholders and staff during the four year term.

Under the contract noted above in part A, the Recorder is to provide to the contractor tapes of system information enabling archival and off-site backup services to be provided by the contractor. While the Recorder does perform daily system backups, such backups are only stored on-site.

Backups of computer information provide a means of recreating destroyed data. Failure to store the computer backup disks off-site results in the backups being susceptible to the same damage as the original data on the computer. Backup disks should be maintained and stored off-site to provide increased assurance that any lost data can be recreated. In addition, backups should be sent to the contractor on a monthly basis to ensure compliance with contractual agreements.

- C. Prenumbered receipt slips are not issued for some monies received. Receipt slips are only issued for payments made in person and upon request. Also, the numerical sequence of receipt slips is not accounted for. In addition, the method of payment is not always noted on the receipt slip and the composition of receipt slips issued is not reconciled to the composition of deposits. As noted above in part A, the Recorder's electronic accounting system is capable of providing the sequential assigning of

receipt numbers; however, the Recorder is not using this feature of the system. Without issuing and accounting for prenumbered receipt slips for all monies collected, including the method of payment, the Recorder cannot ensure all monies collected are ultimately recorded and deposited.

- D. As noted in the prior audit, copy monies are not recorded upon receipt in a log, and therefore, the method of payment for copies is not recorded. In addition to collecting fees for recording documents, the Recorder of Deeds collects copy fees from abstract companies and the general public. When copy monies are received from abstract companies, a separate deposit is prepared. Copy monies received from the general public are held in a box until month-end. The Recorder collected copy monies totaling approximately \$1,700 and \$1,400 during the years ended December 31, 2005 and 2004, respectively.

Failure to record all monies received increases the risk that errors, loss, or misappropriation of funds will not be identified in a timely manner. In addition, Section 59.250, RSMo, requires the Recorder of Deeds to keep a full account of all fees of every kind received. Further, the method of payment should be indicated and reconciled to the composition of deposits.

- E. No written contracts exist between the Recorder and two local abstract companies. In addition, the rate charged to the abstract companies for copies has not been evaluated to ensure it covers the related costs of providing services.

The Recorder indicated that verbal agreements have been in place for at least 10 years whereby copies are provided to two local abstract companies for \$40 per month each. The two abstract companies each received approximately 600 copies in both January and February 2006 resulting in an average rate per copy of approximately six cents. This rate has not been evaluated by the Recorder and may not be sufficient for the county to cover its related costs of providing services. The rate charged to the general public is fifty cents per copy.

Prior to entering into written agreements with the abstract companies, the Recorder should review the reasonableness of the contractual rates and ensure the county receives fair consideration in exchange for its services. Further, Section 432.070, RSMo, states all contracts entered into by the county shall be in writing and shall be signed by each of the parties or their agents.

WE RECOMMEND the Recorder of Deeds:

- A. Implement usage of the accounting system capabilities of the county's document recording and indexing system.
- B. Ensure archival and off site system backup procedures are performed by submitting data tapes to the contractor on a monthly basis.

- C. Require prenumbered receipt slips be issued for all monies received and the numerical sequence of those receipt slips be accounted for properly. In addition, the Recorder should ensure the method of payment is recorded on the receipt slips and the composition of receipt slips is reconciled to deposits.
- D. Ensure that all fees and monies received by the office are properly recorded and the method of payment is documented.
- E. Review the propriety of the rate charged to abstract companies for copies and obtain written agreements with the abstract companies.

AUDITEE'S RESPONSE

The Recorder of Deeds indicated:

GENERAL RESPONSE:

The previously elected Recorder passed away in December 2003. He had been looking into a new recording system for a year or so, and had finally gotten it installed in September 2003. It took the computer company (ASC) longer than anticipated to install the system and, therefore, shortened the allotted time scheduled for training. We had a couple of days for training on this new system. This was also during one of the busiest times we had ever had and we were behind on their indexing when this system was installed.

After the first of the year in 2004, a new Recorder was appointed. In November 2004, I won the special election and took office in January 2005. We have had three recorders during this current four year term. We have also had staff changes and have been short staffed during this time.

We have had an extremely unusual turn of events during this past four years that I feel have contributed to the reasons for some of the issues you have with our office. While we have been able to catch up on areas of work that were getting ahead of us, we still have a backlog of work to do. This is a result of the changes in office holder and staff and lack of proper initial training. The personnel changes and the election situation we had to go through really made it impossible to ask our computer company to keep sending trainers to us until we knew how everything was going to turn out.

Our lack of utilizing our computer resources is a direct result of the history I've tried to give you. It is no one's fault, but a hazard due to the unfortunate circumstances that began when Mr. Murrell passed away just as we were trying to begin this new system.

It is my first concern to get this work completed. This will satisfy several areas of concern between us and ACS, and the archival and backup issues. After this problem had been taken care of, I am intending to look at some other computer systems to see if there is one that has an accounting system that "fits our format" rather than making us "fit theirs". We have never been able to get the accounting area quite right, which also affects our reports.

I am very aware of issues that need attention. The situation we have is one that cannot be solved immediately. It did not occur overnight and cannot be remedied overnight. It may take this entire term to get us to the place we need to be. Be assured that we will work toward that end.

Each of the recommendations made by the Missouri State Auditor's Office have been followed and implemented at this time:

- A. As explained to the auditing staff and above, we are aware that we are not utilizing the full potential of our current recording and indexing system. We had very little training at the time of installation, and our hope is to secure adequate training from the company, as well as internal adjustments for our accounting portion for this system, so that we can fully use this system.*
- B. Because we have had three recorders in a four year term, special election, staff shortage and changes and then training during some of the busiest years we've had in this office is the reason that we have not been able to submit data on a monthly basis as we are supposed to. This is the area of most importance to rectify and one that takes priority over anything else.*
- C. The recording portion of our system does issue numbered receipts at the time of recording. The receipt lists the type of document, recording information, how document was paid, etc. However, we do not keep the individual receipts after we balance at the end of each day. There are two reports to reflect this. When asked about this initially, we were not sure how to generate this report. Again, additional training will rectify this in the future.*
- D. Copy money has been an issue for many years. We have a small office, and as previously noted by the Auditor's Office concerning our backlog of work, we do not have the time to issue receipts for every copy made, nor stop and write in a log of each copy made. If the copy money generated was a huge amount, we might need to look into it more; however, if it continues to be too much of a problem, we will cease charging for the copies altogether.*
- E. In regard to the abstractor's copy charges, I am aware that a new agreement needs to be made, and with our current system we have the ability to burn CD's rather than continue with making hard copies. This is something I intend to look into as time permits; however, as previously stated, my first priority is to get back work completed.*

11. Circuit Court Accounting Controls and Procedures

The Circuit Court's procedures relating to processing of monies, following up on old outstanding checks, and accrued costs are in need of improvement. Monies received are not always deposited in a timely manner, approximately \$496 in outstanding checks from the civil account have been held for over a year, and accrued costs have not been billed in a timely manner.

The Circuit Court processes approximately \$350,000 annually in civil and criminal case fees, fines, and bonds.

- A. Monies received are not always deposited in a timely manner. Monies are normally collected each business day, but deposits are normally made only two times per week. A cash count performed on April 20, 2006 showed approximately \$520 in cash of undeposited collections which had been received on April 18, 2006 and not included in the deposit of April 19, 2006. This occurred because the Circuit Clerk did not account for all receipt numbers issued since the previous deposit and did not note that one clerk had not submitted their monies collected for inclusion on the deposit on April 18, 2006. Also, checks and money orders are not restrictively endorsed immediately upon receipt.

To adequately reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt and deposits should be made intact on a timely basis. In addition, receipt numbers issued since the previous deposit should be accounted for. Further, deposits should be more frequent if significant amounts of cash are collected.

- B. At the time of our review, the Circuit Clerk's Office had approximately \$496 in outstanding checks from the civil account that had been held for over a year without adequate follow up to dispose of the checks. These old outstanding checks create additional and unnecessary record-keeping responsibilities. Outstanding checks should be periodically reviewed to determine if the payees can be readily located and if there is a need to reissue the checks. Various statutory provisions including Sections 447.500 through 447.995, RSMo, provide for the disposition of unclaimed monies.
- C. Accrued costs have not been billed on a timely basis and may result in lost revenue to the county. Section 221.105, RSMo, allows for the reimbursement of certain costs in criminal cases where the state has been rendered liable. As of April 2006, the Circuit Clerk's last billing to the state was in July 2005 for cases from January and February 2005. There are currently approximately 23 cases over a year old. In order to prevent a possible loss in revenue, accrued costs should be billed to the state on a timely basis.

By September 2006, the Circuit Clerk submitted billings to the state totaling approximately \$91,000 and apparently became current with billing accrued costs.

WE RECOMMEND the Circuit Court:

- A. Deposit all monies intact on a timely basis, account for the numerical sequence of receipt slips, and restrictively endorse checks and money orders immediately upon receipt.
- B. Reissue old outstanding checks to any payees who can be located. If the payees cannot be located, the monies should be disposed of through the applicable statutory

provisions. In addition, the Circuit Court should develop procedures to periodically follow up on outstanding checks so the checks can be disbursed in a timely manner.

- C. Prepare billings for accrued costs on a timely basis.

AUDITEE'S RESPONSE

The Circuit Clerk indicated:

- A. *We will make it a goal to deposit daily and account for the numerical sequence of receipt slips, as time allows. Currently, all clerks have a stamp for restrictive endorsement and thus, this is implemented.*
- B. *This will be implemented by December 2006.*
- C. *This is currently implemented.*

12. Associate Court Accounting Controls and Procedures

Accounting duties have not been adequately segregated in the Associate Court. The Associate Court processes approximately \$600,000 annually in civil and criminal case fees, fines, and bonds.

Accounting duties have not been adequately segregated in the Associate Court. Individual deputy clerks collect monies, record transactions, prepare deposits, and prepare bank reconciliations. There are no documented reviews of the accounting records performed by the Associate Judge on a monthly basis. However, the Associate Circuit Judge does review annual receipt and disbursement data when compiling required annual reports and also reviews old outstanding checks.

Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

WE RECOMMEND the Associate Circuit Court segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.

AUDITEE'S RESPONSE

The Associate Circuit Judge indicated accounting duties have been segregated in the Associate Court. Since the implementation of the Justice Information System (JIS) in Adair County, there has only been one account for the Associate Court. It was the suggestion of the Office of State Courts Administrator in JIS training that one clerk be responsible for handling the accounting procedures. In most counties, not all of the clerks even receive training from the state in JIS accounting

procedures. Because we are a small office and there's no way to assure that a specific clerk would always be in the office at the end of the month to close the books, all Associate Circuit Clerks and the Associate Judge received training in JIS accounting. These duties have been rotated monthly between clerks so that more than one clerk had the opportunity to use the accounting training to finish the monthly reports. This is necessary in case a clerk is on sick leave, on vacation, or otherwise absent at the end of the month. During this audit, the Auditor's Office recommended that the Associate Judge perform a monthly supervisory review of the records and document the same. This recommendation has been implemented and all accounting records have been reviewed monthly by the Associate Judge since the time of the recommendation in March 2006.

13. Health Center Accounting Controls and Procedures

Health Center procedures related to budgets are in need of improvement. Some receipts and disbursements were not properly classified in the Health Center's budgets and the Health Center's budget document did not adequately project the anticipated financial position for the Health Center Fund. Some disbursements were not approved by the board prior to payment. In addition, collateral securities were not pledged by one of the Health Center's depository banks for deposits in excess of the Federal Deposit Insurance Corporation (FDIC) coverage.

- A. Some receipts and disbursements were not appropriately classified in the Health Center's budgets. Budget misclassifications included inconsistent and erroneous classifications of receipts and transfers. For example, some monies received relating to services rendered were classified in the Other Revenues category rather than the Charges for Services category. As such monies are a significant source of revenue to the Health Center, they should be appropriately classified in the Health Center's financial statements. In addition, the Health Center's budgets did not properly reflect transfers out totaling \$7,811 and \$70,708 to the Self Funded Health Insurance Fund for 2005 and 2004, respectively. These amounts were erroneously reflected as salaries instead of transfers out.

Further, Health Center budgets also included inaccurate classifications of budgeted and actual disbursements. For example, the 2005 Health Center Fund budget erroneously reflected in the Salary Expenditure category disbursements for Family Planning, Healthy Children and Youth, and Vital Records totaling approximately \$21,000. These disbursements are more appropriately classified in the Medical Supplies category.

While these budget misclassifications do not have an effect on the overall accuracy of budget totals for receipts and disbursements, they do result in an inaccurate and inconsistent presentation of the Health Center's financial activity.

Adjustments have been made to the audited financial statements to correct these errors. To ensure the information presented on the Health Center's budget documents is complete and accurate, the Health Center Board of Trustees should perform

thorough reviews and comparisons to supporting records. Such procedures are essential for communicating accurate financial data to county residents. Further, the Health Center's budgets should include appropriate classifications of receipts and disbursements to ensure the Health Center's financial information is properly presented and to increase the effectiveness of the budget as a management tool.

- B. As noted in the prior audit report, the Health Center's budget preparation procedures do not ensure that the budget documents reasonably reflect the Health Center's anticipated financial activity and cash balances, and lessen the effectiveness of the budget as a tool for monitoring or controlling Health Center disbursements. Budget documents do not reasonably reflect the anticipated receipts, disbursements, and the ending cash balances of the Health Center Fund. The budgets significantly underestimated receipts, overestimated disbursements, and as a result, the actual ending cash balances were much higher than the projected ending cash balances as follows:

	<u>2005</u>	<u>2004</u>
Budgeted Receipts	\$ 1,115,685	891,268
Actual Receipts	<u>1,477,956</u>	<u>1,332,940</u>
Amount Receipts Underestimated	<u>362,271</u>	<u>441,672</u>
 Budgeted Disbursements	 1,927,805	 1,614,600
Actual Disbursements	<u>1,353,966</u>	<u>1,236,341</u>
Amount Disbursements Overestimated	<u>573,839</u>	<u>378,259</u>
 Budgeted Cash Balance	 -0-	 -0-
Actual Cash Balance	<u>943,921</u>	<u>819,931</u>
Amount Cash Balance Underestimated	<u>943,921</u>	<u>819,931</u>

The Health Center Administrator indicated the Health Center's Board of Trustees is accumulating a cash reserve in an attempt to allow for possible, but not specifically identified, contingencies. While it appears the Health Center Board's intent is to keep sufficient reserves, the current budgets do not effectively inform county residents of this intent. Such intent would be more properly communicated to county residents through a formal reserve of the cash balance.

Realistic projections of the Health Center's anticipated resources and uses of funds are essential for the efficient management of Health Center finances and for communicating accurate financial data to county residents. Unrealistically projecting the Health Center's anticipated disbursements is misleading to the public and prevents an accurate estimate of the Health Center's anticipated financial condition. Further, prudent fiscal management of Health Center funds should include setting aside reasonable, but not excessive, amounts of operating reserves to be used in future years or to be available for emergencies.

- C. Board disbursement approval procedures are limited to the Board Chairman's initials on the invoice and two signatures on a check. Board minutes do not identify the

disbursements approved by the board at the monthly meetings. In addition, the Board does not document their review of supporting documentation related to payroll disbursements monthly. Although a payroll register is printed monthly summarizing these disbursements, the Board of Directors does not document their review and approval of payroll by signing this register. Board approval of payroll is merely indicated by signature on payroll checks.

Without documentation of approval, there is no assurance any board member has adequately reviewed the disbursement and supporting documentation for propriety. Section 205.042, RSMo, requires Board approval of disbursements. The Board should establish procedures to ensure the review and approval of all disbursements and the related supporting documentation.

- D. Collateral securities were not pledged by one of the Health Center's depository banks for deposits in excess of the Federal Deposit Insurance Corporation (FDIC) coverage. The Health Center Administrator did not monitor the bank balance at one of their banks to ensure sufficient collateral securities were pledged when the balance exceeded \$100,000. In December 2005 and 2004, the Health Center's bank balance exceeded FDIC coverage by approximately \$17,000 and \$39,000, respectively.

Section 110.020, RSMo, requires the value of securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave county funds unsecured and subject to loss in the event of bank failure.

WE RECOMMEND the Health Center Board of Trustees:

- A. Ensure all significant receipts, disbursements, and transfers are accurately and consistently reported in the Health Center budget documents.
- B. Ensure more accurate estimates are used in the budget document to more accurately reflect the Health Center's financial position. If the Board desires to build up reserves for future specific needs, this information should be documented in the budget.
- C. Ensure the board's approval is properly documented on disbursement records, and that the listing is retained. In addition, the Board should ensure it performs adequate reviews of all disbursements and the supporting documentation.
- D. Ensure collateral securities are pledged for all deposits in excess of FDIC coverage.

AUDITEE'S RESPONSE

The Health Center Administrator indicated:

- A. *This will be implemented on the 2007 budget.*

B. *We will try to present more reasonable estimates on future budgets.*

C&D. *These have been implemented.*

14. Health Center Personnel Policies and Procedures

The Health Center paid the Health Center Administrator's daughter \$17,180 and \$19,000 in the years ended December 31, 2005 and 2004, respectively, for Nurse Practitioner services. The Health Center has established policies for earning sick leave, annual leave and overtime/compensatory time; however, the Health Center is not always complying with various policies. In addition, the Health Center's policy for meal reimbursement is not in compliance with IRS regulations.

- A. The Health Center paid the Health Center Administrator's daughter approximately \$50/hour, totaling approximately \$17,180 and \$19,000 for the years ended December 31, 2005 and 2004, respectively, for Nurse Practitioner services. Requests for proposals were not solicited or advertised by the Health Center for these Nurse Practitioner services and the contract was signed only by the Health Center Administrator. The Health Center Administrator indicated that it was very difficult to find someone willing to provide this service for one day per week. Transactions between the Health Center and parties related to Health Center personnel give the appearance of a conflict of interest. Therefore, the Health Center should ensure proper procurement procedures are followed and documented in these situations.

In addition, Section 50.660, RSMo, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Payments to the Nurse Practitioner exceeded this threshold five of the eight quarters audited. Bidding procedures for major purchases provide a framework for the economical management of Health Department resources and help assure the Board of Trustees that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in Health Center business.

- B. The Health Center is not following procedures as stated in the current personnel policy when determining sick leave, annual leave, and overtime/ compensatory time pertaining to the Health Center Administrator. The Health Center Administrator has been employed with the Health Center for more than fifteen years, and had accrued approximately 2,841 hours of sick leave, 2,334 hours of annual leave, and 49 hours of compensatory time as of December 31, 2005.

According to the Health Center's policy, sick leave is earned at a rate of ten hours per month, regardless of length of services, with no limit on the maximum number of hours which can be accrued. Upon termination of employment, an employee will be paid for accrued sick leave at the rate of \$10 per day (8 hours) up to a 100 day (800

hours), or \$1,000 maximum payment. The monthly number of annual leave hours earned and the maximum number of hours that can be accrued is based on the length of service and number of hours worked during the month. Employees with fifteen or more years of service are allowed to accrue a maximum of 336 hours of annual leave. The policy specifically states that monthly, unused annual leave which exceeds the accrued maximum will lapse. Further, the Health Center's personnel policy outlines three overtime categories and classifies each of its employees into one of the categories. The policy classifies the Administrator into category 0 and states "Employees in overtime category 0 do not receive overtime compensation". During 2005, the Administrator charged approximately 210 hours off against her accumulated compensatory time and zero hours off against her accumulated annual leave. Continuing to allow the Administrator to charge time off against compensatory time could result in a significant overstatement of her accumulated annual leave, and thus may result in an overpayment to the Administrator for accumulated annual leave at the time employment ceases.

Adherence to the Health Center's personnel policy regarding overtime/compensatory time is necessary to ensure compliance with the FLSA and to ensure the equitable treatment of all employees.

- C. The Health Center reimburses meal expenses for employees who travel outside of the county or attend business luncheons. Employees are not required to be on travel status for more than 12 hours to receive meal reimbursements and the Health Center does not track these reimbursements separately to be reported as taxable income.

According to Internal Revenue Service (IRS) Publication 463, Travel, Entertainment, Gift, and Car Expenses, the cost of business meals that does not involve overnight travel or travel long enough for the employees to stop for sleep or rest to properly perform their duties is a personal expense and, therefore, is not deductible as a business expense. Also, if employers reimburse employees for these business meals, federal regulations require employers to report the amount reimbursed as taxable income to the employees.

WE RECOMMEND the Health Center Board of Trustees:

- A. Review related party transactions for propriety, and in the future, avoid transactions that have the appearance of a conflict of interest. In addition, the Board of Trustees should solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official board minutes should reflect the necessitating circumstances.
- B. Ensure the Health Center's personnel policy is followed when determining sick, annual, and overtime/compensatory time.
- C. Establish a policy in compliance with IRS regulations relating to travel.

AUDITEE'S RESPONSE

The Health Center Administrator indicated:

- A. We recently advertised for Nurse Practitioner services and received no response from an interested party. We will solicit bids for all purchases in accordance with state law.*
- B. The Health Center Administrator is no longer earning comp time and has adjusted her annual and sick leave balances to account for comp time taken off during 2004 and 2005.*
- C. This has been implemented.*

Follow-Up on Prior Audit Findings

ADAIR COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Adair County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2001.

Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Financial Condition

Although the General Revenue Fund cash balance at December 31, 2001, had increased approximately \$322,000 since December 31, 1999, the county estimated it would deplete approximately \$214,000 of the cash balance during the year ended December 31, 2002, with increased obligations which were likely to be recurring.

Recommendation:

The County Commission closely monitor the county's financial condition and budget as effectively as possible.

Status:

Implemented. The County Commission has monitored the financial condition and budget of the General Revenue Fund as cash balances have stabilized at approximately \$250,000. The cash balances of the General Revenue Fund were approximately \$292,000 and \$234,000 at December 31, 2005 and 2004, respectively. The county's 2006 budget reflects an ending cash balance for the General Revenue Fund of approximately \$246,000.

2. County Officials' Compensation

Salaries for most elected county officials increased significantly in January 1998. Mid-term raises were in effect granted to county elected officials. The raises ranged from \$5,500 to \$12,000. Some offices began a new term in 1999 and the salary increase for those officials was in question for only one year.

Based on a Supreme Court decision on May 15, 2001, the raises given to the Associate County Commissioners, totaling approximately \$21,180 for the three years ended December 31, 2000, should be repaid and raises given to other officials within their term of office should be re-evaluated for propriety.

Recommendation:

The County Commission review the impact of this court decision and develop a plan for obtaining repayment of any salary overpayments.

Status:

Not implemented. Although their decision could not be located in the minutes, the County Commission indicated that they decided not to pursue this matter because they believed there to be a change in the law and they had been informed by the Missouri Association of Counties that they need not pursue collection. Although not repeated in the current MAR, our recommendation remains as stated above.

3. County Expenditures

- A. Billing statements were not always reconciled to invoices prior to payment nor did the County Clerk's office check the expenditure system to ensure payment had not already been made.
- B. Adequate documentation was not required by the County Commission prior to approving expenditures.

Recommendation:

The County Commission and County Clerk:

- A. Ensure payments and billing statements are supported by original invoices.
- B. Ensure adequate documentation is obtained and reviewed prior to payment.

Status:

- A. Implemented.
- B. Not implemented. See MAR finding number 4.

4. Budgetary Practices

- A. The County Commission did not adequately monitor the status of budgeted expenditure categories.
- B. Deficiencies were noted in the information presented in the budgets prepared by the County Clerk and approved by the County Commission.
- C. The 2002 and 2001 budget documents submitted to the State Auditor's office did not include a budget message prepared by the County Clerk.

Recommendation:

- A. The County Commission adequately monitor the status of budgetary categories and investigate unusual variances.
- B. The County Commission ensure that all financial information is presented in a complete and accurate manner.
- C. The County Clerk prepare a budget message to include in the consolidated budget which outlines the county's fiscal policy and describes important features of the budget, as well as information regarding significant future plans.

Status:

A&C. Implemented.

B. Not implemented. See MAR finding number 3.

5. Self-Funded Health Insurance Plan

A formal cost/benefit analysis was not performed comparing the benefits and costs of a self-funded insurance plan compared to a conventional plan, the Self-Funded Insurance Fund was not sufficiently funded, the plan was renewed for a second year without soliciting bids for other coverage, and the amount budgeted for claims during 2002 did not consider the potential liability increase to the county.

Recommendation:

The County Commission reevaluate the Self-Funded Health Insurance Plan and consider the potential financial impact on the county's resources. If, after performing a cost benefit analysis, it is determined that a Self Funded Health Insurance Plan is cost effective, the County Commission should ensure that the Self Funded Health Insurance Fund is sufficiently funded and budgeted to cover the costs of premiums, fees, and claims and to consider the cash flow requirements of payments and related reimbursements.

Status:

Partially implemented. While the county performed no cost benefit analysis, the fund was sufficiently funded and budgeted to cover costs during the two years ended December 31, 2005. Currently, the County Commission is reviewing other options for the county's insurance, including a consortium along with other counties, and whether the county can improve the financial impact on its resources. The County Commission should continue reviewing options for its insurance and make appropriate decisions for the benefit of the county's financial condition.

6. General Fixed Asset Records and Procedures

- A. The County Clerk did not periodically reconcile equipment purchases with additions to the fixed asset records and did not prepare a summary of changes in general fixed assets at each year-end reconciling beginning balances, additions, and deletions. In addition, property tags were not placed upon some general fixed asset items.
- B. Vehicle logs were not maintained in some county-owned vehicles.

Recommendation:

- A. The County Clerk reconcile equipment purchases to the fixed asset records and record all property items costing in excess of \$250. A summary of beginning balances, additions, and deletions of general fixed assets should be prepared at each year-end. Property control tags should be affixed to all fixed assets immediately upon receipt.
- B. The County Commission ensure usage logs are maintained for all county vehicles.

Status:

- A. Partially implemented. Property tags are now affixed to county fixed assets and all material property items appear to be recorded in the records. While the County Clerk does not reconcile equipment purchases to the fixed asset records or prepare a summary of beginning balances, additions, and deletions of general fixed assets, procedures are in place for updating the records when assets are purchased. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented.

7. Personnel Policies and Procedures

- A. Not all departments were preparing and submitting time sheets to the County Clerk on a timely basis.
- B. The County Clerk did not maintain detailed records of vacation or sick leave earned, taken, or accumulated.

Recommendation:

The County Commission:

- A. Require all county employees to complete time sheets which report actual hours worked. The records should be prepared by employees, approved by the applicable supervisor, and filed with the County Clerk.
- B. Ensure a balance of leave accumulated and taken for each employee is maintained by the County Clerk.

Status:

- A. Partially implemented. Time sheets for the Sheriff's department are not being submitted on a timely basis. See MAR finding number 5.
- B. Implemented.

8. Property Tax Controls

- A. The County Clerk did not prepare the current or back tax books. Further, the County Clerk did not verify the current and back tax books for accuracy.
- B. The County Clerk did not maintain an account book with the County Collector.
- C. Controls over property tax additions and abatements were not adequate.
- D. The County Collector and the county contracted to collect taxes on behalf of various cities in the county. The contracts provided for the County Collector to receive a penalty on delinquent taxes as prescribed by law; however, there was no city ordinance in the City of Kirksville authorizing the penalty collected on delinquent taxes.

Recommendation:

- A. The County Clerk prepare the current and back tax books or at least perform an adequate verification of the accuracy of the tax books and document such verification.
- B. The County Clerk maintain an account book with the County Collector in accordance with statutes.
- C. The County Commission revise the addition/abatement process so that the County Collector does not have the capability to make changes to property tax data or ensure that independent comparisons of these changes to tax data files are performed along with a subsequent verification with the County Collector's annual settlement.

- D. The County Commission and the County Collector ensure the penalties on city taxes are collected and distributed in accordance with state law and city ordinances or resolutions.

Status:

A&C. Not implemented. See MAR finding number 7.

- B. Partially implemented. The County Clerk currently maintains an account book with the County Collector; however, the account book does not include all necessary information. See MAR finding number 7.

- D. Implemented.

9. Recorder of Deeds' Records and Procedures

- A. The Recorder of Deeds over distributed approximately \$18,600 in fees to the County Treasurer during the four years ended December 31, 2001, resulting in a shortage in the official bank account.
- B. Copy monies and interest received were not recorded in the fee book.
- C. Monthly bank reconciliations were not performed and a checkbook balance was not maintained.
- D. Accounting and bookkeeping duties were not adequately segregated.
- E. The Recorder of Deeds did not deposit receipts intact.

Recommendation:

The Recorder of Deeds:

- A. Ensure monthly distributions of fees are accurately calculated and distributed.
- B. Ensure that all fees and monies received by the office are properly recorded in the fee book.
- C. Maintain a balance in the check register and prepare monthly bank reconciliations. In addition, the Recorder of Deeds should determine the actual amounts due from and/or to county funds and make the appropriate adjustments.
- D. Adequately segregate accounting and bookkeeping duties to the extent possible. At minimum, the Recorder of Deeds should perform documented reviews of the work performed.

E. Deposit all monies received intact and issue checks for all refunds.

Status:

A. Implemented. In addition, monthly distributions were withheld from the General Revenue Fund through June, 2003, at which time the situation was corrected and the account was in balance.

B. Not implemented. See MAR finding number 10.

C., D

&E. Implemented.

10. Prosecuting Attorney's Plea Bargain Controls and Procedures

For some cases in which the Prosecuting Attorney entered into plea bargains, he required the defendant to make a "donation" as a condition of the plea bargain. Other concerns were noted with the distribution of the donations, the manner in which the amounts of the donations were determined, and the donation records maintained.

Recommendation:

The Prosecuting Attorney and Associate Circuit Judge determine whether requiring donations as part of a plea bargain is acceptable. If this practice is continued the Prosecuting Attorney and Associate Circuit Judge should reevaluate the distribution of these funds. In addition, guidelines for determining donation amounts should be established and a complete and accurate record of all donations should be maintained.

Status:

Implemented. The current Prosecuting Attorney does not require defendants to make "donations" as a condition of plea bargains.

11. Prosecuting Attorney's Controls and Procedures

A. Accounting and bookkeeping duties were not adequately segregated.

B. Monthly bank reconciliations had not been performed for the bank accounts maintained by the Prosecuting Attorney since he took office in January 1999. In addition, checkbook balances were not maintained.

C. Monthly listings of open items (liabilities) were not prepared and, consequently, liabilities were not reconciled with cash balances.

- D. Although receipt slips were issued for all monies received, rediform receipts slips were issued rather than official, pre-numbered receipt slips.
- E. Money orders and cashier's checks that are payable to the Prosecuting Attorney were not restrictively endorsed immediately upon receipt.
- F. The Prosecuting Attorney and his employees who handle monies were not bonded.

Recommendation:

The Prosecuting Attorney:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should perform documented reviews of the work performed.
- B. Maintain a balance in the check register and prepare monthly bank reconciliations.
- C. Prepare a listing of open items on a monthly basis and reconcile the listing to bank and book balances.
- D. Obtain and issue official pre-numbered receipt slips for all monies received.
- E. Restrictively endorse all money orders and cashier's checks received immediately upon receipt. In addition, monies should be deposited daily or when accumulated receipts exceed \$100.
- F. Acquire a bond for all employees handling assets.

Status:

A-F. Implemented.

12. Sheriff's Records and Procedures

- A. With the exception of the inmate monies, the Sheriff did not issue official prenumbered receipt slips for monies received, but instead issued rediform receipts. In addition, the method of payment received (cash, check, or money order) was not indicated on receipt slips issued.
- B. Checks and money orders received were not restrictively endorsed immediately upon receipt.
- C. Receipts were not deposited on a timely basis.
- D. Receipts were not posted to the cash control ledger on a timely basis.

Recommendation:

The Sheriff:

- A. Issue official prenumbered receipt slips for all monies received and account for the numerical sequence on a monthly basis. The method of payment received should be indicated on all receipt slips and the composition of receipts slips should be reconciled to the composition of bank deposits.
- B. Restrictively endorse checks and money orders immediately upon receipt.
- C. Deposit receipts daily or when accumulated receipts exceed \$100.
- D. Post all receipts to the cash control ledger on a timely basis.

Status:

A-D. Not implemented. See MAR finding number 8.

13. Health Center Procedures

- A. Monies received by the health center were not deposited timely.
- B. The approved budget documents did not adequately project the anticipated balances of the Health Center Fund for two years ended December 31, 2001.

Recommendation:

The Health Center Board of Trustees:

- A. Deposit all monies received daily or when receipts exceed \$100.
- B. Ensure a more reasonable estimate of the health center's financial position is presented on the budget document.

Status:

- A. Not implemented. Currently, deposits are made approximately every other day. Although not repeated in the current MAR, our recommendation remains as stated above.

B. Not implemented. See MAR finding number 13.

STATISTICAL SECTION

History, Organization, and
Statistical Information

ADAIR COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1841, the county of Adair was named after General John Adair, Governor of Kentucky. Adair County is a county-organized, third-class county and is part of the Second Judicial Circuit. The county seat is Kirksville.

Adair County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 678 miles of county roads and 260 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 24,870 in 1980 and 24,977 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2005	2004	2003	2002	1985* 1980**
		(in millions)				
Real estate	\$	146.9	143.3	144.1	137.8	86.4 46.4
Personal property		52.3	46.5	50.8	51.4	16.5 11.7
Railroad and utilities		22.6	21.8	20.5	21.4	23.7 11.1
Total	\$	221.8	211.6	215.4	210.6	126.6 69.2

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Adair County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2005	2004	2003	2002
General Revenue Fund	\$	.0000	.0000	.0000	.0000
Special Road and Bridge Fund		.2600	.2600	.2600	.2604
Health Center Fund		.2000	.2000	.2000	.2000
Senate Bill 40 Board Fund		.1500	*	*	*

* The first year for this tax was 2005.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),			
		2006	2005	2004	2003
State of Missouri	\$	65,606	63,134	63,669	63,182
General Revenue Fund		4,212	3,638	3,711	3,790
Special Road and Bridge Fund		564,792	543,522	549,606	545,337
Assessment Fund		161,083	153,191	120,449	118,737
Health Center Fund		427,920	411,817	416,372	413,135
Senate Bill 40 Board Fund		306,118	0	0	0
School districts		8,950,407	8,646,994	8,523,232	8,370,181
Library district		318,078	306,117	309,479	307,075
Ambulance district		429,760	413,583	418,172	414,919
Nursing Home Districts		323,792	311,563	314,908	312,551
Advertising		287	1,203	759	226
Overplus Tax Fund		322	179	5,819	0
Tax Maintenance Fund		14,542	14,920	14,078	5,277
Cities		1,297,744	1,438,310	1,298,362	1,288,153
County Clerk		1,556	2,558	2,415	3,061
County Employees' Retirement		40,696	41,215	36,387	38,283
Commissions and fees:					
County Collector		19,243	21,481	20,373	19,402
General Revenue Fund		194,230	185,086	181,243	178,465
Total	\$	13,120,388	12,558,511	12,279,034	12,081,774

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2006	2005	2004	2003	
Real estate	97	97	97	97	%
Personal property	96	95	94	94	
Railroad and utilities	93	100	100	100	

Adair County also has the following sales taxes; rates are per \$1 of retail sales:

		Rate	Expiration Date	Required Property Tax Reduction	
General	\$	.0050	None	50	%
Law enforcement services and expansion of the detention center		.0050	*	None	

- * A portion of this tax rate, .0025, will expire September 30, 2012, or upon the retirement of the debt incurred for the planning, design, and construction of the new Adair County Detention Center, whichever shall first occur.

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2006	2005	2004	2003	2002
County-Paid Officials:	\$				
Gary W. Jones, Presiding Commissioner		29,390	29,390	29,390	29,390
Sid Osborn, Associate Commissioner		27,390	27,390	27,390	27,390
E. Gene Schneider, Associate Commissioner		27,390			
Ray Klinginsmith, Associate Commissioner			27,390	27,390	27,390
Pat Shoush, Recorder of Deeds		41,500			
Charles E. Cooper, Recorder of Deeds			38,520		
Bill Murrell, Recorder of Deeds				41,500	41,500
James D. Lymer, County Clerk		20,091			
Jon E. Cook, County Clerk		21,491	41,500	41,500	41,500
Mark L. Williams, Prosecuting Attorney		96,000	96,000	96,000	
Tom Hensley, Prosecuting Attorney					51,000
Leonard Clark, Sheriff		46,000	46,000	46,000	46,000
Lori Smith, County Treasurer		41,500	41,500	41,500	30,710
Brian C. Noe, County Coroner		14,000	14,000	14,000	14,000
Jeannette Gregory, Public Administrator		41,500			
Joan Mayberry, Public Administrator			41,500	41,500	41,500
David O. Erwin, County Collector (1), year ended February 28	60,743	62,981	61,873	60,902	
Bob Giovannini, County Assessor (2), year ended August 31		42,188	42,265	42,400	42,400
Edward A. Cleaver, County Surveyor (3)					

(1) Includes \$19,243, \$21,481, \$20,373, and \$19,402 for the years ended February 28(29), 2006, 2005, 2004, and 2003, respectively, of commissions earned for collecting city property taxes.

(2) Includes \$688, \$765, \$900, and \$900, respectively, of annual compensation received from the state.

(3) Compensation on a fee basis.

State-Paid Officials:

Linda Decker, Circuit Clerk	48,500	47,850	47,300	47,300
Kristie Swaim, Associate Circuit Judge	96,000	96,000	92,000	
Joyce Otten, Associate Circuit Judge				96,000



Claire McCaskill

Missouri State Auditor

December 2006

Osage County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2006

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Oage, that do not have a county auditor. In addition to a financial audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

The county's General Revenue Fund continues to be in a weak financial condition as the cash balance has declined. The cash balance decreased from \$218,410 at January 1, 2004 to \$75,513 at December 31, 2005. The 2006 General Revenue Fund budget reflects an estimated cash balance of less than \$26,000 at December 31, 2006. The General Revenue Fund cannot continue to spend more than is received. The County Commission should continue to monitor the activity of the General Revenue Fund to ensure sufficient monies are available to fund county operations.

A formal cost analysis to account for costs associated with the purchase, renovations, and upkeep of the Knoerr Building has not been prepared. In June 2004, a lease purchase agreement totaling \$200,000 was entered into to purchase the Knoerr Building. Due to the county's weak financial condition, the agreement has been extended each year until the current extension to August 2007. Costs of \$29,000 have been incurred by the county for interest, asbestos removal costs, etc. In addition, in February 2005, the county received a price quote of \$240,000 regarding renovating the building. It is unclear how the county anticipated being able to purchase this building. A cost analysis should be performed to determine if the county can afford the building, pay any renovation costs, and pay for normal routine maintenance costs.

Formal budgets were not prepared for various county funds, and amendments were not filed with the State Auditor's office and were not always indicated on formal budgets, resulting in some deficit fund balances.

Problems with county personnel records and procedures have been noted in past audit reports; however, little or no improvement has been made and similar problems still exist. Time sheets are not submitted by some employees, the County Commission has not established written personnel policies regarding compensatory time and overtime for the Sheriff's Department employees, and the personnel manual has not been updated since 1991.

Capital asset records and procedures need improvement and vehicle usage logs were not maintained.

YELLOW SHEET

Monies received from the Missouri Department of Transportation for bridge replacement and rehabilitation expenditures under the Highway Planning and Construction Program are not disbursed within two days of receipt to contractors as required.

In the County Clerk's office, cash handling and receipts procedures are not adequate. Receipt slips are not issued for some monies received, the receipts ledger is not updated as monies are received, the method of payment is not always indicated on the receipt slips or receipts ledger, and monies received are not transmitted to the County Treasurer on a timely basis. Records were not sufficient to account for over one-third (404) of the plat books purchased by the county.

In the Associate Court's office, receipts were not deposited in a timely manner. This office has now been combined with the Circuit Court.

In the Sheriff's office, problems with records and procedures have been noted in past audit reports; however, little or no improvement has been made and similar problems still exist. Bank reconciliations are not documented and an open items listing is not prepared. Checks have been outstanding for a considerable amount of time, and monies are not deposited in a timely manner. In addition, adequate control over seized property has not been established, and the procedures related to monitoring of unpaid accrued costs from civil paper service are not adequate.

All reports are available on our Web site: www.auditor.mo.gov

OSAGE COUNTY, MISSOURI

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OSAGE COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

To the County Commission
and
Officeholders of Osage County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Osage County, Missouri, as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Osage County, Missouri, as of December 31, 2005 and 2004, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Osage County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2005 and 2004, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 13, 2006, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Osage County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 13, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Randall Gordon, CPA
In-Charge Auditor:	Joyce Thomson
Audit Staff:	Mark Golden
	Audrey Archuleta



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Osage County, Missouri

We have audited the financial statements of various funds of Osage County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 13, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Osage County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Osage County, Missouri, are free of material misstatement, we performed tests of the

county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Osage County, Missouri, and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 13, 2006 (fieldwork completion date)

Financial Statements

Exhibit A-1

OSAGE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2005

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 173,174	1,157,963	1,255,624	75,513
Special Road and Bridge	100,902	1,192,370	1,175,251	118,021
Assessment	341	192,911	173,288	19,964
911	158,465	526,346	553,167	131,644
Law Enforcement Training	4,993	2,114	3,042	4,065
Emergency Management	94,870	105,500	60,244	140,126
Prosecuting Attorney Training	529	531	480	580
Prosecuting Attorney Bad Check	13,706	8,403	2,909	19,200
Sheriff's Civil Fees	7,031	9,600	3,169	13,462
Recorders User Fees	22,102	8,921	7,376	23,647
Law Library	2,966	4,026	2,607	4,385
Circuit Clerk Interest	5,258	2,889	950	7,197
Family Court	3,005	2,563	3,948	1,620
Tax Maintenance	85	7,829	4,266	3,648
Prosecuting Attorney Delinquent Tax	0	51	0	51
Use Tax	23,765	387	0	24,152
Domestic Violence	1,523	573	0	2,096
Conceal and Carry	151	270	0	421
Election Service	7,930	803	0	8,733
Associate Circuit Division Interest	1,482	363	0	1,845
HAVA Elections	0	20,774	5,347	15,427
Total	\$ 622,278	3,245,187	3,251,668	615,797

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

OSAGE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 218,410	1,168,999	1,214,235	173,174
Special Road and Bridge	88,253	1,220,967	1,208,318	100,902
Assessment	0	135,627	135,286	341
911	191,458	571,570	604,563	158,465
Law Enforcement Training	4,720	1,836	1,563	4,993
Emergency Management	104,138	58,459	67,727	94,870
Prosecuting Attorney Training	362	457	290	529
Prosecuting Attorney Bad Check	10,234	8,479	5,007	13,706
Sheriff's Civil Fees	12,254	8,115	13,338	7,031
Recorders User Fees	27,132	9,829	14,859	22,102
Law Library	1,455	3,783	2,272	2,966
Circuit Clerk Interest	4,645	1,978	1,365	5,258
Family Court	4,015	2,256	3,266	3,005
Tax Maintenance	5,677	7,421	13,013	85
Prosecuting Attorney Delinquent Tax	19	1,745	1,764	0
Use Tax	23,646	119	0	23,765
Domestic Violence	938	585	0	1,523
Conceal and Carry	0	220	69	151
Election Service	4,790	3,189	49	7,930
Associate Circuit Division Interest	1,393	89	0	1,482
Total	\$ 703,539	3,205,723	3,286,984	622,278

The accompanying Notes to the Financial Statements are an integral part of this statement.

OSAGE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 3,195,126	3,222,017	26,891	3,000,970	3,199,776	198,806
DISBURSEMENTS	3,517,156	3,246,321	270,835	3,439,810	3,285,102	154,708
RECEIPTS OVER (UNDER) DISBURSEMENTS	(322,030)	(24,304)	297,726	(438,840)	(85,326)	353,514
CASH, JANUARY 1	587,427	587,427	0	672,753	672,753	0
CASH, DECEMBER 31	265,397	563,123	297,726	233,913	587,427	353,514
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	271,500	256,298	(15,202)	266,500	264,305	(2,195)
Sales taxes	480,000	475,775	(4,225)	430,000	457,046	27,046
Intergovernmental	50,600	36,948	(13,652)	64,050	63,130	(920)
Charges for services	246,500	231,111	(15,389)	254,000	232,891	(21,109)
Interest	4,000	10,372	6,372	1,300	3,063	1,763
Other	17,550	37,459	19,909	19,750	51,800	32,050
Transfers in	110,000	110,000	0	95,000	96,764	1,764
Total Receipts	1,180,150	1,157,963	(22,187)	1,130,600	1,168,999	38,399
DISBURSEMENTS						
County Commissioner	73,432	70,839	2,593	70,881	70,796	85
County Clerk	65,228	64,406	822	64,138	63,289	849
Elections	21,320	20,958	362	71,885	54,906	16,979
Buildings and grounds	126,950	101,881	25,069	152,510	150,128	2,382
Employee fringe benefit	92,500	99,836	(7,336)	95,200	72,550	22,650
County Treasurer	27,496	27,009	487	27,821	27,648	173
County Collector	69,259	67,627	1,632	68,406	68,147	259
Ex Officio Recorder of Deed	26,850	22,087	4,763	23,791	23,505	286
Associate Circuit Court	7,400	7,152	248	7,600	7,125	475
Court administration	700	0	700	700	0	700
Public Administrator	14,622	13,515	1,107	14,277	13,431	846
Sheriff	352,560	350,994	1,566	326,215	301,947	24,268
Jail	93,250	92,957	293	49,720	46,375	3,345
Prosecuting Attorney	102,511	96,890	5,621	94,810	94,353	457
Juvenile Officer	33,800	33,745	55	30,850	30,809	41
County Coroner	16,795	15,746	1,049	17,585	14,576	3,009
Other General County Government	108,962	108,691	271	114,720	123,991	(9,271)
Public Defender	1,850	1,791	59	1,850	1,791	59
Public health and welfare service	30,000	30,000	0	30,000	30,000	0
Transfers out	4,900	29,500	(24,600)	15,668	18,868	(3,200)
Emergency Fund	37,150	0	37,150	37,300	0	37,300
Total Disbursements	1,307,535	1,255,624	51,911	1,315,927	1,214,235	101,692
RECEIPTS OVER (UNDER) DISBURSEMENTS	(127,385)	(97,661)	29,724	(185,327)	(45,236)	140,091
CASH, JANUARY 1	173,174	173,174	0	218,410	218,410	0
CASH, DECEMBER 31	45,789	75,513	29,724	33,083	173,174	140,091

OSAGE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	286,000	285,857	(143)	256,000	271,771	15,771
Intergovernmental	802,700	852,922	50,222	831,857	804,701	(27,156)
Charges for services	0	761	761	0	38,131	38,131
Interest	1,000	3,867	2,867	500	1,039	539
Other	131,300	35,963	(95,337)	96,000	99,325	3,325
Transfers in	13,000	13,000	0	6,000	6,000	0
Total Receipts	1,234,000	1,192,370	(41,630)	1,190,357	1,220,967	30,610
DISBURSEMENTS						
Salaries	375,000	377,460	(2,460)	336,353	315,103	21,250
Employee fringe benefit	77,295	78,322	(1,027)	58,300	66,144	(7,844)
Supplies	168,100	187,538	(19,438)	120,470	162,607	(42,137)
Insurance	35,000	21,748	13,252	19,500	32,177	(12,677)
Road and bridge materials	156,000	80,559	75,441	139,000	220,799	(81,799)
Rentals	6,500	232	6,268	2,000	8,586	(6,586)
Equipment purchases	256,200	168,302	87,898	283,750	180,284	103,466
Construction, repair, and maintenance	220,000	246,000	(26,000)	250,757	201,985	48,772
Other	9,180	5,090	4,090	12,750	5,633	7,117
Transfers out	10,000	10,000	0	15,000	15,000	0
Total Disbursements	1,313,275	1,175,251	138,024	1,237,880	1,208,318	29,562
RECEIPTS OVER (UNDER) DISBURSEMENTS	(79,275)	17,119	96,394	(47,523)	12,649	60,172
CASH, JANUARY 1	100,902	100,902	0	88,253	88,253	0
CASH, DECEMBER 31	21,627	118,021	96,394	40,730	100,902	60,172
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	159,843	166,914	7,071	116,475	119,963	3,488
Charges for services	1,050	1,195	145	1,000	1,746	746
Interest	0	302	302	20	50	30
Transfers in	0	24,500	24,500	10,868	13,868	3,000
Total Receipts	160,893	192,911	32,018	128,363	135,627	7,264
DISBURSEMENTS						
Assessor	173,372	173,288	84	136,963	135,286	1,677
Total Disbursements	173,372	173,288	84	136,963	135,286	1,677
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,479)	19,623	32,102	(8,600)	341	8,941
CASH, JANUARY 1	341	341	0	0	0	0
CASH, DECEMBER 31	(12,138)	19,964	32,102	(8,600)	341	8,941

OSAGE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>911 FUND</u>						
RECEIPTS						
Sales taxes	470,000	521,211	51,211	460,000	492,661	32,661
Intergovernmental	0	0	0	0	51,826	51,826
Charges for service:	2,500	1,785	(715)	0	27,070	27,070
Interest	0	159	159	0	0	0
Other	0	3,191	3,191	0	13	13
Total Receipts	472,500	526,346	53,846	460,000	571,570	111,570
DISBURSEMENTS						
Salaries	309,920	332,847	(22,927)	310,677	333,758	(23,081)
Office expenditures:	30,150	34,796	(4,646)	48,487	33,824	14,663
Equipment	30,760	36,960	(6,200)	52,200	137,505	(85,305)
Mileage and training	7,420	13,286	(5,866)	9,500	6,427	3,073
Other	63,870	22,278	41,592	16,500	7,049	9,451
Transfers out	113,000	113,000	0	181,000	86,000	95,000
Total Disbursements	555,120	553,167	1,953	618,364	604,563	13,801
RECEIPTS OVER (UNDER) DISBURSEMENTS	(82,620)	(26,821)	55,799	(158,364)	(32,993)	125,371
CASH, JANUARY 1	158,465	158,465	0	191,458	191,458	0
CASH, DECEMBER 31	75,845	131,644	55,799	33,094	158,465	125,371
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,850	2,114	264	2,000	1,836	(164)
Total Receipts	1,850	2,114	264	2,000	1,836	(164)
DISBURSEMENTS						
Sheriff	4,800	3,042	1,758	4,600	1,563	3,037
Total Disbursements	4,800	3,042	1,758	4,600	1,563	3,037
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,950)	(928)	2,022	(2,600)	273	2,873
CASH, JANUARY 1	4,993	4,993	0	4,720	4,720	0
CASH, DECEMBER 31	2,043	4,065	2,022	2,120	4,993	2,873
<u>EMERGENCY MANAGEMENT FUND</u>						
RECEIPTS						
Intergovernmental	99,276	98,591	(685)	45,000	53,117	8,117
Interest	100	1,628	1,528	0	323	323
Other	500	281	(219)	0	19	19
Transfers in	5,000	5,000	0	5,000	5,000	0
Total Receipts	104,876	105,500	624	50,000	58,459	8,459
DISBURSEMENTS						
Salaries	12,000	11,874	126	14,103	13,747	356
Office expenditures:	34,200	6,690	27,510	6,200	4,705	1,495
Equipment	49,444	32,906	16,538	24,900	40,530	(15,630)
Mileage and training	700	1,323	(623)	2,000	394	1,606
Other	10,600	7,451	3,149	20,700	8,351	12,349
Total Disbursements	106,944	60,244	46,700	67,903	67,727	176
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,068)	45,256	47,324	(17,903)	(9,268)	8,635
CASH, JANUARY 1	94,870	94,870	0	104,138	104,138	0
CASH, DECEMBER 31	92,802	140,126	47,324	86,235	94,870	8,635

OSAGE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	475	531	56	450	457	7
Total Receipts	475	531	56	450	457	7
DISBURSEMENTS						
Prosecuting Attorney	500	480	20	450	290	160
Total Disbursements	500	480	20	450	290	160
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25)	51	76	0	167	167
CASH, JANUARY 1	529	529	0	362	362	0
CASH, DECEMBER 31	504	580	76	362	529	167
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	8,000	8,097	97	9,000	8,422	(578)
Interest	0	306	306	0	57	57
Total Receipts	8,000	8,403	403	9,000	8,479	(521)
DISBURSEMENTS						
Prosecuting Attorney	15,650	2,909	12,741	16,800	5,007	11,793
Total Disbursements	15,650	2,909	12,741	16,800	5,007	11,793
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,650)	5,494	13,144	(7,800)	3,472	11,272
CASH, JANUARY 1	13,706	13,706	0	10,234	10,234	0
CASH, DECEMBER 31	6,056	19,200	13,144	2,434	13,706	11,272
<u>SHERIFF'S CIVIL FEES FUND</u>						
RECEIPTS						
Intergovernmental	0	577	577	0	0	0
Charges for service:	8,200	9,023	823	7,200	8,115	915
Total Receipts	8,200	9,600	1,400	7,200	8,115	915
DISBURSEMENTS						
Sheriff	14,000	3,169	10,831	14,500	13,338	1,162
Total Disbursements	14,000	3,169	10,831	14,500	13,338	1,162
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,800)	6,431	12,231	(7,300)	(5,223)	2,077
CASH, JANUARY 1	7,031	7,031	0	12,254	12,254	0
CASH, DECEMBER 31	1,231	13,462	12,231	4,954	7,031	2,077
<u>RECORDERS USER FEES FUND</u>						
RECEIPTS						
Charges for service:	9,000	8,921	(79)	10,000	9,829	(171)
Total Receipts	9,000	8,921	(79)	10,000	9,829	(171)
DISBURSEMENTS						
Ex Officio Recorder of Deed	8,920	7,376	1,544	14,864	14,859	5
Total Disbursements	8,920	7,376	1,544	14,864	14,859	5
RECEIPTS OVER (UNDER) DISBURSEMENTS	80	1,545	1,465	(4,864)	(5,030)	(166)
CASH, JANUARY 1	22,102	22,102	0	27,132	27,132	0
CASH, DECEMBER 31	22,182	23,647	1,465	22,268	22,102	(166)

OSAGE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	4,100	3,959	(141)	3,200	3,775	575
Interest	0	67	67	0	8	8
Total Receipts	4,100	4,026	(74)	3,200	3,783	583
DISBURSEMENTS						
Prosecuting Attorney	7,000	2,607	4,393	2,000	2,272	(272)
Total Disbursements	7,000	2,607	4,393	2,000	2,272	(272)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,900)	1,419	4,319	1,200	1,511	311
CASH, JANUARY 1	2,966	2,966	0	1,455	1,455	0
CASH, DECEMBER 31	66	4,385	4,319	2,655	2,966	311
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	360	2,889	2,529	1,300	1,978	678
Total Receipts	360	2,889	2,529	1,300	1,978	678
DISBURSEMENTS						
Circuit Clerk	825	950	(125)	829	1,365	(536)
Total Disbursements	825	950	(125)	829	1,365	(536)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(465)	1,939	2,404	471	613	142
CASH, JANUARY 1	5,258	5,258	0	4,645	4,645	0
CASH, DECEMBER 31	4,793	7,197	2,404	5,116	5,258	142
<u>FAMILY COURT FUND</u>						
RECEIPTS						
Charges for service:	2,400	2,563	163	1,500	2,256	756
Total Receipts	2,400	2,563	163	1,500	2,256	756
DISBURSEMENTS						
Other	3,195	3,948	(753)	3,195	3,266	(71)
Total Disbursements	3,195	3,948	(753)	3,195	3,266	(71)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(795)	(1,385)	(590)	(1,695)	(1,010)	685
CASH, JANUARY 1	3,005	3,005	0	4,015	4,015	0
CASH, DECEMBER 31	2,210	1,620	(590)	2,320	3,005	685
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	7,300	7,763	463	7,000	7,399	399
Interest	22	66	44	0	22	22
Total Receipts	7,322	7,829	507	7,000	7,421	421
DISBURSEMENTS						
County Collector	5,520	4,266	1,254	5,535	13,013	(7,478)
Total Disbursements	5,520	4,266	1,254	5,535	13,013	(7,478)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,802	3,563	1,761	1,465	(5,592)	(7,057)
CASH, JANUARY 1	85	85	0	5,677	5,677	0
CASH, DECEMBER 31	1,887	3,648	1,761	7,142	85	(7,057)

OSAGE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
PROSECUTING ATTORNEY DELINQUENT TAX FUND						
RECEIPTS						
Charges for services	1,000	51	(949)			
Total Receipts	1,000	51	(949)			
DISBURSEMENTS						
Prosecuting Attorney	500	0	500			
Total Disbursements	500	0	500			
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	51	(449)			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	500	51	(449)			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

OSAGE COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Osage County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Use Tax Fund	2005 and 2004
Domestic Violence Fund	2005 and 2004
Conceal and Carry Fund	2005 and 2004
Election Service Fund	2005 and 2004
Associate Circuit Division Interest Fund	2005 and 2004
HAVA Elections Fund	2005
Prosecuting Attorney Delinquent Tax Fund	2004

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest Fund	2005 and 2004
Family Court Fund	2005 and 2004
Law Library Fund	2004
Tax Maintenance Fund	2004

Although Section 50.740, RSMo, requires a balanced budget, a deficit balance was budgeted in the Assessment Fund for the years ended December 31, 2005 and 2004.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Delinquent Tax Fund	2005 and 2004
Use Tax Fund	2005 and 2004
Domestic Violence Fund	2005 and 2004
Conceal and Carry Fund	2005 and 2004
Election Service Fund	2005 and 2004
Associate Circuit Division Interest Fund	2005 and 2004
HAVA Elections Fund	2005
Circuit Clerk Interest Fund	2004

2. Cash

Disclosures are provided below to comply with Statement No. 40 of the Governmental Accounting Standards Board, *Deposit and Investment Risk Disclosures*. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit. To protect the safety of county deposits, Section 110.020, RSMo, requires depositaries to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities must be of the types specified by Section 30.270, RSMo, for the collateralization of state funds and held by either the county or a financial institution other than the depository bank. Section 67.085, RSMo, also requires certificates of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depository bank fails, Osage County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The county's deposits at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

Investments

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. At December 31, 2005 and 2004, the county had no such investments. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

Schedule

OSAGE COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEARS ENDED DECEMBER 31, 2005 AND 2004

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

OSAGE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

OSAGE COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Osage County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 13, 2006.

Because the Special Services Board is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed that audit report and other applicable information.

In addition, to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years, we have audited the operations of elected officials with funds other than those presented in the financial statements. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Responses. These MAR findings resulted from our audit of the financial statements of Osage County but do not meet the criteria for inclusion in the written report on internal control over financial reporting and on

compliance and other matters that is required for an audit performed in accordance with *Government Auditing Standards*.

1. Financial	Condition
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The county's General Revenue Fund continues to be in a weak financial condition as the cash balance has declined during the two years ended December 31, 2005. The following table reflects the General Revenue Fund's receipts, disbursements, and cash balances for the two years ended December 31, 2005:

		Year Ended December 31,	
		2005	2004
Cash Balance, January 1	\$	173,174	218,410
Receipts		1,157,963	1,168,999
Disbursements		1,255,624	1,214,235
Cash Balance, December 31	\$	75,513	173,174

Based on the 2006 budget, it appears the financial condition of the General Revenue Fund will not improve during the current year. The 2006 General Revenue Fund budget reflects anticipated receipts of approximately \$1,230,000, and appropriated disbursements of approximately \$1,280,000, resulting in an estimated ending cash balance of less than \$26,000.

The General Revenue Fund cannot continue to spend more than is received as the cash balance is steadily declining. In addition, an attempt has been made to purchase a building for county use, however, monies have not been available to actually make the purchase. See MAR No. 2. Consideration should be given to continuing to find ways to increase receipts and decrease disbursements to improve the financial condition of the General Revenue Fund.

One area for consideration is the administrative service fee transfer from the Special Road and Bridge Fund to the General Revenue Fund. In 2005 and 2004, the county transferred \$10,000 and \$15,000, respectively. However, these amounts are less than allowed by state law. Section 50.515, RSMo, allows the county to impose a fee to generate reimbursement sufficient to recoup actual disbursements made from the General Revenue Fund for the administrative services to the fund, and shall not exceed five percent of the Special Road and Bridge Fund budget. Five percent of the 2005 actual Special Road and Bridge Fund disbursements is approximately \$65,000. Consideration should be given to review the administrative transfers from the Special Road and Bridge Fund to ensure all administrative costs are recouped as allowed by state law.

To improve the financial condition of the county's General Revenue Fund, the County Commission should review disbursements and reduce discretionary spending as much as possible, evaluate controls and management practices to ensure efficient use of resources available to the county, and attempt to maximize all receipts in consideration of the General

Revenue Fund's financial condition. The County Commission should continue to monitor the activity of the General Revenue Fund to ensure sufficient monies are available to fund county operations.

WE RECOMMEND the County Commission closely monitor the county's financial condition and take the necessary steps to improve the financial condition of the General Revenue Fund. The County Commission should perform long term planning and take advantage of opportunities to maximize receipts and offset General Revenue Fund costs as allowed by state law.

AUDITEE'S RESPONSE

The County Commission indicated they know they need to watch the General Revenue Fund and are doing what they can to control expenditures. Reports are received monthly to monitor the financial condition and they will continue to review and monitor the financial condition of the General Revenue Fund. Also, they will consider increasing the amount transferred to the General Revenue Fund from the Special Road and Bridge Fund to recoup related administrative costs.

2. Knoerr Building Purchase

A formal cost analysis to account for costs associated with the purchase, renovations, and upkeep of the Knoerr Building has not been prepared.

In June 2004, an agreement was made to purchase the Knoerr building for \$200,000. The County Commission indicated they had been interested in having an annex building and plans were to allow some of the county officials to move from the courthouse to this building. Due to their weak financial condition, a lease purchase agreement was entered into for a one year period to be paid off in August 2005; however, the agreement was extended to August 2006 and then again to August 2007. In addition, on February 24, 2005 a price quote of \$240,000 regarding renovating this building was received. Without additional revenues (see MAR No. 1), the county is not sure whether they will be able to purchase the building. Although the county does not actually own the building, the county has incurred expenditures, such as asbestos removal costs, related to the building. Approximately \$29,000 in interest costs, asbestos removal costs, etc. has been paid through July 2006. Because of the financial condition of the county, it is unclear how the county anticipated being able to purchase this building and it is especially critical that the county perform a cost analysis to determine if the county can afford to make this purchase, pay for any costs associated with any necessary renovations to the building, and pay for normal routine maintenance costs.

WE RECOMMEND the County Commission evaluate the costs already incurred related to the Knoerr building and in the future do a better job of planning ahead to ensure the purchase was affordable. In addition, a formal cost analysis should be performed to determine if the purchase of this building is affordable, can be renovated as necessary, and maintained.

AUDITEE'S RESPONSE

The County Commission indicated they will discuss this building purchase and determine how best to go from here. They feel the building is needed for the county but they will have to determine how to make this purchase. This discussion will be held before any additional expense is incurred.

3. Budgetary Practices

Formal budgets were not prepared for various county funds, and amendments were not filed with the State Auditor's office and were not always indicated on formal budgets resulting in deficit fund balances.

- A. Formal budgets were not prepared for the Use Tax Fund, Domestic Violence Fund, Conceal and Carry Fund, Election Service Fund, and the Associate Circuit Division Interest Fund for the years ended December 31, 2005 and 2004. In addition, a formal budget was not prepared for the HAVA Elections Fund for the year ended December 31, 2005 or for the Prosecuting Attorney Delinquent Tax Fund for the year ended December 31, 2004. While some of these funds are not under the direct control of the County Commission, budgets for these funds are needed to comply with statutory provisions.

Chapter 50, RSMo, requires the preparation and filing of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds and activities, the County Commission can evaluate all county financial resources more effectively.

- B. During 2005 and 2004, the County Commission amended various county budgets to reflect increased expenditures made during the year. The expenditures of some funds exceeded the original budgets prior to their amending, and some amendments were made as late as December and even in January of the following year. Budgets were not adequately monitored to ensure expenditures stayed within budgeted amounts which also contributed to a declining financial condition. Documentation of these amendments were not made in that year's budget, however, these amendments were recorded in the County Commission minutes. Additionally, while amended budgets were not sent to the State Auditor's office, some of the amendments were reflected in next year's budget while some amendments were not. In addition, these amendments resulted in a budgeted deficit fund balance for the Assessment Fund of \$12,138 and \$8,600 for the years ended December 31, 2005 and 2004, respectively. Article VI,

Section 26(a) of the Missouri Constitution prohibits deficit budgeting and Section 50.740, RSMo, requires a balanced budget.

Budget amendments, when applicable, should be made when such expenditures are anticipated and prior to their incurrence. While these amendments make it appear as if the county complied with the law, the timing of these decisions did not allow for the budget to be used as an effective management tool and also resulted in a deficit fund budget. In addition, amendments were not filed with the State Auditor's office.

WE RECOMMEND the County Commission:

- A. Ensure budgets are prepared and obtained for all county funds.
- B. Ensure budget amendments are made prior to incurring actual expenditures and budget amendments are filed with the State Auditor's office. In addition, ensure the budget amendments do not result in deficit fund budgeting.

AUDITEE'S RESPONSE

The County Commission indicated they:

- A. *Will prepare budgets for these funds.*
- B. *Will prepare amended budget documents to better document the budgets that were amended. Amendments will be made when anticipated prior to incurring the expenditures. Amendments will be filed with the State Auditor's office and will not result in deficit fund budgeting.*

4. Personnel Policies and Procedures

Problems with county personnel records and procedures have been noted in past audit reports; however, little or no improvement has been made and similar problems still exist. Time sheets are not submitted by some employees, the County Commission has not established written personnel policies regarding compensatory time and overtime for the Sheriff's Department employees, and the personnel manual has not been updated since 1991.

- A. As noted in our six prior reports, full-time deputies in the Sheriff's Department do not submit time sheets. The payroll clerk pays the employees the same amount each pay period based on a 40 hour week unless told otherwise. Thus, the county has no documentation indicating the number of hours worked to support the payroll expenditures made.

Detailed time sheets document hours actually worked; provide information necessary to monitor overtime worked, leave and compensatory time usage and balances; and

are beneficial in demonstrating compliance with county policy and federal Fair Labor Standards Act (FLSA) requirements. Time sheets are particularly important for the Sheriff's Department personnel because they utilize the law enforcement payroll cycle, work overtime, and have varying schedules from one pay period to the next. The county should ensure appropriate and accurate time sheets records are maintained and submitted to the County Clerk's office for payroll purposes.

- B. The County Commission has not established written personnel policies regarding vacation and sick leave, compensatory time and overtime for Sheriff Department's employees. In addition, although the Sheriff's deputies do not prepare time sheets, the Sheriff indicated that the deputies generally work a standard 40 hour week. However, the deputies are also on-call and must respond to emergency situations as they arise. Therefore, deputies may work over 171 hours in a 28 day period and may not be compensated for these hours as required by the FLSA. This is an issue that can be addressed in the personnel policies for the Sheriff's Department.

Complete and detailed written policies are necessary to provide guidance to county employees and provide a basis for proper compensation. In addition, such policies should be uniformly applied to ensure each employee is treated equitably.

A similar condition was noted in our prior report.

- C. The county's personnel policies manual has not been updated since 1991. Policy changes, such as mileage reimbursement rates and county meal allowances, etc. are apparently communicated to the various county offices verbally. The personnel policies manual should be formally updated periodically to incorporate revised policies and ensure awareness on the part of all officials and employees.

WE RECOMMEND the County Commission:

- A. Require all county employees to prepare time sheets and time sheets should be filed with the County Clerk.
- B. Establish written personnel policies regarding vacation and sick leave, compensatory time, and overtime for Sheriff's Department employees.
- C. Establish and formally adopt a current personnel policies manual, and ensure it is updated periodically to reflect new or changed policies.

AUDITEE'S RESPONSE

The County Commission indicated they:

- A. *Agree that time sheets should be submitted for all employees and will discuss this with the Sheriff.*

- B. *Will discuss these issues with the Sheriff, his deputies, and his jailers and get their input regarding establishing written personnel policies.*
- C. *Will start working on a new personnel policies manual.*

5. Capital	Assets
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Capital asset records and procedures need improvement and vehicle usage logs were not maintained.

- A. Procedures and records to account for county property are not adequate. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. Although the County Clerk does maintain capital asset listings for each office, the listings have not been updated since 1997. Additions are not added to fixed asset records as they occur, county offices are not performing and submitting annual physical inventory reports, periodic reconciliations of equipment purchases and capital asset records are not performed, and tags identifying property items as county property are not being assigned and affixed to the items. In addition, the county does not have formal procedures for disposing of county owned property. Written authorization was not consistently obtained from the County Commission causing the County Commission or County Clerk not to dispose and remove the item from the fixed asset records.

Adequate capital asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Section 49.093, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk. Property control tags should also be affixed to all capital asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

Similar conditions were noted in prior audit reports.

- B. Vehicle logs are not maintained for county vehicles. While a gasoline log is maintained, it does not include the mileage, destination, and purpose of each trip taken. In addition, although dispatchers record mileage regarding the county vehicles used by the Sheriff's Department, this information is not compared to the gasoline log maintained or to fuel card billings to ensure reasonableness of gasoline

usage. As a result, the County Commission cannot effectively monitor the use of county owned vehicles.

Vehicle logs should be maintained which document the date, destination, purpose of trip, odometer readings, and the employee driving the vehicle. Complete and detailed vehicles logs are necessary to monitor mileage and evaluate the usage of vehicles. For the Sheriff's Department, a comparison of mileage per the dispatcher's records to the gasoline log or fuel card billings should be performed to ensure reasonableness of gasoline usage.

WE RECOMMEND the County Commission:

- A. Establish a written policy related to the handling and accounting for capital assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. Also, inventories and inspections should be performed by each county official and the County Clerk, and capital asset purchases should be periodically reconciled to capital asset additions. In addition, property control tags should be affixed.
- B. Require vehicle logs be maintained for all county vehicles which document the date, destination, purpose of trip, odometer readings, and the employee driving the vehicle. In addition, ensure that a comparison of mileage per the dispatcher's records to the gasoline log or fuel card billings is performed.

AUDITEE'S RESPONSE

The County Commission indicated they:

- A. *Will request each officeholder to prepare an inventory of their property over \$250. These listings will be updated as purchases or deletions are incurred. Procedures will be established for the handling and accounting for capital assets including dispositions. Purchases will be reconciled with additions and property control tags will be obtained and put on the property.*
- B. *Will evaluate the vehicle logs and the records maintained and the vehicles owned to determine if additional records are needed. In addition, a comparison of mileage per the dispatchers records will be made to the gasoline log.*

6. Cash

Management

During the two years ended December 31, 2005, the county received payments from the Missouri Department of Transportation for bridge replacement and rehabilitation expenditures under the Highway Planning and Construction Program. The county receives

invoices from the contractor, approves the invoices for payment, and then submits the invoices to the Missouri Department of Transportation for payment. The county pays the contractor after the payments are received from the Missouri Department of Transportation. Monies received are not disbursed until the county's next normal disbursement cycle. Thus, some monies received are not disbursed timely to contractors. During our review, we noted nine reimbursements totaling over \$177,000 which the county held for 3-30 days from receipt date to the date payment was made to the contractor. For example, we noted invoices for \$74,684 and \$6,482 which were held for 22 and 30 days, respectively, before payment was made to the contractor. The county indicated they pay bills only once a month so monies are held until the next pay cycle.

Section 6.2.2 of the Cash Management Improvement Act Agreement between the State of Missouri and the Secretary of the Treasury, United States Department of the Treasury, states that federal funds shall be disbursed by the county within two days of receipt.

This condition was noted in prior audit reports.

WE AGAIN RECOMMEND the County Commission establish procedures to minimize the time elapsed between the receipt of federal monies and disbursement of such funds.

AUDITEE'S RESPONSE

The County Commission indicated they will ensure that checks are issued to minimize the time elapsed in order to meet the federal requirement.

7. County Clerk's Accounting Controls and Procedures

The County Clerk's cash handling and receipt procedures are not adequate. Receipt slips are not issued for some monies received, the receipts ledger is not updated as monies are received, the method of payment is not always indicated on the receipt slips or receipts ledger, and monies received are not transmitted to the County Treasurer on a timely basis.

Fees collected by the County Clerk's office during the years ended December 31, 2005 and 2004 totaled approximately \$4,000 and \$6,400, respectively.

- A. Receipt slips are not issued for some monies received. The County Clerk indicated receipts slips are issued only upon request. Although a receipts ledger is maintained, not all monies received are recorded as the receipts ledger is not updated as monies are received. Thus, the County Clerk generally transmits more monies to the County Treasurer than is recorded on the receipts ledger. In addition, during a cash count conducted April 26, 2006, we noted that receipt slips had not been issued for cash and checks on hand totaling \$296. Also, checks are not restrictively endorsed immediately upon receipt as the endorsement is applied at the time the monies are turned over to the County Treasurer and the method of payment (cash or check) is

not always indicated on the receipt slips or receipts ledger.

To help ensure receipts are properly recorded and transmitted, prenumbered receipt slips should be issued for all monies received and receipts should be promptly posted to the receipts ledger. Checks should be restrictively endorsed immediately upon receipt, and the method of payments should be indicated on the receipt slips and receipts ledger. In addition, the composition of receipts should be reconciled to the composition of the transmittal to ensure all receipts have been accounted for.

- B. Monies received are not transmitted to the County Treasurer on a timely basis, and receipts transmitted to the County Treasurer per the County Clerk's records did not agree to the County Treasurer's records. In addition, a receipt slip is not obtained from the County Treasurer at the time of transmittal.

Monies averaging over \$400 are transmitted to the County Treasurer once a month. Two of the twenty-four monthly transmittals reviewed indicated a difference between what the County Clerk indicated as being transmitted and what the County Treasurer received. For example, in May 2005 receipts totaled \$333 per the receipts ledger but the County Treasurer's receipt slip indicates only \$287 was received indicating \$46 received was not transmitted. For August 2005, receipts totaled \$331 per the receipts ledger but the County Treasurer's receipt slip indicates \$372 was received indicating an additional \$41 was transmitted. Discrepancies noted in the records identified concerns regarding the proper safeguarding of county assets from loss, theft, or misuse.

All payments made to the County Clerk's office are accountable fees and should be remitted to the county treasury. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all monies should be transmitted daily or when accumulated receipts exceed \$100, receipt ledger amounts should agree to the amounts transmitted, and a receipt slip should be obtained from the County Treasurer at the time of the transmittal.

- C. Inventory records are not maintained to account for plat books. The county purchased 1,200 plat books at an approximate cost of \$14 each during the two years ended December 31, 2005. These plat books were to be sold for \$20. According to the County Clerk's records, 397 plat books were sold or given away. There were 399

plat books on hand, resulting in 404 plat books (totaling \$8,080) unaccounted for. Records were not sufficient to account for over one-third of the plat books purchased by the county.

To ensure all monies collected are accounted for adequately, the County Clerk should reconcile the number of plat books on hand to the total number of plat books sold or given away. Any differences should be investigated.

- D. The County Clerk does not maintain an account book with the County Collector. The only review performed of the County Collector's annual settlement is totaling disbursements from the monthly settlements and agreeing to the annual settlement. An account book would summarize all taxes being charged to the County Collector, monthly collections, delinquent credits, additions and abatements, and protested amounts. These amounts could then be verified by the County Clerk from aggregate abstracts, tax books, court orders, monthly collection reports, and totals of all charges and credits. A complete account book would enable the County to ensure the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the County Commission to verify the County Collector's annual settlement.

WE RECOMMEND the County Clerk:

- A. Issue prenumbered receipt slips for all monies received, promptly post receipts to the receipts ledger, and restrictively endorse all checks immediately upon receipt. In addition, indicate the method of payment on all receipt slips and the receipts ledger and reconcile the composition of receipts to the composition of transmittals made to the County Treasurer.
- B. Transmit all monies daily or when accumulated receipts exceed \$100 and ensure amounts per the receipt ledger agrees to the amounts transmitted to the County Treasurer. In addition, a receipt slip from the County Treasurer should be obtained at the time of transmittal.
- C. Maintain adequate and complete records of the number of plat books sold, given away, or used by the county, and periodically reconcile the number of plat books reported on the inventory to the number of plat books on hand.
- D. Maintain an account book with the County Collector and the County Commission should use it to verify the County Collector's annual settlement.

AUDITEE'S RESPONSE

The County Clerk indicated:

- A. *She knows that they need to do a better job of issuing receipt slips and posting receipts and also endorsing checks upon receipt. Not doing all of this makes it more difficult to reconcile the composition of receipts to the composition of the transmittals. These issues will be discussed with the deputies and the new County Clerk.*
- B. *Since monthly transmittals only average approximately \$400, transmittals will probably still only be made monthly. The amount transmittal should agree to the amount per the receipts ledger and they need to do a better job on this and they also need to obtain a receipt slip from the County Treasurer. These issues will be discussed with the deputies and the new County Clerk.*

- C. *They need to do a better job of documenting books sold or given out. They did not reconcile the plat book inventory to the number of books on hand and should have done a better job on this. They believe any monies collected were transmitted to the County Treasurer. However, they did not properly record these books as being sold or given out on the records. These issues will be discussed with the deputies and the new County Clerk.*
- D. *These issues will be discussed with the deputies and the new County Clerk as an account book does need to be maintained.*

8. Associate Court's Accounting Controls and Procedures

Receipts are not deposited in a timely manner. The Associate Court processed approximately \$208,000 and \$193,000 in civil and criminal fees, fines, and bonds during the years ended December 31, 2005 and 2004, respectively. Deposits are normally made approximately five times a month and average approximately \$3,000. A deposit totaling \$5,883 was made on December 5, 2005 and included receipts for December 1 through December 5, 2005.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all monies should be deposited on a timely basis.

WE RECOMMEND the Associate Court deposit all monies on a timely basis.

AUDITEE'S RESPONSE

The Associate Circuit Judge indicated this office was combined with the Circuit Court in January 2006 and deposits are being made daily. In addition, since this office is now part of the Circuit Court, he no longer has any controls over the deposits.

9. Sheriff's Accounting Controls and Procedures

Problems with Sheriff records and procedures have been noted in past audit reports; however, little or no improvement has been made and similar problems still exist. Bank reconciliations for the Sheriff's accounts are not documented, and an open items listing is not prepared. Checks have been outstanding for a considerable amount of time, and monies received are not deposited in a timely manner. In addition, adequate control over seized property has not been established, and the procedures related to the monitoring of unpaid accrued costs from civil paper service are not adequate.

The Sheriff is responsible for collecting gun permit fees, carry and conceal weapon permits, jail phone commissions, cash bonds, trailer inspection fees, and prisoner boarding fees. The Sheriff processed approximately \$207,000 and \$123,000 during the years ended December 31, 2005 and 2004, respectively.

- A. Bank reconciliations for the Sheriff's account are not documented. The Sheriff's clerk indicated she prepares bank reconciliations on the computer system; however, the reconciliation is not printed out. Upon our request, the December 31, 2005 and 2004 bank reconciliations were prepared resulting in a negative balance of \$9. Per the prior audit report, at December 31, 2001, the Sheriff's account had a negative balance of \$600. Subsequently, in April 2002, an \$800 check for prisoners was received but the monies were not turned over to the County Treasurer. Again, in January 2004, \$179 was incorrectly disbursed out related to bond monies. Other errors were also noted resulting in the negative \$9 balance. Also, although bank reconciliations were not coming to a zero balance, an open items listing was not being prepared to document what monies made up the reconciled balance. Formal bank reconciliations and open items listings would have detected the errors and allowed them to be corrected timely.

In addition, at December 31, 2005, the bank account had 16 outstanding checks totaling \$213 that were over a year old. Two checks totaling \$70 were written to the Linn Police Department. There was also \$355 in unidentified monies in the account. It does not appear that any follow up procedures on these checks have been performed. These old outstanding checks create additional and unnecessary record keeping responsibilities. Procedures should be adopted to routinely follow up on outstanding checks and reissue them if the payees can be located. If the payees cannot be located, these monies should be disposed of in accordance with state law.

Monthly bank reconciliations are necessary to ensure bank activity and accounting records are in agreement, to detect and correct errors timely, and to allow old outstanding checks to be resolved more timely.

- B. Monies received are not deposited in a timely manner. Monies are normally collected each business day, but deposits are normally made only once a week. A cash count performed on May 15, 2006 showed over ten days of undeposited collections, totaling approximately \$440 and included approximately \$192 in cash. A June 16, 2004 deposit totaling \$1,235 included a \$1,000 cash bond which had been received on June 7, 2004. In addition, checks and money orders are not restrictively endorsed immediately upon receipt.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all monies should be deposited daily or when accumulated receipts exceed \$100, and checks and money orders should be restrictively endorsed immediately upon receipt.

A similar condition was noted in the prior audit report.

- C. Adequate control over seized property has not been established. A complete log of seized property is not maintained and periodic inventories are not performed. When seized property was received, the arresting officer would tag the property and place it

in an individual locker or if a large item, it will be placed in a property room. The property is held until the case is closed or evidence is returned to the victim(s).

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. An inventory control record should include information such as description, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record each time evidence is removed from the room. Periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

A similar condition was noted in the prior audit report.

- D. The procedures related to the monitoring of unpaid accrued costs from civil paper service are not adequate. The civil paper service costs are billed for all service provided, but unpaid accrued costs are not tracked. At June 15, 2006, the accrued cost listing, dating back to September 2000, documented over 1,100 different individuals owing costs totaling approximately \$29,000.

By not adequately monitoring unpaid accrued costs, these costs could remain uncollected and might eventually result in lost revenue. A complete and accurate listing of accrued costs would allow the Sheriff to more easily review the amounts due to the county and to take appropriate steps to ensure amounts owed are collected on a timely basis.

WE RECOMMEND the Sheriff:

- A. Ensure bank reconciliations and open items listings are prepared on a monthly basis. In addition, ensure procedures to routinely follow up and reissue old outstanding checks are adopted. If the payees cannot be located, these monies should be disposed of in accordance with state law.
- B. Deposit all monies daily or when accumulated receipts exceed \$100 and restrictively endorse checks and money orders immediately upon receipt.
- C. Maintain an inventory record of all seized property received including information such as description, current location, case number and disposition of such property. An inventory of all items on hand should be performed to ensure that items are properly identified, tagged, and logged.
- D. Establish adequate procedures to routinely follow-up and pursue collection of accrued costs.

AUDITEE'S RESPONSE

The Sheriff indicated:

- A. Bank reconciliations will be properly documented. They are working on reviewing the transactions that caused them to not have a zero balance. They have also sent out letters regarding outstanding checks and hope to have those resolved by the end of December. Unidentified and unclaimed monies will be turned over to the State Treasurer's Office Unclaimed Property Section.*
- B. Deposits are being made daily whenever they have monies and checks or money orders are being endorsed when received.*
- C. They have designated a specific evidence control officer. Evidence will be secured by the arresting officer until the evidence officer is in the office. Then the evidence officer will obtain this evidence and the evidence will be recorded and put in the evidence room or impound lot. Records will include the information requested to be kept and an inventory will be performed periodically.*
- D. They believe some of the \$29,000 has been received by the Circuit Court and paid to them but they failed to update their records. They are checking their records to determine if some of these have been paid but not recorded as such. They will continue to work on this to ensure collection of accrued costs.*

Follow-Up on Prior Audit Findings

OSAGE COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Osage County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2001. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices and Financial Statements

- A. Formal budgets were not prepared for various county funds.
- B. The county's annual published financial statements did not include the financial activity of some funds as required.
- C. Actual disbursements exceeded the budgeted amounts in various funds. In addition, the General Revenue Fund budget was amended by \$14,000 on December 28, 2000 after disbursements in the General Revenue Fund had already exceeded budgeted amounts. Also in 2001, the Assessment Fund was amended by \$5,790 but this amendment was not filed with the State Auditor's office.

Recommendations:

The County Commission:

- A. Ensure budgets for all county funds are obtained or prepared.
- B. Ensure financial information for all county funds is properly reported in the annual published financial statements.
- C. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office. In addition, ensure budget amendments are made prior to incurring the actual expenditures as required by state law.

Status:

- A. Not implemented. See MAR finding number 3.
- B. Partially implemented. The published financial statements included all but several smaller funds. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Not implemented. Disbursements were authorized in excess of budgeted amounts for

a few funds. Although not repeated in the current MAR, our recommendation remains as stated above. See MAR finding number 3 for issues related to amending the budget.

2. County Expenditures

Bids were not always solicited, nor was bid documentation always retained for various purchases made by the county during the audit period. In addition, although bids were obtained for some purchases, the county did not advertise for bids on these purchases as required by statute.

Recommendation:

The County Commission solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.

Status:

Not implemented. Although we noted some instances where purchases were not bid, the county generally had procedures and bid most major purchases. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Associate Commissioners Salaries

Both Associate County Commissioners received mid term salary increases totaling approximately \$4,000 yearly for 1999 and 2000. During January 2002, the County Commission voted to seek repayment of \$8,000 from the Associate Commissioner still in office. However, this amount had not been repaid. The other Associate Commissioner had since deceased; therefore, the County Commission had decided to not request repayment.

Recommendation:

The County Commission continue to follow up on their decision regarding the repayment of the salary overpayments to ensure the amount is repaid.

Status:

Implemented. The Associate Commissioner paid the \$8,000 due in July 2004.

4. Fixed Assets

Additions were not added to fixed asset records as they occurred. In addition, the County Clerk did not periodically reconcile equipment purchases with additions to the fixed assets records. Also, the county did not have formal procedures for disposing of county owned property.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for fixed assets. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

Status:

Not implemented. See MAR finding number 5.

5. Personnel Policies and Procedures

- A. Time records were not prepared by full-time employees of the Sheriff's Department.
- B. Records of annual leave, sick leave, and compensatory time balances were not centrally maintained. Leave records for the Sheriff Department's employees were maintained by the Sheriff and were not submitted to the County Clerk. In addition, these records did not record compensatory time balances since timesheets were not maintained.
- C. The County Commission had not established written personnel policies regarding vacation and sick leave, compensatory time and overtime for Sheriff Department's employees. In addition, Sheriff's deputies were not compensated for overtime worked.

Recommendations:

The County Commission:

- A. Require the Sheriff's deputies to submit time records approved by their supervisor to the County Clerk.
- B. Require the County Clerk to maintain centralized records of leave earned, used, and accumulated for all county employees including the Sheriff's Department.

- C. Establish written personnel policies regarding vacation and sick leave, compensatory time, and overtime for Sheriff's Department employees.

Status:

A&C. Not implemented. See MAR finding number 4.

- B. Partially implemented. Records of leave earned, used, and accumulated were being maintained by the officials. Requiring time records to be maintained for all employees which documents leave taken would provide support for the leave records maintained. See MAR finding number 4 regarding time records. Although not repeated in the current MAR, our recommendation remains as stated above.

6. Property Tax System and Computer Controls

- A. The County Clerk did not maintain an account book with the County Collector. The only review performed of the County Collector's annual settlement was totaling disbursements from the monthly settlements and agreeing to the annual settlement. However, this review was not documented.
- B. While a listing of additions and abatements was printed and submitted to the County Clerk's office for the County Commissioners' approval, there was no independent and subsequent comparison of additions and abatements approved by the County Commission to actual changes to the property tax books.
- C. Passwords used by the Assessor's office, the County Clerk's office, and the County Collector's office had not been changed periodically. In addition, passwords had not been kept confidential.
- D. The County did not have a formal contingency plan for the computer system in case of emergency. As a result, the county had not formally negotiated arrangements for backup facilities in the event of a disaster.

Recommendations:

- A. The County Clerk maintain her account book with the County Collector and the County Commission use it to verify the County Collector's annual settlement.
- B. The County Commission or County Clerk establish procedures to agree approved addition and abatement orders with related changes made to the property tax data.
- C. The County Commission ensure employee passwords are periodically changed and kept confidential.
- D. The County Commission develop a formal contingency plan including arrangements

for use of alternative data processing equipment during emergency situations.

Status:

- A. Not implemented. See MAR finding number 7.
- B. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Partially implemented. Although the County Commission did not ensure all passwords are periodically changed and kept confidential, the passwords for the federal and state data such as voter registration and JIS were periodically changed and kept confidential. Although not repeated in the current report, our recommendation remains as stated above.
- D. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

7. County Treasurer's Accounting Controls and Procedures

- A. The County Treasurer did not adequately follow up on old outstanding checks.
- B. Receipt slips were not issued for some monies received. As a result, the composition of monies received cannot be reconciled to the amounts deposited.
- C. The County Treasurer did not maintain documentation of the interest allocation to various county funds based on interest earned in the County Revenue bank account. The County Treasurer allocated interest earned on the bank account to the General Revenue Fund, Special Road and Bridge Fund, Assessment Fund, Emergency Management Fund, and the Prosecuting Attorney Bad Check Fund. In addition, the County Treasurer did not allocate interest for any other funds with balances that are held in the County Revenue bank account, including the county library.

Recommendations:

The County Treasurer:

- A. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- B. Issue prenumbered receipt slips immediately upon receipt and reconcile the composition of receipts to amounts deposited.

- C. Retain documentation of the interest allocation and allocate interest to the county library in accordance with the state statutes and various Attorney General opinions.

Status:

- A. Partially implemented. The County Treasurer did not resolve old outstanding checks on a yearly basis; however, there were only four old outstanding checks totaling \$144 at December 31, 2005. Although not repeated in the current report, our recommendation remains as stated above.
- B. Not implemented. The County Treasurer issued a receipt slip for all monies except the monthly fees turned over by the other county officials. Although not repeated in the current report, our recommendation remains as stated above.
- C. Partially implemented. The County Treasurer does not have a methodology to document reasons for why certain funds receive interest and others do not. Some funds that are not to receive interest do receive interest while other funds do not receive interest. Although not repeated in the current report, our recommendation remains as stated above.

8. Public Administrator's Procedures

The Public Administrator did not always file annual settlements by the required due dates. In addition, some of the annual settlements filed were not complete and accurate.

The Associate Circuit Division had not established adequate monitoring procedures to ensure that complete and accurate settlements were filed in a timely manner. The court clerk indicated she periodically reviewed files and prints a list of settlements past due; however, there was no documentation of her review and follow up action was not taken.

Recommendations:

- A. The Public Administrator file complete and accurate annual settlements on a timely basis as required by state law.
- B. The Associate Circuit Division Judge establish procedures to adequately monitor the timely filing of annual settlements.

Status:

- A. Partially implemented. Only one estate was noted as not being filed timely. Although not repeated in the current report, our recommendation remains as stated above.

- B. Partially implemented. Only one estate was noted as not being filed timely. Although not repeated in the current report, our recommendation remains as stated above.

9. Sheriff's Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated. There was no documentation that an independent review of the accounting records was performed by the Sheriff.
- B. Receipts were not deposited on a timely basis.
- C. The Sheriff had not adequately followed up on old outstanding checks. In addition, \$355 of these outstanding checks were not identified as to payee and pertain to checks written prior to 1998.
- D. At December 31, 2001, the Sheriff's bank account had a negative balance of \$600. This occurred due to the Sheriff making a duplicate disbursement of bond monies received. However, the overpayment to the defendant still had not been collected from the defendant.
- E. Adequate control over seized property had not been established. A complete log of seized property was not maintained and periodic inventories of the property on hand were not conducted.

Recommendations:

The Sheriff:

- A. Adequately segregate accounting duties or ensure periodic supervisory review are performed and documented.
- B. Deposit receipts daily or when accumulated receipts exceed \$100.
- C. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- D. Pursue the collection of the bond monies from the defendant.
- E. Maintain an inventory record of all seized property received including information such as description, current location, case number and disposition of such property. An inventory of all items on hand should be performed to ensure that items are properly identified, tagged, and logged.

Status:

A. Implemented.

B-E. Not implemented. See MAR finding number 9.

10. County Collector's Accounting Controls and Procedures

The County Collector did not adequately follow up on old outstanding checks. Several of these outstanding checks date back to 1992. In addition, at December 31, 2001, the County Collector held \$52 in partial payments that were received prior to 1994. The taxes for which these partial payments were received were no longer on the County Collector's records as the taxes have either been paid or abated.

Recommendation:

The County Collector attempt to resolve the old outstanding checks and partial payments and establish routine procedures to investigate checks outstanding and partial payments retained in the bank account for a considerable time.

Status:

Implemented.

11. Prosecuting Attorney's Accounting Controls and Procedures

A. Accounting duties were not adequately segregated. There was no documentation that an independent review of the accounting records was performed by the Prosecuting Attorney.

B. Receipts were not deposited on a timely basis.

C. Receipt slips were not always issued as monies were received, but were often prepared at a later date.

D. The Prosecuting Attorney had not adequately followed up on old outstanding checks.

Recommendations:

The Prosecuting Attorney:

A. Adequately segregate accounting duties or ensure periodic supervisory review are performed and documented.

B. Deposit receipts daily or when accumulated receipts exceed \$100.

C. Issue prenumbered receipt slips immediately upon receipt.

- D. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.

Status:

A-D. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

OSAGE COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1841, the county of Osage was named after the Osage River. Osage County is a county-organized, third-class county and is part of the Twentieth Judicial Circuit. The county seat is Linn.

Osage County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 432 miles of county roads and 23 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 12,014 in 1980 and 13,062 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2005	2004	2003	2002	1985* 1980**
		(in millions)				
Real estate	\$	99.5	89.7	87.2	80.0	40.2 16.9
Personal property		38.3	34.8	34.5	33.7	9.8 8.3
Railroad and utilities		25.2	26.1	24.0	27.7	20.4 13.0
Total	\$	163.0	150.6	145.7	141.4	70.4 38.2

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Osage County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2005	2004	2003	2002
General Revenue Fund	\$	.1583	.1574	.1744	.1524
Special Road and Bridge Fund *		.2101	.2110	.2110	.2056
Special Services Fund		.0996	.1000	.1000	.1000

* The county retains all tax proceeds from areas not within road districts. The county has five road districts that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2006	2005	2004	2003
State of Missouri	\$ 48,223	46,162	43,736	41,960
General Revenue Fund	275,964	254,264	264,681	226,275
Road Funds	355,118	342,202	325,801	307,665
Assessment Fund	106,022	86,078	65,513	62,121
Special Services Fund	155,592	149,657	142,172	136,364
School districts	5,231,445	4,961,608	4,664,932	4,376,424
Library district	270,192	260,091	247,027	236,995
Ambulance districts	389,064	371,205	352,865	341,088
Fire protection district	239,912	226,406	178,918	153,218
Lake Drainage	2,016	806	763	778
A-1 Levee District	9,545	9,710	9,894	12,541
Tax Sales	1,617	0	0	0
Tax Maintenance Fund	7,508	8,148	7,092	3,900
Cities	268,704	173,960	260,563	242,901
County Employees' Retirement	30,443	33,044	29,214	26,359
Commissions and fees:				
General Revenue Fund	104,848	104,507	100,340	94,846
Total	\$ 7,496,213	7,027,848	6,693,511	6,263,435

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2006	2005	2004	2003
Real estate	94.9	96.7	95.6	95.6 %
Personal property	89.6	88.5	90.3	91.2
Railroad and utilities	91.2	100.0	98.0	94.8

Osage County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Law Enforcement-911	.0050	2011	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2006	2005	2004	2003	2002
County-Paid Officials:	\$				
Russell J. Scheulen, Presiding Commissioner		24,424	24,424	24,424	
Elmer Senevey, Presiding Commissioner					23,569
Jerry G. Wolfe, Associate Commissioner		22,704	21,568	21,568	21,568
Vincent A. Samson, Associate Commissioner		22,704			
Daryl L. Luecke, Associate Commissioner			21,568	21,568	21,568
Wanda J. Bunch, County Clerk		34,400	34,400	34,400	32,680
Amanda L. Grellner, Prosecuting Attorney		40,420	40,420	40,420	35,475
Robert D. Schollmeyer, Prosecuting Attorney					3,225
Carl Fowler, Sheriff		37,840	36,120	36,120	36,120
Ralph H. Brandt, County Treasurer		25,456	25,456	25,546	24,183
Lois Jaegers, County Coroner		10,320	9,460	9,460	9,460
Paul G. Stratman, Public Administrator		12,900	12,900	12,900	12,900
Doris J. Keilholz, County Collector, year ended February 28 (29),	34,400	34,400	34,400	32,680	
Ross Seals, County Assessor (1), year ended August 31,		34,555	33,551	33,678	33,700
Ralph P. Kliethermes, County Surveyor (2)		4,000	4,000	3,500	3,500

(1) Includes annual compensation received from the state of \$688 in 2005, \$751 in 2004, \$878 in 2003, and \$900 in 2002.

(2) Compensation on a fee basis.

State-Paid Officials:

Charlene J. Eisterhold, Circuit Clerk and Ex Officio Recorder of Deeds	48,500	47,850	47,300	47,300
Robert D. Schollmeyer, Associate Circuit Judge	96,000	96,000	96,000	81,067
Ralph Voss, Associate Circuit Judge				4,000

The county entered into a lease purchase agreement in June 2004 to finance the purchase of real estate. A one year lease purchase agreement was issued with total principal of \$200,000 and interest payments to be made on February 1, 2005 and August 1, 2005. The county extended the lease purchase agreement on August 1, 2005 and also August 1, 2006. Currently, an interest payment is due February 1, 2007 and an interest and principal payment on August 1, 2007.



Claire McCaskill

Missouri State Auditor

December 2006

Reynolds County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2006

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Reynolds, that do not have a county auditor. In addition to a financial audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

- The county does not have adequate procedures in place to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA), and as a result, the county's SEFA contained several errors and omissions. Expenditures were understated by \$36,878 and \$475,850 for the years ended December 31, 2005 and 2004, respectively.
- Supporting documentation was not available to indicate Title III monies were spent as allowed by the Schools and Roads-Grants to States Program. Of the \$48,363 received by the county for Title III projects, it appears \$7,271 was expended for materials and supplies and \$1,069 was expended for payroll costs related to Title III projects. No other documentation is available to support Title III expenditures. As a result, we question costs of \$40,023.
- Actual disbursements exceeded budgeted amounts for several funds and an annual maintenance plan has not been prepared to document expected work on the county's roads and bridges.
- The county has no written policy regarding the commissioners' use of personal vehicles for county travel purposes and the commissioners are not required to maintain adequate records which detail vehicle usage. The county does not require employees to submit documentation to support all allowances or reimbursements and does not report this compensation on the employees' W-2 forms.
- Agendas were not posted for meetings held by the County Commission. In addition, the county does not have a policy regarding public access to records.
- The Senate Bill 40 Board did not ensure that a budget was prepared for its fund. In addition, board minutes are not consistently signed by the preparer and a board member to attest to their completeness and accuracy.
- The Senior Service Board minutes were not signed by the preparer and a board

YELLOW SHEET

member. Meeting notices and agendas were not posted for meetings held by the Senior Service Board.

- In the Health Center, passwords are not periodically changed to access the accounting software, some employees who handle receipts are not bonded, general capital asset record keeping and annual inventory duties are not segregated, and the general capital asset listing is not complete. In addition, Health Center minutes did not include a reason for going into closed session, decisions made during closed session were not disclosed in the open session minutes and the minutes were not always signed by the preparer and a board member.

The report also includes comments related to the property tax system and the Sheriff's and the Prosecuting Attorney's accounting controls and procedures.

All reports are available on our Web site: auditor.mo.gov

REYNOLDS COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Reynolds County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Reynolds County, Missouri, as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Reynolds County, Missouri, as of December 31, 2005 and 2004, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Reynolds County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2005 and 2004, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated September 28, 2006, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Reynolds County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

September 28, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Kate E. Petschonek, CPA
Audit Staff:	Zeb Tharp
	Jonathan P. Edwards
	Jeanette M. Samson



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Reynolds County, Missouri

We have audited the financial statements of various funds of Reynolds County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated September 28, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Reynolds County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Reynolds County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Reynolds County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

September 28, 2006 (fieldwork completion date)

Financial Statements

Exhibit A-1

REYNOLDS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2005

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 440,419	789,903	961,207	269,115
Special Road and Bridge	195,481	1,240,625	1,369,767	66,339
Assessment	3,478	108,035	106,456	5,057
Law Enforcement Training	844	2,060	2,585	319
Prosecuting Attorney Training	188	362	383	167
Recorder's User Fees	18,792	5,487	5,414	18,865
Children's Trust	15	316	0	331
Sweetwater Cemetery Trust	4,417	206	176	4,447
Sheriff's Civil Fees	10,520	6,277	10,000	6,797
Sound Recording	1,348	340	0	1,688
Prosecuting Attorney Bad Check	2,976	910	2,745	1,141
Election Services	227	489	6	710
Collector's Tax Maintenance	5,880	7,371	3,980	9,271
County Law Enforcement Restitution	0	23,540	0	23,540
Circuit Clerk Interest	584	113	0	697
Associate Circuit Court Interest	588	81	0	669
Senior Services Board	7,561	28,687	32,078	4,170
Health Center	91,475	380,298	406,740	65,033
Sheriff's Revolving	2,285	1,697	803	3,179
HAVA Grant	15,000	6,089	6,024	15,065
Law Library	3,119	2,025	2,845	2,299
Senate Bill 40 Board	19,735	95,616	98,977	16,374
Sheriff's Calendar	844	590	445	989
Passport	0	420	0	420
Total	\$ 825,776	2,701,537	3,010,631	516,682

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

REYNOLDS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 311,840	1,083,142	954,563	440,419
Special Road and Bridge	165,999	1,659,122	1,629,640	195,481
Assessment	15,673	170,973	183,168	3,478
Law Enforcement Training	432	1,991	1,579	844
Prosecuting Attorney Training	147	331	290	188
Recorder's User Fees	26,782	5,809	13,799	18,792
Children's Trust	67	315	367	15
Sweetwater Cemetery Trust	4,486	132	201	4,417
Sheriff's Civil Fees	5,716	4,804	0	10,520
Sound Recording	973	389	14	1,348
Prosecuting Attorney Bad Check	2,064	1,031	119	2,976
Election Services	410	810	993	227
Collector's Tax Maintenance	5,588	6,246	5,954	5,880
Circuit Clerk Interest	631	135	182	584
Associate Circuit Court Interest	547	83	42	588
Senior Services Board	3,891	27,703	24,033	7,561
Health Center	96,146	298,341	303,012	91,475
Sheriff's Revolving	0	2,980	695	2,285
HAVA Grant	0	17,490	2,490	15,000
Law Library	1,244	1,875	0	3,119
Senate Bill 40 Board	21,221	92,144	93,630	19,735
Sheriff's Calendar	867	731	754	844
Total	\$ 664,724	3,376,577	3,215,525	825,776

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

REYNOLDS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 2,804,581	2,604,911	(199,670)	2,866,144	3,261,357	395,213
DISBURSEMENTS	3,004,560	2,911,209	93,351	3,120,082	3,117,956	2,126
RECEIPTS OVER (UNDER) DISBURSEMENTS	(199,979)	(306,298)	(106,319)	(253,938)	143,401	397,339
CASH, JANUARY 1	716,920	805,197	88,277	649,576	641,392	(8,184)
CASH, DECEMBER 31	516,941	498,899	(18,042)	395,638	784,793	389,155
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	166,000	123,173	(42,827)	217,772	193,043	(24,729)
Sales taxes	183,912	190,863	6,951	170,003	183,912	13,909
Intergovernmental	306,178	285,575	(20,603)	341,094	510,880	169,786
Charges for services	140,746	141,454	708	149,215	139,098	(10,117)
Interest	15,900	16,326	426	15,000	16,532	1,532
Other	38,902	17,512	(21,390)	24,265	25,745	1,480
Transfers in	10,000	15,000	5,000	35,989	13,932	(22,057)
Total Receipts	861,638	789,903	(71,735)	953,338	1,083,142	129,804
DISBURSEMENTS						
County Commissioner	71,897	82,989	(11,092)	65,950	69,059	(3,109)
County Clerk	51,541	51,745	(204)	50,116	49,782	334
Elections	10,750	9,615	1,135	41,924	34,926	6,998
Buildings and grounds	51,528	55,590	(4,062)	41,390	49,797	(8,407)
Employee fringe benefit	77,658	81,637	(3,979)	45,858	46,791	(933)
County Treasurer	23,465	23,646	(181)	22,990	22,228	762
County Collector	57,091	52,763	4,328	53,693	53,931	(238)
Circuit Clerk	21,894	20,640	1,254	19,920	19,656	264
Associate Circuit Court	3,526	2,494	1,032	3,836	1,536	2,300
Associate Circuit (Probate)	850	2,163	(1,313)	825	916	(91)
Court administration	5,939	4,271	1,668	5,784	3,883	1,901
Public Administrator	17,930	18,163	(233)	15,929	15,237	692
Sheriff	351,920	346,503	5,417	352,377	346,740	5,637
Jail	8,100	10,101	(2,001)	15,250	6,789	8,461
Prosecuting Attorney	75,748	73,659	2,089	67,825	67,732	93
Juvenile Officer	17,767	17,716	51	14,686	14,686	0
County Coroner	9,575	10,939	(1,364)	9,000	9,278	(278)
FEMA disaster relief	5,833	6,295	(462)	11,968	14,010	(2,042)
Hospital dissolution	0	89	(89)	0	0	0
Emergency Shelter Grant	18,000	16,142	1,858	18,000	18,997	(997)
University Extension	12,000	11,609	391	13,000	11,610	1,390
Other	89,460	32,886	56,574	133,080	89,060	44,020
Transfers out	20,000	29,552	(9,552)	8,000	7,919	81
Emergency Fund	0	0	0	30,000	0	30,000
Total Disbursements	1,002,472	961,207	41,265	1,041,401	954,563	86,838
RECEIPTS OVER (UNDER) DISBURSEMENTS	(140,834)	(171,304)	(30,470)	(88,063)	128,579	216,642
CASH, JANUARY 1	325,828	440,419	114,591	311,840	311,840	0
CASH, DECEMBER 31	184,994	269,115	84,121	223,777	440,419	216,642

Exhibit B

REYNOLDS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	145,904	154,933	9,029	147,295	145,905	(1,390)
Intergovernmental	950,182	883,655	(66,527)	1,184,384	1,451,293	266,909
Charges for services	0	0	0	5,000	4,613	(387)
Interest	8,317	6,260	(2,057)	16,500	8,317	(8,183)
Grader buy back	210,000	100,500	(109,500)	0	0	0
Loan proceeds	40,000	58,843	18,843	40,000	40,000	0
Other	9,700	6,882	(2,818)	27,000	4,922	(22,078)
Transfers in	4,000	29,552	25,552	8,500	4,072	(4,428)
Total Receipts	1,368,103	1,240,625	(127,478)	1,428,679	1,659,122	230,443
DISBURSEMENTS						
Salaries	411,308	355,088	56,220	411,308	404,206	7,102
Employee fringe benefit	133,014	131,202	1,812	106,014	105,306	708
Supplies	190,500	184,159	6,341	147,500	140,568	6,932
Insurance	27,000	29,157	(2,157)	27,000	25,916	1,084
Road and bridge materials	222,000	125,713	96,287	233,872	160,966	72,906
Equipment repairs	60,000	65,025	(5,025)	60,000	48,959	11,041
Equipment purchases	215,000	347,301	(132,301)	210,000	188,699	21,301
Construction, repair, and maintenance	105,000	105,423	(423)	325,319	523,542	(198,223)
Other	26,818	26,699	119	26,818	27,555	(737)
Transfers out	0	0	0	35,989	3,923	32,066
Total Disbursements	1,390,640	1,369,767	20,873	1,583,820	1,629,640	(45,820)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,537)	(129,142)	(106,605)	(155,141)	29,482	184,623
CASH, JANUARY 1	194,762	195,481	719	165,999	165,999	0
CASH, DECEMBER 31	172,225	66,339	(105,886)	10,858	195,481	184,623
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	106,202	103,223	(2,979)	91,682	83,456	(8,226)
Charges for services	3,550	4,160	610	4,501	4,021	(480)
Interest	450	517	67	729	471	(258)
Tax appeal reimbursemen	0	0	0	0	74,684	74,684
Other	0	135	135	0	571	571
Transfers in	16,054	0	(16,054)	50,000	7,770	(42,230)
Total Receipts	126,256	108,035	(18,221)	146,912	170,973	24,061
DISBURSEMENTS						
Assessor	121,587	101,456	20,131	146,516	169,236	(22,720)
Transfers out	5,000	5,000	0	1,000	13,932	(12,932)
Total Disbursements	126,587	106,456	20,131	147,516	183,168	(35,652)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(331)	1,579	1,910	(604)	(12,195)	(11,591)
CASH, JANUARY 1	3,478	3,478	0	15,673	15,673	0
CASH, DECEMBER 31	3,147	5,057	1,910	15,069	3,478	(11,591)

Exhibit B

REYNOLDS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	643	0	(643)
Charges for service:	1,991	2,060	69	1,494	1,991	497
Total Receipts	1,991	2,060	69	2,137	1,991	(146)
DISBURSEMENTS						
Sheriff	2,143	2,585	(442)	2,143	1,579	564
Total Disbursements	2,143	2,585	(442)	2,143	1,579	564
RECEIPTS OVER (UNDER) DISBURSEMENTS	(152)	(525)	(373)	(6)	412	418
CASH, JANUARY 1	844	844	0	432	432	0
CASH, DECEMBER 31	692	319	(373)	426	844	418
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	331	362	31	575	331	(244)
Total Receipts	331	362	31	575	331	(244)
DISBURSEMENTS						
Prosecuting Attorney	567	383	184	567	290	277
Total Disbursements	567	383	184	567	290	277
RECEIPTS OVER (UNDER) DISBURSEMENTS	(236)	(21)	215	8	41	33
CASH, JANUARY 1	188	188	0	147	147	0
CASH, DECEMBER 31	(48)	167	215	155	188	33
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for service:	5,808	1,847	(3,961)	6,200	1,983	(4,217)
Interest	0	3,640	3,640	0	3,826	3,826
Total Receipts	5,808	5,487	(321)	6,200	5,809	(391)
DISBURSEMENTS						
Recorder of Deeds	1,600	5,414	(3,814)	1,600	13,799	(12,199)
Total Disbursements	1,600	5,414	(3,814)	1,600	13,799	(12,199)
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,208	73	(4,135)	4,600	(7,990)	(12,590)
CASH, JANUARY 1	18,792	18,792	0	26,782	26,782	0
CASH, DECEMBER 31	23,000	18,865	(4,135)	31,382	18,792	(12,590)
<u>CHILDREN'S TRUST FUND</u>						
RECEIPTS						
Charges for service:	315	316	1	400	315	(85)
Total Receipts	315	316	1	400	315	(85)
DISBURSEMENTS						
Whole Health Outreach	400	0	400	400	367	33
Total Disbursements	400	0	400	400	367	33
RECEIPTS OVER (UNDER) DISBURSEMENTS	(85)	316	401	0	(52)	(52)
CASH, JANUARY 1	15	15	0	67	67	0
CASH, DECEMBER 31	(70)	331	401	67	15	(52)

Exhibit B

REYNOLDS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SWEETWATER CEMETERY TRUST FUND</u>						
RECEIPTS						
Interest	132	206	74	135	132	(3)
Total Receipts	132	206	74	135	132	(3)
DISBURSEMENTS						
Maintenance	140	176	(36)	161	201	(40)
Total Disbursements	140	176	(36)	161	201	(40)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8)	30	38	(26)	(69)	(43)
CASH, JANUARY 1	4,417	4,417	0	4,486	4,486	0
CASH, DECEMBER 31	4,409	4,447	38	4,460	4,417	(43)
<u>SHERIFF'S CIVIL FEES FUND</u>						
RECEIPTS						
Charges for service:	0	6,277	6,277	5,700	4,804	(896)
Total Receipts	0	6,277	6,277	5,700	4,804	(896)
DISBURSEMENTS						
Transfers out	10,000	10,000	0	5,700	0	5,700
Total Disbursements	10,000	10,000	0	5,700	0	5,700
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,000)	(3,723)	6,277	0	4,804	4,804
CASH, JANUARY 1	10,520	10,520	0	5,716	5,716	0
CASH, DECEMBER 31	520	6,797	6,277	5,716	10,520	4,804
<u>SOUND RECORDING FUND</u>						
RECEIPTS						
Charges for service:	400	340	(60)	450	389	(61)
Total Receipts	400	340	(60)	450	389	(61)
DISBURSEMENTS						
Sound recording	200	0	200	0	14	(14)
Total Disbursements	200	0	200	0	14	(14)
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	340	140	450	375	(75)
CASH, JANUARY 1	1,348	1,348	0	973	973	0
CASH, DECEMBER 31	1,548	1,688	140	1,423	1,348	(75)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	3,805	910	(2,895)	1,000	1,031	31
Total Receipts	3,805	910	(2,895)	1,000	1,031	31
DISBURSEMENTS						
Prosecuting Attorney	100	2,745	(2,645)	26	119	(93)
Total Disbursements	100	2,745	(2,645)	26	119	(93)
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,705	(1,835)	(5,540)	974	912	(62)
CASH, JANUARY 1	2,976	2,976	0	2,064	2,064	0
CASH, DECEMBER 31	6,681	1,141	(5,540)	3,038	2,976	(62)

Exhibit B

REYNOLDS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	538	489	(49)	700	810	110
Total Receipts	538	489	(49)	700	810	110
DISBURSEMENTS						
Elections	600	6	594	700	993	(293)
Total Disbursements	600	6	594	700	993	(293)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(62)	483	545	0	(183)	(183)
CASH, JANUARY 1	227	227	0	410	410	0
CASH, DECEMBER 31	165	710	545	410	227	(183)
<u>COLLECTOR'S TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	9,000	7,371	(1,629)	7,200	6,246	(954)
Total Receipts	9,000	7,371	(1,629)	7,200	6,246	(954)
DISBURSEMENTS						
County Collector	9,000	3,980	5,020	7,200	5,954	1,246
Total Disbursements	9,000	3,980	5,020	7,200	5,954	1,246
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	3,391	3,391	0	292	292
CASH, JANUARY 1	5,880	5,880	0	5,588	5,588	0
CASH, DECEMBER 31	5,880	9,271	3,391	5,588	5,880	292
<u>COUNTY LAW ENFORCEMENT RESTITUTION FUND</u>						
RECEIPTS						
Charges for service:	8,000	23,540	15,540			
Total Receipts	8,000	23,540	15,540			
DISBURSEMENTS						
Transfers out	0	0	0			
Total Disbursements	0	0	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	8,000	23,540	15,540			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	8,000	23,540	15,540			
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	150	113	(37)	35	135	100
Total Receipts	150	113	(37)	35	135	100
DISBURSEMENTS						
Circuit Clerk	150	0	150	200	182	18
Total Disbursements	150	0	150	200	182	18
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	113	113	(165)	(47)	118
CASH, JANUARY 1	597	584	(13)	631	631	0
CASH, DECEMBER 31	597	697	100	466	584	118

Exhibit B

REYNOLDS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ASSOCIATE CIRCUIT COURT INTEREST FUND</u>						
RECEIPTS						
Interest	588	81	(507)	0	83	83
Total Receipts	588	81	(507)	0	83	83
DISBURSEMENTS						
Associate Circuit Court	0	0	0	0	42	(42)
Total Disbursements	0	0	0	0	42	(42)
RECEIPTS OVER (UNDER) DISBURSEMENTS	588	81	(507)	0	41	41
CASH, JANUARY 1	29,872	588	(29,284)	8,701	547	(8,154)
CASH, DECEMBER 31	30,460	669	(29,791)	8,701	588	(8,113)
<u>SENIOR SERVICES BOARD FUND</u>						
RECEIPTS						
Property Taxes	26,651	28,553	1,902	20,330	27,622	7,292
Interest	80	134	54	100	81	(19)
Total Receipts	26,731	28,687	1,956	20,430	27,703	7,273
DISBURSEMENTS						
Services for senior citizen	30,300	30,300	0	23,700	23,700	0
Other	2,408	1,778	630	333	333	0
Total Disbursements	32,708	32,078	630	24,033	24,033	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,977)	(3,391)	2,586	(3,603)	3,670	7,273
CASH, JANUARY 1	7,561	7,561	0	3,891	3,891	0
CASH, DECEMBER 31	1,584	4,170	2,586	288	7,561	7,273
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	93,000	95,246	2,246	89,000	92,121	3,121
Intergovernmental	274,299	271,573	(2,726)	190,103	194,105	4,002
Charges for services	7,000	7,902	902	4,800	5,588	788
Interest	1,800	1,816	16	1,500	985	(515)
Other	9,396	3,761	(5,635)	6,850	5,542	(1,308)
Total Receipts	385,495	380,298	(5,197)	292,253	298,341	6,088
DISBURSEMENTS						
Salaries	271,856	272,599	(743)	224,971	230,084	(5,113)
Mileage and training	9,940	9,610	330	6,550	8,193	(1,643)
Office expenditures	27,827	28,196	(369)	15,450	17,394	(1,944)
Equipment	872	873	(1)	1,325	802	523
Contracted labor	14,994	14,831	163	0	652	(652)
Program costs	76,248	74,657	1,591	41,114	31,630	9,484
Other	5,216	5,974	(758)	15,205	14,257	948
Total Disbursements	406,953	406,740	213	304,615	303,012	1,603
RECEIPTS OVER (UNDER) DISBURSEMENTS	(21,458)	(26,442)	(4,984)	(12,362)	(4,671)	7,691
CASH, JANUARY 1	91,475	91,475	0	96,176	96,146	(30)
CASH, DECEMBER 31	70,017	65,033	(4,984)	83,814	91,475	7,661

Exhibit B

REYNOLDS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF'S REVOLVING FUND</u>						
RECEIPTS						
Charges for services	2,800	1,697	(1,103)			
Total Receipts	2,800	1,697	(1,103)			
DISBURSEMENTS						
Sheriff	2,800	803	1,997			
Total Disbursements	2,800	803	1,997			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	894	894			
CASH, JANUARY 1	2,285	2,285	0			
CASH, DECEMBER 31	2,285	3,179	894			
<u>HAVA GRANT</u>						
RECEIPTS						
Intergovernmental	0	5,615	5,615			
Interest	0	474	474			
Total Receipts	0	6,089	6,089			
DISBURSEMENTS						
County Clerk	15,000	6,024	8,976			
Total Disbursements	15,000	6,024	8,976			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,000)	65	15,065			
CASH, JANUARY 1	15,000	15,000	0			
CASH, DECEMBER 31	0	15,065	15,065			
<u>LAW LIBRARY</u>						
RECEIPTS						
Charges for services	2,500	2,025	(475)			
Total Receipts	2,500	2,025	(475)			
DISBURSEMENTS						
Office expenditures	2,500	2,845	(345)			
Total Disbursements	2,500	2,845	(345)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(820)	(820)			
CASH, JANUARY 1	855	3,119	2,264			
CASH, DECEMBER 31	855	2,299	1,444			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

REYNOLDS COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Reynolds County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Senate Bill 40 Board, or the Senior Service Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff's Revolving Fund	2004
HAVA Grant Fund	2004
Law Library Fund	2004
Senate Bill 40 Board Fund	2005 and 2004
Sheriff's Calendar	2005 and 2004
Passport Fund	2005

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Road and Bridge Fund	2004
Assessment Fund	2004
Law Enforcement Training Fund	2005
Recorder's User Fees Fund	2005 and 2004
Sweetwater Cemetery Trust Fund	2005 and 2004
Sound Recording Fund	2004
Prosecuting Attorney Bad Check Fund	2005 and 2004
Election Services Fund	2004
Associate Circuit Court Interest Fund	2004
Law Library Fund	2005

Although Section 50.740, RSMo, requires a balanced budget, deficit balances were budgeted for the Prosecuting Attorney Training Fund and the Children's Trust Fund for the year ended December 31, 2005.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest Fund	2005 and 2004
Associate Circuit Court Interest Fund	2005 and 2004
Law Library Fund	2005 and 2004
Sheriff Calendar Sales Fund	2005 and 2004
Passport Fund	2005

In addition, the county's published financial statements included only those amounts that passed through the County Treasurer for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Senior Services Board Fund	2005 and 2004
Senate Bill 40 Board Fund	2005 and 2004

The county's published financial statements for the years ended December 31, 2005 and 2004, did not disclose beginning and ending balances and disbursement detail by vendor for the Health Center Fund. In addition, the published financial statements did not disclose disbursement detail by vendor or sources of revenues for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	2005 and 2004
Prosecuting Attorney Training Fund	2005 and 2004
Recorder's User Fund	2005 and 2004
Children's Trust Fund	2005 and 2004
Sweetwater Cemetery Fund	2005 and 2004
Sheriff's Civil Fund	2005 and 2004
Sound Recording Fund	2005 and 2004
Prosecuting Attorney Bad Check Fund	2005 and 2004
Election Services Fund	2005 and 2004
Tax Maintenance Fund	2005 and 2004
County Law Enforcement Restitution Fund	2005
Sheriff's Revolving Fund	2005 and 2004
HAVA Grant Fund	2005

2. Cash

Disclosures are provided below to comply with Statement No. 40 of the Governmental Accounting Standards Board, *Deposit and Investment Risk Disclosures*. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit. To protect the safety of county deposits, Section 110.020, RSMo, requires depositaries to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities must be of the types specified by Section 30.270,

RSMo, for the collateralization of state funds and held by either the county or a financial institution other than the depository bank. Section 67.085, RSMo, also requires certificates of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depository bank fails, Reynolds County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The county's deposits at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board's, the Senate Bill 40 Board's, and the Senior Services Board's deposits at December 31, 2005 and 2004, were entirely covered by federal depository insurance.

Investments

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. At December 31, 2005 and 2004, the county had no such investments. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

3. Prior Period Adjustments

The General Revenue Fund's and Special Road and Bridge Fund's cash balances at January 1, 2004, as previously stated have been increased by \$18,838 and \$33,490, respectively, to reflect disbursements that were overstated due to a computer error.

The following funds cash balance at January 1, 2004, were not previously reported but have been added:

<u>Fund</u>	<u>Balance at January 1, 2004</u>
Sweetwater Cemetery Fund	\$ 4,486
Circuit Clerk Interest Fund	631
Associate Circuit Court Interest Fund	547
Senior Service Fund	3,891
Health Center Fund	96,146
Senate Bill 40 Board Fund	21,221
Law Library Fund	1,244

Sheriff's Calendar Sales Fund

867

The following funds cash balance at January 1, 2004 were previously reported but have been removed:

<u>Fund</u>	<u>Balance at January 1, 2004</u>
Overplus Fund	26,739
School Capital Fund	5,203
Unclaimed Fees Fund	86
County Retirement Fund	3,208

4. Subsequent Event

As a result of the breach of the Taum Sauk Reservoir in December 2005, the locally assessed valuation of railroad and utilities may decrease significantly until the plant is rebuilt. If and when the plant is rebuilt, the assessed valuation will likely increase significantly. Ameren UE has verbally agreed to pay taxes for 2006 and 2007 at the current assessed valuation.

Supplementary Schedule

Schedule

REYNOLDS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-5190	\$ 20,840	23,778
10.559	Summer Food Service Program for Children	ERS146-5190	350	455
Office of Administration				
10.665	Schools and Roads - Grants to State	N/A	0	395,885
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state				
Department of Social Services -				
14.231	Emergency Shelter Grants Program	N/A	16,142	18,978
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety				
16.554	National Criminal History Improvement Program	N/A	3,679	665
16.575	Crime Victim Assistance	2002VOCA-0064	28,543	24,918
Cape Girardeau County -				
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	MOSMART	43,971	44,816
State Department of Public Safety				
16.592	Local Law Enforcement Block Grants Program	Forest Meth	13,718	7,935
Missouri Sheriffs' Association -				
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,009	1,481
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Construction	BRO-090	47,546	465,377

Schedule

REYNOLDS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	3,122	1,624
	ELECTIONS ASSISTANCE COMMISSION			
	Passed through state Office of Secretary of State			
90.401*	Help America Vote Act Requirements Payment	HAVA2002Fed	6,024	2,490
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed through state			
	Department of Health and Senior Services -			
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-5190L	1,000	441
93.268	Immunization Grants	4300581201	2,850	0
		3304-A	0	150
	Nonmonetary	43600581201	19,672	34,681
	Program Total		<u>22,522</u>	<u>34,831</u>
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	N/A	3,500	9,255
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Grant	PGA067-5790S	80	160
		PGA067-6190C	1,000	0
	Program Total		<u>1,080</u>	<u>160</u>
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-5190M	19,103	14,408
	U.S. DEPARTMENT OF HOMELAND SECURITY			
	Passed through state Department of Public Safety			
97.036	Public Assistance Grants	N/A	993	28,881
	Total Expenditures of Federal Award:		\$ <u><u>233,142</u></u>	<u><u>1,076,378</u></u>

N/A - Not applicable

*-Includes awards under CFDA # 39.011

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

REYNOLDS COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Reynolds County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Immunization Grants (CFDA number 93.268) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2005 and 2004.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Reynolds County, Missouri

Compliance

We have audited the compliance of Reynolds County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

As described in finding number 05-2 in the accompanying Schedule of Findings and Questioned Costs, Reynolds County, Missouri, did not comply with requirements regarding activities allowed or unallowed costs and allowable costs/cost principles that are applicable to its Schools and

Roads - Grants to States program. Compliance with such requirements is necessary, in our opinion, for Reynolds County, Missouri, to comply with the requirements of that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Reynolds County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2005. The results of our auditing procedures also disclosed another instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 05-1.

Internal Control Over Compliance

The management of Reynolds County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 05-1 and 05-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider finding numbers 05-1 and 05-2 to be material weaknesses.

This report is intended for the information and use of the management of Reynolds County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 28, 2006 (fieldwork completion date)

Schedule

REYNOLDS COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2004 AND 2005

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes x no
- Reportable condition identified that is not considered to be a material weakness? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? x yes no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Type of auditor's report issued on compliance for major programs: Unqualified for CFDA Number 20.205
Qualified for CFDA Number 10.665

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.665	Schools and Roads-Grants to States
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

05-1.	Schedule of Expenditures of Federal Awards
--------------	---------------------------------------------------

Federal Grantor: U.S. Department of Agriculture
Pass-Through Grantor: State Office of Administration
Federal CFDA Number: 10.665
Program Title: Schools and Roads-Grants to States
Pass-Through Entity
Identifying Number: Not Applicable
Award Years: 2005 and 2004
Questioned Costs: Not Applicable

Federal Grantor: U.S. Department of Transportation
Pass-Through Grantor: State Highway and Transportation Commission
Federal CFDA Number: 20.205
Program Title: Highway Planning and Construction
Pass-Through Entity
Identifying Number: BRO-090
Award Years: 2005 and 2004
Questioned Costs: Not Applicable

The county does not have adequate procedures in place to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA), and as a result, the county's SEFA contained several errors and omissions. Expenditures were understated by \$36,878 and \$475,850 for the years ended December 31, 2005 and 2004, respectively.

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the county to prepare a SEFA for the period covered by the county's financial statements. The county is required to submit the SEFA to the State Auditor's office as a part of the annual budget.

Expenditures relating to several federal grants were reported incorrectly or not included on the schedule. For example, in 2004 the County Clerk failed to include federal monies of \$395,885 for Schools and Roads-Grants to States and \$28,881 for Public Assistance Grants. Expenditures for the Crime Victim Assistance Program, which totaled \$24,918 in 2004 and \$28,543 in 2005, were also not included on the SEFA. The County Clerk indicated he was not aware these monies were required to be reported. In addition, expenditures of \$23,778 for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) were not included on the SEFA in 2004 due to an oversight made by the Health Center Administrator.

For both years, several small federal grants were not included on the SEFA and incorrect amounts were reported for other grants. In addition, two grants were included under the wrong Catalog of Federal Domestic Assistance (CFDA) numbers. Monies expended both years under the Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program were erroneously shown under CFDA 16.592 rather than 16.580. In addition, the value of non-monetary vaccines received was shown under CFDA number 93.283 instead of 93.268 for 2004.

Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The County Commission should take steps to ensure all departments and/or officials properly track federal awards to ensure all federal awards are properly accounted for on the SEFA.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

WE RECOMMEND the County Commission, County Clerk, and Health Center Administrator work to ensure the SEFA is complete and accurate.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission and County Clerk provided the following response:

We will try to ensure all expenditures of federal funds are shown on the SEFA.

The Health Center Administrator provided the following response:

I will work on ensuring federal expenditures are included on the SEFA.

05-2.**Schools and Roads-Grants to States**

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	State Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads-Grants to States
Pass-Through Entity	
Identifying Number:	Not applicable
Award Years:	2005 and 2004
Questioned Costs:	\$40,023

During the two years ended December 31, 2005, Reynolds County received \$395,885 through the Schools and Roads-Grants to States Program. The county retained \$48,363 for Title III projects. Seventy-five percent of the remaining amount was disbursed to the school districts in the county and 25 percent was retained for the Road and Bridge Fund.

Supporting documentation was not available to indicate Title III monies were spent as allowed by the Schools and Roads-Grants to States Program. The county received a letter from a National Forest Service ranger approving the use of the funds to gravel portions of county roads and to develop an emergency response system for the county. However, the county did not retain adequate supporting documentation to ensure all expenditures of Title III monies were for these two projects.

During the two years ended December 31, 2005, the county purchased materials and supplies for Title III projects totaling \$7,271. The county maintained a log to indicate which employees worked on Title III projects during 2005. The log indicated one employee worked on Title III projects nine days during 2005. However, the county did not calculate the total payroll cost related to Title III projects. We estimated the costs related to payroll to be approximately \$1,069. No log was available to document the number of days the road and bridge employees worked on Title III projects during 2004.

Of the \$48,363 received by the county for Title III projects, it appears \$7,271 was expended for materials and supplies and \$1,069 was expended for payroll costs related to Title III projects. No other documentation is available to support Title III expenditures. As a result, we question costs of \$40,023 which represent Title III monies without adequate documentation. Without adequate supporting documentation, the county cannot ensure Title III monies were expended as allowed by federal guidelines.

WE RECOMMEND the county ensure Title III expenditures are supported by adequate documentation and work with the grantor agency to resolve the questioned costs.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission provided the following response:

We have started to keep records showing how Title III monies are spent.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

REYNOLDS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2003, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

REYNOLDS COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2003, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

REYNOLDS COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Reynolds County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated September 28, 2006. We also have audited the compliance of Reynolds County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004, and have issued our report thereon dated September 28, 2006. That report expressed a qualified opinion on the county's compliance with those types of requirements.

In addition, to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years, we have audited the operations of elected officials with funds other than those presented in the financial statements. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Reynolds County or of its compliance with the types of compliance requirements applicable to each of its major federal

programs but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1.	Budgets and Planning
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Actual disbursements exceeded budgeted amounts for several funds and an annual maintenance plan has not been prepared to document expected work on the county's roads and bridges.

A. Actual disbursements exceeded budgeted amounts for several funds, as follows:

Fund	Year Ended December 31,	
	2005	2004
Special Road and Bridge Fund	\$ N/A	45,820
Assessment Fund	N/A	35,652
Law Enforcement Training Fund	442	N/A
Recorder's User Fees Fund	3,814	12,199
Sweetwater Cemetery Trust Fund	36	40
Sound Recording Fund	N/A	14
Prosecuting Attorney Bad Check Fund	2,645	93
Election Services Fund	N/A	293
Associate Circuit Court Interest Fund	N/A	42
Law Library Fund	345	N/A

The County Commission reviews a budget to actual comparison report for county funds each month and officials receive a report quarterly. The County Commission will review the reports and determine if an amendment to the budget should be made. While the County Commission apparently reviewed the reports and made some amendments, it appears that the Commission did not adequately monitor the fund transactions. As a result, expenditures of several funds exceeded budgeted amounts.

The Associate Circuit Court Interest Fund and the Law Library Fund are held outside of the county treasury and are maintained by the Associate Circuit Clerk and the Prosecuting Attorney, respectively. These officials should periodically compare budget to actual amounts to ensure that actual expenditures do not exceed budgeted amounts.

Case law provides that strict compliance with county budget laws is required by county officials. If there are valid reasons which require excess disbursements (i.e., emergencies, unforeseen occurrences, and statutorily required obligations), amendments should be made following the same process by which the annual budget

is approved, including holding public hearings and filing the amended budget with the State Auditor's office. To improve the effectiveness of the budgets as a planning tool and ensure compliance with state law, budget to actual comparison reports need to be reviewed and used when making spending decisions throughout the year.

- B. An annual maintenance plan has not been prepared to document expected work on the county's roads and bridges. More than \$1.3 and \$1.6 million in disbursements were processed through the county's Special Road and Bridge Fund during the years ended December 31, 2005 and 2004 respectively. However, the budget document presents proposed activities in general categories which contain significant dollar amounts and does not provide details regarding specific projects or plans. The County Commission indicated that they assess the maintenance required on the county roads and bridges throughout the year and will determine the work that is required. Specifics are not documented in a plan, the commission minutes, or the budget message and made available to the public.

A maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the roads and bridges to be worked on, the type of work to be performed, cost estimates, the dates such work could begin, and other relevant information. The plan should be referred to in the budget message and approved by the County Commission. In addition, the County Commission should consider holding a public hearing to obtain input from residents. Such a plan would serve as a useful management tool, encourage greater input into the overall budgeting process, and provide a means to continually and more effectively monitor and evaluate the repair and maintenance projects throughout the year.

WE RECOMMEND the County Commission:

- A. And other county officials review budget to actual reports carefully and refrain from approving disbursements which exceed budgeted amounts.
- B. Develop a road and bridge maintenance plan in conjunction with the annual fiscal budgets.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We will amend the budgets as necessary.*
- B. *We will develop a maintenance plan for the 2007 budget.*

The Prosecuting Attorney provided the following response:

- A. *I will monitor the Law Library Fund budget.*

2.**Payroll Records and Procedures**

The county has no written policy regarding the commissioners' use of personal vehicles for county travel purposes and the commissioners are not required to maintain adequate records which detail vehicle usage. The county does not require employees to submit documentation to support all allowances or reimbursements and does not report this compensation on the employees' W-2 forms.

- A. The county has no written policy regarding the commissioners' use of personal vehicles for county travel purposes and the commissioners are not required to maintain adequate records which detail vehicle usage. The county commissioners are each reimbursed for a maximum of 2,000 miles per month at a rate of \$.36 per mile. During the years ended December 31, 2005 and 2004, the maximum was paid each month resulting in total payments of \$51,840. The commissioners submit expense reimbursement requests showing the number of miles traveled each day; however, there is no reference as to the purpose of the trip and only one commissioner indicates the location.

Commissioners indicated that there are approximately 609 county road miles for which they are responsible to inspect; in addition, they must supervise road and bridge employees at job sites. The Presiding Commissioner stated that he must travel to Poplar Bluff and Winona, Missouri for meetings and for signing grant paperwork. To ensure mileage reimbursement requests are reasonable and represent valid expenditures, the requests for reimbursements should be adequately detailed, including the purpose and destination of each trip.

- B. The county does not require employees to submit documentation to support all allowances or reimbursements. In addition, this compensation is not reported on the employees' W-2 forms. The following are examples of allowances and reimbursements that were not supported by adequate documentation or reported on the employees' W-2 forms.
1. Uniform allowances of \$65 are paid to the Sheriff's deputies and a uniform allowance of \$100 is paid to the Sheriff on a monthly basis. These allowances totaled \$5,100 for both 2005 and 2004.
 2. Six road and bridge employees receive a mileage reimbursement of \$225 per month (in August of 2005 this was increased to \$300 per month) for traveling from the road and bridge shed to the job site. In addition, these employees are reimbursed \$100 per year for the additional insurance the county requires the employees to have on their vehicles. While these employees are required to show their insurance card, the cards do not indicate whether or not the employee has the required insurance. During the years ended December 31,

2005 and 2004 the county expended \$19,050 and \$16,800 respectively for these mileage and insurance reimbursements.

3. A female guard is required to accompany a female prisoner during transportation. As compensation, the county pays this guard the equivalent of the mileage reimbursement. During the years ended December 31, 2005 and 2004, the county expended approximately \$660 and \$790 respectively for guard reimbursements. It appears the guard should be compensated for her time through the county's normal payroll procedures and not reimbursed for mileage unless actual expenses are incurred.

Internal Revenue Service Regulations 1.62-2(h) and 31.3401(a)-4(b) specifically require employee business expenses not accounted for to the employer to be considered gross income and payroll taxes to be withheld from the undocumented payments. Therefore, these allowances should be considered gross income to the employees. Alternatively, the County Commission could require employees to submit documentation of actual expenses as they are incurred. In addition, all guards should be compensated for their time through the county's normal payroll procedures.

Similar conditions to parts A and B.1 were noted in our prior audit report.

WE AGAIN RECOMMEND the County Commission:

- A. Develop and enforce a mileage reimbursement policy which ensures mileage reimbursement requests are adequately detailed to include the purpose of each trip.
- B. Require all reimbursements and allowances to county employees be supported by adequate documentation or report these reimbursements and allowances as other income on the employees' W-2 forms. In addition, ensure all guards are paid through the county's normal payroll procedures.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We will provide more detail on mileage reimbursement requests.*
- B.1. *We will require documentation for reimbursements.*
- B.2. *We will evaluate this situation and determine adequate documentation.*
- B.3. *We will discuss this situation with the Sheriff.*

Neither the County Commission nor the County Clerk adequately reviews the County Collector's settlements. In addition, the computerized property tax records are vulnerable to unauthorized use, modification or destruction.

- A. Neither the County Commission nor the County Clerk provide an adequate review of the activities of the County Collector. The County Clerk maintains a spreadsheet indicating property tax additions and abatements for comparison to the annual settlement. However he does not maintain an account book or other records summarizing all property tax transactions, and there was no evidence to indicate procedures are performed by the County Clerk or the County Commission to verify the County Collector's monthly or annual settlements.

Section 51.150(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury.

An account book or other records which summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts, should be maintained by the County Clerk. Such records would help the County Clerk ensure that the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the County Clerk and County Commission to verify the County Collector's monthly and annual settlements. Such procedures are intended to establish some checks and balances related to the collection of property taxes.

- B. The property tax system is vulnerable to unauthorized use, modification or destruction. Neither the County Assessor's office nor the County Collector's office requires a password to access the property tax system. This increases the risk of unauthorized access and changes to the computer systems and county data.

To establish individual responsibility and to help preserve the integrity of computer systems and data files, access should be limited to authorized individuals through the use of access controls such as passwords. Unauthorized access can result in the disclosure of confidential county information and the deletion or alteration of data files and programs. A unique password should be assigned to each user of the system and passwords should be kept confidential and changed periodically to help prevent unauthorized access to computer systems and data files.

A similar condition to part B was noted in prior reports.

WE RECOMMEND:

- A. The County Clerk maintain an account book or other records that summarize property tax system transactions and changes. In addition, the County Clerk and County Commission should monitor property tax system activities and perform a thorough review of the County Collector's annual settlements.
- B. The Collector and Assessor require unique passwords for all employees, which are confidential and periodically changed to prevent unauthorized access to the county's computer systems and data.

AUDITEE'S RESPONSE

The County Clerk provided the following response:

- A. *I will begin keeping spreadsheets of all the collections and will compare the spreadsheets to the annual settlement starting with the year ended February 28, 2007.*

The Collector provided the following response:

- B. *The office is never unattended. I did speak with the programmer who indicated that it would slow down operations. However, I will speak with the programmer again to see if a more efficient password system could be established.*

The Assessor provided the following response:

- B. *The vendor is on the state's approved vendor list, therefore the system is approved by the State Tax Commission. I will speak with the vendor about putting passwords on the system.*

4. County Commission Procedures

Agendas were not posted for meetings held by the County Commission. In addition, the County does not have a policy regarding public access to records.

- A. Agendas were not posted for meetings held by the County Commission. While the commission indicated they post the time, date and place of the meetings, they do not post a tentative agenda. The Sunshine Law, Chapter 610, RSMo, requires a posting of the time, date and place of each meeting along with a tentative agenda of the matters to be discussed. Maintaining a complete file of the meeting notices and tentative agendas would allow the county to demonstrate compliance with the law.
- B. The county has not developed a policy regarding public access to records. The County Clerk indicated that he receives few requests for copies of public records. However when a request is received, he charges \$.10 per page. In addition, the Circuit Clerk charges \$2.00 per document for court documents, i.e. divorce decrees,

judgments, etc.; and the Assessor charges \$1.00 per copy for property record cards. The Circuit Clerk indicated that under court rule 21.01 (22) he can charge a reasonable fee for postage and per copied page and according to Section 109.190 RSMo he can charge a reasonable rate for services. However, there was no documentation determining the actual cost of research and duplication related to public requests for records.

The Sunshine Law, Chapter 610, RSMo, requires the county to provide copies of records upon request and allows the county to charge a fee for providing copies. The fees for copying public records shall not exceed ten cents per page, with the hourly fee for duplicating time not to exceed the average hourly rate of pay for clerical staff of the public governmental body. Research time may be charged at the actual cost of time required to fulfill records requests.

WE RECOMMEND: the County Commission:

- A. Ensure meeting agendas are posted and maintained.
- B. And other officials establish a policy regarding public access to records, maintain documentation to support duplication and research time charges and establish fees for copying public records that comply with state law.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. We will work on posting an agenda.*
- B. We will develop a policy.*

The Assessor provided the following response:

- B. I will work with the County Commission to develop a policy.*

The Circuit Clerk provided the following response:

- B. I will work with the County Commission to develop a policy.*

5. Sheriff Accounting Controls and Procedures

The Sheriff's calendar advertising commissions were not turned over to the County Treasurer. In addition, the Sheriff's office does not reconcile meals purchased for inmates to the prisoner log.

- A. Calendar advertising commissions were not turned over to the County Treasurer. During the years ending December 31, 2005 and 2004, the Sheriff received

approximately \$590 and \$731, respectively, in calendar sale commissions and deposited these monies into his fee agent account. These monies are accountable fees and should be deposited into the county treasury and expended as provided for in the official county budget.

Section 50.370, RSMo, requires county officials to file a report with the County Commission and pay monies received for official services to the County Treasurer monthly. It also provides that the officials are liable for monies collected but not accounted for and paid into the county treasury as required.

- B. The Sheriff's office does not reconcile meals purchased for inmates to the prisoner log. The county purchased frozen dinners from a grocery store and meals from a local restaurant for prisoners temporarily housed in the county's holding cell. During the years ending December 31, 2005 and 2004, the Sheriff's office paid approximately \$6,814 and \$4,941, respectively, for prisoner meals. The meal invoices should be reconciled to the prisoner log to ensure the invoices are for actual prisoners.

WE RECOMMEND the Sheriff:

- A. Discontinue the practice of maintaining calendar sale monies outside the county treasury. These monies should be turned over to the county treasury on a periodic basis.
- B. Ensure the meal invoices are reconciled to the prisoner log.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A. *I will turn all calendar sale monies over to the County Treasurer to be put into a separate fund.*
- B. *I will try to coordinate with the County Clerk's office to reconcile invoices with prisoner records.*

6. Prosecuting Attorney Accounting Controls and Procedures

The Prosecuting Attorney's office does not prepare formal bank reconciliations of the restitution account. When a restitution receipt is received it is deposited into the restitution account and a check is written to the victim. As of December 31, 2005, the Prosecuting Attorney's restitution account had a bank balance of \$833 and a book balance of \$0. Although the bank balance appears to relate to checks that have been issued but have not

cleared the bank, a listing of outstanding checks was not prepared by the Prosecuting Attorney's office.

Monthly bank reconciliations are necessary to ensure bank activity and accounting records are in agreement, to detect and correct errors timely, and to allow old outstanding checks to be resolved more timely. The Prosecuting Attorney should investigate any differences noted and take appropriate action.

WE RECOMMEND the Prosecuting Attorney ensure a bank reconciliation is prepared on a monthly basis for the restitution account. The Prosecuting Attorney should investigate any old outstanding checks and unidentified monies or shortages.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following response:

Bank reconciliations will be performed beginning with the November bank statement.

7. Health

Center

Passwords are not periodically changed to access the accounting software. Some employees who handle receipts are not bonded. Health Center minutes did not include a reason for going into closed session, decisions made during closed session were not disclosed in the open session minutes and the minutes were not always signed by the preparer and a board member. In addition, general capital asset record keeping and annual inventory duties are not segregated, and the general capital asset listing is not complete.

- A. The Health Center Administrator and her assistant do not periodically change the passwords they use to access the accounting software. As a result, there is less assurance passwords are effectively limiting access to computer systems and data files to only those individuals who need access to perform their job responsibilities. Passwords should be unique and confidential, changed periodically to reduce the risk of unauthorized use, and used to restrict individuals' access to only those computer systems and data files they need to accomplish their jobs.
- B. The Chairwoman, Vice Chairman, Secretary/Treasurer, two board members, Administrative Assistant, and Administrator are each bonded for \$50,000. However, there are four other employees that also handle monies, but are not bonded. As a means of safeguarding assets and reducing the risk if a misappropriation of funds would occur, all employees handling monies should be adequately bonded.
- C. The Health Center Board's minutes did not provide a reason for going into closed session and decisions made during closed session were not disclosed in the open session minutes. In addition, the Health Center Board minutes were not always

signed by the preparer, who is usually the Board Secretary, and were not signed by another board member to attest to their completeness and accuracy.

The Sunshine Law, Chapter 610, RSMo, requires that the reason for going into closed session and decisions made during closed session be disclosed in open session. In addition, minutes should be signed by the board members to show that the minutes have been reviewed and accurately reflect the discussions held and actions taken in the previous meeting.

- D. The annual inventory of the general fixed assets and the record keeping duties are not adequately segregated. In addition, documentation of the annual inventory is not maintained. A Health Center clerk maintains the general capital asset property records. She identifies new property items as purchases are made, adds items to the property records, assigns tag numbers throughout the year, and puts the property tags on the items. Each year she will also perform physical inventories, and submit inventory reports to document these efforts.

Internal controls would be improved by segregating the duties of maintaining the general capital asset property records and performing the annual inventory. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- E. The Health Center clerk does not always identify additions as they occur and ensure the property items are tagged and recorded in the overall county property records. There were several inventory items that were not tagged and some items that were tagged, but the property tag number was not recorded on the inventory listing. In addition, a difibulator costing \$1,543, purchased in October 2005, was not included on the listing, and the inventory listing did not include the value of all general capital assets.

Section 49.093, RSMo requires counties to account for personal property costing \$1,000 or more, assigns responsibilities to each county department officer, and describes details to be provided in the inventory records.

Adequate county property records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Physical inventories and proper tagging of county property items are necessary to evaluate the accuracy of the records, and deter and detect theft.

WE RECOMMEND the Health Center Board:

- A. Ensure passwords are changed periodically to prevent unauthorized access to the Health Center's computer systems and data.
- B. Ensure any employees that handle monies are adequately bonded.

- C. Ensure board minutes document a reason for going into closed session and decisions made during closed session. In addition, ensure that minutes are signed by the board to attest to their completeness and accuracy.
- D. Ensure that the annual inventory of the general fixed assets and the record keeping duties are adequately segregated.
- E. Ensure the general capital asset list is complete and all property purchases are tagged.

AUDITEE'S RESPONSE

The Health Center Administrator provided the following responses:

- A. *Passwords are now changed monthly and maintained by the Security Officer in a locked cabinet. The Administrator and her assistant have access to the cabinet.*
- B. *All employees accepting money are now bonded.*
- C. *This has already been implemented with the October minutes.*
- D&E. *These recommendations have already been implemented.*

8.	Senate Bill 40 Board
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The Senate Bill 40 Board did not ensure that a budget was prepared for its fund. In addition, board minutes are not consistently signed by the preparer and a board member to attest to their completeness and accuracy.

- A. The Senate Bill 40 Board did not ensure that a budget was prepared for its fund. Receipts and disbursements of approximately \$95,000 and \$92,000 were not budgeted for the years 2005 and 2004, respectively. These amounts represent approximately 3 percent of the county's actual receipts and disbursements for each year.

The Senate Bill 40 Board has not complied with statutory provisions and cannot effectively monitor expenditures or fund balances without a comprehensive budget document.

Sections 50.525 to 50.745, RSMo (the county budget law), requires counties to prepare annual budgets for all funds, describes details to be provided in budget documents, provides timeframes for the completion of certain aspects of the budgetary process, and prohibits the expenditure of public funds without an approved budget that has been filed with the State Auditor's office.

By preparing or obtaining budgets for all county funds, the County Commission, county boards, and other county officials present a complete financial plan to the county citizens, can more effectively monitor and evaluate all county financial resources, can ensure compliance with statutory provisions, and can prepare complete financial statements.

- B. Senate Bill 40 Board minutes are not consistently signed by the preparer. In addition, the minutes are not signed by a board member to attest to their completeness and accuracy. Minutes should be signed by the board members to show that the minutes have been reviewed and accurately reflect the discussions held and actions taken in the previous meeting.

WE RECOMMEND the Senate Bill 40 Board:

- A. Ensure a budget is prepared for its fund.
- B. Ensure the minutes are signed by the preparer and the board to attest to their completeness and accuracy.

AUDITEE'S RESPONSE

The Senate Bill 40 Board provided the following responses:

- A. We will prepare a budget for 2007.*
- B. This will be implemented beginning with the December 2006 meeting minutes.*

9. Senior Service Board Minutes

The Senior Service Board minutes were not signed by the preparer and a board member. Meeting notices and agendas were not posted for meetings held by the Senior Service Board.

- A. The Senior Service Board minutes are not signed by the preparer and a board member to attest to their completeness and accuracy. Minutes should be signed by the board members to show that the minutes have been reviewed and accurately reflect the discussions held and actions taken in the previous meeting.
- B. Meeting notices and agendas were not posted for meetings held by the Senior Service Board. The Sunshine Law, Chapter 610, RSMo, requires a posting of the time, date and place of each meeting along with a tentative agenda of the matters to be discussed. Maintaining a complete file of the meeting notices and tentative agendas would allow the county to demonstrate compliance with the law.

WE RECOMMEND the Senior Service Board:

- A. Ensure the minutes are signed by the preparer and the board to attest to their completeness and accuracy.
- B. Ensure meeting notices and agendas are posted and maintained.

AUDITEE'S RESPONSE

The Senior Service Board provided the following responses:

- A. Minutes are now signed by the preparer and a board member.*
- B. This will be implemented with the January 2007 meeting.*

Follow-Up on Prior Audit Findings

REYNOLDS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Reynolds County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2001.

Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Computer Controls

- A. Access to the property tax programs and data files was not adequately restricted and changes to data were not routinely monitored.
- B. The county had no formal emergency contingency plan for the computer system, and had not formally negotiated arrangements for backup facilities in the event of disaster.

Recommendation:

The County Commission ensure:

- A. Access to specific computer programs/data files is restricted to authorized individuals through a system of passwords and security codes. Passwords should be unique by individual and changed periodically. Additionally, procedures should be implemented to monitor changes made to the property tax system.
- B. A formal contingency plan for the county's computer system is developed.

Status:

- A. Partially implemented. Passwords are not utilized by the County Assessor and the County Collector. However, additions and abatements are entered into the computer system by the Assessor and approved by the County Commission. See MAR finding number 3.
- B. Partially implemented. Although a formal contingency plan has not been developed, computer records are backed up once a month and backups are stored at an off site location. Although not repeated in the current report, our recommendation remains as stated above.

2. Budgetary Practices

- A. Formal budgets were not prepared for various county funds.
- B. Disbursements were issued in excess of approved budgeted expenditures.
- C. The annual published financial statements of the county did not include some of the financial activity of some county funds.

Recommendation:

The County Commission:

- A. Ensure budgets for all county funds are obtained or prepared.
- B. Not authorize expenditures in excess of budgeted expenditures. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's office.
- C. Ensure complete financial information for all county funds is properly reported in the annual published financial statements.

Status:

- A. Partially implemented. Budgets were not obtained or prepared for the Sheriff's Revolving Fund, the HAVA Grant Fund, and the Passport Fund the first year they were established. In addition, budgets were not obtained for the Law Library Fund for 2004 and the Sheriff's Calendar Fund for 2004 and 2005. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Not implemented. See MAR finding number 1.
- C. Not implemented. The County Commission has indicated that this would not be cost beneficial for the county. The county included the sources of receipts and detail of disbursements for the General Revenue Fund, the Special Road and Bridge Fund and the Assessment Fund. For smaller funds held in the county treasury, only the beginning balances, total receipts, total disbursements, and ending balances were published. Although receipts and disbursements by category were published for the Health Center Fund, the beginning and ending balances were not published. In addition, the following funds were not included in the published financial statements: Circuit Clerk Interest Fund, Associate Circuit Court Interest Fund, Law Library Fund, Sheriff Calendar Sales Fund, and Passport Fund. Although not repeated in the current MAR, our recommendation remains as stated above.

3. County Officials' Compensation

- A. In 1999 the Associate County Commissioners' salaries were each increased approximately \$7,110 yearly, however, based on a Supreme Court ruling, the mid-term salary increases were deemed unconstitutional. The County Commission indicated it had discussed this situation with the Prosecuting Attorney and he was working on a legal opinion regarding the collection of the salary overpayments.
- B. An official received a salary increase during the third year of a four year term, which was in violation of the Missouri Constitution.

Recommendation:

The County Commission:

- A. Review the Prosecuting Attorney's legal opinion and develop a plan for obtaining the repayment of the salary overpayments.
- B. Ensure salary commission minutes clearly document all decisions made and all future elected officials' salaries are supported by action of the salary commission. In addition, written legal opinions should be obtained from the Prosecuting Attorney to support the decisions of the salary commission.

Status:

- A. Not implemented. The County Commission has verbally agreed the mid-term salary increases given to the Associate Commissioners will not be paid back to the county because the raises were authorized by Section 50.333.13 and approved by the Reynolds County Salary Commission. However, there is no formal documentation supporting this decision. The County Commission indicated they did inquire of legal counsel but did not receive a response. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented. We did not note any mid term salary increases during the audit period. The mid term salary increase was not paid back. The County Commission indicated they inquired of legal counsel, but did not receive a response.

4. Personnel Policies and Procedures

- A. Detailed records of vacation leave, sick leave or compensatory time earned, taken, or accumulated were not maintained.
- B. Time sheets prepared by employees of the Sheriff's department did not always indicate actual hours worked.

Recommendation:

The County Commission:

- A. Ensure a balance of leave accumulated and taken for each employee is maintained by the County Clerk.
- B. Require all employees to complete time sheets which report actual hours worked. The records should be prepared by employees, approved by the applicable supervisor, and filed with the County Clerk.

Status:

- A. Partially implemented. Although the deputy county clerk maintains leave balances for all county employees, we noted several small errors with these records, including balances not carrying forward correctly and other mathematical errors. Although not repeated in the current MAR, our recommendation remains as stated as above.
- B. Implemented.

5. County Expenditures

- A. Mileage reimbursement requests were not always adequate for claims submitted.
- B. The county was overpaying its share of juvenile office expenditures.
- C. The Sheriff and deputies were not required to submit invoices or an itemized expense report to support uniform allowances, nor were these allowances reported on W-2 forms.

Recommendation:

The County Commission:

- A. Require detailed mileage reimbursement requests be submitted by employees for mileage reimbursement. The mileage reimbursement request would include the date, purpose, location traveled to and from, and total miles traveled.
- B. Ensure the correct percentage is used to prorate future juvenile office expenditures. In addition, the County Commission should review prior expenses to determine amounts overpaid and pursue reimbursement of these expenses as appropriate.
- C. Ensure that uniform allowances are included on employee W-2 forms in compliance with IRS reporting requirements.

Status:

A&C. Not implemented. See MAR finding number 2.

B. Implemented.

6. Fixed Assets

Additions or deletions were not always recorded on the fixed asset records as they occurred. The County Clerk did not periodically reconcile equipment purchases with additions to the fixed asset records. The county did not have formal procedures for disposing of county owned property.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for fixed assets. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

Status:

Partially implemented. The county has established a fixed asset listing for recording asset information for each office, which is signed by the office holder. While equipment and vehicles are not included on this listing they are included on the county's insurance documents. Although not repeated in the current MAR, our recommendation remains as stated as above.

7. Assessor's Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. Receipt slips were not issued for some monies received.
- C. The Assessor issued receipt slips prior to payment.
- D. Receipts were not transmitted to the County Treasurer on a timely basis.
- E. The Assessor allowed his employees to cash personal checks.

Recommendation:

The County Assessor:

- A. Adequately segregate duties among available employees and/or establish a documented periodic review of the accounting records by an independent person.
- B. Issue prenumbered receipt slips for all monies received.
- C. Ensure receipt slips are issued to individuals only when monies are received.
- D. Transmit all monies to the County Treasurer daily or when accumulated receipts exceed \$100.
- E. Discontinue the practice of cashing personal checks for employees.

Status:

A-E. Implemented.

8. Prosecuting Attorney's Accounting Controls and Procedures

- A. Prenumbered receipt slips were not issued for bad check monies received.
- B. Restitution receipts were not deposited on a timely basis.
- C. An adequate system to account for all bad checks received by the Prosecuting Attorney's office as well as the subsequent disposition of these bad checks had not been established.

Recommendation:

The Prosecuting Attorney:

- A. Issue prenumbered receipt slips for all monies received.
- B. Deposit receipts daily or when accumulated receipts exceed \$100.
- C. Implement procedures to adequately account for bad checks received, as well as the ultimate disposition through the use of sequential numbers assigned to each bad check complaint form or bad check received and a log to account for the numerical sequence and disposition of each bad check.

Status:

A&B. Implemented.

C. Partially implemented. The Prosecuting Attorney accounts for bad checks received using a log. However the ultimate disposition of the bad check is not documented on the log. Although not repeated in the current MAR, our recommendation remains as stated above.

9. Sheriff's Accounting Controls and Procedures

A.1. Accounting duties were not adequately segregated.

2. Receipts were not deposited intact on a timely basis.

3. Procedures for following up on prisoner boarding and paper service billings were not adequate.

B. Formal bank reconciliations were not prepared on a monthly basis.

C. The Sheriff's office was unable to locate some bank statements and check registers.

Recommendation:

The Sheriff:

A.1. Adequately segregate accounting duties or ensure periodic reviews are performed and documented.

2. Deposit receipts intact daily or when accumulated receipts exceed \$100.

3. Establish adequate procedures to monitor and collect accrued costs.

B. Ensure formal bank reconciliations are prepared on a timely basis and attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.

C. Retain records in a secure location in accordance with state law.

Status:

A.1. Partially implemented. The Sheriff documents his review, but he does not compare receipt slips to the receipt ledger and ensure they are accurately deposited. Although not repeated in the current MAR, our recommendation remains as stated above.

A.2.,

A.3.,
B&C Implemented.

10. Health Center

The Health Center did not have adequate procedures to monitor budgeted and actual expenditures and the expenditures exceeded board approved budgets.

Recommendation:

The Health Center Board not authorize expenditures in excess of budgeted expenditures. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's office.

Status:

Implemented.

11. Senate Bill 40 Board

- A. The Senate Bill 40 Board did not have adequate procedures to monitor and ensure monies in their various bank accounts were sufficiently collateralized.
- B. The Senate Bill 40 Board did not have adequate procedures to monitor budgeted and actual expenditures and expenditures exceeded board approved budgets.

Recommendation

The Senate Bill 40 Board:

- A. Develop procedures to monitor and ensure adequate collateral securities are pledged by the depository banks for all funds on deposit in excess of FDIC coverage. Documentation of these efforts should be maintained.
- B. Not authorize expenditures in excess of budgeted expenditures. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's office.

Status:

- A. Partially implemented. The board treasurer periodically monitors the bank balances, and works with the depository bank to ensure that adequate securities are pledged. However, the board's bank balances did not exceed the \$100,000 FDIC insured amount during 2004 and 2005.
- B. Not implemented. The Senate Bill 40 Board did not submit a budget for 2005 or 2004. See MAR finding number 8.

12. Senior Services Board

- A. Blank checks were sometimes signed in advance by the board's chairperson.
- B. The Senior Services Board did not have adequate procedures to monitor budgeted and actual expenditures and the expenditures exceeded board approved budgets.
- C. The approved budget had not adequately projected the Senior Services Board's anticipated financial condition.

Recommendation:

The Senior Services Board:

- A. Discontinue the practice of signing checks in advance.
- B. Not authorize expenditures in excess of budgeted expenditures. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's office.
- C. Ensure that accurate beginning cash balances are included on budgets so that the budgets present a reasonable estimate of the board's financial plan and ending balances.

Status:

A-C. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

REYNOLDS COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1845, the county of Reynolds was named after Governor Thomas Reynolds. Reynolds County is a county-organized, third-class county and is part of the Forty-Second Judicial Circuit. The county seat is Centerville.

Reynolds County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 609 miles of county roads and 61 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 7,230 in 1980 and 6,689 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2005	2004	2003	2002	1985* 1980**
		(in millions)				
Real estate	\$	73.0	67.9	69.8	69.2	79.9 20.8
Personal property		23.1	20.5	21.4	21.6	9.9 7.1
Railroad and utilities		5.9	5.7	5.5	5.6	13.6 10.2
Total	\$	102.0	94.1	96.7	96.4	103.4 38.1

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Reynolds County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2005	2004	2003	2002
General Revenue Fund	\$	.2040	.1200	.2200	.2500
Special Road and Bridge Fund *		.2000	.1600	.1600	.1600
Health Center Fund		.1000	.1000	.1000	.1000
Senate Bill 40 Board Fund		.1000	.1000	.1000	.1000
Senior Services Board Fund		.0300	.0300	.0300	.0300

* The county retains all tax proceeds from areas not within road districts. The county has one road district that receives four-fifths of the tax collections from property within this district, and the Special Road and Bridge Fund retains one-fifth.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),			
		2006	2005	2004	2003
State of Missouri	\$	30,587	31,386	25,286	28,838
General Revenue Fund		233,823	172,537	217,138	270,581
Special Road and Bridge Fund		199,462	165,536	133,620	152,656
Assessment Fund		56,970	54,132	37,957	42,741
Health Center Fund		100,673	103,342	83,436	95,162
Senate Bill 40 Board Fund		100,480	103,239	83,372	94,840
Senior Services		30,148	30,977	25,014	28,455
School districts		3,278,218	3,252,925	2,700,140	3,007,387
Library district		120,960	124,088	100,172	114,258
Ambulance district		139,721	124,037	100,139	114,216
Hospital district		1,617	17,094	92,221	105,388
Fire districts		16,085	16,182	14,857	13,785
Overplus Fund		34,410	20,763	4,324	846
Cities		306	343	313	380
County Clerk		591	606	192	594
County Employee's Retirement		20,811	19,651	19,808	17,185
Tax Maintenance Fund		7,421	7,300	5,915	0
Commissions and fees:					
General Revenue Fund		70,993	69,427	58,323	66,468
Total	\$	4,443,276	4,313,565	3,702,227	4,153,780

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),			
		2006	2005	2004	2003
Real estate		95	95	75	94 %
Personal property		93	92	86	91
Railroad and utilities		99	100	100	100

Reynolds County also has the following sales taxes; rates are per \$1 of retail sales:

		Rate	Expiration Date	Required Property Tax Reduction	
General	\$	.0050	None	50	%

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2006	2005	2004	2003	2002
County-Paid Officials:	\$				
Donald Barnes, Presiding Commissioner		20,810	20,810	20,810	
Paul Wood, Presiding Commissioner					18,810
Doug Warren, Associate Commissioner		20,196	18,810	18,810	18,810
Wayne Henson, Associate Commissioner		20,196	18,810	18,810	18,810
Mike Harper, County Clerk		28,500	28,500	28,500	28,500
Robert A. Johnson, Prosecuting Attorney		33,750	33,750	33,750	33,750
Gary Barton, Sheriff		34,000	31,500	31,500	31,500
Elaine Albert, County Treasurer		21,090	21,090	21,090	21,090
Jeffrey N. McSpadden, County Coroner		8,500	8,250	8,250	8,250
Brenda Ridenhower, Public Administrator		17,000			
Opal McNail, Public Administrator			15,000	15,000	15,000
Judy A. Cook, County Collector, Year ended February 28 (29),	28,500	28,500	28,500	28,500	
Rick Parker, County Assessor (1), year ended August 31,		29,188	29,265	29,400	29,400
Sid Nickelson, County Surveyor (2)			N/A	N/A	N/A

(1) Includes \$688, \$765, \$900 and \$900 annual compensation received from the state for years ended August 31, 2005, 2004, 2003 and 2002 respectively.

(2) Compensation on a fee basis. The County Surveyor's term expired in 2004.

State-Paid Officials:

Randy L. Cowin, Circuit Clerk and Ex Officio Recorder of Deeds	48,500	47,815	47,300	47,300
Edith Rutter, Associate Circuit Judge	96,000	96,000	96,000	96,000



Claire McCaskill

Missouri State Auditor

December 2006

City of Moscow Mills,
Missouri

Year Ended December 31, 2005



Office Of
Missouri State Auditor
Claire McCaskill

December 2006

The following findings were included in our audit report on the city of Moscow Mills, Missouri.

The city of Moscow Mills is in poor financial condition as a result of overspending, inadequate oversight and improper budgetary practices. The budgeted disbursements for the General Fund for the year ended December 31 2006, exceed budgeted receipts by approximately \$117,796, resulting in an estimated balance of only \$10,000. The Board receives a budget to actual report each month prior to the board meeting, but the board minutes do not indicate any discussion of this report.

Moscow Mill's financial obligations have risen significantly over the last several years. From 2004 to 2005 the overall financial liability of the city has increased approximately 222 percent from \$2.3 million to \$7.5 million. This has led to an increased level of liabilities per capita. Most of this debt was used to finance expansion of the city's water and sewer system. The city should develop a debt policy for monitoring various debt ratios which would help ensure the city is maintaining adequate financial stability.

During the year ended December 31, 2005, actual disbursements exceeded budgeted amounts in the Waterworks Fund by \$31,248, and the Debt Service Fund by \$240,298. In addition, a budget was not prepared for the Project Fund, which was established in December 2005. Approximately, \$1,737,980 was disbursed from this fund in 2005. The Board of Aldermen significantly overestimated the disbursements of the Water Repair and Replacement Fund and the Sewer Repair and Replacement Fund, when preparing the 2005 budget. Also, the city's 2005 budget and semi-annual published financial statements did not include the city's indebtedness as required by law.

The city has not prepared an annual maintenance plan for city streets or otherwise informed the taxpayers of the city's intended use of the balance of the Street Fund, other than the budget. The Street Fund balance at December 31, 2005, was approximately \$369,690, while disbursements for the fiscal year totaled only approximately \$107,500. The majority of these disbursements were for street lights and administrative expenses.

In 2005, the City received approximately \$917,600 in water, sewer and trash fees. The city does not reconcile the total gallons of water billed to customers to the gallons of water pumped. The gallons of water billed in December 2005 were 28 percent or 1,343,192 gallons less than the gallons of water pumped.

The City has not formally identified and documented any other costs, such as administrative costs, related to trash service. Trash service receipts are deposited into the
(over)

YELLOW SHEET

Waterworks Fund and disbursements are made monthly from the fund for trash services. The city retains a percentage of the trash fees collected. Trash fees should be set at a level to cover the cost of providing a particular service and should not be used to supplement other services of the city.

The Board of Aldermen does not review and approve the payment of city expenditures prior to the checks being issued. A financial report is prepared monthly by the City Clerk which includes a detailed listing of all disbursements by fund; however, the disbursements represent the preceding month's activities.

Some disbursements do not appear to be a prudent use of public funds including purchasing flowers and plants for funerals and an annual Christmas party. In addition, the Board of Aldermen approved bonus payments to the full time city employees. The minutes indicate this was a "one time pay increase"; however, the employees monthly salaries did not increase. These bonuses appear to represent additional compensation for services previously rendered and, as such may be in violation of the Missouri Constitution and an Attorney General's Opinion.

The city has a credit card used to make miscellaneous purchases. Adequate supporting documentation was not submitted or retained for some charges, including hub caps, and software updates. Also, acknowledgment of receipt of goods or services is not documented on some invoices. Finally, the city pays \$2,000 yearly to a not-for-profit organization that supplies transportation to the elderly and handicapped without entering into a written contract as required by state law.

Also included in the report are recommendations related to board minutes, city policies, vehicles and equipment, accounting controls and procedures, petty cash funds, payroll allocation, capital assets, and the municipal court.

All reports are available on our website: www.auditor.mo.gov

CITY OF MOSCOW MILLS, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Moscow Mills, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Moscow Mills, Missouri. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2005. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide

reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Moscow Mills, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

August 17, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Julie M. Moore

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF MOSCOW MILLS
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Financial

Condition

The city of Moscow Mills is in poor financial condition as a result of overspending, inadequate oversight and improper budgetary practices.

The fund balances, shown in the chart below, decreased by approximately 46%. In addition, actual disbursements exceeded actual receipts for these funds for the year ended December 31, 2005, as follows:

	General Fund	Waterworks Fund	Sewer Fund
Actual Receipts	\$ 755,986	423,236	478,078
Actual Disbursements	836,890	564,603	552,371
Receipts over			
Disbursements	(80,904)	(141,367)	(74,293)
Beginning Balance	209,413	198,732	241,578
Ending Balance	\$ 128,509	57,365	167,285

Also, the budgeted disbursements for the General Fund for the year ended December 31, 2006, exceed budgeted receipts by approximately \$117,796, resulting in an estimated balance of only about \$10,000.

The Board receives a budget to actual report each month prior to the board meeting, but the board minutes do not indicate any discussion of this report. A budget to actual report helps ensure budgets are not overspent and funds are available for disbursements. Inadequate oversight and monitoring have inhibited the Board to effectively monitor and manage the city and have resulted in, or contributed to the problems noted above. These weaknesses include allowing actual disbursements to exceed budgeted disbursements as documented in MAR finding number 2.

The Board of Aldermen should review disbursements, reducing discretionary spending as much as possible. In addition, the Board should monitor the financial condition of the city by reviewing a budget to actual comparison and the financial statements on a timely basis.

WE RECOMMEND the Board of Aldermen review the current financial condition of the city and consider the various alternatives of reducing disbursements and/or increasing receipts.

AUDITEE'S RESPONSE

The Board of Aldermen is in the process of formulating the 2007 budget, at which time the matter of reducing disbursements and/or increasing receipts will be discussed.

2. Budgets, Financial Reporting and Planning

The Board of Alderman authorized disbursements in excess of budgeted amounts, overestimated disbursements for some funds, and did not prepare a budget for the Project Fund. In addition, information regarding the city's indebtedness was omitted from the city's semi-annual published financial statements and the city's budget. Also, the city has not developed a formal street maintenance plan.

A. Several concerns were noted regarding the city's budgets.

1. During the year ended December 31, 2005, actual disbursements exceeded budgeted amounts in the Waterworks Fund by \$31,248, and the Debt Service Fund by \$240,298. In addition, a budget was not prepared for the Project Fund, which was established in December 2005, due to the passage of a bond issue. Approximately, \$1,737,980 was disbursed from this fund in 2005.

The Board of Aldermen receive budget to actual comparison reports monthly. However, the city did not prepare amended budgets for these funds nor did the city set forth any reasons for exceeding the budgeted amounts in the board minutes or adopt a resolution authorizing the additional expenditures.

Section 67.040, RSMo, indicates a political subdivision shall not increase the total amount authorized for disbursements from any fund, unless the governing body adopts a resolution setting forth the reasons making the increase necessary and approves or adopts a resolution or ordinance to authorize the expenditures.

2. The Board of Aldermen significantly overestimated the disbursements of the Water Repair and Replacement Fund and the Sewer Repair and Replacement Fund, when preparing the 2005 budget:

Fund	Budget	Actual	Budget over Actual
Water Repair and Replacement	\$ 140,918	\$ 1,889	\$ 139,029
Sewer Repair and Replacement	69,204	3,622	65,582

The City Clerk indicated the amounts budgeted were for equipment replacement per the water and sewer rate study that had been performed; however, after the budget had been approved the Maintenance Supervisor determined the equipment was not necessary. For the budget documents to be of maximum assistance to the Board of Aldermen and to adequately inform city residents of the city's operations and current financial position, the budgets should accurately reflect resources on hand, reasonable estimates of receipts and disbursements, and anticipated ending cash balances.

- B. The city's 2005 budget and semi-annual published financial statements did not include the city's indebtedness as required by law. At December 31, 2005, the principal balance of the county's bonded debt and loans was approximately \$7.5 million. The City Clerk indicated she was unaware the city's indebtedness needed to be included in these documents.

Section 67.010, RSMo, requires the preparation of an annual budget which shall present a complete financial plan for the ensuing budget year. Section 79.160, RSMo, provides details regarding the various information required to be provided in the city's semi-annual published financial statements, and requires that a detailed account of receipts, disbursements, and indebtedness be presented for all funds of the city.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual disbursements. A complete budget should include separate receipt and disbursement estimations, and include the beginning available resources, a reasonable estimate of the ending available resources and the amount required for the payment of interest, amortization, and redemption charges on the debt and balances of the indebtedness of the city.

Complete published financial statements are needed to adequately inform the citizens of the city's financial activities and show compliance with statutory requirements.

- C. The city has not prepared an annual maintenance plan for city streets or otherwise informed the taxpayers of the city's intended use of the balance of the Street Fund, other than the budget. The Street Fund balance at December 31, 2005, was approximately \$369,690, while disbursements for the fiscal year totaled only approximately \$107,500. The majority of these disbursements were for street lights and administrative expenses, while street maintenance disbursements consisted of only \$2,724 for street signs, \$10,258 for asphalt, \$847 for rock, \$660 for rock hauling and \$3,377 for ice control.

A formal maintenance plan should be prepared in conjunction with the annual budget and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents.

A formal maintenance plan would serve as a useful management tool and, along with the budget, should inform the public of the city's planned use of the resources available in the Street Fund.

WE RECOMMEND the Board of Aldermen:

- A.1. Review budget to actual reports carefully and refrain from approving disbursements which exceed budgeted amounts. In addition, amend budgets to include any new revenues that the city receives.
2. Ensure budgeted disbursements are reasonable so that a more realistic estimate of the city's financial condition is presented and to increase the budget's effectiveness as a management tool.
- B. Ensure all required information is presented in the city's annual budget and semi-annual published financial statements.
- C. Prepare a formal maintenance plan for city streets at the beginning of the fiscal year and periodically update the plan throughout the year. The plan should be prepared in conjunction with the annual budget and should inform the city residents of the planned use of the balance of the Street Fund.

AUDITEE'S RESPONSE

- A.1. *The Board of Aldermen will continue to receive a budget to actual report with their monthly meeting information. This item will now also be placed on the monthly agenda for discussion starting in December of 2006. A quarterly budget review has been done for the 1st, 2nd, and 3rd quarters of 2005 and 2006, but there was no end of year review done in December to make amendments that may have surfaced since the 3rd quarter review. A review will be added to the December agenda of each year starting in 2006, and amendments will be made if necessary.*
2. *The Board of Aldermen receives budget disbursement information when formulating the budget from each department. The Board of Aldermen will review this budget information at the budget meetings, as they have done in the past and compare to prior years' totals.*

- B. *The semi-annual published financial statements and budgets will include City indebtedness. The first semi-annual statement published for 2006 did include this information.*
- C. *The City will prepare a formal maintenance plan for City streets at the beginning of each fiscal year, starting with the fiscal year 2007. The plan will be reviewed along with the budget on a quarterly basis. This plan will inform the residents of the City of the planned use of the balance of the Street Fund.*

3. Financial

Obligations

The city does not have a debt policy; however, the city's financial obligations have risen significantly over the last several years to a level higher than that of similar sized cities due in large part to the use of waterworks revenue bonds and a lease agreement.

From 2004 to 2005 the overall financial liability of the city has increased approximately 222 percent from \$2.3 million to \$7.5 million. This has led to an increased level of liabilities per capita. Most of this debt was used to finance expansion of the city's water and sewer system.

The following chart shows Moscow Mills compared to other similar cities within the state for 2005:

City	Long Term Debt	U.S. Census Bureau Population Estimate for 2005	Total Liabilities per Capita
Moscow Mills	\$ 7,495,000	2,232	\$ 3,358
Clarkton	540,630	1,280	422
Ashland	1,240,000	2,175	570
Houston	603,933	2,005	301
Cabool	810,438	2,140	379

These city's were selected because they had similar populations and provided water and sewer service. Moscow Mills has experienced significant growth in their population in the last 5 years which probably contributed to their increase in debt; however, Ashland has experienced a similar population increase.

The city should develop a debt policy for monitoring various debt ratios which would help ensure the city is maintaining adequate financial stability. In addition, the policy should ensure the city is carefully considering the method of repayment for new debt and increased reliance on the waterworks revenue.

WE RE COMMEND the Board of Aldermen develop a debt policy and monitor the overall financial obligations of the city.

AUDITEE'S RESPONSE

The City will check with other cities to see what kind of system they are using to monitor overall financial obligations of the City, and to see if they have a debt policy we could use as a model to prepare one. Estimated completion date is unknown, but will be targeted for April, 2007.

4. Board	Minutes
-----------------	----------------

The minutes of open meetings do not document the specific reason for closing a meeting, nor are they signed by the City Clerk and the Mayor. In addition, the board did not document how some items discussed in closed sessions complied with state law.

- A. The minutes of open meetings do not document the specific reasons for closing a meeting. In addition, the board did not document how some items discussed in closed sessions complied with state law, including discussion on the city's leave policy, and access to city hall and computers.

Section 610.022, RSMo, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that the board shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. Section 610.021, RSMo, lists the topics which may be discussed in closed session.

- B. Board meeting minutes are prepared by the City Clerk; however, they are not signed by the City Clerk and Mayor. Board minutes are verbally approved by the Board of Aldermen during a subsequent board meeting. The minutes should be signed when prepared by the City Clerk, and by the Mayor immediately upon approval to provide an attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.

WE RECOMMEND the Board of Aldermen:

- A. Ensure minutes document the vote to go into closed session and state the reasons for going into closed session. In addition, the board should ensure only allowable specified subjects are discussed in closed session.
- B. Require the board minutes be signed by the City Clerk upon preparation and the Mayor upon approval.

AUDITEE'S RESPONSE

- A. *The open meeting minutes prior to August of 2006 did not state the specific statute number that the City was closing the meeting under, although it was stated in the closed minutes and on the agenda. In August the Board of Aldermen started the practice of making the statute a part of their motion in the open meeting minutes. The City Attorney is present during closed sessions, which should ensure that matters discussed are within the allowable guidelines set by Missouri Statute.*
- B. *Prior to August of 2006, the minutes were not signed by the City Clerk before being presented for approval, and were not signed by the Mayor after approval. In August of 2006 this practice was started.*

5 City

Policies

The city has not established written policies for work hours, travel expenses, cellular phones, uniforms, computer access, or usage of city vehicles. In addition, the city did not follow the city code book relating to relatives working for each other, usage of the time clock, or conflict of interest. Also, the city codebook contains two different policies regarding the termination of water works services.

- A. The city has not established written policies for the following areas:
- The city does not have a formal policy establishing employee work hours. City hall is open from 8:00 a.m. to 4:30 p.m; however, time cards reflect that most employees work 8:00 to 4:00 or 8:30 to 4:30, but are paid for 8 hours each day. Based on the time cards, the City is paying the employees for their lunch break. In addition, this time is included in the determination of overtime.
 - The city has not developed a formal policy on the reimbursement of travel expenses. The city has only an informal policy setting the amounts to be reimbursed for travel expenses. In addition, the city does not adequately monitor travel advances. Documentation for one advance was not filed with the city until 2 months after the advance and was incomplete. Also, one employee was reimbursed for travel expenses from the petty cash fund.
 - The city has not established a policy regarding the usage of city vehicles to ensure compliance with IRS guidelines. The Maintenance Supervisor is allowed to use a City vehicle to commute to and from work. Internal Revenue Service (IRS) reporting guidelines indicate personal commuting mileage is a reportable fringe benefit. Furthermore, IRS guidelines require the full value of the provided vehicle to be reported if the employer does not require the submission of detailed logs which distinguish between

business and personal usage. Such logs are not maintained for this vehicle and are not required by the city. See MAR finding number 7 regarding vehicles.

- The city does not have a written computer policy regarding computer backups, requiring passwords, and limiting computer access.
- The city does not have a formal policy regarding cellular telephone usage or guidelines to determine whether a cellular telephone is needed or of benefit to the city. During the year ended December 31, 2005, cellular telephone expenses were approximately \$4,760 for the city's seven cellular telephones. In addition, the City Clerk receives a \$25 per month cellular telephone allowance.
- The City has not established a formal policy on employee uniforms. The City has an informal policy to purchase uniforms for employees and to provide cleaning for some uniforms. City personnel indicated the city purchases jeans and uniform shirts for the maintenance employees, uniforms for the police department, and polo shirts, denim shirts, and micro-fleece zip shirts for the clerical employees. The City spent approximately \$5,500 on uniforms and uniform cleaning during the 2005 fiscal year.

B. Some city policies have not been complied with:

- City employees do not always use the city time clock as required.
- The Maintenance Supervisor directly supervises one of his relatives, which appears to be in violation of city code.
- An alderwoman made a motion and voted to award the bid for employee health insurance to her employer in May 2006, without disclosing the relationship as required by city ordinance. This appears to be a potential conflict of interest.

C. The City's policy regarding the termination of waterworks services is not clear. Section 110.100 of the city codebook states "Any person who does not pay their utility service charge or charges by the due date or within ten days thereafter shall be subject to termination of all utilities and services"; whereas, section 113.260 states "A late payment penalty of ten (10) percent of the user charge bill will be added to each delinquent account (15) fifteen days after the billing date. When any bill is (30) thirty days in default, rendition of water and/or sewer service to such premises shall be discontinued until such bill is paid."

Currently the city terminates waterworks services after 60 days delinquent, which does not appear to comply with either of these policies. The City should review and update their policies.

Complete and detailed written policies are necessary to provide guidance for the effective and consistent management of the city's funds and employees. In addition, the Board should review these matters, and take appropriate steps to ensure compliance with the city code. Also, the Board should review and update their policies.

WE RECOMMEND the Board of Aldermen:

- A. Develop written policies to establish travel expense reimbursement, usage of city vehicles for commuting, access to city computers, cellular phone usage, and when and what type of uniforms will be provided.
- B. Ensure compliance with city policies.
- C. Review the current city practice and policies regarding waterworks service to determine the proper procedures are established and followed.

AUDITEE'S RESPONSE

A. *The City will check with other cities to find model policies for travel expense reimbursements, usage of city vehicles for commuting, access to city computers, cellular phone usage, and uniforms provided. Estimated completion of this is unknown, but will be targeted for April of 2007. The maintenance supervisor has been informed to keep a log of his commute to and from work with the City vehicle so that it may be properly reported to the IRS as a fringe benefit. He has already started keeping this log.*

B. *All employees have been reminded of the city policy stated in the code book to use the time clock to clock in and out.*

The Board of Aldermen and Mayor will review the current situation and policy regarding an employee being supervised by a relative.

Aldermen will abstain from voting, and a reason will be stated in the minutes for the record, when there is a vote on an item that may potentially be a conflict of interest.

C. *The City's current practice and policies regarding waterworks service termination will be reviewed and proper procedures will be established and followed. Estimated completion of this is unknown, but is targeted for April of 2007.*

6. Water and Trash Services

The city does not reconcile the total gallons of water billed to customers to the gallons of water pumped. In addition, the City retains a portion of the trash fee, but has not formally identified and documented any other costs, such as administrative costs, related to trash service.

In 2005, the City received approximately \$917,600 in water, sewer and trash fees.

- A. The city does not reconcile the total gallons of water billed to customers to the gallons of water pumped. The Deputy City Clerk prints a monthly report showing the total amount of gallons of water billed each month to city customers for the Maintenance Supervisor. The maintenance department records the daily meter readings from the city's wells, and totals the number of gallons pumped for the month. The Maintenance Supervisor compares the two reports, but does not document his comparison, nor does he investigate any differences. The gallons of water billed in December 2005 were 28 percent or 1,343,192 gallons less than the gallons of water pumped.

To help detect significant water loss on a timely basis and to help ensure all water usage is properly billed, the city should reconcile the total gallons of water pumped to the gallons of water billed on a monthly basis and investigate significant differences.

- B. The City has not formally identified and documented any other costs, such as administrative costs, related to trash service. Trash service receipts are deposited into the Waterworks Fund and disbursements are made monthly from the fund for trash services. Currently the city collects \$10 per month per household and \$5 per month per household for senior citizens. The City retains 6% of trash collections as an administrative fee, which totaled approximately \$5,040 for the year ended December 31, 2005. Trash fees should be set at a level to cover the cost of providing a particular service and should not be used to supplement other services of the city. The administrative costs of providing this service should be calculated and documented and a separate accounting of trash revenues and expenses should be maintained.

WE RECOMMEND the Board of Aldermen:

- A. Reconcile gallons of water pumped to the gallons billed on a monthly basis and investigate significant differences. In addition, the reconciliations should be documented.
- B. Identify all costs, including administrative costs, of providing trash service, and set the fee at a level sufficient to cover the cost of the service without generating excess revenues. The board should maintain a separate accounting of all trash revenues and expenses.

AUDITEE'S RESPONSE

- A. *The Maintenance Department will reconcile the gallons of water pumped to the gallons billed on a monthly basis, investigate significant differences, and document the findings.*

- B. *A study has been started in November of 2006 to see how much of the Deputy City Clerk's time is spent on administering the trash service setup, billing, collection, and terminations. We expect to continue this study through December. The City is currently keeping track of trash revenues and expenses in the Water works fund by line item. If it is determined that this needs to be changed to the General Revenue fund that change will be made after the study is completed and discussed. This discussion will be targeted for January of 2007.*

7. Vehicles and Equipment

Fuel usage of the city is not adequately monitored. For the year ended December 31, 2005, the city paid approximately \$26,300 for bulk fuel.

The city has two bulk fuel tanks used for the city's 12 vehicles and 11 pieces of equipment. A usage log is not maintained to document the usage of the vehicles. The city maintains fuel logs for the vehicles and equipment; however, this log is not reviewed or reconciled to fuel purchases and the amount of fuel on hand. In addition, the city does not review the miles per gallon on the vehicles for reasonableness.

Without adequate usage logs, the city cannot effectively monitor that vehicles are used for official business only, that fuel costs for vehicles are reasonable, and that billings to the city represent legitimate and appropriate charges. Effective monitoring procedures include reviews of usage and fuel logs and comparison of log information to fuel purchases and maintenance charges. Logs are necessary to prevent paying vendors for improper billing amounts and to decrease the risk of theft or misuse of fuel or other maintenance items occurring without being detected.

WE RECOMMEND the Board of Aldermen require usage logs be maintained for all city owned vehicles and equipment, and fuel logs be reconciled to fuel purchases. A periodic review should be performed to ensure the reasonableness of the fuel purchases and usage. In addition, all reviews and reconciliations should be documented.

AUDITEE'S RESPONSE

This item will be reviewed and a policy will be set by the Board of Aldermen. Estimated completion is unknown, but will be targeted for April of 2007.

8. Accounting Controls and Procedures.

Some monies received are not deposited intact in a timely manner, and checks and money orders are not restrictively endorsed immediately upon receipt. In addition, receipt slips are not issued for some monies received, and the numerical sequence of the receipt slips are not accounted for properly.

- A. Receipt slips are not issued for some monies received and the numerical sequence of receipt slips issued are not accounted for properly. Receipt slips are not issued for licenses and permits until the payment is posted to the City's accounting system.

When the City receives fees for business licenses, liquor licenses, or building permits, the City holds the individuals check until the license/permit is approved by the Board of Aldermen or Mayor. If the license/permit is not approved, the City will return the original check to the individual. The only documentation the City has to show this transaction occurred would be the denied license/permit application. If the check is returned to the individual, a receipt slip is not issued.

In addition, no one accounts for the numerical sequence of receipt slips issued. Several receipt slip numbers could not be accounted for in the system. The City Clerk indicated these receipt slips were discarded (when a transaction is started, but interrupted and ended during the middle of the process the receipt is discarded) or voided receipt slips; however, there was no documentation of the discarded or voided receipt slip. The City could not print a listing of discarded or voided transactions. Also, checks and money orders are not restrictively endorsed immediately upon receipt.

To adequately safeguard against theft or misuse of funds and to provide assurance that all receipts are deposited, all receipts should be deposited intact on a timely basis and all disbursements should be made by check. In addition, checks and money orders should be restrictively endorsed immediately upon receipt and deposits should be made intact on a timely basis.

Without issuing and accounting for prenumbered receipt slips for monies collected, the city cannot ensure all monies collected are ultimately recorded and deposited.

- B. City officials are not adequately bonded. Checks on the bank account require two signatures. The City Clerk and the Deputy City Clerk, who have authority to sign checks are bonded; however, the Mayor and President of the Board who also have the authority to sign checks are not bonded. Failure to adequately bond all persons with access to assets exposes the city to risk of loss.

WE RECOMMEND the Board of Aldermen:

- A. Ensure that all monies are deposited intact, all refunds are made by check, and checks and money orders are restrictively endorsed immediately upon receipt. In addition, require prenumbered receipt slips be issued for all monies received and the numerical sequence of those receipt slips be accounted for properly.
- B. Obtain bond coverage for any city officials with check signing authority.

AUDITEE'S RESPONSE

- A. *All checks and money orders are now stamped on the back ("for deposit only, City of Moscow Mills" with the account number) when received, rather than waiting until the deposit is actually made. The software company has been informed of the problem that the receipt number is not marked "VOID" when it is exited midway during entry. The City has received an estimated bid from the software company in the amount of \$300.00 to make the change to the software. The software company has stated that they could have this change made within 30 days of the approval of the agreement/estimate. All funds received for licenses or permits that require approval before issuance will now be deposited immediately. If a license or permit is not approved a check will be issued for the refund, rather than returning the original check or money order.*
- B. *The Mayor and President of the Board have both been bonded since October of 2006.*

9. Expenditures

The Board of Aldermen does not approve disbursements prior to payment, and some disbursements do not appear to be a prudent use of city funds. In addition, there is no documentation to support the allocation of various costs to restricted funds.

- A. The Board of Aldermen does not review and approve the payment of city expenditures prior to the checks being issued. A financial report is prepared monthly by the City Clerk which includes a detailed listing of all disbursements by fund; however, the disbursements represent the preceding month's activities. Disbursements from city funds should be reviewed and approved by the Board of Aldermen before payment is made to ensure all disbursements represent valid operating costs of the city. To adequately document the board's review and approval of all disbursements, a complete and detailed listing of bills should be prepared, signed or initialed by the aldermen to denote their approval, and retained with the official minutes.
- B. The following disbursements do not appear to be a prudent use of public funds:
1. The city holds an annual Christmas party which the Board of Aldermen, the Park Board, the Planning and Zoning Board, the city employees, the Police Reserve, the members of the Citizens' Police Academy, and their spouses are invited to attend. The city pays all of the costs related to the party. In addition, the city purchased flowers and plants for funerals, film for children's pictures with Santa, and paid its portion of costs for the city - wide Easter egg hunt.
 2. The Board of Aldermen approved bonus payments to the full time city employees. The minutes indicate this was a "one time pay increase"; however, the employees monthly salaries did not increase. Separate

checks were issued for these payments in December 2005. These one time pay increases appeared to be bonuses paid to these employees.

These bonuses appear to represent additional compensation for services previously rendered and, as such are in violation of Article III, Section 39 of the Missouri Constitution and Attorney General's Opinion No. 72, 1955 to Pray, which states, "...a government agency deriving its power and authority from the constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

The city's residents place a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner. The above expenses do not appear to represent a necessary and prudent use of public funds.

C. The City does not maintain adequate documentation for some expenditures.

1. The City has a credit card used to make other miscellaneous purchases. Adequate supporting documentation was not submitted or retained for some charges. Some items paid, including hub caps, and software updates, were not supported by vendor receipts or credit card slips. In addition, the City does not have a credit card policy in place.

Adequate supporting documentation should be retained for all credit card purchases, and reconciled to credit card statements to ensure the propriety of the charges. Adequate supporting documentation will help the city evaluate the necessity and reasonableness of credit card purchases. Credit card policies and procedures are necessary to provide guidance to employees, and help ensure city credit cards are used only for city business.

2. Acknowledgment of receipt of goods or services is not documented on some invoices. The city's informal policy is to have all supervisors approve and document that items were received on the invoice prior to payment; however, on ten of the twenty items reviewed there was no acknowledgement of receipt noted. Proper acknowledgment of receipt is necessary to ensure that all goods or services paid for were actually received.
3. The city maintains a petty cash fund of \$175 for miscellaneous purchases. Invoices or receipts were not always available to support disbursements from the fund and a ledger of petty cash disbursements was not maintained. The petty cash fund is under the control of the Deputy City Clerk, and no independent review is made of the fund to ensure it is maintained properly. Invoices should be retained for all petty cash

disbursements and a ledger should be maintained for all petty cash transactions.

Periodically, the petty cash funds on hand should be reconciled to the ledger balance by an independent person to ensure the funds are being accounted for properly, to detect errors, and to prevent these monies from being misused.

- D. The City pays \$2,000 yearly to a not-for-profit organization that supplies transportation to the elderly and handicapped without entering into a written contract.

Section 432.070, RSMo, requires contracts of political subdivisions be in writing. The city should enter into written contracts for services rendered or obtained. A written contract, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties.

Article VI, Section 23, of the Missouri Constitution specifically prohibits counties, cities, or other political subdivisions of the state from granting public money or things of value to any corporation, association, or individual. To avoid being a donation, the city needs to ensure the monies are used for city provided services and they receive the required documentation from the entity documenting how the monies were spent or the services received by residents of the city of Moscow Mills.

- E. The City does not have formal documentation to support the allocation of payroll and equipment purchases to city funds. Currently, the maintenance employees' salaries are divided between the street, water, and sewer funds, and the City Clerk and Deputy City Clerk's salaries are divided between the general, water, and sewer funds. The City Clerk allocates the salaries based on the employee's estimate of time spent on each department, rather than using a percentage based on the actual number of hours worked. There is no formal documentation that shows the city's method of allocation. The allocation of equipment purchased is based on the amount of time the Maintenance Supervisor estimates each department will use the equipment. Adequate documentation is not maintained denoting how much time is actually spent on each area.

Adequate documentation to support the allocation of payroll and equipment purchases to the city's water and sewer funds is necessary to accurately determine the results of operations of specific activities, thus enabling the city to establish user charges necessary to meet all operating costs without generating profits to subsidize other city services.

In addition, for street funds Article IV, Section 30, of the Missouri Constitution, requires that motor vehicle-related receipts apportioned by the state of Missouri be used for street-related purposes, including policing, signing, lighting, and cleaning of roads and streets. To ensure compliance with the Missouri Constitution, the city should maintain documentation to support payroll and equipment costs allocated to the Street Fund.

WE RECOMMEND the Board of Aldermen:

- A. Review and approve the expenditure of city funds prior to the disbursements being made. In addition, the approval of disbursements should be adequately documented by including a listing of all approved disbursements in the board minutes.
- B.1. Ensure that all expenditures are a prudent use of taxpayers dollars.
 - 2. Discontinue granting one time pay increases to employees.
- C.1. Ensure city personnel submit supporting documentation for all credit card purchases. In addition, the city should establish a credit card policy.
 - 2. Require evidence of receipt of goods or services on each invoice before making payment.
 - 3. Maintain invoices for all petty cash expenditures. In addition, a ledger should be maintained documenting all petty cash transactions, and the petty cash fund should be periodically counted and reconciled to the ledger balance by an independent person.
- D. Ensure the city enters into formal written contracts for services rendered or obtained.
- E. Ensure all expenditures are properly allocated to the various funds and are supported by adequate documentation.

AUDITEE'S RESPONSE

- A. *Since October of 2006, all bills are presented for approval at City meetings and signed off on by the Board of Aldermen before being paid, except refunds of court bonds, water bill deposits, and payroll tax deposits. The signed list is kept on file at City Hall.*
- B.1. *The City will no longer pay for any Christmas party costs or flowers/plants for funerals.*
 - 2. *The City will no longer grant a one time pay increase.*

- C.1. *A credit card policy will be investigated and instituted. The expected date of this policy will be April, 2007. All approved supporting documentation will be included with all credit card bills before payment.*
2. *All invoices will be approved by the appropriate supervisor before payment.*
3. *Invoices and a ledger will be kept for all disbursements from the petty cash fund. The City Clerk will perform a reconciliation of the ledger to the fund periodically. The fund is already counted on a daily basis.*
- D. *A formal written contract will be requested and received for services rendered or obtained before payment is made. A follow up of where and how the money was spent by the organization will be required.*
- E. *The City will perform a study to see how the equipment is being used and how much time each employee is spending in each fund to determine the percentage split for equipment and wages.*

10. Capital

Assets

The city has not prepared and maintained permanent, detailed property records for capital assets, including equipment, and furniture owned by the city. Also, annual physical inventories are not performed and additions to the capital asset records are not reconciled to purchases.

Property records for capital assets are necessary to ensure accountability for all items purchased and owned and for determining the proper amount of insurance coverage. To develop appropriate records and procedures for capital assets, the city needs to undertake a comprehensive review of all property owned by the city. Assets should be counted, tagged for specific identification, and recorded by description and serial number in a detailed property ledger at historical cost or estimated historical cost if the original cost is not available. The city should properly record all fixed asset transactions, reconcile those purchases to additions, and periodically perform physical inventories and compare to the detailed records.

WE RECOMMEND the Board of Aldermen require property records to be maintained for capital assets that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition. In addition, annual physical inventories should be performed and capital asset additions should be reconciled to purchases.

AUDITEE'S RESPONSE

The City has already started the process of tagging assets and keeping a master list. The City will check with other cities to find a model policy for capital assets. Estimated completion of this

is unknown, but will be targeted for April of 2007. Annual physical inventories will be done starting in 2007.

11. Municipal	Court
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The Court Clerk does not make deposits on a timely basis and checks and money orders are not endorsed immediately upon receipt. In addition, the City Clerk does not account for the numerical sequence of the receipt slips transmitted by the Court Clerk.

- A. Deposits are not made in a timely manner. The Court Clerk deposits court monies into the City's bank account approximately once a week. A cash count, performed on August 17, 2005, showed over six working days of undeposited collections, totaling approximately \$4,028 and including approximately \$639 in cash. In addition, checks and money orders are not restrictively endorsed immediately upon receipt.

To adequately safeguard against theft or misuse of funds and to provide assurance that all receipts are deposited, all receipts should be deposited intact on a timely basis. In addition, checks and money orders should be restrictively endorsed immediately upon receipt. Deposits should be more frequent if significant amounts of cash are collected.

- B. The city does not account for the numerical sequence of the receipt slips transmitted by the Court Clerk. At the end of the month, the Court Clerk files a copy of her receipt ledger with the City Clerk. The City Clerk does not account for the numerical sequence of the court's receipt slips.

Without accounting for prenumbered receipt slips for monies collected, the city cannot ensure all monies collected are ultimately recorded and deposited.

WE RECOMMEND:

- A. The Court Clerk deposit all monies intact on a timely basis, and restrictively endorse checks and money orders immediately upon receipt.
- B. The City Clerk account for the numerical sequence of all receipt slips issued by the court.

AUDITEE'S RESPONSE

The Court Clerk indicated:

- A. *Deposits are now being made more frequently. After the weekly filing of tickets by the Municipal Prosecuting Attorney and entering the citations into the computer, mailed in*

payments are applied and deposited within the next working day after the money has been receipted in the court computer system. Upon receipt of mailed in payments, checks and money orders are now endorsed "For deposit only City of Moscow Mills". (The account number is indicated on the stamp.)

- B. The Court Clerk now supplies a computer generated report to the City Clerk along with all deposit tickets specifying sequenced receipt numbers which includes any receipt numbers that have been voided. This report indicates if cash or check/money orders were collected to ensure all monies are accounted for correctly.*

The City Clerk indicated:

- B. She will account for the numerical sequence of all receipt slips issued by the court.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF MOSCOW MILLS, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Moscow Mills is located in Lincoln County. The city was incorporated in 1821 and is currently a fourth class city. The population of the city in 2000 was 1,742.

The city government consists of a mayor and four-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a two-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other officials during the year ended December 31, 2005, are identified below. The Mayor and the Board of Aldermen are paid \$600 and \$100 per month, respectively. The compensation of these officials is established by ordinance.

<u>Mayor and Board of Aldermen</u>	<u>Dates of Service During the Year Ended December 31, 2005</u>	
Mark Schuette, Mayor (1)	January 2005 – December 2005	
Sheryl Lejeune, Alderman (2)	January 2005 – December 2005	
Barbara Wion, Alderman (3)	January 2005 – December 2005	
Mary Lou Jung, Alderman	January 2005 – December 2005	
Warren Cox, Alderman	January 2005 – December 2005	
<u>Other Principal Officials</u>	<u>Dates of Service During the Year Ended December 31, 2005</u>	<u>Compensation Paid for the Year Ended December 31, 2005</u>
Linda McNeil, City Clerk	January 2005 to December 2005	\$ 52,607
Greg Krankel, Maintenance Superintendent	January 2005 to December 2005	59,062
Warren S. Runge, Chief of Police (4)	January 2005 to December 2005	57,604
Debra Freise, Court Clerk	January 2005 to December 2005	37,460

(1) Lawrence Coy was elected to this position in April 2006.

(2) Re-elected in April 2006.

(3) Rhonda Norton was elected to this position in April 2006.

(4) James Partee was appointed Chief of Police in July 2006.

In addition to the officials identified above, the city employed sixteen full-time employees and five part-time employees on December 31, 2005.

Assessed valuations and tax rates for 2005 were as follows:

ASSESSED VALUATIONS

Real estate	\$	13,041,241
Personal property		<u>6,396,345</u>
Total	\$	<u><u>19,437,586</u></u>

TAX RATE(S) PER \$100 ASSESSED VALUATION

		<u>Rate</u>
General Fund	\$	0.2385
General Fund-Waterworks		0.4641

TAX RATE(S) PER \$1 OF RETAIL SALES

		<u>Rate</u>
General	\$	0.010
Streets		0.005

A summary of the city's financial activity for the year ended December 31, 2005, is presented below:

	General	Waterworks	Sewer	Street	Park	Debt Service	Water Repair and Replacement	Sewer Repair and Replacement	Project	Total
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	
RECEIPTS:										
Property taxes	\$ 48,221	92,326	0	0	0	0	0	0	0	140,547
Sales tax	293,445	0	0	141,426	0	0	0	0	0	434,871
Motor fuel and motor vehicle taxes	0	0	0	72,042	0	0	0	0	0	72,042
Water, sewer, and trash collections	0	326,013	296,126	0	0	0	0	0	0	622,139
Utility franchise taxes	67,432	0	0	0	0	0	0	0	0	67,432
Licenses, permits, and other taxes	10,505	0	0	0	0	0	0	0	0	10,505
Interest	592	1,592	852	2,537	19	2,564	701	867	0	9,724
Grants	36,710	0	179,097	0	0	0	0	0	0	215,807
Court fees and fines	279,375	0	0	0	0	0	0	0	0	279,375
Bond issuance	0	0	0	0	0	808,702	0	0	4,306,354	5,115,056
Other	19,706	3,305	2,003	1,648	2,585	0	0	0	0	29,247
Park rental and deposit revenue	0	0	0	0	13,390	0	0	0	0	13,390
Transfers in	0	0	0	0	0	26,803	64,622	107,859	0	199,284
Total Receipts	755,986	423,236	478,078	217,653	15,994	838,069	65,323	108,726	4,306,354	7,209,419
DISBURSEMENTS										
Salaries and fringe benefits	488,008	123,673	107,739	36,778	613	0	0	0	0	756,811
Insurance and bonds	37,206	8,241	7,130	4,674	0	725	0	0	175,350	233,326
Utilities and telephone	18,280	24,067	23,304	21,261	2,774	0	0	0	0	89,686
Uniforms	5,168	2,077	1,386	888	0	0	0	0	0	9,519
Contracted services	40,432	98,802	4,571	0	5,500	0	0	0	10,908	160,213
Building construction, maintenance and rental	9,497	16	16	0	10,144	0	0	0	0	19,673
Equipment purchase and repair	50,932	21,752	28,148	17,026	0	0	810	3,622	0	122,290
Road maintenance and repair	0	0	0	17,866	0	0	0	0	0	17,866
Supplies and postage	51,059	17,922	21,206	4,848	981	0	1,079	0	0	97,095
Attorney fees	42,072	0	0	0	0	0	0	0	0	42,072
Waterworks improvement and extension	21,639	199,663	220,852	0	0	263,143	0	0	1,551,720	2,257,017
Training, dues, election, and publication	16,829	191	336	0	185	0	0	0	0	17,541
Court fees	18,652	0	0	0	0	0	0	0	0	18,652
Other	37,116	3,577	3,021	4,193	440	0	0	0	0	48,347
Transfers out	0	64,622	134,662	0	0	0	0	0	0	199,284
Total disbursements	836,890	564,603	552,371	107,534	20,637	263,868	1,889	3,622	1,737,978	4,089,392
Receipts Over (Under) Disbursements	(80,904)	(141,367)	(74,293)	110,119	(4,643)	574,201	63,434	105,104	2,568,376	3,120,027
Fund balances, January 1	209,413	198,732	241,578	259,571	7,371	79,681	79,429	68,969	0	1,144,744
Fund balances, December 31	\$ 128,509	57,365	167,285	369,690	2,728	653,882	142,863	174,073	2,568,376	4,264,771



Claire McCaskill

Missouri State Auditor

December 2006

CONSERVATION

Information Technology Management



Missing Security Controls Increases Risks of Threats and Vulnerabilities to Information Technology Resources

This audit reviewed the management and control of information technology resources at the Missouri Department of Conservation (MDC). Auditors found MDC management needs to obtain and commit resources to fully document and develop internal control policies and procedures to completely protect the department's information and technology resources from threats and vulnerabilities. Auditors also performed an analysis of fiscal year 2005 department expenditures and found MDC paid \$23,232 in potential duplicate payments for products or services.

Risk assessment program is not fully implemented	Identifying and assessing information security risks are essential steps in determining what controls are required and what level of resources should be expended on controls. MDC management had not fully implemented a formal risk assessment process and had no policies for conducting these assessments. A MDC Information Technology Section (ITS) official said informal, undocumented risk assessments have been performed. According to another ITS official, ITS does not have the resources available to dedicate to performing and documenting a formal risk assessment. (See page 5)
Business continuity and disaster recovery plans not approved and implemented	MDC personnel have documented a business continuity plan and a disaster recovery plan. However, neither of these plans has been approved by management. Since the plans have not been approved, an ITS official said neither plan has been implemented or tested. Without implementing and testing these two plans, management cannot ensure the adequacy of the plans. Management does not have assurance that critical business operations could be carried out or computer operations promptly restored in the event of a significant disruption to normal system operations. (See page 5)
Security management program is not fully implemented	MDC management has developed and documented policies for specific security controls, including password standards and establishing user access. However, MDC management had not completed the process of establishing and documenting policies and procedures for all key security controls. Accepted standards state policies are necessary to set organizational strategic directions for security and assign resources for the implementation of security. (See page 6)
Payment procedures not always followed	Our analysis of fiscal year 2005 department expenditures found MDC overpaid vendors up to \$23,232 for the same products or services because of internal control weaknesses. Duplicate payments can occur for a variety of reasons, including data input errors, inconsistencies in the vendor file, and payments from non-original invoices such as statements and faxes. As a result of our findings and questions, MDC management began an internal audit of duplicate payments and related internal controls. (See page 14)

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Abbreviations

GAO	Government Accountability Office
ITS	Information Technology Section
MDC	Missouri Department of Conservation



CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Conservation Commission
and
John Hoskins, Director
Department of Conservation
Jefferson City, MO 65102

The Missouri Department of Conservation (MDC) is responsible for protecting and managing the fish, forest and wildlife resources of the state. The Information Technology Section is responsible for providing technical assistance to support MDC technology resources. Our audit objectives included determining whether MDC management has established effective internal controls over information systems, information technology resources, and over the processing of department expenditure and payment transactions.

We found MDC had not taken some of the measures necessary to maintain effective internal controls to protect the information and technology resources supporting the mission and operations of the department. MDC had not fully implemented risk assessment and security management programs to identify and manage security controls required to protect the department's systems and resources from potential threats and vulnerabilities. We also found MDC had not finalized, approved, or implemented contingency plans necessary to sustain and recover critical technology services following an emergency. We found instances where important security policies had not been developed and instances where procedures were in place but the corresponding policies had not been documented. In addition, we found weaknesses in internal control procedures over the processing of department expenditure transactions which caused the erroneous processing of duplicate payments.

We conducted our audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. This report was prepared under the direction of John Blattel. Key contributors to this report were Jeff Thelen, Lori Melton, and Frank Verslues.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire McCaskill
State Auditor

Introduction

The Missouri Department of Conservation (MDC) is responsible for protecting and managing the fish, forest and wildlife resources of the state; serving the public and facilitating participation in resource management activities; and providing opportunity for all citizens to use, enjoy and learn about fish, forest and wildlife resources, according to the department's mission statement. The MDC Information Technology Section (ITS) supports the department's mission through technological solutions and electronic communications.

ITS provides support and management of information technology resources for MDC. Information, some of which is sensitive, maintained in MDC systems includes:

- Hunting and fishing permits and licenses
- Wildlife protection investigations and arrests
- Human resource and department expenditure records
- Geographic information system data

Disclosure of specific sensitive data maintained in MDC systems could compromise department enforcement activities. In addition, unauthorized access to personal information could increase the risk of identity theft.

Effective July 1, 2005, information technology personnel and resources from most executive branch agencies¹ were consolidated and placed under the direction of the state Chief Information Officer in the Office of Administration, Information Technology Services Division. Information technology personnel and resources from MDC were not included in this consolidation. However, the ITS Chief Information Officer stated MDC attempts to follow the guidelines, including the Missouri Adaptive Enterprise Architecture,² set by the Information Technology Services Division.

Scope and Methodology

To determine whether MDC management had established effective internal controls to manage and protect information technology resources we requested and reviewed available policies and procedures and other

¹ Entities such as the Department of Conservation, governed by commissions, are not included in the information technology consolidation. In addition, entities not under the Governor, such as elected officials and the state courts system, are not included in the consolidation.

² The Enterprise Architecture is made up of several information technology domains, including a domain dedicated to security. The security domain is not fully developed, but it defines the security management principles which are needed to help ensure the appropriate level of protection for the state's information and technology assets.

documents and interviewed MDC and ITS personnel. We also interviewed MDC and ITS personnel to gain an understanding of the undocumented and informal procedures and controls in place.

To obtain an understanding of the general operations of MDC, we obtained and analyzed MDC expenditure data for fiscal year 2005 from the statewide accounting system. During our analysis, we identified transactions that were potential duplicate payments for the same products or services. To verify the accuracy of the expenditure data, we obtained the source documents for these potential duplicate payments from the Office of Administration. We reviewed these source documents to verify the payment amount agreed to the expenditure data from the statewide accounting system. We provided the MDC internal auditor and a payment staff employee a list of the potential duplicate payments and discussed the payments with them.

We based our evaluation on accepted state, federal, national and international standards and best practices related to information technology security controls from the following sources:

- Missouri Adaptive Enterprise Architecture
- National Institute of Standards and Technology
- U.S. Government Accountability Office (GAO)
- IT Governance Institute Control Objectives for Information and related Technology (COBIT)

We requested comments on a draft of our report from the Director of the Department of Conservation. We conducted our work between June and October 2006.

Missing Security Controls Leaves Technology Resources Susceptible to Threats and Vulnerabilities

MDC information technology resources are susceptible to threats and vulnerabilities including unauthorized use and disclosure of data and insufficient protection of technology assets. This situation has occurred because MDC management had not (1) performed a formal risk assessment to identify possible threats and the likelihood of occurrence, (2) approved and implemented business continuity and disaster recovery plans to ensure the availability of technology resources, and (3) fully implemented a security management program. In addition, key policies and procedures for internal controls, including security, had not been documented or had not been developed. Collectively, these weaknesses impair MDC's ability to ensure information technology resources are properly protected and the risk of threats and vulnerabilities are reduced to an acceptable level.

Risk Assessment Program Is Not Fully Implemented

Identifying and assessing information security risks are essential steps in determining what controls are required and what level of resources should be expended on controls. Moreover, by increasing awareness of risks, these assessments generate support for the adopted policies and controls, which helps ensure policies and controls operate as intended, according to GAO. A risk assessment helps identify potential threats and vulnerabilities or weaknesses that could be exploited and to ensure appropriate controls are implemented to mitigate these vulnerabilities.

MDC management had not fully implemented a formal risk assessment process and had no policies for conducting these assessments. An ITS official said informal, undocumented risk assessments have been performed. According to another ITS official, ITS does not have the resources available to dedicate to performing and documenting a formal risk assessment. Since risks and threats change over time and employees leave, the results of risk assessments should be documented to ensure an appropriate action plan is developed to limit vulnerabilities and to reduce risk to an acceptable level.

Business Continuity and Disaster Recovery Plans Not Approved and Implemented

Contingency planning is designed to mitigate the risk of system and service unavailability by focusing effective and efficient recovery solutions. Ultimately, an organization would use a suite of plans to properly prepare response, recovery, and continuity activities for disruptions affecting the organization's information systems, business processes, and the facility, according to accepted standards.

MDC personnel have documented a business continuity plan and a disaster recovery plan. However, neither of these plans has been approved by management. A MDC official explained the business continuity plan had been developed by a contractor. A draft of the plan had been received in July 2006, and is still under review by MDC personnel. The plan will be presented to management for approval after the review process has been

completed. This official added the disaster recovery plan will be presented for approval at the same time as the business continuity plan. Since the plans have not been approved, an ITS official said neither plan has been implemented or tested. Without implementing and testing these two plans, management cannot ensure the adequacy of the plans. Management does not have assurance that critical business operations could be carried out or computer operations promptly restored in the event of a significant disruption to normal system operations.

Security Management Program Is Not Fully Implemented

A security management program provides a framework for managing risk, developing security policies, assigning responsibilities, and monitoring the adequacy of an agency's security controls. A security management program is the foundation of an agency's security control structure and a reflection of management's commitment to addressing security risks. According to GAO, implementing a security program is essential to ensuring controls over information and information systems work effectively on a continuing basis.

MDC management has not fully established a security management program on which department-wide security policies, standards, and procedures can be formulated, implemented, or monitored. ITS officials said MDC follows the Missouri Adaptive Enterprise Architecture security domain as its architecture framework when it is feasible for MDC to do so. The security domain is not fully developed, but it defines the security management principles needed to ensure the appropriate level of protection for the state's information and technology assets. When completed, the security domain architecture will provide a security plan template for agencies to use as guidance when developing agency plans; the architecture will not provide an actual plan for agencies to implement.

Although the security domain architecture is not fully developed, other standards are available for security management planning. Accepted standards state policies are necessary to set organizational strategic directions for security and assign resources for the implementation of security. According to GAO, a critical element of an effective security management program is developing and implementing policies and procedures to govern security over an agency's information technology environment.

MDC management developed and documented policies for specific security controls, including password standards and establishing user access. However, MDC management had not completed the process of establishing and documenting policies and procedures for all key security controls.

MDC needs to develop policies for critical security controls

MDC management had not established or documented policies or procedures for the following critical security controls:

- System and data ownership
- System and data classification
- Security activity logging and review
- Supervisory review of user access rights
- Security awareness training

System and data owners are not designated

The Missouri Adaptive Enterprise Architecture states information owners are necessary to administer information security. It is important to document the ownership of data and information systems because owners make decisions about classifying and protecting information and systems, according to accepted standards.

MDC management does not have documented policies identifying the data and system resource owners responsible for making decisions regarding data classification and system access. An ITS official said a policy is under development, but has not been completed as of October 2006. Without having documented policies and procedures establishing data and information ownership responsibilities, the MDC is at risk that data and information assets will not be properly protected against unauthorized access.

Systems and data are not classified according to sensitivity and criticality

MDC management does not have assurance that systems and data receive an appropriate level of protection. MDC had not established a department-wide framework for systems and data classification, according to an ITS official. Such a framework examines the sensitivity of both the data to be processed and the system itself to identify when to classify information as confidential, public, or other established levels, according to accepted standards.

A general classification framework is established to define an appropriate set of protection levels and the placement of data in information classes, according to accepted standards. Sensitivity is generally classified in terms of confidentiality, integrity, and availability. Factors such as the importance of the system to the organization's mission and the consequences of unauthorized use of the system or data need to be examined when assessing sensitivity. An ITS official said a classification framework had not been developed because the department was waiting for policy from the Office of Administration Information Technology Services Division in this area. The Information Technology Services Division has issued a draft standard on data classification, but the standard has not been finalized as of October 2006.

Policies needed to log, report and review security activity

MDC management had not taken sufficient steps to ensure system security controls have functioned properly. Policies and procedures for logging appropriate security-related events and monitoring specific access are necessary when developing effective security programs. Accepted standards state a logging and monitoring function enables the early detection of unusual or abnormal security activity³ that may need to be addressed to ensure the approved security level is maintained.

System security logging is available on MDC systems; however, ITS officials have not activated this function. Officials stated resources are not currently available to adequately review and analyze these logs if they were activated.

Determining what, when, and by whom specific actions were taken on a system is crucial to establishing individual accountability, investigating security violations, and monitoring compliance with security policies, according to GAO.

Supervisory review of user access rights is needed

MDC management does not have a process in place for supervisors to perform periodic reviews of user access to data and other information resources to determine whether the access rights remain commensurate with job responsibilities. According to the Missouri Adaptive Enterprise Architecture, agencies must periodically review user accounts. At a minimum, this review should include the following (1) levels of authorized access for each user, (2) identification of inactive, idle or orphaned accounts, and (3) whether required training or certification has been completed. Accepted standards also support regular management review of all accounts and related privileges. Without a supervisory review of user access rights, there is an increased risk that unauthorized alterations of these rights will go undetected or that access rights are not aligned with current job duties.

Employees do not receive ongoing security awareness training

Training is an essential component of a security management program. Computer intrusions and security breakdowns often occur because computer users fail to take appropriate security measures. For this reason, it is vital employees using computer resources be aware of the importance and sensitivity of information handled, as well as business and legal rationale for maintaining its confidentiality, integrity, and availability, according to GAO.

³ Security activity includes users attempting to access data they are not authorized to access, performing a task they are not authorized to perform, or accessing data they are authorized to access that is of a sensitive nature.

An ITS official said personnel had not been trained on an ongoing basis regarding computer security and their roles in ensuring appropriate use of department resources. New employees receive security training as part of orientation, but employees do not receive any other security awareness training. According to accepted standards, employees play a crucial role in helping ensure the security of computer systems and information technology resources. Accepted standards also state ongoing training programs are necessary to maintain employees' security awareness to the level required to perform effectively.

Documented policies are needed for established security procedures

MDC management established, but had not documented, policies and procedures for the following security controls:

- Management of privileged accounts
- Segregation of duties
- Network operations
- Security incident handling
- Physical security

ITS officials explained policies and procedures had not been formally documented for these areas because of a lack of dedicated resources.

Policies needed for managing privileged accounts

MDC management had not documented policies for the administration of privileged user accounts. According to accepted standards, user account management procedures should be established for all user accounts, including system administrators. MDC has documented procedures for granting and removing access to system accounts, but these procedures do not include access to and administration of privileged accounts. ITS officials explained the number of privileged accounts is limited and management reviews their access annually. Without documented policies for the administration of privileged user accounts, management cannot ensure access to those accounts has been appropriately granted to only authorized individuals.

Policies needed to ensure segregation of duties

Inadequately segregated duties increase the risk that erroneous or fraudulent transactions could be processed, improper program changes implemented, or computer resources damaged or destroyed, according to GAO. Although duties have been informally segregated, there has not been a formal effort to identify incompatible duties or to create a policy requiring segregation of duties among information technology staff, according to ITS officials. In addition, MDC had no policies in place to review logical access to ensure adequate segregation of duties. Accepted standards state policies should be established to require a division of roles and responsibilities that should exclude the possibility for a single individual to subvert a critical process.

Network operation policies not documented

According to accepted standards, network operating policies and standards for the general control of the organization's network should be established, documented and maintained on a current basis. ITS officials have established network operating controls related to system performance and usage monitoring, software copyright, network start-up, and staff responsibilities. While ITS officials have established operating controls, the network operation policies and procedures are not documented. Without documented policies and standards for general control of the network, there is an increased risk that network controls will erode over time and not remain appropriate.

Security incident handling procedures not documented

MDC management established, but had not documented, computer security incident handling responsibilities and duties. Computer security incident handling is the process of detecting and analyzing computer security incidents⁴ and limiting each incident's effect, according to accepted standards. ITS officials explained MDC monitors for incidents and coordinates with the Office of Administration when necessary.

An incident response policy should be created as a foundation for incident response procedures. Without formally documented procedures, no guidelines exist to ensure the priorities of the organization are reflected in response operations to consistently handle security incidents, according to accepted standards. As a result, incidents may not be handled in the most optimal manner, leaving the network or other systems vulnerable.

Physical security policy not documented

MDC management does not have documentation to ensure adequate physical security is in place to restrict access to computer resources to only appropriate individuals. Management also cannot ensure employees are aware of physical security procedures and what is expected of them in relation to security. MDC management established procedures for physical security, but had not documented the policies or procedures. According to accepted standards, a formal, documented, physical and environmental protection policy addressing the purpose, scope, roles, responsibilities, and compliance should be developed. In addition, an organization should develop, disseminate, and periodically review formal, documented procedures to facilitate the implementation of the physical and environmental protection policy and associated physical and environmental protection controls.

⁴ The Office of Administration Information Technology Services Division defines a security incident as an adverse event, or threat of an adverse event, in a computer system and/or network.

As part of the physical security policy, accepted standards state access to the premises should be logged and monitored. Access to the MDC computer facility is controlled and monitored through the use of key cards. MDC's informal policy also requires visitors to be escorted while in the facility. However, a log of visitors to the computer facility is not maintained. Without a log of the visitors to the facility, management cannot adequately track who had access to the facility.

Conclusions

MDC management had not taken some necessary steps to fully implement effective internal controls to prevent the unauthorized use and disclosure of data and to adequately protect information technology resources. MDC management does not have assurance appropriate controls are in place to reduce risks of threats and vulnerabilities to an acceptable level since a formal risk assessment has not been performed. The recovery of services, systems and technology resources may be delayed following a disruption in operations or a disaster since MDC management had not approved and implemented business continuity and disaster recovery plans. MDC's internal control environment is missing important security components because management had not fully implemented a security management program. Important security controls have not been established or have been developed but lack documented policies and procedures to provide consistent guidance. Faced with the challenge of protecting systems and resources from continuing threats, vulnerabilities, and data breaches, MDC management should support establishing and documenting internal controls and security measures as a business necessity rather than just another management responsibility.

Recommendations

We recommend the Director of the Department of Conservation:

- 2.1 Implement and document a risk management and assessment framework, which includes policies, standards, and procedures for performing periodic risk assessments so management can better protect the department's resources and its ability to perform the department's missions.
- 2.2 Complete the process of documenting and approving the business continuity plan. The plan should then be tested and implemented to ensure business operations can continue in the event of a disruption to normal operations.

2.3 Complete the process of documenting and approving the disaster recovery plan. The plan should then be tested and implemented to ensure data and systems on MDC technology resources can be promptly restored in the event of a disaster or other disruption.

2.4 Design, develop, and approve a security management program that provides a framework upon which department-wide security policies, standards, and procedures are formulated, implemented, and monitored. At a minimum, management should implement security controls and document policies and procedures by taking the following actions:

- Ensure all information assets (data and systems) have an appointed owner who makes decisions about data classification and access rights.
- Establish a system and data classification framework to ensure all systems and data are classified in terms of criticality and sensitivity.
- Develop policies and procedures to log, monitor, report, and review appropriate security activity and security violations.
- Periodically review user access to data and other information resources to ensure access rights are commensurate with user's job duties and responsibilities.
- Establish an ongoing security awareness program to communicate the security policy and to assure a complete understanding of the importance of security by all personnel.
- Document policies for the administration of privileged user accounts.
- Document policies to ensure adequate segregation of incompatible duties.
- Document the operating policies and standards for the general control of the network.
- Develop policies and document the current procedures for incident handling and response to ensure the security priorities of MDC are reflected in the response procedures, and that a consistent approach is used in handling security incidents.
- Document policies for physical security, including policies related to visitor escort. In addition, maintain a log of visitors to the computer facility.

Agency Comments

As the report indicates, there are security controls in place for the protection of our IT resources and there have been no documented system breaches to date. The Department's Information Technology Section has taken numerous steps to establish and maintain these controls and we understand the need to have these practices documented, as recommended. We also understand the importance of establishing risk and security management programs; informal, undocumented risk assessments are performed on a periodic basis. Recognizing the importance of IT, the Department has a committee that includes top management from all divisions that specifically reviews and addresses the IT requirements for all divisions and allocation of limited IT Section staffing and funding. Your report will be submitted to this committee for review and consideration. We will continue to do all possible to ensure the security and integrity of our IT resources with the resources available.

Internal Controls Need to be Improved to Prevent Duplicate Payments for Products and Services

MDC erroneously paid up to \$23,232 in duplicate payments for the same products or services. MDC made the duplicate payments, in part, because department procedures had not been followed. In addition, the duplicate payments had not been discovered because MDC did not have procedures to monitor for duplicate payments in place.

Payment Procedures Not Always Followed

During our analysis of fiscal year 2005 department expenditures, we identified 21 transactions totaling \$23,232 in potential duplicate payments for the same products or services. We found the potential duplicate payments by searching for transactions having the same payment amount and invoice number but different vendor names. We provided the potential duplicate payments along with the corresponding transactions to MDC management. As a result of our findings and questions, MDC management began conducting an internal audit of duplicate payments to identify (1) how many of the potential duplicate transactions we identified are in fact duplicate payments, (2) if other duplicate payments occurred in subsequent years, (3) why or how these duplicate payments had been made, and (4) how these problems could be avoided in the future. Although the internal audit had not been completed at the end of our fieldwork, the MDC internal auditor said at least some of the transactions we identified were duplicate payments and the department had initiated procedures to request refunds from the applicable vendors.

Duplicate payments can occur for a variety of reasons, including data input errors, inconsistencies in the vendor file, and payments from non-original invoices such as statements and faxes. MDC management has documented purchasing and invoice processing procedures that give guidance for payments. The procedures specify, among other details, that payment can only be made from the vendor's invoice or from statements supported by invoices but not from other documents such as packing slips or order acknowledgements. However, MDC personnel did not always follow these procedures when making payments. For example, the source document for one of the potential duplicate payments we found had "Duplicate" printed at the top. We also found other cases where payment for the same products had been made from both invoices and other documents.

A payment staff employee said MDC relies on a function within the statewide accounting system to check for duplicate payments. This edit does not allow an invoice number to be entered more than once for a vendor number. The edit is specific to the entire vendor number and does not evaluate invoices for any related vendors, such as those with the same tax identification number having different locations or addresses. Of the 13 pairs of vendors we reviewed for potential duplicate payments, 8 represented related vendors. Since the statewide accounting system was not

designed to identify duplicate payments to related vendors, MDC must do additional work to ensure these duplicate payments are not made.

Conclusions

MDC management had not minimized the risk of making duplicate payments for the same products or services. Management had not ensured personnel follow payment procedures and had not established procedures to monitor for duplicate payments. Our analysis of fiscal year 2005 department expenditures found MDC overpaid vendors up to \$23,232 because of internal control weaknesses. As a result of our identification of these potential duplicate payments, MDC initiated an internal audit to identify the extent of the problem and to determine which duplicate payments need to be recovered.

Recommendations

We recommend the Director of the Department of Conservation:

- 3.1 Ensure duplicate payments are recovered from the applicable vendors.
- 3.2 Decrease the chance for duplicate payments in the future by ensuring established procedures are followed and establishing additional procedures to monitor for duplicate payments.

Agency Comments

Our Internal Auditor and Financial Services staff are in the process of reviewing these potential duplicate payments. Steps have been taken to obtain refunds where applicable and additional procedures to prevent future duplicate payments will be considered.



Claire McCaskill

Missouri State Auditor

December 2006

Twenty-First Judicial Circuit

City of Bella Villa,
Missouri
Municipal Division

TWENTY FIRST JUDICIAL CIRCUIT
CITY OF BELLA VILLA, MISSOURI
MUNICIPAL DIVISION

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Office Of
Missouri State Auditor
Claire McCaskill

December 2006

During our audit of the Twenty-First Judicial Circuit, City of Bella Villa, Missouri, Municipal Division, we identified the following problems.

During our audit of the Twenty-First Judicial Circuit, City of Bella Villa, Missouri, Municipal Division, we found monthly listings of open items (liabilities) had not been prepared since April 2006, at which time the listing was approximately \$3,443 more than the reconciled bank balance. At our request, the court generated an open items listing as of June 30, 2006, and we found the reconciled bank balance exceeded the open items listing by \$63,364.

We also noted the court held approximately \$4,600 in bonds older than one year. Also, adjustments made to bond amounts are not properly authorized or adequately documented. Of the 30 bonds reviewed, four bonds collected were for more than the court ordered amount and 15 were for less than the established amount.

A complete listing of accrued costs owed to the court is not maintained by the Municipal Division. A comparison of the court docket, case file, and computer file for 10 cases indicated several concerns, which the Court Administrator indicated were due to computer problems the court has been experiencing since July 2006. In addition, monies received are not transmitted to the city in a timely manner, averaging one transmittal every 13 days.

Neither the police department nor the Municipal Division have adequate procedures to account for the numerical sequence of traffic tickets and arrest notifications issued. Additionally, the court could not locate 13 of 55 case files requested, and did not properly report some required traffic offenses to the Missouri Department of Revenue.

The audit also includes recommendations related to computer controls and the violations bureau.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge
Twenty First Judicial Circuit
and
Municipal Judge
Bella Villa, Missouri

We have audited certain operations of the city of Bella Villa Municipal Division of the Twenty First Judicial Circuit. The scope of this audit included, but was not necessarily limited to, the 2 years ended June 30, 2006. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the municipal division's management and was not subjected to the procedures applied in the audit of the division.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Bella Villa Municipal Division of the Twenty First Judicial Circuit.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

October 25, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Monique Williams, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

TWENTY FIRST JUDICIAL CIRCUIT
CITY OF BELLA VILLA, MISSOURI
MUNICIPAL DIVISION
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Bond	Account
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- A. Monthly listings of open items (liabilities) have not been prepared since April 2006, and have not been reconciled with the bond account's balance since June 2005. The April 2006 listing, which was prepared manually by the former Court Administrator, was approximately \$3,443 more than the reconciled bank balance. At our request, the Court Administrator generated an open items listing as of June 30, 2006, from the court's computer system. The reconciled bank balance exceeded the open items listing by \$63,364 as of June 30, 2006. The Court Administrator indicated that problems with the court's computer system and some lost receipt data have caused this difference.

In addition, the court has not established procedures to follow up on undistributed bonds. As of June 30, 2006, the court held approximately \$4,600 in bonds older than one year. Four of these bonds, totaling \$1,050, were for closed cases and should have been refunded to the defendant.

A monthly listing of open items is necessary to ensure proper accountability over open cases and to ensure monies held in trust are sufficient to meet liabilities. An attempt should be made to determine the proper disposition of monies held in the bond escrow account. Any amounts which remain unclaimed or unidentified should be disposed of in accordance with state law. The Municipal Division should ensure bond monies are properly distributed in a timely manner to the city, state, or other third parties.

- B. In March 2006, a disbursement for \$100 was made from the bond escrow account for repairs to the city's heating and air conditioning system. The city could not locate supporting documentation for this disbursement. Bond monies represent restricted monies and should be accounted for separately and should not be used to pay for general operating expenses of the city.
- C. Adjustments made to bond amounts are not properly authorized or adequately documented. Bond amounts for each offense are established by the Municipal Judge in a court order. The majority of bonds are collected by the police department. Of the 30 bonds reviewed, four of the bonds collected were for more and 15 were for less than the court ordered amount. Police department personnel indicated that when a defendant does not have access to sufficient funds, they contact the Municipal Judge for authorization to accept a lesser bond amount;

however, the Judge's approval is not documented. No one at the court or the city could determine why larger amounts would have been collected for bonds.

Proper approval/authorization and adequate documentation which fully explains the reason for bond amount adjustments are necessary to ensure bond receipts are properly collected, recorded, and transmitted to the court, and to reduce the risk of misstatement or misappropriation.

WE RECOMMEND the Municipal Division:

- A. Prepare a monthly open items listing and reconcile it to the amount held in the bond escrow account. In addition, the Municipal Division should determine the disposition of the remaining unidentified amounts held in the account and review the bonds listed to ensure they are for current open cases. The Municipal Division should also work with the city to ensure any unclaimed bond monies are disposed of in accordance with state law.
- B. Ensure bond monies are accounted for separately and only disbursements to the bond owners or the Municipal Division are paid from the bond escrow account. In addition, the court should request the city reimburse the bond account for the amount disbursed for general operating expenses.
- C. Work with the police department to ensure proper approval/authorization is obtained and documented for adjustments to bond amounts.

AUDITEE'S RESPONSE

The Municipal Judge and Court Administrator indicated:

- A. *During the course of the audit, a list of open items as of April, 2006 was provided by the former court administrator which had been previously unavailable. This list will be utilized by the current court administrator to bring the list of open items forward and current. Unclaimed bonds will be disposed of in accordance with state law.*
- B. *The city has reimbursed the bond account \$100 out of general revenue. The court has instructed that bond monies are never to be utilized for any city expense in the future.*
- C. *The court established new bonding procedures effective August 1, 2006. The police department has been instructed that no bonds in excess of the schedule set by the court are to be accepted under any circumstances. Procedures for acceptance of bonds less than the amount set by the court's bond schedule will be implemented.*

2. Accounting

Controls

- A. A complete listing of accrued costs owed to the court is not maintained by the Municipal Division. All current cases with balances due are included on the court docket, which shows the total accrued costs and any payments collected from the defendant for each case. If the defendant does not appear in court or make the scheduled payments, a warrant is issued for their arrest and the balance is no longer included on the court docket. In addition, accrued costs and payments are also reflected on the jacket of the case file and on the court's computer system. A comparison of the court docket, case file, and computer file for 10 cases indicated the following concerns:

- For one case, the court docket did not include a failure to appear charge and mistakenly included a ticket which had been dropped from further processing on a previous court date. As a result, the total due according to the docket was not correct.
- The amount due noted on two case files did not reflect the correct amount due. One case file contained mathematical errors and another case file had not been updated to include the last payment received.
- One case file did not have costs and payments received recorded for two of the three tickets processed.

The Court Administrator indicated these errors were due to computer problems they have been experiencing since July 2006. The court is currently in the process of purchasing new software and computers.

A complete and accurate accrued cost listing would allow the court to more easily review the amounts owed to the court, and take the appropriate steps to ensure all amounts owed are collected on a timely basis.

- B. Monies received are not transmitted intact to the city in a timely manner. Transmittals during the two years ended June 30, 2006, were made approximately every 13 days and averaged \$12,400. In addition, the Court Administrator withholds varying amounts from the deposit to make change. Also, checks and money orders are not restrictively endorsed immediately upon receipt.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt. Transmittals should be made intact and on a timely basis. Transmittals should be more frequent if significant amounts of cash are collected. If a change fund is determined to be necessary, it should be maintained at a constant amount.

- C. Bond forms used by the police department and the Municipal Division are not prenumbered. Bond forms are manually assigned the receipt slip number as they are issued. In addition, bond receipt slips are not reconciled with deposits or the court receipt reports. To ensure adequate control and accounting for bond forms, these forms should be prenumbered, accounted for numerically, and reconciled with the monies deposited.

WE RECOMMEND the Municipal Division:

- A. Ensure an accurate listing of accrued costs is prepared, and establish procedures to monitor accrued costs.
- B. Transmit court collections to the city intact and on a more timely basis. In addition, change funds need to be established from city monies and maintained at a constant amount.
- C. Utilize a prenumbered bond form, account for the numerical sequence of forms issued, and reconcile the receipt slips issued to deposits.

AUDITEE'S RESPONSE

The Municipal Judge and Court Administrator indicated:

- A. *A system to ensure a listing of accrued costs will be implemented in conjunction with computer updating.*
- B. *Court collections shall be transmitted to the city at least twice weekly. Recommendations regarding change funds have been implemented.*
- C. *Pre-numbered bond forms will be utilized in sequence in all future bonding procedures.*

3. Ticket

t Accountability

- A. Neither the police department nor the Municipal Division have adequate procedures to account for the numerical sequence of traffic tickets and "arrest notifications" issued. A log is maintained by the police department of traffic tickets issued; however, the log is not in sequential order and pertinent information, such as the date issued and the defendants' personal identification information is not documented. In addition, the police department does not retain a copy of tickets issued. The Court Administrator posts traffic tickets issued to the court's computer system; however, a sequential listing of tickets issued can not be generated.

Arrest notifications are also issued for non-traffic violations by the city's Health and Sanitation Commissioner. The form used has a pre-printed sequential number; however, this number is not posted to the court's system.

Without a proper accounting of the numerical sequence, the municipal division cannot be assured that all tickets and arrest notifications issued are properly submitted to the court for processing.

- B. The court could not locate 13 of 55 case files requested. The Missouri Supreme Court Operating Rule 8 requires municipal divisions to retain all case file records, including ticket logs and copies of tickets issued. Retention of municipal records is essential to establishing accountability of municipal division activity and in demonstrating compliance with state law. Effective control of records requires all documents and records to be safeguarded against loss, be accessible to the appropriate municipal division employees, and upon reasonable request, be accessible to the public.
- C. Our review of traffic tickets noted the court did not properly report 3 of 4 traffic offenses tested that were required to be reported to the Missouri Department of Revenue (DOR). Section 302.225, RSMo requires that records of any pleas or findings of guilty on traffic violations under the laws of the state, county or municipal ordinance to be reported to the DOR within seven days of the conviction date.

WE RECOMMEND the Municipal Division:

- A. Work with the police department and the city to ensure the numerical sequence of all tickets and arrest notifications can be accounted for properly.
- B. Ensure case file information is properly retained. In addition, the police department should be requested to retain a copy of all tickets issued.
- C. Ensure all required traffic offenses are reported to the DOR in accordance with state law.

AUDITEE'S RESPONSE

The Municipal Judge and Court Administrator indicated:

- A. *The city administration will direct the police department to ensure that procedures be implemented to ensure the numerical sequence of all tickets and arrest notifications can be accounted for.*
- B. *The location of files requested during the audit was partially due to the transition of court administration. Systems are currently being upgraded and replaced to ensure proper case file information can be retained.*

- C. *The court has taken substantial steps to ensure all required traffic offenses are reported to the Department of Revenue.*

4. Computer	Controls
-------------	----------

- A. Passwords and user identification codes (ID's) are not used to restrict access to the court's computer files. Anyone who uses the computer has access to the court data files.

To establish individual responsibility, as well as help preserve the integrity of computer programs and data files, access to information should be limited to authorized individuals through the use of passwords. A password should be assigned to each user of the system, and these passwords should be kept confidential and changed periodically to help limit the effect of unauthorized access to computer files.

- B. The court has not performed a system backup of the court data files on a regular basis. Court personnel indicated they have been unable to copy court data files to a backup disk due to problems with the computer system.

Preparation of backup disks, preferably on a daily basis or at least weekly, along with off-site storage, would provide increased assurance that methods are available to restore any lost data.

WE RECOMMEND the Municipal Division:

- A. Utilize computer passwords and IDs to help prevent access to court records by unauthorized users. In addition, computer passwords and ID's need to be unique to each user and should be kept confidential.
- B. Prepare backup disks and ensure that such disks are stored in a secure, off-site location.

AUDITEE'S RESPONSE

The Municipal Judge and Court Administrator indicated:

- A. *Implemented. All computers are now accessible only with passwords and IDs.*
- B. *Implemented. All files are now downloaded to a server and stored offsite.*

5. Violations**Bureau**

- A. The municipal division does not include all fines which can be collected at the Violations Bureau (VB) on the posted schedule of fines and costs. There are approximately 50 additional offenses currently allowed to be paid at the VB, that are not listed on the posted schedule of fines and costs. Section 479.050 and Supreme Court Rule No 37.49 require a schedule which designates the offenses within the authority of the VB clerk, and the amount of fines and costs to be imposed for each offense to be posted at the VB.
- B. The fine assessed for improper vehicle license is not consistent with the city ordinance 375. The ordinance allows a \$30 fine; however, the VB assesses and collects \$45. The municipal division should establish and collect the proper fines in accordance with city ordinance.

WE RECOMMEND the Municipal Division:

- A. Ensure the posted schedule of fines and costs includes all offenses within the authority of the VB clerk.
- B. Ensure the fines charged and collected at the VB are in accordance with the city ordinance.

AUDITEE'S RESPONSE

The Municipal Judge and Court Administrator indicated:

- A. *In August 2006, the court requested the city 's administration restructure the municipal violations bureau and the matter is now under consideration.*
- B. *VB violations will be collected in accordance with those fines established by city ordinance.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

TWENTY FIRST JUDICIAL CIRCUIT
CITY OF BELLA VILLA, MISSOURI
MUNICIPAL DIVISION
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Bella Villa Municipal Division is one of eighty-six municipal divisions within the Twenty First Judicial Circuit, which consists of St. Louis County. The Honorable Carolyn Whittington serves as Presiding Judge.

The municipal division is governed by Chapter 479, RSMo, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau (VB) in which fines and costs are collected at times other than during court and transmitted to the city treasury.

Operating Costs

The operating costs and court salaries of the municipal division are paid by the municipality.

Organization

The court is responsible for recording transactions as well as handling the daily collections. The City Clerk is responsible for handling monthly disbursements to other agencies and third parties. Fines and costs are collected by the court and transmitted to the city each week for deposit into the city treasury. The Court Administrator and the Bella Villa Police Department collect bond monies for the city of Bella Villa. Bond monies are picked up from the police department by a court employee at the end of each week. All bond monies are transmitted to the city for deposit into a bond escrow account. Court is held on the second Wednesday of each month. A violations bureau has been established by court order to receive payment of fines and court costs at times other than during court.

Personnel

Municipal Judge	William Buchholz, II (1)
Court Administrator	Kathy Hughes (2)

(1) Nicholas Riggio served as Municipal Judge from September 2005 to April 2006, John F. Newsham served as Municipal Judge from January 2005 to June 2005, and Paul D'Agrosa served as Municipal Judge prior to December 2004.

(2) Roseanne Behrman served as Court Administrator prior to May 31, 2006.

Financial and Caseload Information

	<u>Year Ended June 30,</u>	
	<u>2006</u>	<u>2005</u>
Receipts	\$377,970	372,977
Number of cases filed	5,620	4,406



Claire McCaskill

Missouri State Auditor

December 2006

Dent County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of
Missouri State Auditor
Claire McCaskill

December 2006

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Dent County, that do not have a county auditor. In addition to a financial audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

Reconciliations of the county's accounting records are not adequate. The County Clerk and Treasurer reconcile computer records with the Treasurer's manual fund ledger for General Revenue Fund, Special Road and Bridge Fund, Assessment Fund, and 911 Emergency Fund disbursements. However, the County Clerk does not perform reconciliations between the manual ledger and the computer system for other funds which are entered into the system by the County Treasurer. Reconciliations would provide a more effective check-and-balance system, increase the likelihood of timely detection of errors and omission, and improve financial reporting.

The Juvenile Office budget did not include all anticipated revenues and expenditures, and cash balances were not reflected. In addition, the Juvenile Office Fund budget was not filed with the State Auditor's Office, and actual expenditures exceeded budgeted amounts.

Various county procedures are in need of improvement including tracking federal awards, ensuring passwords are periodically changed and remain confidential, and ensuring all equipment is recorded on the fixed asset listing. In addition, the county's annual published financial statements did not include information for the Juvenile Office Fund and included only those amounts that passed through the County Treasurer for the Health Center Fund and the Developmental Disabilities Fund. Finally, documentation was not maintained to support property tax rollback calculations or 911 expenses incurred by the LEST Fund.

Controls over the property tax system could be improved including the verification of the delinquent tax books and amounts reported for property tax additions. In addition, reporting errors on the County Collector's annual settlements may have been identified more timely had a thorough review of the settlements been performed.

The Circuit Clerk Office accounting procedures could be improved by adequately segregating duties, following-up on old outstanding checks, and depositing more timely. In addition, differences between the bank reconciliation and the monthly fee report were not always resolved in a timely manner for the Ex Officio Recorder of Deeds account.

YELLOW SHEET

There is no independent review to ensure manual receipt slips issued by the Associate Circuit Division were properly entered into the computer system. In addition, official pre-numbered receipt slips should be obtained and used when manual receipt slips are necessary.

The Health Center Fund budget reported inaccurate amounts for cash, revenues, and expenditures. In addition, accounting duties are not adequately segregated for the Cardio Vascular Wellness Program and receipt slips are not issued for some sales.

All reports are available on our Web site: www.auditor.mo.gov

DENT COUNTY, MISSOURI

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DENT COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

To the County Commission
and
Officeholders of Dent County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Dent County, Missouri, as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Dent County, Missouri, as of December 31, 2005 and 2004, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Dent County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2005 and 2004, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 14, 2006, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Dent County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

August 14, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Terri Erwin
Audit Staff:	Jennifer Carter
	Liang Xu
	Christopher McCullick



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Dent County, Missouri

We have audited the financial statements of various funds of Dent County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated August 14, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Dent County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Responses as finding number 05-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over

financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 05-1, to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Dent County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain additional matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Dent County, Missouri, and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

August 14, 2006 (fieldwork completion date)

Financial Statements

Exhibit A-1

DENT COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2005

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 659,659	1,343,117	1,232,659	770,117
Special Road and Bridge	121,050	944,718	993,676	72,092
Assessment	45,328	175,082	157,049	63,361
911	75,128	53,765	37,103	91,790
Law Enforcement Sales Tax	57,940	771,072	768,670	60,342
Associate Circuit Court Interest	1,807	267	1,954	120
Child Trust	810	760	0	1,570
Circuit Clerk Interest	3,885	519	1,217	3,187
Collector's Tax Maintenance	6,396	15,351	5,334	16,413
Health Center	87,041	564,806	431,012	220,835
Juvenile Office	24,745	272,645	279,403	17,987
Law Library	2,557	7,457	9,634	380
Miscellaneous Grant	51	26,575	26,575	51
Prosecuting Attorney Bad Check	21,397	15,909	21,883	15,423
Prosecuting Attorney Special Law Enforcement	21	0	0	21
Prosecuting Attorney Training	2,049	1,424	1,414	2,059
Recorder Users Fee	8,687	11,638	7,400	12,925
Dent County Developmental Disabilities Board	135,128	265,809	240,041	160,896
Senior Citizens Service	12,659	61,904	64,855	9,708
Special Election Service	15,997	6,544	7,993	14,548
Title III	38,272	192	0	38,464
Law Enforcement Restitution	0	18,708	7,703	11,005
Law Enforcement Training	3,682	2,216	1,924	3,974
Sheriff Revolving	4,661	1,140	1,178	4,623
Total	\$ 1,328,950	4,561,618	4,298,677	1,591,891

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

DENT COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 422,711	1,251,578	1,014,630	659,659
Special Road and Bridge	82,526	1,092,021	1,053,497	121,050
Assessment	32,708	156,758	144,138	45,328
911	54,722	49,913	29,507	75,128
Law Enforcement Sales Tax	53,342	702,174	697,576	57,940
Associate Circuit Court Interest	1,573	234	0	1,807
Child Trust	860	750	800	810
Circuit Clerk Interest	3,527	373	15	3,885
Collector's Tax Maintenance	543	16,386	10,533	6,396
Health Center	139,544	418,903	471,406	87,041
Juvenile Office	21,213	266,042	262,510	24,745
Law Library	4,020	6,514	7,977	2,557
Miscellaneous Grant	51	19,360	19,360	51
Prosecuting Attorney Bad Check	22,836	21,143	22,582	21,397
Prosecuting Attorney Special Law Enforcement	21	0	0	21
Prosecuting Attorney Training	1,116	1,273	340	2,049
Recorder Users Fee	16,083	11,464	18,860	8,687
Dent County Developmental Disabilities				
Board	97,589	260,361	222,822	135,128
Senior Citizens Service	13,997	61,484	62,822	12,659
Special Election Service	482	15,515	0	15,997
Title III	76	38,196	0	38,272
Law Enforcement Training	5,305	3,009	4,632	3,682
Sheriff Revolving	0	4,661	0	4,661
Total	\$ 974,845	4,398,112	4,044,007	1,328,950

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

DENT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 4,461,011	4,561,618	100,607	4,320,530	4,390,442	69,912
DISBURSEMENTS	4,561,094	4,298,677	262,417	4,224,147	4,039,375	184,772
RECEIPTS OVER (UNDER) DISBURSEMENTS	(100,083)	262,941	363,024	96,383	351,067	254,684
CASH, JANUARY 1	1,304,236	1,328,929	24,693	890,660	969,540	78,880
CASH, DECEMBER 31	1,204,153	1,591,870	387,717	987,043	1,320,607	333,564
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	62,000	59,925	(2,075)	60,000	61,328	1,328
Sales taxes	685,000	690,212	5,212	655,000	667,102	12,102
Intergovernmental	137,015	141,218	4,203	103,125	117,501	14,376
Charges for services	263,908	327,415	63,507	274,350	288,620	14,270
Interest	14,500	19,035	4,535	15,000	14,462	(538)
Other	103,600	85,512	(18,088)	92,250	91,565	(685)
Transfers in	19,000	19,800	800	9,000	11,000	2,000
Total Receipts	1,285,023	1,343,117	58,094	1,208,725	1,251,578	42,853
DISBURSEMENTS						
County Commissioner	91,740	90,747	993	89,999	89,404	595
County Clerk	90,852	88,701	2,151	87,481	86,075	1,406
Elections	96,200	70,509	25,691	62,360	49,937	12,423
Buildings and grounds	104,662	72,493	32,169	65,010	55,596	9,414
Employee fringe benefit	157,180	158,621	(1,441)	154,264	140,955	13,309
County Treasurer	34,021	32,435	1,586	33,752	33,048	704
County Collector	75,742	71,361	4,381	72,666	72,654	12
Ex Officio Recorder of Deed	30,030	28,761	1,269	33,215	30,372	2,843
Circuit Clerk	16,700	13,011	3,689	16,700	13,468	3,232
Associate Circuit Court	17,074	15,010	2,064	17,074	16,208	866
Court administration	12,300	12,580	(280)	11,000	17,519	(6,519)
Public Administrator	34,800	41,687	(6,887)	32,992	29,135	3,857
Prosecuting Attorney	133,950	134,960	(1,010)	123,847	122,630	1,217
Juvenile Officer	39,524	39,410	114	32,667	32,668	(1)
County Coroner	23,957	21,408	2,549	23,045	20,034	3,011
Court Reporter	1,400	1,101	299	1,225	933	292
Extension Council	32,000	32,000	0	30,500	30,500	0
Road and bridge capital expense	120,000	211,147	(91,147)	60,000	86,701	(26,701)
Trial expense	40,000	3,319	36,681	0	0	0
Other General County Government	52,189	55,642	(3,453)	70,310	46,108	24,202
Transfers out	39,972	37,756	2,216	48,993	40,685	8,308
Emergency Fund	38,600	0	38,600	36,500	0	36,500
Total Disbursements	1,282,893	1,232,659	50,234	1,103,600	1,014,630	88,970
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,130	110,458	108,328	105,125	236,948	131,823
CASH, JANUARY 1	659,659	659,659	0	422,711	422,711	0
CASH, DECEMBER 31	661,789	770,117	108,328	527,836	659,659	131,823

Exhibit B

DENT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	320,000	309,803	(10,197)	325,000	316,095	(8,905)
Intergovernmental	644,500	604,497	(40,003)	700,250	738,429	38,179
Interest	4,500	3,754	(746)	4,000	4,129	129
Other	23,000	26,664	3,664	142,000	33,368	(108,632)
Total Receipts	992,000	944,718	(47,282)	1,171,250	1,092,021	(79,229)
DISBURSEMENTS						
Salaries	366,288	365,909	379	351,728	351,594	134
Employee fringe benefit	109,600	105,568	4,032	100,410	98,762	1,648
Supplies	100,500	131,500	(31,000)	84,500	101,398	(16,898)
Insurance	21,500	8,494	13,006	17,500	20,691	(3,191)
Road and bridge materials	310,500	328,329	(17,829)	434,000	386,610	47,390
Equipment repairs	50,000	50,159	(159)	50,000	62,451	(12,451)
Equipment purchases	30,000	0	30,000	65,000	28,745	36,255
Other	5,500	3,717	1,783	5,450	3,246	2,204
Total Disbursements	993,888	993,676	212	1,108,588	1,053,497	55,091
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,888)	(48,958)	(47,070)	62,662	38,524	(24,138)
CASH, JANUARY 1	121,050	121,050	0	82,526	82,526	0
CASH, DECEMBER 31	119,162	72,092	(47,070)	145,188	121,050	(24,138)
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	124,605	139,371	14,766	101,179	111,889	10,710
Interest	1,025	1,456	431	1,000	1,096	96
Other	3,100	3,089	(11)	3,500	3,088	(412)
Transfers in	39,972	31,166	(8,806)	48,485	40,685	(7,800)
Total Receipts	168,702	175,082	6,380	154,164	156,758	2,594
DISBURSEMENTS						
Assessor	170,402	157,049	13,353	154,164	144,138	10,026
Total Disbursements	170,402	157,049	13,353	154,164	144,138	10,026
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,700)	18,033	19,733	0	12,620	12,620
CASH, JANUARY 1	45,328	45,328	0	32,708	32,708	0
CASH, DECEMBER 31	43,628	63,361	19,733	32,708	45,328	12,620
<u>911 FUND</u>						
RECEIPTS						
Charges for service	49,000	51,845	2,845	44,500	48,398	3,898
Interest	1,600	1,920	320	1,700	1,515	(185)
Total Receipts	50,600	53,765	3,165	46,200	49,913	3,713
DISBURSEMENTS						
Telephone	2,500	1,391	1,109	5,000	1,726	3,274
Emergency radio system	3,000	0	3,000	5,000	0	5,000
Equipment	30,000	20,712	9,288	36,000	27,781	8,219
Transfers out	15,000	15,000	0	0	0	0
Total Disbursements	50,500	37,103	13,397	46,000	29,507	16,493
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	16,662	16,562	200	20,406	20,206
CASH, JANUARY 1	75,128	75,128	0	54,722	54,722	0
CASH, DECEMBER 31	75,228	91,790	16,562	54,922	75,128	20,206

Exhibit B

DENT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	685,000	689,250	4,250	610,000	640,460	30,460
Interest	1,500	1,584	84	0	1,989	1,989
Charges for services	62,500	51,278	(11,222)	43,000	58,735	15,735
Other	16,287	7,370	(8,917)	9,000	990	(8,010)
Transfers in	15,000	21,590	6,590	0	0	0
Total Receipts	780,287	771,072	(9,215)	662,000	702,174	40,174
DISBURSEMENTS						
Sheriff's salary	42,000	42,000	0	42,000	42,000	0
Deputy salary	303,598	283,600	19,998	276,499	238,978	37,521
Part-time salary	5,000	4,692	308	5,000	33,551	(28,551)
Medical insurance	81,500	76,334	5,166	38,655	54,519	(15,864)
Uniform allowance	10,080	9,390	690	10,080	9,450	630
Social Security/Medicare	26,438	24,526	1,912	24,748	22,942	1,806
Office expenses	5,000	4,861	139	6,000	4,490	1,510
Other - telephone	4,200	4,052	148	4,200	4,048	152
Postage	550	430	120	500	555	(55)
Computer Mules	6,500	5,771	729	7,000	5,682	1,318
Equipment	6,000	3,915	2,085	12,000	3,081	8,919
Investigation and training	5,000	1,535	3,465	13,000	1,462	11,538
Workman's compensation insurance	14,461	15,755	(1,294)	9,876	10,357	(481)
Automobile expenses	27,800	35,980	(8,180)	24,000	28,987	(4,987)
Automobile purchase	50,000	48,647	1,353	40,000	38,298	1,702
Sheriff grant	10,000	0	10,000	10,000	0	10,000
Matching funds	1,000	988	12	1,000	0	1,000
Automobile liability	22,429	1,356	21,073	0	6,170	(6,170)
Property liability	6,170	0	6,170	0	22,769	(22,769)
Jail salaries	145,124	129,128	15,996	122,868	93,669	29,199
Jail Social Security/Medicare	11,041	9,870	1,171	9,400	7,891	1,509
Travel and per diem	4,200	4,983	(783)	3,800	4,008	(208)
Board of prisoners	40,000	54,870	(14,870)	39,000	57,797	(18,797)
Inmates medical expenses	2,800	1,783	1,017	2,200	3,810	(1,610)
Jury room and board	1,400	592	808	1,400	622	778
Mattress and blankets	2,500	3,437	(937)	3,000	2,110	890
Maintenance supplies	600	175	425	600	330	270
Total Disbursements	835,391	768,670	66,721	706,826	697,576	9,250
RECEIPTS OVER (UNDER) DISBURSEMENTS	(55,104)	2,402	57,506	(44,826)	4,598	49,424
CASH, JANUARY 1	57,219	57,940	721	53,342	53,342	0
CASH, DECEMBER 31	2,115	60,342	58,227	8,516	57,940	49,424
<u>ASSOCIATE CIRCUIT COURT INTEREST FUND</u>						
RECEIPTS						
Interest	200	267	67	250	234	(16)
Total Receipts	200	267	67	250	234	(16)
DISBURSEMENTS						
Associate Circuit Judge	2,007	1,954	53	1,823	0	1,823
Total Disbursements	2,007	1,954	53	1,823	0	1,823
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,807)	(1,687)	120	(1,573)	234	1,807
CASH, JANUARY 1	1,807	1,807	0	1,573	1,573	0
CASH, DECEMBER 31	0	120	120	0	1,807	1,807

Exhibit B

DENT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CHILD TRUST FUND</u>						
RECEIPTS						
Charges for services	800	760	(40)	670	750	80
Total Receipts	800	760	(40)	670	750	80
DISBURSEMENTS						
Crisis Center	600	0	600	600	600	0
Russell House	200	0	200	200	200	0
Total Disbursements	800	0	800	800	800	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	760	760	(130)	(50)	80
CASH, JANUARY 1	810	810	0	860	860	0
CASH, DECEMBER 31	810	1,570	760	730	810	80
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	360	519	159	350	373	23
Total Receipts	360	519	159	350	373	23
DISBURSEMENTS						
Circuit Clerk	2,000	1,217	783	2,000	15	1,985
Total Disbursements	2,000	1,217	783	2,000	15	1,985
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,640)	(698)	942	(1,650)	358	2,008
CASH, JANUARY 1	3,885	3,885	0	3,527	3,527	0
CASH, DECEMBER 31	2,245	3,187	942	1,877	3,885	2,008
<u>COLLECTOR'S TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	16,400	15,351	(1,049)	16,516	16,386	(130)
Total Receipts	16,400	15,351	(1,049)	16,516	16,386	(130)
DISBURSEMENTS						
County Collector	16,500	5,334	11,166	16,516	10,533	5,983
Total Disbursements	16,500	5,334	11,166	16,516	10,533	5,983
RECEIPTS OVER (UNDER) DISBURSEMENTS	(100)	10,017	10,117	0	5,853	5,853
CASH, JANUARY 1	6,390	6,396	6	1,633	543	(1,090)
CASH, DECEMBER 31	6,290	16,413	10,123	1,633	6,396	4,763

Exhibit B

DENT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
HEALTH CENTER FUND						
RECEIPTS						
Property taxes	116,500	119,083	2,583	114,000	122,811	8,811
Intergovernmental	168,795	161,589	(7,206)	165,648	154,403	(11,245)
Charges for services	77,564	91,132	13,568	73,000	59,220	(13,780)
Interest	1,400	3,093	1,693	1,900	1,426	(474)
Special income	2,000	8,185	6,185	100	2,326	2,226
Cardio vascular wellness grant	170,402	181,724	11,322	175,744	73,966	(101,778)
Unclassified adjustments	0	0	0	0	4,751	4,751
Total Receipts	536,661	564,806	28,145	530,392	418,903	(111,489)
DISBURSEMENTS						
Salaries	231,914	213,540	18,374	238,552	231,522	7,030
Office expenditures	15,950	14,956	994	12,950	15,799	(2,849)
Program expense	16,100	17,053	(953)	14,500	14,448	52
Training and mileage	12,000	9,550	2,450	9,300	10,523	(1,223)
Equipment	3,000	3,564	(564)	3,000	2,065	935
Insurance	6,000	5,140	860	5,000	5,230	(230)
Maintenance	4,000	2,905	1,095	5,000	2,904	2,096
Healthy community nutrition education initiative	21,295	396	20,899	14,000	22,402	(8,402)
Staff benefits	56,000	35,392	20,608	52,346	44,342	8,004
Cardio vascular wellness	170,402	121,692	48,710	175,644	114,719	60,925
Unclassified adjustments	0	6,824	(6,824)	0	7,452	(7,452)
Total Disbursements	536,661	431,012	105,649	530,292	471,406	58,886
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	133,794	133,794	100	(52,503)	(52,603)
CASH, JANUARY 1	95,382	87,041	(8,341)	80,787	139,544	58,757
CASH, DECEMBER 31	95,382	220,835	125,453	80,887	87,041	6,154
JUVENILE OFFICE FUND						
RECEIPTS						
Intergovernmental	181,302	270,899	89,597	149,852	263,528	113,676
Interest	0	280	280	0	208	208
Other	0	1,466	1,466	0	2,306	2,306
Total Receipts	181,302	272,645	91,343	149,852	266,042	116,190
DISBURSEMENTS						
Juvenile Officer	181,302	279,403	(98,101)	149,852	262,510	(112,658)
Total Disbursements	181,302	279,403	(98,101)	149,852	262,510	(112,658)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(6,758)	(6,758)	0	3,532	3,532
CASH, JANUARY 1	0	24,745	24,745	0	21,213	21,213
CASH, DECEMBER 31	0	17,987	17,987	0	24,745	24,745

Exhibit B

DENT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	6,500	7,457	957	5,500	6,514	1,014
Total Receipts	6,500	7,457	957	5,500	6,514	1,014
DISBURSEMENTS						
Prosecuting Attorney	6,000	9,634	(3,634)	5,000	7,977	(2,977)
Total Disbursements	6,000	9,634	(3,634)	5,000	7,977	(2,977)
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	(2,177)	(2,677)	500	(1,463)	(1,963)
CASH, JANUARY 1	5,483	2,557	(2,926)	4,020	4,020	0
CASH, DECEMBER 31	5,983	380	(5,603)	4,520	2,557	(1,963)
<u>MISCELLANEOUS GRANT FUND</u>						
RECEIPTS						
Intergovernmental	46,490	26,575	(19,915)	36,422	19,360	(17,062)
Interest	0	0	0	8	0	(8)
Total Receipts	46,490	26,575	(19,915)	36,430	19,360	(17,070)
DISBURSEMENTS						
Other	46,490	26,575	19,915	36,422	19,360	17,062
Total Disbursements	46,490	26,575	19,915	36,422	19,360	17,062
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	8	0	(8)
CASH, JANUARY 1	51	51	0	51	51	0
CASH, DECEMBER 31	51	51	0	59	51	(8)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	18,000	15,773	(2,227)	16,000	21,023	5,023
Interest	100	136	36	90	120	30
Total Receipts	18,100	15,909	(2,191)	16,090	21,143	5,053
DISBURSEMENTS						
Prosecuting Attorney	6,000	5,883	117	10,050	11,582	(1,532)
Transfers out	16,000	16,000	0	11,000	11,000	0
Total Disbursements	22,000	21,883	117	21,050	22,582	(1,532)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,900)	(5,974)	(2,074)	(4,960)	(1,439)	3,521
CASH, JANUARY 1	21,408	21,397	(11)	22,836	22,836	0
CASH, DECEMBER 31	17,508	15,423	(2,085)	17,876	21,397	3,521
<u>PROSECUTING ATTORNEY SPECIAL LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Interest				0	0	0
Total Receipts				0	0	0
DISBURSEMENTS						
Prosecuting Attorney				21	0	21
Total Disbursements				21	0	21
RECEIPTS OVER (UNDER) DISBURSEMENTS				(21)	0	21
CASH, JANUARY 1				21	21	0
CASH, DECEMBER 31				0	21	21

Exhibit B

DENT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	900	1,424	524	850	1,273	423
Total Receipts	900	1,424	524	850	1,273	423
DISBURSEMENTS						
Prosecuting Attorney	1,400	1,414	(14)	700	340	360
Total Disbursements	1,400	1,414	(14)	700	340	360
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	10	510	150	933	783
CASH, JANUARY 1	2,049	2,049	0	1,116	1,116	0
CASH, DECEMBER 31	1,549	2,059	510	1,266	2,049	783
<u>RECORDER USERS FEE FUND</u>						
RECEIPTS						
Charges for services	11,950	11,583	(367)	11,900	11,416	(484)
Interest	50	55	5	50	48	(2)
Total Receipts	12,000	11,638	(362)	11,950	11,464	(486)
DISBURSEMENTS						
Ex Officio Recorder of Deed	5,000	3,600	1,400	18,800	18,860	(60)
Transfers out	3,000	3,800	(800)	0	0	0
Total Disbursements	8,000	7,400	600	18,800	18,860	(60)
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,000	4,238	238	(6,850)	(7,396)	(546)
CASH, JANUARY 1	8,687	8,687	0	16,083	16,083	0
CASH, DECEMBER 31	12,687	12,925	238	9,233	8,687	(546)
<u>DENT COUNTY DEVELOPMENTAL DISABILITIES BOARD FUND</u>						
RECEIPTS						
Property taxes	215,000	213,736	(1,264)	202,000	220,938	18,938
Charges for services	5,300	6,164	864	5,275	5,287	12
Interest	2,800	6,383	3,583	3,500	2,712	(788)
Other	42,000	39,526	(2,474)	21,500	31,424	9,924
Total Receipts	265,100	265,809	709	232,275	260,361	28,086
DISBURSEMENTS						
Payroll	24,500	23,522	978	22,700	22,700	0
Office expenses	6,000	4,918	1,082	6,000	5,188	812
Capitol improvements	5,000	10,549	(5,549)	8,000	1,719	6,281
Property insurance	7,000	7,301	(301)	7,000	6,885	115
Direct services	12,500	12,191	309	15,000	11,864	3,136
Health insurance - Board	47,500	41,703	5,797	43,500	43,692	(192)
Health insurance - employee	42,000	36,013	5,987	21,500	32,603	(11,103)
Emergency funding	10,000	3,601	6,399	10,000	1,517	8,483
Contracted services	100,587	100,243	344	97,077	96,654	423
Future services	10,000	0	10,000	10,000	0	10,000
Total Disbursements	265,087	240,041	25,046	240,777	222,822	17,955
RECEIPTS OVER (UNDER) DISBURSEMENTS	13	25,768	25,755	(8,502)	37,539	46,041
CASH, JANUARY 1	125,128	135,128	10,000	97,589	97,589	0
CASH, DECEMBER 31	125,141	160,896	35,755	89,087	135,128	46,041

Exhibit B

DENT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SENIOR CITIZENS SERVICE FUND</u>						
RECEIPTS						
Property taxes	58,237	57,598	(639)	57,000	59,415	2,415
Intergovernmental	100	4,136	4,036	1,040	1,891	851
Interest	150	170	20	100	178	78
Total Receipts	58,487	61,904	3,417	58,140	61,484	3,344
DISBURSEMENTS						
Contracted services	60,773	64,855	(4,082)	61,990	62,822	(832)
Total Disbursements	60,773	64,855	(4,082)	61,990	62,822	(832)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,286)	(2,951)	(665)	(3,850)	(1,338)	2,512
CASH, JANUARY 1	12,659	12,659	0	13,997	13,997	0
CASH, DECEMBER 31	10,373	9,708	(665)	10,147	12,659	2,512
<u>SPECIAL ELECTION SERVICE FUND</u>						
RECEIPTS						
Intergovernmental	0	6,468	6,468	0	15,499	15,499
Interest	1	76	75	0	16	16
Total Receipts	1	6,544	6,543	0	15,515	15,515
DISBURSEMENTS						
County Clerk	15,000	7,993	7,007	0	0	0
Total Disbursements	15,000	7,993	7,007	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(14,999)	(1,449)	13,550	0	15,515	15,515
CASH, JANUARY 1	15,498	15,997	499	482	482	0
CASH, DECEMBER 31	499	14,548	14,049	482	15,997	15,515
<u>TITLE III FUND</u>						
RECEIPTS						
Intergovernmental	19,000	0	(19,000)	18,926	38,098	19,172
Interest	75	192	117	0	98	98
Total Receipts	19,075	192	(18,883)	18,926	38,196	19,270
DISBURSEMENTS						
Title III projects	38,000	0	38,000	18,926	0	18,926
Total Disbursements	38,000	0	38,000	18,926	0	18,926
RECEIPTS OVER (UNDER) DISBURSEMENTS	(18,925)	192	19,117	0	38,196	38,196
CASH, JANUARY 1	38,272	38,272	0	76	76	0
CASH, DECEMBER 31	19,347	38,464	19,117	76	38,272	38,196

Exhibit B

DENT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT RESTITUTION FUND</u>						
RECEIPTS						
Charges for service:	18,000	18,682	682			
Interest	0	26	26			
Total Receipts	18,000	18,708	708			
DISBURSEMENTS						
Equipment	18,000	7,703	10,297			
Total Disbursements	18,000	7,703	10,297			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	11,005	11,005			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	11,005	11,005			
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	3,000	2,197	(803)			
Interest	23	19	(4)			
Total Receipts	3,023	2,216	(807)			
DISBURSEMENTS						
Sheriff	4,000	1,924	2,076			
Total Disbursements	4,000	1,924	2,076			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(977)	292	1,269			
CASH, JANUARY 1	3,682	3,682	0			
CASH, DECEMBER 31	2,705	3,974	1,269			
<u>SHERIFF REVOLVING FUND</u>						
RECEIPTS						
Charges for service:	1,000	1,115	115			
Interest	0	25	25			
Total Receipts	1,000	1,140	140			
DISBURSEMENTS						
Sheriff	4,000	1,178	2,822			
Total Disbursements	4,000	1,178	2,822			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,000)	(38)	2,962			
CASH, JANUARY 1	4,661	4,661	0			
CASH, DECEMBER 31	\$ 1,661	4,623	2,962			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

DENT COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Dent County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Dent County Developmental Disabilities Board, or the Senior Citizen Service Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the Law Enforcement Training Fund and Sheriff Revolving Fund for the year ended December 31, 2004.

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Juvenile Office Fund	2005 and 2004
Law Library Fund	2005 and 2004
Prosecuting Attorney Training Fund	2005
Prosecuting Attorney Bad Check Fund	2004
Recorder Users Fee Fund	2004
Senior Citizen Services Fund	2005 and 2004

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2005 and 2004, did not include the Juvenile Office Fund.

In addition, for the Health Center Fund and the Dent County Developmental Disabilities Board Fund, the county's published financial statements for the years ended December 31, 2005 and 2004, included only those amounts that passed through the County Treasurer.

2. Cash

Disclosures are provided below to comply with Statement No. 40 of the Governmental Accounting Standards Board, *Deposit and Investment Risk Disclosures*. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit. To protect the safety of county deposits, Section 110.020, RSMo, requires depositories to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities must be of the types specified by Section 30.270, RSMo, for the collateralization of state funds and held by either the county or a financial institution other than the depository bank. Section 67.085, RSMo, also requires certificates of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depository bank fails, Dent County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The county's, Health Center Board's, and Dent County Developmental Disabilities Board's deposits at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depositary insurance or by collateral securities held by the county's or the boards' custodial bank in the county's or the boards' name.

Investments

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. At December 31, 2005 and 2004, the county had no such investments. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

Schedule

DENT COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEARS ENDED DECEMBER 31, 2005 AND 2004

This schedule includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

05-1.	Reconciliation of County Records
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Reconciliations of the county's accounting records are not adequate.

The County Treasurer posts all receipts, disbursements, and transfers to the county's computer system, except for disbursements from the General Revenue Fund, Special Road and Bridge Fund, Assessment Fund, and 911 Emergency Fund which are posted by the County Clerk. Receipts of approximately \$3.4 million each year and disbursements of approximately \$920,000 and \$836,000 were posted in 2005 and 2004, respectively, by the County Treasurer. The Treasurer also maintains a manual fund ledger and files semi-annual settlements for each fund with the County Clerk.

The County Clerk and the Treasurer reconcile the computer records with the Treasurer's manual fund ledger for disbursements for the four funds entered into the computer system by the County Clerk. However, the County Clerk does not perform reconciliations between the manual ledger or semi-annual settlements and computer system for any information entered into the computer system by the Treasurer. As a result, cash balances are not reconciled and the beginning budgeted 2005 cash balance of the Law Enforcement Sales Tax Fund was understated by \$721.

To provide an effective check-and-balance system, increase the likelihood of timely detection of errors and omissions, and improve financial reporting, the County Clerk and County Treasurer should reconcile the manual and computer records monthly and resolve any discrepancies. In addition, the County Clerk should periodically compare individual transactions entered on the computer system to the Treasurer's receipt slips and warrants approved by the County Commission. Section 51.150, RSMo, requires the County Clerk to keep regular account books with the County Treasurer.

Similar conditions were noted in our prior three reports.

WE RECOMMEND the County Clerk and the County Treasurer reconcile receipts, disbursements, transfers, and cash balances for all county funds.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Treasurer, County Clerk, and County Clerk-elect indicated they will work together to implement the recommendation. The County Treasurer indicated he will discuss this with the County Treasurer-elect.

Follow-up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

DENT COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Dent County, Missouri, on the applicable finding in the prior audit report issued for the two years ended December 31, 2001.

01-1. Reconciliation of County Records

The cash balances presented in the county's budget documents for some funds were incorrect and did not agree to the County Treasurer's semi-annual settlements. While the County Clerk and County Treasurer reconciled the receipts and disbursements in the computerized records with the County Treasurer's manual fund ledgers, this information was not reconciled with the semi-annual settlements. In addition, the county did not maintain perpetual cash balances for each fund.

Recommendation:

The County Clerk and County Treasurer maintain perpetual cash balances for each fund and reconcile the computerized financial records and the County Treasurer's manual fund ledgers with information recorded on the County Treasurer's semi-annual settlements.

Status:

Partially implemented. The County Treasurer maintains perpetual cash balances for each fund; however, the County Clerk did not reconcile the computerized financial records with the County Treasurer's manual fund ledgers and semi-annual settlements. See finding number 05-1.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

DENT COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Dent County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated August 14, 2006.

In addition, to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years, we have audited the operations of elected officials with funds other than those presented in the financial statements. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Responses. These MAR findings resulted from our audit of the financial statements of Dent County but do not meet the criteria for inclusion in the written report on internal control over financial reporting and on compliance and other matters that is required for an audit performed in accordance with *Government Auditing Standards*.

1.**Juvenile Office Fund Budget**

The budget adopted for the Juvenile Office Fund was not complete and actual expenditures exceeded budgeted amounts. In addition, the Juvenile Office Fund budget was not filed with the State Auditor's Office.

The Juvenile Officer prepares an annual budget for anticipated expenditures billed to the five counties in the 42nd Judicial Circuit. The budget does not include anticipated state grant and crisis intervention revenues and expenditures. As a result, actual revenues were understated and actual expenditures exceeded budgeted amounts by \$98,101 and \$112,658, for the years ended December 31, 2005 and 2004, respectively. In addition, beginning available resources and the estimated ending cash balance were not reflected on the budget. Juvenile Office Fund revenues were approximately \$272,000 and \$266,000 and expenditures were approximately \$279,000 and \$262,000 during the years ended December 31, 2005 and 2004, respectively.

To be of maximum assistance to the Juvenile Officer and to adequately inform citizens of the office's operations and financial position, budget documents should include all anticipated revenues and expenditures and available resources. In addition, Chapter 50 prohibits the expenditure of public funds without an approved budget that has been filed with the State Auditor's Office.

WE RE COMMEND the Juvenile Officer include anticipated revenues and related expenditures for all funding sources. Beginning available resources and estimated ending cash balances should be reflected on the budget document. In addition, the budget should be submitted to the State Auditor's Office.

AUDITEE'S RESPONSE

The Juvenile Officer indicated the recommendation will be implemented beginning January 2007, and each year thereafter.

2.**County Procedures**

Various county procedures are in need of improvement. Federal awards are not adequately tracked, an accurate fixed asset listing is not maintained, and computer system passwords are not changed periodically or kept confidential. In addition, documentation to support property tax rollback calculations or 911 expenses incurred by the LEST Fund is not maintained.

- A. The county does not have adequate procedures in place to track federal awards for the preparation of the (SEFA), and as a result, the county's SEFA contained several errors and omissions.

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the county to prepare a (SEFA) for the period covered by the county's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

The SEFA submitted by the county to the State Auditor's Office included only the Health Center's federal expenditures. Upon our request, the County Clerk updated the county's SEFA for 2005 and 2004; however, errors and omissions were still noted. The updated 2005 and 2004 SEFA included approximately \$110,000 and \$66,000, respectively, which was either not federal or was not expended in the year reported. In addition, approximately \$275,000 of National Forest monies received and distributed in 2004 was not included on the updated 2004 SEFA.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

- B. The county's annual published financial statements did not include financial information for the Juvenile Office Fund and included only those amounts that passed through the County Treasurer for the Health Center Fund and the Developmental Disabilities Fund. As a result, receipts of approximately \$1.1 million and \$945,000, and disbursements of approximately \$950,000 and \$756,000 were omitted from the 2005 and 2004 annual published financial statements, respectively.

Section 50.800, RSMo, provides details regarding the various information required to be provided in the county's annual published financial statements, and requires that receipts, disbursements, and beginning and ending balance information be presented for all county funds. Complete published financial statements are needed to adequately inform the citizens of the county's financial activities and show compliance with statutory requirements.

- C. The fixed asset listing is not complete. The County Clerk maintains a listing of fixed assets and indicated that items are added to the listing at the time of purchase; however, some fixed assets were not included on the listing, including new voting equipment purchased for the County Clerk's office and computer equipment in the Assessor's office. The County Clerk indicated these items were overlooked.

Section 49.093, RSMo requires counties to account for personal property costing \$1,000 or more, assigns responsibilities to each county department officer, and describes details to be provided in the inventory records.

Adequate county property records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Physical inventories and proper tagging

of county property items are necessary to evaluate the accuracy of the records, and deter and detect theft.

- D. Computer systems and data are vulnerable to unauthorized use. Passwords for most offices are not changed periodically and are not always kept confidential. Several officials indicated they have used the same passwords for several years. In addition, various officials indicated all employees within their respective offices know or have access to coworkers' passwords.

Passwords are an effective, simple control to provide protection against improper access to computer systems and data. Passwords are important even in an environment where the computer is physically accessible only to county personnel. When properly managed in a controlled environment, passwords can provide effective security.

- E. The County Clerk does not maintain documentation to support the property tax rollback calculations for sales tax revenues. As a result, the County Clerk cannot monitor compliance with state law. Per our calculations, the county reduced property taxes revenues approximately \$87,000 and \$76,000 more than required during the years ended December 31, 2005 and 2004, respectively.

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Dent County voters enacted a one-half cent sales tax with a provision to reduce property taxes by fifty percent of sales taxes collected.

Failure to document the property tax rollback calculations reduces the county's ability to monitor compliance with state law. The county's decision to voluntarily roll back its property tax rate when other resources are available is commendable, but should be formally documented.

- F. The County Clerk did not maintain documentation of 911 expenses incurred by the LEST Fund. During the year ended December 31, 2005, a transfer of \$15,000 was made from the 911 Fund to the Law Enforcement Sales Tax Fund. The County Clerk indicated the Sheriff runs the 911 program and the transfer was made to offset related costs. However, there was no calculation of 911 expenses incurred by the LEST Fund.

Documentation of 911 expenses incurred by the LEST Fund is necessary to ensure each fund is being used for the intended purpose.

WE RECOMMEND:

- A. The County Commission and County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

- B. The County Commission, Health Center Board, and Developmental Disabilities Board ensure all required information is presented in the county's annual published financial statements.
- C. The County Clerk ensure the fixed asset listing is updated on a timely basis.
- D. The County Commission require passwords for all employees which are confidential and periodically changed to prevent unauthorized access to the county's computer systems and data.
- E. The County Commission and County Clerk ensure documentation is maintained to support property tax rollback calculations.
- F. The County Commission and County Clerk ensure adequate documentation is maintained for 911 expenses incurred by the LEST Fund.

AUDITEE'S RESPONSE

A. *The County Clerk and County Clerk-elect indicated they have already taken steps to implement the recommendation.*

B. *The County Commission, County Clerk, and County Clerk-elect indicated they will implement the recommendation.*

The Health Center Administrator indicated she will ensure all required information is presented in the county's annual published financial statements.

The Developmental Disabilities Board Chair indicated the Board will work with the County Clerk-elect to ensure the financial statements are published.

C. *The County Clerk and County Clerk-elect indicated the recommendation will be implemented.*

D. *The County Commission indicated they will discuss the recommendation with the various county officials.*

E. *The County Clerk and County Clerk-elect indicated they will begin documenting the calculations and the documentation will be maintained.*

F. *The County Commission, County Clerk, and County Clerk-elect indicated they will begin reviewing 911 expenses and will maintain documentation in order to implement the recommendation.*

Property tax system procedures and controls are not sufficient. The County Clerk does not prepare or verify the back tax books or maintain an account book with the County Collector. Neither the County Clerk nor the County Commission verify the County Collector's settlements or adequately review property tax additions and abatements.

- A. The County Clerk does not prepare or verify the accuracy of the delinquent tax books. The County Collector prepares the back tax books. The County Clerk indicated she does not foot the tax books or perform any tests to verify that the totals of the back tax books are correct.

Because the Collector is responsible for collecting property tax monies, good internal controls require that someone independent of that process be responsible for generating and testing the accuracy of the property tax books.

Sections 137.290 and 140.050, RSMo, require the County Clerk to extend the current and back tax books and charge the Collector with the amount of taxes to be collected. If it is not feasible for the County Clerk to prepare the tax books, at a minimum, she should verify the accuracy of the tax books and document approval of the tax book amounts to be charged to the County Collector. Failure to do so could result in errors or irregularities going undetected.

- B. Problems were noted with the County Collector's annual settlements and with the county's review of County Collector transactions.

1. Although monies were properly distributed, the County Collector's annual settlements contained errors in amounts reported which caused differences between total collections and distributions. For the years ended February 28, 2006, total collections reported on the annual settlement exceeded total distributions by approximately \$205,000. For the years ended February 2004 and 2003, reported distributions exceeded collections by approximately \$210,000 and \$489,000, respectively. Misstatements were primarily related to railroad and utility distributions to school districts. Other categories were also misstated for the year ended February 28, 2003. Inaccurate information reduces the effectiveness of the annual settlement as a mechanism for accounting for all monies the collector was charged with collecting.
2. Neither the County Commission nor the County Clerk provide a thorough review of the activities of the County Collector. The County Clerk does not maintain an account book or other records summarizing property tax transactions and changes, and no evidence was provided to indicate procedures are performed by the County Clerk or the County Commission to verify the County Collector's annual settlements. As a result, neither the County Clerk nor the County Commission detected reporting errors in

the County Collector's annual settlements. The County Clerk indicated she compares the County Collector's monthly report of collections to his monthly abstract report.

Section 51.150(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury.

An account book or other records which summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts should be maintained by the County Clerk. Such records would help the County Clerk ensure the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the County Clerk and County Commission to verify the County Collector's monthly and annual settlements. Such procedures are intended to establish checks and balances related to the collection of property taxes.

- C. Controls over property tax additions are not adequate. Addition requests are prepared by the Assessor and are submitted to the County Collector. The County Collector posts the changes to the property tax system. The County Collector generates a listing of additions at the end of each month for the County Commission to review. However, an independent review of changes made to the property tax system as compared to addition requests prepared by the Assessor is not performed. As a result, additions, which constitute changes to the amount of taxes the County Collector is charged with collecting, are not properly monitored and errors or irregularities could go undetected.

Sections 137.260 and 137.270, RSMo, assigns responsibility to the County Clerk for making changes to the tax books with the approval of the County Commission.

The county's failure to follow control procedures established under statutory guidelines allows greater opportunity for errors or inappropriate transactions to occur. To comply with the statutes and provide for the proper segregation of duties, the County Clerk should periodically reconcile all approved additions to actual changes made to the property tax system. Such procedures are essential to ensure that only appropriate correcting adjustments are made to the master property tax records.

WE RECOMMEND:

- A. The County Clerk prepare the delinquent tax books or, at a minimum, verify the accuracy of the tax books prior to charging the County Collector with the property tax amounts.
- B.1. The County Collector prepare annual settlements that are complete and accurate.

2. The County Clerk maintain records that summarize property tax system activities. In addition, the County Commission and County Clerk should perform a thorough review of the County Collector's annual settlements.
- C. The County Commission develop procedures to ensure any changes to the property tax system are properly approved and monitored.

AUDITEE'S RESPONSE

- A. *The County Clerk and County Clerk-elect indicated they agree to verify the accuracy of the tax books.*
- B.1. *The County Collector indicated he has taken steps to implement the recommendation and will ensure collections agree with distributions on the next annual settlement. The error was made when transferring amounts from the spreadsheet to the annual settlement.*
2. *The County Commission, County Clerk, and County Clerk-elect agree and will implement the recommendation.*
- C. *The County Clerk, County Clerk-elect and County Collector indicated the Assessor does not currently have the capability to provide additions directly to the County Clerk; however, they will work with the Assessor to set up proper monitoring procedures and the recommendation will be implemented by March 1, 2007.*

4. Circuit Clerk/Ex Officio Recorder of Deeds Accounting Controls and Procedures

The Circuit Clerk/Ex Officio Recorder of Deeds' accounting procedures are in need of improvement. Circuit Clerk Office accounting duties are not adequately segregated. In addition, the Circuit Clerk does not adequately follow-up on old outstanding checks, some deposits were not made timely, and the change fund is not maintained on an imprest basis. Differences between the Ex Officio Recorder of Deeds' reconciled bank balances and the monthly fee report are not always investigated and resolved in a timely manner.

- A. Circuit Clerk Office accounting duties are not adequately segregated. The Circuit Court is on the Justice Information System (JIS); however, manual receipts are issued by the Circuit Clerk and two deputy clerks to people paying in person. All monies received are then entered into JIS by the Circuit Clerk, who also prepares deposits and performs bank reconciliations. No one independent of the cash custody and record-keeping functions provides any review of the work performed by the Circuit Clerk. In addition, manual receipt slips issued are not official, pre-numbered receipt slips.

Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic independent reviews of the records should be performed and documented. Official pre-numbered receipt

slips should be obtained and used when manual receipt slips are necessary and manual receipt slips should be reconciled to the JIS.

- B. The Circuit Clerk does not adequately follow-up on old outstanding checks. At December 31, 2005, there were 14 checks totaling approximately \$500 which had been outstanding for more than one year.

Procedures should be adopted to routinely follow up on old outstanding checks. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

- C. Some deposits were not made timely by the Circuit Clerk. Instances were noted where deposits were taken to the bank several days after the deposits were prepared. For example, during December 2005, three deposits in the amounts of \$502, \$1,289, and \$2,022, were deposited 4, 5, and 8 business days, respectively, after the date of the deposit slip. Of these three deposits, \$1,639 was cash. The Circuit Clerk indicated she would prepare the deposits, but would get busy and not have time to take the deposits to the bank. Given the amount of cash received, to adequately safeguard receipts and reduce the risk of loss or misuse of funds, deposits should be made timely.
- D. The Circuit Clerk change fund is not maintained on an imprest basis. The change fund is also used as a petty cash fund and is replenished by copy monies received for recorded documents or from the Circuit Clerk Interest Fund. A log maintained by the Circuit Clerk reflects interest of \$50 and copy monies of \$47 were credited to the change/petty cash fund and disbursements of \$115 from April 5, 2006, through June 20, 2006.

If a petty cash fund is necessary, a separate fund should be established and maintained on an imprest basis.

- E. Although the Ex Officio Recorder of Deeds prepares bank reconciliations, differences between reconciled bank balances and the monthly fee report are not always investigated and resolved in a timely manner. At June 30, 2006, the reconciled bank balance exceeded the monthly fee report by \$3,128.

The excess balance includes, in part, \$751 that is reflected as outstanding checks on the bank reconciliations; however, there is no record of the individual checks comprising this amount such as check numbers, payee names or amounts. The Ex Officio Recorder of Deeds has identified a \$305 error which she attributes a computer system error. In addition, interest income earned on this account has not been turned over to the County Treasurer since it was established in 2001. Interest income of approximately \$120 was earned from January 2004 through June 2006.

Failure to investigate and resolve errors on a timely basis results in unnecessary bookkeeping. Reconciling bank balances to the monthly fee report is necessary to ensure underlying records are in balance. The Ex Officio Recorder of Deeds should investigate any differences noted and take appropriate action.

WE RECOMMEND the Circuit Clerk/Ex-Officio Recorder of Deeds:

- A. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented. In addition, official pre-numbered manual receipt slips should be obtained for use when necessary.
- B. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- C. Ensure that all receipts are deposited timely.
- D. Re-evaluate the necessity of a petty cash fund and if deemed necessary establish a separate fund. The change fund and petty cash fund should be maintained on an imprest basis.
- E. Consult with legal counsel as to the proper disposition of the excess monies in the recorder account. In addition, future differences should be investigated and resolved on a timely basis.

AUDITEE'S RESPONSE

The Circuit Clerk/Ex-Officio Record of Deeds indicated:

- A. *She has ordered new official pre-numbered receipt slips and when these are received, each clerk will enter their daily deposits. She does the monthly reconciliations now and they are checked by a clerk.*
- B. *She has mailed letters to outstanding check payees as of November 22, 2006.*
- C. *Deposits not made on that day are put in the vault for safekeeping. Timely deposits will be worked on.*
- D. *The office no longer has a petty cash drawer. There is a change drawer which is a locked drawer.*
- E. *On December 31, 2006, all monies will be paid out to the correct entities and the account will be closed out.*

5. Associate Circuit Division's Accounting Controls and Procedures

Manual receipt slips are not reconciled to the Judicial Information System (JIS). Receipts are usually posted to the JIS as received. However, manual receipt slips may be issued on court days and subsequently entered in the JIS as time allows. The manual receipt slips are filed in the corresponding case file after being entered in the JIS. There is no independent review to ensure manual receipt slips are properly entered into the JIS and subsequently deposited. In addition, the manual receipt slips issued were not official, pre-numbered receipt slips.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, procedures should be established to account for manual receipt slips and verify that the receipts have been recorded on the JIS and deposited. In addition, official pre-numbered receipt slips should be obtained and used when manual receipt slips are necessary.

WE RECOMMEND the Associate Circuit Division Clerk ensure manual receipt slips are recorded on the JIS and properly accounted for. In addition, official pre-numbered manual receipt slips should be obtained for use when necessary.

AUDITEE'S RESPONSE

The Associate Circuit Division Clerk indicated she will implement the recommendation. Steps have been taken to reduce the number of manual receipts issued. In addition, printers have been contacted to inquire about obtaining official pre-numbered receipt slips.

6. Health Center

The Health Center Fund budgets were not accurate. In addition, accounting duties are not adequately segregated for the Cardio Vascular Wellness Program (CVWP) and receipting procedures need improvement.

- A. The Health Center Fund budgets included incorrect amounts. For example, beginning cash was overstated by \$1,154 and \$8,341 on the 2006 and 2005 budget summary pages, respectively and understated by \$58,757 on the 2004 budget summary page. An adjustment of \$29,462 was included on the 2005 cash reconciliation of the 2006 budget summary page; however, the Health Center Administrator did not know what the adjustment included. In addition, the cash reconciliation balances on the budget summary page did not agree to the beginning budgeted cash balances. These incorrect balances, combined with inaccurate revenue and expenditure amounts, created the need for adjustments in both revenues and expenditures for the past two years. Revenues were understated approximately \$23,000 and \$4,700 and disbursements were overstated approximately \$13,600 and \$14,500 for 2005 and 2004, respectively. The 2005 revenue adjustment was primarily the result of an understatement of

CVWP revenues. The disbursement adjustments were primarily related to the overstatement of federal payroll tax withholdings. Adjustments have been discussed with the Health Center Administrator and made to the audited financial statements.

To be of maximum assistance to the Health Center Board and to adequately inform citizens of the health center's operations and financial position, the budgets need to be accurate. A thorough review process needs to be implemented to ensure budget documents are accurate and complete prior to approval.

- B. Accounting duties are not adequately segregated for the CVWP. The CVWP resembles a traditional fitness center in which members pay a monthly fee. The CVWP also receives funding from grants and donations. CVWP revenues for 2005 and 2004 were approximately \$181,000 and \$74,000, respectively.

The CVWP is run by a Program Manager who reports directly to the Health Center Board. Monies are received by the manager or two part-time employees; however, the manager enters the information into the computerized accounting system, prepares deposits, and performs bank reconciliations with no independent review. The manager creates the summary reports of revenues and expenditures which are presented to the board monthly; however, the Health Center Administrator indicated neither she nor the board review any detailed information to ensure that all revenues have been properly recorded and accounted for.

Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- C. Receipt slips are issued for the CVWP membership dues; however, receipt slips are not issued for sales such as tote bags or exercise balls. The numerical sequence of receipt slips issued by the CVWP is not accounted for and the composition of receipt slips issued is not reconciled to the composition of deposits. In addition, receipt slips issued by the Health Center and the CVWP are not official, pre-numbered receipt slips.

To adequately account for collections and reduce the risk of loss or misuse of funds, official pre-numbered receipt slips should be issued for all monies received immediately upon receipt. All receipt slips should be accounted for and the composition should be reconciled to bank deposits.

WE RECOMMEND the Health Center Board:

- A. Ensure proper compilation and review procedures are in place to ensure the budget document presents accurate and complete financial information.

- B. Segregate CVWP accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- C. Require official pre-numbered receipt slips be issued for all monies received and the numerical sequence of those receipt slips be accounted for properly. In addition, the composition of receipt slips should be reconciled to deposits.

AUDITEE'S RESPONSE

The Health Center Administrator indicated:

- A. *She agrees and is in the process of implementing the recommendation. All financial information received from the CVWP will be re-verified by the Administrator to ensure these amounts are reconciled, accurate and complete. The accounting system will be corrected to reflect accurate federal payroll tax withholdings. The Administrator will do a thorough review of all budget documents prior to Board approval to ensure the budget presents accurate and complete financial information. The date of implementation will be December 2006.*
- B. *She agrees. Currently monies are received and the deposit is prepared by the CVWP Manager or the two part-time employees. The Program Manager will continue to enter information into the computerized accounting system, perform bank reconciliations, and prepare summary reports to be presented to the board monthly. Periodic supervisory review of the above will be performed and documented by the Administrator to ensure all revenues have been properly recorded and accounted for. The date of implementation will be December 2006.*
- C. *She agrees and is in the process of implementing the recommendation. Official pre-numbered receipt slips have been ordered and will be used as soon as received. Receipt slips are now being issued by the CVW for all sales and monies received. The numerical sequence will be accounted for and reconciled to the composition of deposits by the CVW employee preparing the deposit. This will be periodically reviewed and signed by the Administrator to document the review. The date of implementation will be December 2006.*

Follow-Up on Prior Audit Findings

DENT COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Dent County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2001.

Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices and County Expenditures

- A. Actual disbursements exceeded the budgeted amounts in various funds.
- B.1. Bids were not solicited for various purchases of rock base.
- 2. The County had purchased prisoner meals from one local restaurant for several years without a contract for the service and had not advertised for bids in several years.
- C. The County was overpaying its share of the juvenile office expenditures.
- D. The County Salary Commission had provided a mid-term salary increase for the Associate County Commissions effective in 1999 based upon a change in state law. In 2001, the Missouri Supreme Court handed down a decision making these increases unconstitutional. Despite the ruling, the Dent County Salary Commission voted not to require the Associate County Commissioners to repay the salary overpayments.

Recommendation:

- A. The County Commission, Senior Citizen Service Board, and Prosecuting Attorney refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office. In addition, budget amendments should be made prior to incurring the actual expenditures.
- B. The County Commission solicit bids for all items in accordance with state law and ensure all contracts are in writing and signed by each of the parties involved.
- C. The County Commission and Juvenile Officer work with the Circuit Court to determine the amount of the billing errors and issue corrected billing or refunds, as appropriate, to all affected counties.
- D. The County Commission and/or Salary Commission reconsider their decision and develop a plan for obtaining repayment of the salary overpayments.

Status:

- A. Not implemented. Actual disbursements exceeded budgeted amounts of various funds during the years ended December 31, 2005 and 2004. Although not repeated in the current MAR, our recommendation remains as stated above. See MAR finding number 1 for a related comment.
- B. Not implemented. Bids were not solicited for rock base. The Presiding Commissioner indicated that only one vendor is close enough to transport rock base; however, the reason for not soliciting bids is not documented. Bids were solicited in 2006 for prisoner meals. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Implemented. Billings are based on the correct population of each county in proportion to the Circuit and previous billing errors were corrected.
- D. Not implemented. The Presiding County Commissioner indicated the County Commission reconsidered the decision, but did not require repayment since the salary increase was legal when given. Although not repeated in the current MAR, our recommendation remains as stated above.

2. County Procedures

- A. The county had not established procedures to monitor collateral securities pledged by its depository bank, and as a result, funds were under collateralized at various times during the audit period.
 - B. Fuel usage logs were not reconciled to fuel purchases and fuel on hand on a timely basis.
 - C.1. The County Clerk maintained a manual inventory listing of fixed assets held by county officials; however, some of the fixed asset listings had not been updated since 1999. The County Clerk did not periodically reconcile equipment purchases with additions to the fixed asset records and physical inventories were not documented annually.
2. The county did not have formal procedures for disposing of county owned property.

Recommendation:

The County Commission:

- A. Establish monitoring procedures to ensure the depository bank pledges adequate collateral securities at all times.
- B. Require the Road and Bridge Department supervisor and County Sheriff to ensure

fuel logs are complete and contain sufficient information and to perform a documented periodic reconciliation of fuel purchased and on hand to amounts used in county vehicles and equipment and investigate any significant discrepancies.

- C. Establish a written policy related to the handling and accounting for fixed assets. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

Status:

- A. Partially implemented. Monitoring procedures were not established; however, county funds were properly collateralized during the audit period. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented.
- C. Not implemented. A written policy related to the handling and accounting for fixed assets was not established; however, state law provides policies related to accounting for general fixed assets. Although not repeated in the current MAR, our recommendation remains as stated above. See MAR finding number 2 for related comments regarding an incomplete fixed asset listing.

3. Circuit Clerk's Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated. While the Circuit Clerk indicated that an independent review of deposits and accounting records was performed, there was no documentation of this review.
- B. Monies received by the Circuit Division were not always deposited on a timely basis and checks were not restrictively endorsed immediately upon receipt.
- C. A \$50 change fund along with daily monies collected, were not kept in a secure location and access to these monies was not limited. In addition, the change fund was used to make small petty cash purchases and supporting records were not maintained to document all such expenditures. The Circuit Clerk replenished the change fund from the monies on hand to be deposited.

Recommendation:

The Circuit Clerk:

- A. Adequately segregate accounting duties or ensure periodic independent reviews are performed and documented.

- B. Ensure checks and money orders are endorsed immediately upon receipt and monies are deposited daily or when accumulated receipts exceed \$100.
- C. Maintain cash funds and daily collections in a secure location and limit access to only authorized individuals. If needed, a separate petty cash fund should be established and maintained on an imprest basis along with supporting documentation for all expenditures.

Status:

- A. Not implemented. See MAR finding number 4.
- B. Partially implemented. Checks and money orders are endorsed immediately upon receipt; however, instances were noted where deposits were taken to the bank several days after the deposits were prepared. See MAR finding number 4.
- C. Partially implemented. The cash funds and daily collections are held in a secure location and access is limited to authorized individuals. However, a separate petty cash fund was not established and the change/petty cash fund is not maintained on an imprest basis. See MAR finding number 4.

4. County Clerk's Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. The County Clerk's office transmitted monies directly to the County Treasurer approximately once a month, and some monies were retained from the transmittals for petty cash purchases. Also, checks were not restrictively endorsed upon receipt and receipt slips were not written for some monies received.

Recommendation:

The County Clerk:

- A. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.
- B. Ensure receipt slips are prepared for all monies received, checks are restrictively endorsed upon receipt, the method of payment per receipt slips is reconciled to the composition of monies transmitted to the County Treasurer and monies are transmitted timely and intact. In addition, if necessary, a petty cash fund should be established and maintained on an imprest basis.

Status:

- A. Implemented. The County Clerk reconciles monies received to the receipt log when

turning monies over to the County Treasurer.

- B. Implemented. Receipt slips are not issued for monies received; however, all monies are recorded on a log. Checks are restrictively endorsed upon receipt and all monies are transmitted to the County Treasurer timely and intact. The County Clerk discontinued withholding monies for petty cash purchases.

5. Prosecuting Attorney's Accounting Controls and Procedures

- A. Duties were not adequately segregated.
- B. In addition to two current bank accounts, at December 31, 2001, there was approximately \$5,170 in an old bad check account and \$3,124 in an old restitution account which the Prosecuting Attorney could not specifically identify to whom the monies belonged. While the Prosecuting Attorney indicated that efforts had been made to identify these monies in prior years, these monies remained in the accounts since prior to 1997.
- C. Monies were not always deposited on a timely basis.

Recommendation:

The Prosecuting Attorney:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Dispose of all unidentified monies in accordance with state law.
- C. Deposit receipts daily or when accumulated receipts exceed \$100.

Status:

- A. Implemented. The Prosecuting Attorney now performs periodic reviews of both deposits and monthly bank reconciliations, and documents his review by signing or initialing the computer generated deposit reports and the bank reconciliations.
- B. Implemented. The Prosecuting Attorney turned over a total of \$8,196 to the Missouri State Treasurer as unclaimed property. This amount reflects the amount identified in the previous audit, less accrued bank fees.
- C. Not implemented. During November and December 2005 deposits were made weekly or every two weeks. For example, the January 3, 2006, deposit of \$3,115 was for receipt slips issued as far back as December 15, 2005, and included \$1,683 cash. Although not repeated in the current MAR, our recommendation remains as stated above.

6. Sheriff's Accounting Controls and Procedures

- A. The Sheriff did not maintain a log of amounts billed to or collected from the various entities for boarding prisoners in the county jail. While the Sheriff maintained a file of all billings sent, payments received by the County Treasurer were not matched or compared to billings as a means to track and follow-up on unpaid amounts.
- B. Seized property items were not always tagged to identify the property to a specific case and the property tags used were not prenumbered. In addition, while an inventory listing of seized property was maintained, the listing did not appear complete or accurate.

Recommendation:

The Sheriff:

- A. Maintain a log of amounts billed to and collected from the various entities for boarding of prisoners as a means to track and follow-up on amounts due to the county.
- B. Mark all property with prenumbered property tags and identify property to specific cases. In addition, a complete inventory listing of all seized property should be maintained and kept updated for both additions and dispositions.

Status:

Implemented.

7. Associate Circuit Division's Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. Monies were not always deposited on a timely basis.

Recommendation:

The Associate Circuit Division:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Deposit receipts daily or when accumulated receipts exceed \$100.

Status:

- A. Implemented. The Associate Division Clerk performs supervisory reviews when

preparing deposits by comparing cash on hand to electronic cashier reports. In addition, the Associate Division Clerk prepares bank reconciliations.

- B. Implemented. Although deposits are not always made daily, for the months reviewed deposits were made at least two times per week and multiple deposits were made on some days.

8. Dent County Health Center

- A.1. Monies received were not deposited intact. In addition, the method of payment was not always properly noted on receipt slips, and the composition of monies received was not reconciled to the composition of monies deposited.
- 2. Pre-numbered receipt slips were not accounted for properly. Questionable voided transactions of \$402 were noted where the voided receipt slips were missing and for which no other supporting documentation was maintained.
- 3. Accounting duties were not adequately segregated. Although the Health Center Administrator stated that she reviewed monthly bank reconciliations and monthly reports, there was no documentation of this review and an independent review was not performed to ensure that receipts were properly recorded and deposited intact.
- B. The employees responsible for collecting monies were not bonded.
- C.1. Additions of fixed assets were not always recorded as they occurred and fixed asset purchases per the expenditure records were not reconciled to additions on the inventory records.
- 2. Property records did not always include some necessary information, such as acquisition date, date of disposition, and location of the asset. In addition, written authorization from the Health Center Board of Trustees was not consistently obtained for fixed asset dispositions.
- 3. Fixed assets were not being tagged on a timely basis. In addition, while the Health Center Administrator stated that annual inventories were performed, no documentation of the inventories or differences identified was maintained and the property control records were apparently not adjusted.

Recommendation:

The Health Center Board of Trustees:

- A.1. Ensure the method of payment is properly recorded on all receipt slips, deposit all monies intact and reconcile the composition of monies received to the composition of monies deposited.
- 2. Retain the original copies of all voided receipt slips and ensure voided transactions

are adequately documented.

3. Ensure that receipting duties are properly segregated, or at a minimum, require someone other than the bookkeeper to perform and document a periodic supervisory review of receipts to deposits.
 4. Investigate the items noted above and determine what, if any, additional actions should be taken.
- B. Obtain bond coverage for all employees responsible for handling monies.
- C.1. Record all fixed asset additions as they occur and ensure purchases are reconciled periodically to additions to the property records.
2. Ensure proper authorization is obtained for all fixed asset dispositions and ensure all necessary information is included on the fixed asset records.
 3. Tag all fixed assets immediately upon receipt, perform and document an annual physical inventory and reconcile the results to the inventory listing.

Status:

- A.1. Implemented. However, see MAR finding number 6 for similar findings related to the Cardiovascular Wellness Center.
- A.2.&
C.1-2. Implemented.
- A.3. Implemented. The Health Center Administrator reviews bank statements and periodically compares deposits to the daily cash record. However, see MAR finding number 6 for similar findings related to the Cardiovascular Wellness Center.
- A.4. Implemented. Health Center accounting controls were improved. The Health Center Board Treasurer and Administrator indicated the status of the \$402 of voided receipts could not be determined and no further action was taken.
- B. Not implemented. Although improvements have been made in health center internal controls, weaknesses were noted in controls related to the Cardiovascular Wellness Center. Although not repeated in the current MAR, our recommendation remains as stated above.
- C.3. Partially implemented. The Health Center tags all fixed assets immediately upon receipt. A physical inventory was completed in April 2006; however, the previous physical inventory was conducted in 2003. Although not repeated in the current MAR, our recommendation remains as stated above.

9. Dent County Developmental Disabilities Board

The Dent County Developmental Disabilities Board (DCDDDB) disbursed monies for individuals in Independent Supported Living (ISL) arrangements. The DCDDDB contracted with the Department of Mental Health - Rolla Regional Center to provide these services to several developmentally disabled individuals via contracts the regional center had with other vendors. The agreement indicated that the DCDDDB would provide matching funds for the portion of the services not covered by the Department of Mental Health and other funding sources. The DCDDDB did not receive or maintain adequate documentation to support the days of service for which they were billed and did not monitor the subcontractor to ensure the services were actually provided as agreed.

Recommendation:

The Dent County Developmental Disabilities Board adequately monitor the contracts to ensure the specified services are being provided to residents of Dent County and ensure adequate supporting documentation is obtained and reviewed for all expenditures.

Status:

Implemented. The DCDDDB discontinued the funding for the individuals in ISL arrangements effective December 2001. Monitoring is performed for other contracts.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DENT COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1851, the county of Dent was named after Lewis Dent, an early settler and state representative. Dent County is a county-organized, third-class county and is part of the Forty-Second Judicial Circuit. The county seat is Salem.

Dent County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 600 miles of county roads and 20 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

The county's population was 14,517 in 1980 and 14,927 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2005	2004	2003	2002	1985* 1980**
		(in millions)				
Real estate	\$	92.3	76.4	74.8	73.2	42.7 27.7
Personal property		35.1	33.3	32.7	32.5	10.1 9.3
Railroad and utilities		7.5	6.7	6.6	6.4	4.5 4.0
Total	\$	134.9	116.4	114.1	112.1	57.3 41.0

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Dent County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2005	2004	2003	2002
General Revenue Fund	\$	.0350	.0350	.0350	.0350
Special Road and Bridge Fund		.2550	.2550	.2550	.2550
Health Center Fund		.0920	.1000	.1000	.1000
Senate Bill 40 Board Fund		.1600	.1800	.1800	.1600
Senior Citizen Service Fund		.0460	.0500	.0500	.0500

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to

penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),			
		2006	2005	2004	2003
State of Missouri	\$	42,003	37,033	36,038	34,967
General Revenue Fund		67,341	61,138	59,970	59,448
Special Road and Bridge Fund		356,414	314,379	306,816	298,160
Assessment Fund		70,963	63,809	50,060	48,623
Health Center Fund		128,461	121,833	118,940	115,590
Senate Bill 40 Board Fund		224,827	219,302	212,538	185,798
School districts		4,254,399	3,829,988	3,725,364	3,622,660
Library district		121,055	116,964	112,767	109,402
Ambulance district		2,528	1,895	1,907	1,861
Fire protection district		218,023	208,013	197,276	192,427
Hospital		307,725	303,500	296,173	287,938
Senior Citizen Service Board Fund		62,271	59,031	57,608	55,934
Tax Maintenance Fund		16,562	16,414	16,029	7,559
Tax Sale Surplus and advertising		386	2,518	250	1,629
Hagale Ind.		0	8,072	0	0
Delinquent Salem City & Library		0	0	0	4,455
Cities		315,562	291,762	282,171	273,930
County Clerk		223	230	244	252
County Employees' Retirement		45,977	46,639	43,566	37,729
Commissions and fees:					
General Revenue Fund		100,435	92,542	89,790	86,459
Total	\$	6,335,155	5,795,062	5,607,507	5,424,821

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),			
		2006	2005	2004	2003
Real estate		92	92	91	90 %
Personal property		90	89	87	88
Railroad and utilities		100	100	100	99

Dent County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Law enforcement	.0050	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2006	2005	2004	2003	2002
County-Paid Officials:	\$				
James C. Biggs, Presiding Commissioner		27,080	27,080	27,808	25,641
Bobby Simpson, Associate Commissioner		25,080	25,080	25,080	25,080
J.J. Tune, Associate Commissioner		25,080	25,080	25,080	25,080
Janet L. Inman, County Clerk		38,000	38,000	38,000	
Gary M. Leonard, County Clerk					35,820
James P. Gray, Prosecuting Attorney		45,000	45,000	45,000	42,418
Bob Wofford, Sheriff		42,000	42,000	42,000	42,000
Don Shipley, County Treasurer		28,120	28,120	28,120	
Carl Hale, Treasurer					26,506
Eddie Wilson, County Coroner		11,000	11,000	11,000	11,000
Larry Edwards, Public Administrator (1)		34,036	23,637	29,852	20,368
Dennis O. Medlock, County Collector, year ended February 28 (29),	38,000	38,000	38,000	35,820	
Brenda Bell, County Assessor (2), year ended August 31,		38,688	38,765	38,900	38,900
Craig Ruble, County Surveyor (3)					

(1) Includes fees received from probate cases.

(2) Includes \$688, \$765, \$900, and \$900 annual compensation received from the state for year ended August 31, 2005, 2004, 2003, and 2002, respectively.

(3) Compensation on a fee basis.

State-Paid Officials:					
Ruth Ann (Lough) Williams, Circuit Clerk and Ex Officio Recorder of Deeds		48,500	47,900	47,300	47,300
Sanborn N. Ball, Associate Circuit Judge		96,000	96,000	96,000	96,000



Claire McCaskill

Missouri State Auditor

December 2006

Dekalb County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of
Missouri State Auditor
Claire McCaskill

December 2006

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Dkalb, that do not have a county auditor. In addition to a financial audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

- The ACCD 911 Board did not have adequate procurement procedures and did not closely follow the terms of a federal Homeland Security grant for emergency communications equipment received from the state Department of Public Safety (DPS). Due to favorable pricing on its initial bid for equipment approved under the grant, the board purchased additional equipment with the remaining grant funding. However, the board could not provide documentation of specific approval from the DPS for these additional purchases, nor were the additional purchases bid as required. Items purchased without bids totaled approximately \$236,000. In addition, the board did not solicit requests for qualifications when contracting for engineering services related to the grant, totaling approximately \$68,000 and the board did not ensure that the vendors providing services were in good standing with the federal government.
- The county has not sufficiently reduced its property tax revenues by 50 percent of the sales tax revenues as required, resulting in an accumulation of approximately \$154,000 of excess property taxes as of December 31, 2005. In addition, no rollback calculations have been performed since 2001 and the accumulated excess property tax collections have not been tracked.
- While the county bid numerous items, county records did not always contain adequate documentation of the county's efforts to compare prices (i.e. phone contacts, inquiries) or reasons to support selecting other than a low bidder or sole source purchase decisions. For example, the county did not maintain bid documentation or contracts for remodeling work at the nursing home totaling about \$86,000 during 2003, 2004 and 2005 nor did the county document its basis for selecting the high bidder for a courthouse landscaping and sidewalk project or its basis for not bidding the concrete for the project. In addition the county made duplicate payments totaling about \$5,000 for nine concrete deliveries on the project and improperly charged \$40,000 of project costs to the Special Road and Bridge Fund.

(over)

YELLOW SHEET

- The current and former Ex Officio County Collectors (EOC) did not prepare accurate and timely annual settlements and did not reconcile bank account balances to existing liabilities. In addition, both EOCs charged a certification fee not allowable by law and some worksheets supporting the calculations of commissions earned for delinquent city tax collections could not be located.
- The ACCD 911 Board has accumulated a large cash balance with no documented plans for its use, has not solicited bids or performed other price comparison procedures for some major purchases, has not solicited requests for qualifications for the services provided by its consulting engineer, and has not executed contracts with the counties and city for dispatching and 911 coordination services. In addition, the financial records of the board are not properly reconciled and procedures for review, approval, and processing of expenditures should be improved.
- In November 2005, the commissioners of the new Daviess-Dekalb Regional Jail District contracted to acquire a 270 bed private jail facility in Daviess County and on February 15, 2006, the district assumed operations at the jail facility. The district's 2006 budget did not adequately disclose the jail district commission's current and long range plans and the jail district commission has not received periodic budget to actual comparative reports. In addition, accounting duties are not adequately segregated and the supervisory reviews of financial records are not adequate, bank reconciliations on the operating account are not current, and the commissary account reconciliations are not adequately documented. Also, receipt slips are not issued for some monies received and some collections are not immediately recorded in the accounting records.

Also included in the audit were recommendations related to the preparation of the county's Schedule of Expenditures of Federal Awards, and to the operations of the Circuit Clerk, Sheriff, and Prosecuting Attorney.

All reports are available on our Web site: www.auditor.mo.gov

DEKALB COUNTY, MISSOURI

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DEKALB COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL
STATEMENTS, REQUIRED SUPPLEMENTARY INFORMATION, AND
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of DeKalb County, Missouri

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of DeKalb County, Missouri, as of and for the years ended December 31, 2005 and 2004, which collectively comprise the county's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed more fully in Note 1, the county prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position—cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of DeKalb County, Missouri, as of December 31, 2005 and 2004, and the respective changes in financial position—cash basis thereof for the years then ended in conformity with the basis of accounting discussed in Note 1.

As discussed more fully in Note 1, for the years ended December 31, 2005 and 2004, the county implemented applicable provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*; Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* ; and Statement No. 38, *Certain Financial Statement Note Disclosures* . The implementation of these Statements resulted in significant changes in the format and contents of the basic financial statements and other information in the county's financial report. The county also implemented the provisions of Statement No. 40, *Deposit and Investment Risk Disclosures*.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 13, 2006, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, Schedule of Funding Progress for Missouri Local Government Employees Retirement System, and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required to accompany those financial statements. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the county's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* , and is not a required part of the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of DeKalb County, Missouri, and was not subjected to the auditing procedures applied in the audit of the basic financial statements. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 13, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	John Lieser, CPA
Audit Staff:	Karla Swift
	Alvin Cochren
	Sara Pottebaum
	Yomil Leon-Ortiz



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of DeKalb County, Missouri

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of DeKalb County, Missouri, as of and for the years ended December 31, 2005 and 2004, which collectively comprise the county's basic financial statements, and have issued our report thereon dated July 13, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of DeKalb County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of DeKalb County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of DeKalb County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 13, 2006 (fieldwork completion date)

Management's Discussion and Analysis

DEKALB COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2005 AND 2004

This discussion and analysis of DeKalb County's financial performance provides an overview of the county's financial activity for the years ended December 31, 2005 and 2004. The information below, prepared by the county's management, should be read in conjunction with the financial statements that immediately follow.

OVERVIEW OF THE FINANCIAL STATEMENTS

The contents of this report comply with the presentation requirements of Statement No. 34 of the Governmental Accounting Standards Board, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as applicable to the cash basis of accounting. The county's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. The notes are an integral part of the government-wide and fund financial statements and provide more detail about the information presented in the statements. This report also contains other financial information in addition to the basic financial statements.

The county has elected to present its financial statements on the cash basis of accounting, a basis of accounting other than accounting principles generally accepted in the United States of America. "Basis of accounting" refers to when financial events are recorded. Under the cash basis of accounting, revenues are recorded when received rather than when earned, and expenditures are recorded when paid rather than when the related liabilities are incurred. Therefore, when reviewing the financial information and discussion in this report, the reader should recall the limitations resulting from use of the cash basis of accounting.

Government-Wide Financial Statements

The Government-Wide Statement of Net Assets and the Government-Wide Statement of Activities report information about the county as a whole. These statements present the county's net assets and show how they have changed. Over time, increases or decreases in the county's net assets are one indicator of whether its financial health or position is improving or deteriorating. However, to assess the county's overall financial health, the reader needs to consider additional nonfinancial factors. The government-wide financial statements report only governmental activities—activities such as general government operations, public safety, and health and welfare that are usually financed through taxes and intergovernmental receipts. The county has no business-like activities—activities financed wholly or partially by fees charged to external parties for goods or services.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the county as a whole. Some funds are required to be established by state law or by bond covenants. However, the County Commission establishes other funds to help it control and

manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, or other sources of receipts. The fund financial statements include only governmental funds, which focus on the flow of money into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed view of the county's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether more or fewer financial resources can be spent in the near future to finance the county's programs.

The County as Trustee

The county is the trustee, or fiduciary, for its trust and agency funds that are used to account for assets held by the county's elected officials in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The county's fiduciary assets are reported in a separate Statement of Fiduciary Net Assets. Fiduciary funds are excluded from the county's other financial statements because the county cannot use these assets to finance its operations. The county is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Other Information

The report also includes as required supplementary information this Management's Discussion and Analysis, the Schedule of Funding Progress for Missouri Local Government Employees Retirement System, and the Budgetary Comparison Schedule - General Fund and Major Special Revenue Funds - Cash Basis. Such information is intended to supplement the government-wide financial statements, fund financial statements, and notes to the financial statements but is not a part of those statements.

In addition, the report includes the following components that are not a required part of the financial statements: the Schedule of Expenditures of Federal Awards, required for audits of federal program expenditures conducted in accordance with Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the History, Organization, and Statistical Information.

FINANCIAL HIGHLIGHTS

The most significant financial changes that occurred during the two years ended December 31, 2005, were the increase in federal grant receipts and disbursements for the BRO bridge program and 911 equipment for the multi-county ACCD 911 Board. Also, gravel expenditures from the Capital Improvements Sales Tax Fund increased significantly during this period.

THE COUNTY AS A WHOLE

The following chart displays assets, receipts and disbursements for 2003 through 2005.

		Year Ended December 31,		
		2005	2004	2003
Net Assets	\$	2,044,193	2,055,785	1,576,272
Program Receipts		2,466,304	1,566,815	*
General Receipts		2,146,514	2,165,661	3,465,143
Disbursements		4,624,410	3,252,963	3,324,437
Change in Net Assets		(11,592)	479,513	140,706

* A breakdown of receipts between program receipts and general receipts was not available for 2003.

Much of the general receipts relates to sales taxes and 911 telephone taxes and these amounts have remained relatively stable during the three year period. Program receipts rose in 2005 due to increased federal grant receipts under the BRO program and a large federal grant received for 911 equipment. The increase in disbursements in 2005 is principally due to the disbursements related to these federal grants. The increase in net assets since 2003 has also been due to the county's careful management of each fund.

THE COUNTY'S FUNDS

The cash balance of the General Revenue Fund has increased from its low levels in 2002. In that year, the county completed the installation of the courthouse elevator and Phase I of the tax increment financing (TIF) development project involving the Wal-Mart in Cameron expired. As a result and also due to careful spending practices by the county, the total receipts of the General Revenue Fund exceeded the total expenditures of the fund during 2003, 2004, and 2005.

Much of the receipts and expenditures of the Special Road and Bridge Fund are related to bridge construction under the federal BRO program. From 2003 through 2005, the county constructed four bridges under this program. The bridges were constructed entirely using federal funds. Construction of a relatively large bridge over Grindstone Creek near Weatherby occurred in 2005. The county has participated in the BRO bridge program for many years and is presently constructing the 31st bridge under the program. Additionally, the county's bridge crew repairs and replaces about six bridges annually.

The cash balance of the Capital Improvement Sales Tax Fund has also increased from its low levels in 2002 due to the expiration of Phase I of the TIF and, as a result, the county has been able to increase the rock tonnage per mile of road from 80 tons in 2003 to 100 tons in 2004 and 120 tons in 2005.

The ACCD 911 Board received a federal grant for equipment in 2005. Using the grant funds, the board acquired and installed 911 equipment in each of the four counties and the city of Cameron to enhance the operation of the existing 911 system.

Included among the other governmental funds is the Court Services Fund which the county administers for the courts in the 43rd Judicial Circuit. In July 2005, the circuit court created the Court Services Program and employed four probation officers to supervise probationers in the circuit. The program is funded by charges to the probationers. During 2005, these service charges totaled about \$79,000 and expenditures of the fund totaled about \$64,000. The counties in the circuit provided start-up loans to the court totaling about \$20,000 and the court expects to repay the loans in 2006.

General Fund Budgetary Highlights

The General Revenue Fund budget was amended in 2004 to increase the county's funding to the University Extension Service to comply with a recent court decision. The amendment to this budget item increased the current year's funding and provided for a retro-active payment for the under-funding in 2003. The county decided to not make the planned operating transfer to the Assessment Fund in 2004 to offset the amended increase in the University Extension item. The General Revenue Fund budget was not amended in 2005.

Total actual revenues of the General Revenue Fund exceeded the budgeted amounts in 2005 and 2004 principally because prisoner board reimbursements from the state of Missouri were larger than budgeted.

Variances between actual and budgeted expenditures of the General Revenue Fund were relatively small and within 10 percent of the budgeted amount for most expenditure categories. In 2005, fringe benefit expenditures were less than budgeted principally because the county overestimated the required contributions to the Missouri Local Government Employees Retirement System for that year. Expenditures for the Sheriff's Office were larger than the budgeted amounts in 2005 and 2004 principally because costs to board prisoners and dispatchers salaries were larger than expected. In 2004, total actual expenditures of the General Revenue Fund exceeded the total budgeted amount because the county decided at the end of the year to transfer \$31,000 to the Nursing Home Sales Tax Fund to help with remodeling costs. The transfer had not been budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

In 2003, the county began remodeling the county nursing home. Much of the work was completed by 2005 and included remodeling to 36 rooms, a hallway, shower facilities, and other improvements. The county intends to make repairs to the roof in 2006. A portion of the funds remaining from the former nursing home sales tax were used to make the improvements. The county transferred \$31,000 from the General Revenue Fund to the Nursing Home Sales Tax Fund in 2004 to help finance the improvements.

In 2005, the ACCD 911 Board improved the 911 communications system in the four counties by acquiring and installing equipment procured with grant funds. The new systems were completed in 2006.

The county has been awarded grants totaling about \$120,000 for the purchase of new election equipment. The county expects to acquire the equipment in 2006.

In 2004 and 2005, the county made improvements to the courthouse grounds including new sidewalks, parking lot, retaining walls, and benches. The county received donations from area residents and businesses to help offset some of the costs. The remaining costs were paid with monies from the General Revenue and Special Road and Bridge Funds.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In 2005, the county and Daviess county formed a regional jail district. District voters approved a sales tax to provide funding and the district purchased a private jail facility in Pattonsburg formerly owned by Midwest Security Housing. The district began operating the jail in February 2006. The county closed its jail and moved its prisoners to the district's jail. The district expects to generate profits from housing prisoners for other counties and will not charge Daviess and DeKalb counties for housing their prisoners. In 2005, the county paid Midwest Security Housing about \$140,000 for housing DeKalb county prisoners. DeKalb and Daviess counties have agreed to provide operating subsidies to the district jail, if necessary.

The county expects to roll back its general property tax levy to zero for 2006. The roll back is necessary to comply with the rollback provisions of the general sales tax. The improved financial condition in the General Revenue Fund will allow the county to make the roll back. In 2005, the county's general levy of \$.05 per \$100 assessed value generated about \$55,000 in property tax revenues.

The county has agreed to issue revenue bonds to finance the construction of a Case New Holland facility in Cameron. The project is expected to cost about \$30 million. The county will lease the facility to Case New Holland and use the lease proceeds to retire the bonds. The new facility is expected to increase the county's property tax assessed valuations by about \$10 million. However, it is expected the company will receive property tax abatements for the first fifteen years and will make payments in lieu of taxes during that period.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

Questions about this report or requests for additional information should be addressed to Mary Berry, DeKalb County Clerk, 109 West Main Street, Maysville, MO 64469, (816) 449-5402.

Basic Financial Statements

Exhibit A-1

DEKALB COUNTY, MISSOURI
GOVERNMENT-WIDE STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2005

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ <u>2,044,193</u>
Total Assets	<u>2,044,193</u>
NET ASSETS	
Restricted	1,884,993
Unrestricted	<u>159,200</u>
Total Net Assets	\$ <u><u>2,044,193</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

DEKALB COUNTY, MISSOURI
GOVERNMENT-WIDE STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2004

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ <u>2,055,785</u>
Total Assets	<u>2,055,785</u>
NET ASSETS	
Restricted	1,959,685
Unrestricted	<u>96,100</u>
Total Net Assets	\$ <u><u>2,055,785</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B-1

DEKALB COUNTY, MISSOURI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - CASH BASIS
YEAR ENDED DECEMBER 31, 2005

		Program Receipts		Net (Disbursements) Receipts and Changes in Cash Balances
	Disbursements	Charges for Services	Intergovernmental	Primary Governmental Activities
GOVERNMENTAL ACTIVITIES				
General county government	\$ 743,359	115,520	178,610	(449,229)
Roads and bridges	1,894,329	13,077	1,286,612	(594,640)
Public safety	1,777,101	281,059	586,755	(909,287)
Health and welfare	170,105	560	70	(169,475)
Other	39,516	25	4,016	(35,475)
Total Governmental Activities	<u>4,624,410</u>	<u>410,241</u>	<u>2,056,063</u>	<u>(2,158,106)</u>
Total Primary Government	<u>\$ 4,624,410</u>	<u>410,241</u>	<u>2,056,063</u>	<u>(2,158,106)</u>
GENERAL RECEIPTS				
Taxes				
Property taxes				175,485
Sales taxes				1,232,914
911 telephone tax				498,264
Interest				83,628
Other				156,223
Total General Receipts				<u>2,146,514</u>
Change in Cash Balances				(11,592)
NET ASSETS, JANUARY 1				<u>2,055,785</u>
NET ASSETS, DECEMBER 31				<u>\$ 2,044,193</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

DEKALB COUNTY, MISSOURI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - CASH BASIS
YEAR ENDED DECEMBER 31, 2004

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C-1

DEKALB COUNTY, MISSOURI
GOVERNMENTAL FUNDS BALANCE SHEET - CASH BASIS
DECEMBER 31, 2005

	General Fund	Special Road and Bridge Fund	Capital Improvement Sales Tax Fund	ACCD 911 Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS						
Cash	\$ 159,200	523,265	296,360	644,564	420,804	2,044,193
Total Assets	<u>\$ 159,200</u>	<u>523,265</u>	<u>296,360</u>	<u>644,564</u>	<u>420,804</u>	<u>2,044,193</u>
FUND BALANCES						
Unreserved	\$ 159,200	0	0	0	0	159,200
Unreserved special revenue funds	0	523,265	296,360	644,564	0	1,464,189
Unreserved reported in nonmajor funds	0	0	0	0	420,804	420,804
Total Fund Balances	<u>\$ 159,200</u>	<u>523,265</u>	<u>296,360</u>	<u>644,564</u>	<u>420,804</u>	<u>2,044,193</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C-2

DEKALB COUNTY, MISSOURI
GOVERNMENTAL FUNDS BALANCE SHEET - CASH BASIS
DECEMBER 31, 2004

	General Fund	Special Road and Bridge Fund	Capital Improvement Sales Tax Fund	ACCD 911 Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS						
Cash	\$ 96,100	450,307	332,521	737,510	439,347	2,055,785
Total Assets	<u>\$ 96,100</u>	<u>450,307</u>	<u>332,521</u>	<u>737,510</u>	<u>439,347</u>	<u>2,055,785</u>
FUND BALANCES						
Unreserved	\$ 96,100	0	0	0	0	96,100
Unreserved special revenue funds	0	450,307	332,521	737,510	0	1,520,338
Unreserved reported in nonmajor funds	0	0	0	0	439,347	439,347
Total Fund Balances	<u>\$ 96,100</u>	<u>450,307</u>	<u>332,521</u>	<u>737,510</u>	<u>439,347</u>	<u>2,055,785</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D-1

DEKALB COUNTY, MISSOURI
 GOVERNMENTAL FUNDS STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
 YEAR ENDED DECEMBER 31, 2005

	General Fund	Special Road and Bridge Fund	Capital Improvement Sales Tax Fund	ACCD 911 Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property taxes	\$ 55,561	0	0	0	119,924	175,485
Sales taxes	616,504	0	616,410	0	0	1,232,914
911 telephone tax	0	0	0	498,264	0	498,264
Intergovernmental	140,475	1,286,612	0	470,637	158,339	2,056,063
Charges for services	275,109	13,077	0	0	122,055	410,241
Interest	8,726	20,515	17,400	20,416	16,571	83,628
Other	89,143	26,145	0	22,347	18,588	156,223
Total Receipts	<u>1,185,518</u>	<u>1,346,349</u>	<u>633,810</u>	<u>1,011,664</u>	<u>435,477</u>	<u>4,612,818</u>
DISBURSEMENTS						
General county government	554,160	0	0	0	189,199	743,359
Roads and bridges	0	1,234,546	659,783	0	0	1,894,329
Public safety	579,138	0	0	1,104,610	93,353	1,777,101
Health and welfare	8,356	0	0	0	161,749	170,105
Other	29,170	0	3,555	0	6,791	39,516
Total Disbursements	<u>1,170,824</u>	<u>1,234,546</u>	<u>663,338</u>	<u>1,104,610</u>	<u>451,092</u>	<u>4,624,410</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>14,694</u>	<u>111,803</u>	<u>(29,528)</u>	<u>(92,946)</u>	<u>(15,615)</u>	<u>(11,592)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	68,406	8,182	0	0	20,000	96,588
Transfers out	(20,000)	(47,027)	(6,633)	0	(22,928)	(96,588)
Total Other Financing Sources (Uses)	<u>48,406</u>	<u>(38,845)</u>	<u>(6,633)</u>	<u>0</u>	<u>(2,928)</u>	<u>0</u>
NET CHANGE IN CASH BALANCES	63,100	72,958	(36,161)	(92,946)	(18,543)	(11,592)
CASH BALANCES, JANUARY 1	<u>96,100</u>	<u>450,307</u>	<u>332,521</u>	<u>737,510</u>	<u>439,347</u>	<u>2,055,785</u>
CASH BALANCES, DECEMBER 31	<u>\$ 159,200</u>	<u>523,265</u>	<u>296,360</u>	<u>644,564</u>	<u>420,804</u>	<u>2,044,193</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D-2

DEKALB COUNTY, MISSOURI
 GOVERNMENTAL FUNDS STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
 YEAR ENDED DECEMBER 31, 2004

	General Fund	Special Road and Bridge Fund	Capital Improvement Sales Tax Fund	ACCD 911 Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property taxes	\$ 60,512	0	0	0	107,186	167,698
Sales taxes	621,004	0	620,803	0	0	1,241,807
911 telephone tax	0	0	0	479,849	0	479,849
Intergovernmental	145,504	1,022,177	0		117,731	1,285,412
Charges for services	226,079	5,684	0	0	49,640	281,403
Interest	6,828	9,276	12,345	8,114	17,495	54,058
Other	104,235	25,589	0	70,565	21,860	222,249
Total Receipts	<u>1,164,162</u>	<u>1,062,726</u>	<u>633,148</u>	<u>558,528</u>	<u>313,912</u>	<u>3,732,476</u>
DISBURSEMENTS						
General county government	564,880	0	0	0	140,073	704,953
Roads and bridges	0	809,688	513,549	0	0	1,323,237
Public safety	504,543	0	0	422,857	28,701	956,101
Health and welfare	8,356	0	0	0	212,554	220,910
Other	41,524	0	6,238	0	0	47,762
Total Disbursements	<u>1,119,303</u>	<u>809,688</u>	<u>519,787</u>	<u>422,857</u>	<u>381,328</u>	<u>3,252,963</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>44,859</u>	<u>253,038</u>	<u>113,361</u>	<u>135,671</u>	<u>(67,416)</u>	<u>479,513</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	36,732	0	0	0	31,000	67,732
Transfers out	(31,000)	(24,291)	(5,178)	0	(7,263)	(67,732)
Total Other Financing Sources (Uses)	<u>5,732</u>	<u>(24,291)</u>	<u>(5,178)</u>	<u>0</u>	<u>23,737</u>	<u>0</u>
NET CHANGE IN CASH BALANCES	50,591	228,747	108,183	135,671	(43,679)	479,513
CASH BALANCES, JANUARY 1	<u>45,509</u>	<u>221,560</u>	<u>224,338</u>	<u>601,839</u>	<u>483,026</u>	<u>1,576,272</u>
CASH BALANCES, DECEMBER 31	<u>\$ 96,100</u>	<u>450,307</u>	<u>332,521</u>	<u>737,510</u>	<u>439,347</u>	<u>2,055,785</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E-1

DEKALB COUNTY, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
DECEMBER 31, 2005

ASSETS

Cash	\$	<u>391,575</u>
Total Assets		<u>391,575</u>

NET ASSETS

Restricted		391,575
Unrestricted		<u>0</u>
Total Net Assets	\$	<u><u>391,575</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E-2

DEKALB COUNTY, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
DECEMBER 31, 2004

ASSETS

Cash	\$	<u>400,384</u>
Total Assets		<u>400,384</u>

NET ASSETS

Restricted		400,384
Unrestricted		<u>0</u>
Total Net Assets	\$	<u><u>400,384</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

DEKALB COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

As Note 1.C. discusses further, the accompanying financial statements of DeKalb County, Missouri, are presented in conformity with the cash basis of accounting, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles for state and local governments. The significant accounting policies related to those principles and used by the county are described below.

A. Reporting Entity

A financial reporting entity consists of (1) the primary government, (2) component units, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading or incomplete. The primary government of DeKalb County consists of all funds, departments, offices, or organizations that are not legally separate from the county.

Component units are legally separate organizations for which the county government is financially accountable. The county is financially accountable for an organization if the county appoints a voting majority of the organization's governing board and (1) is able to significantly influence the programs or services provided or performed by the organization or (2) is legally entitled to and or can otherwise access the organization's resources, is legally obligated for or has otherwise assumed the obligation to finance the organization's deficits or provide financial support to it, or is obligated in some manner for the organization's debt. Component units also may include organizations that are fiscally dependent on the county because their budgets, tax levies, or debt issuances are approved by the county.

Based on application of the above criteria, the county has no component units.

B. Basis of Presentation

1. Government-Wide Financial Statements

The government-wide financial statements display information about the county as a whole. These statements include the financial activities of the primary government, except for the activities of fiduciary funds. The primary government's financial activities are required to be classified as governmental or business-like. Governmental activities generally are financed through taxes, intergovernmental receipts, and other nonexchange transactions. Business-like activities are financed wholly or partially by fees

charged to external parties for goods or services. For the years ended December 31, 2005 and 2004, the county had only governmental activities.

The Government-Wide Statement of Net Assets presents the financial condition of the county's governmental activities at year-end. The Government-Wide Statement of Activities presents a comparison between direct disbursements and program receipts for each program or function of the county's governmental activities. Direct disbursements are specifically associated with and clearly identifiable to a particular function. The county does not allocate indirect costs to those functions. Program receipts include (a) charges paid by the recipients of goods or services offered by the programs and (b) intergovernmental receipts that are restricted to meeting the operational or capital requirements of a particular program. Receipts not classified as program receipts, including all taxes, are presented as general receipts. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the county.

2. Fund Financial Statements

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The county uses funds to segregate transactions related to certain functions or activities in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the county primary government at this detailed level. The fund financial statements focus on major funds. Each major fund is presented in a separate column, and nonmajor funds are aggregated and presented in a single column. Major funds include (a) the county's primary operating fund, (b) any fund for which total cash, receipts, or disbursements of an individual fund are at least 10 percent of the corresponding element total for all funds of that type, and (c) any other fund that county officials believe is particularly important to financial statement users.

The accompanying financial statements are structured into two categories of funds—governmental and fiduciary. Governmental funds are those through which most governmental functions typically are financed. Reporting for such funds focuses on the sources, uses, and balances of current resources. The county's major governmental funds are as follows:

General Fund: The General Fund is the primary operating fund of the county, accounting for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Road and Bridge Fund: This fund accounts for property tax collections and other receipts that are legally restricted to disbursements for road and bridge purposes.

Capital Improvement Sales Tax Fund: This fund accounts for sales tax collections that are legally restricted to disbursements for major capital improvements.

ACCD 911 Fund: This fund accounts for telephone tax collections that are legally restricted to disbursements for implementing and operating an emergency response system for Andrew, Caldwell, Clinton, and DeKalb counties.

The county's nonmajor governmental funds include special revenue funds and a cemetery trust fund, a permanent fund that provides resources for the ongoing maintenance of several public cemeteries from the earnings on the fund principal.

Fiduciary funds account for assets held by the county as a trustee or an agent for individuals, private organizations, other governments, or other funds. Fiduciary fund reporting focuses on net assets and changes in net assets; fiduciary assets are reported in a separate Statement of Fiduciary Net Assets because the county cannot use those assets to finance its operations. The county's fiduciary funds consist of agency funds, which report assets held in a purely custodial capacity and do not involve measurement of results of operations.

The agency funds include the Ex Officio County Collector's fund which has a fiscal year ending February 28 (29); therefore, financial information for its reporting periods is included in the accompanying Statement of Fiduciary Net Assets.

The agency funds also include the Public Administrator's fund. The financial information included for this fund in the Statement of Fiduciary Net Assets consists of estate assets (cash) held in trust by the Public Administrator as reported in the annual settlements filed throughout the years ended December 31, 2005 and 2004.

C. Basis of Accounting

Basis of accounting refers to when transactions are recorded in the financial records and reported in the financial statements. The government-wide and fund financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. Consequently, certain assets and their related revenues (such as accounts receivable and revenues billed but not yet collected for goods and services provided) and certain liabilities and their related

expenditures (such as accounts payable and expenditures for goods and services received but not yet paid for) are not recorded in these financial statements. Generally accepted accounting principles for state and local governments require revenues to be recognized when they are earned or when they become available and measurable and expenditures or expenses to be recognized when the related liabilities are incurred.

The accounting treatment for specific account balances and transaction types is as follows:

Equity classifications: On the Government-Wide Statement of Net Assets, equity is classified as net assets and displayed in two components: restricted and unrestricted. Net assets are reported as restricted when limitations are imposed on their use through either the enabling legislation adopted by the County Commission or external restrictions imposed by creditors, grantors, or the laws and regulations of other governments. All other net assets are reported as unrestricted. The county applies restricted resources first when a disbursement is made for which both restricted and unrestricted net assets are available.

In the fund financial statements, equity is classified as fund balance and also may be displayed in two components: reserved and unreserved. Fund balance is reported as reserved to indicate that a portion of the fund balance is not available for appropriation or is legally segregated for a specific future use. When such restrictions do not exist, fund balance is reported as unreserved.

Inventories and capital assets: Inventories include office, housekeeping, and road maintenance supplies. Capital assets consist of land, buildings, furniture, equipment, vehicles, and infrastructure such as roads and bridges. Both inventories and capital assets are recorded as disbursements when they are purchased or constructed.

Compensated absences: Vacation leave is accumulated at a rate of one and one-quarter days to one and three quarter days per month depending on the number of years of employment. Accumulated vacation leave cannot exceed 15 days, 20 days, or 25 days depending on the number of years of employment. Compensatory time is accumulated as earned by an individual employee. Sick leave is accumulated at a rate of one and one-quarter days per month subject to a maximum accumulation of 90 days.

Vacation and sick leave amounts are reported as disbursements when they are paid. Accrued liabilities related to compensated absences and any employer-related costs earned and unpaid are not reflected in the government-wide or fund financial statements. The county has not restricted any net assets or reserved any fund balance for these commitments.

Other postemployment benefits: The county does not provide postemployment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation

Act (COBRA). Under the COBRA the county provides health care benefits to eligible former employees and their dependents. The premiums are paid by the former employees. The county incurs no cost for these benefits.

Long-term debt: Consistent with the cash basis of accounting, long-term debt is not reported in the government-wide or fund financial statements. Proceeds from debt issuances are reported when received, and payments of principal and interest are reported when disbursements are made.

D. Accounting Changes

For the years ended December 31, 2005 and 2004, the county implemented applicable provisions of the following GASB Statements:

Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* ; Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Note Disclosures*: The implementation of these Statements resulted in significant changes in the format and contents of the basic financial statements and other information in the county's financial report. As Note 1.B. discusses, the basic financial statements now include government-wide financial statements that report information for the county as a whole and fund financial statements that focus on major funds. However, as Note 1.C. discusses, because the basic financial statements are prepared on the cash basis of accounting, they exclude certain items and amounts that would be recorded under the bases of accounting prescribed by generally accepted accounting principles for state and local governments. Also, agency funds, a type of fund not reported in the county's prior-period financial statements, are now included in the Statement of Fiduciary Net Assets.

Statement No. 40, *Deposit and Investment Risk Disclosures* This Statement amends Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*. Statement No. 40 revises Statement No. 3's requirements regarding disclosure of custodial credit risk and establishes new requirements for disclosures regarding credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

2. Deposits and Investments

Disclosures are provided below to comply with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit. To protect the safety of county deposits, Section 110.020, RSMo, requires depositaries to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities must be of the types specified by Section 30.270, RSMo, for the collateralization of state funds and held by either the county or a financial institution other than the depository bank. Section 67.085, RSMo, also requires certificates of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depository bank fails, DeKalb County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The County Treasurer's, ACCD 911 Board's, Senate Bill 40 Board's, and the Senior Citizens Services Board's deposits at December 31, 2005 and 2004, and the Ex Officio County Collector's deposits at February 28, 2006 and 2005, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's (and the ACCD 911 Board's and/or Ex Officio County Collector's) names.

Investments

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. At December 31, 2005 and 2004, the county had no such investments. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

3. Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for the county and most other local governments (except some cities). Collections by the county for other governments and remittances to those governments are accounted for in various County Treasurer and Ex Officio County Collector's agency funds.

4. Defined Benefit Pension Plan

Plan Description

DeKalb County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments in Missouri. The LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. Created and governed by Sections 70.600 through 70.755, RSMo, the system is responsible for administering the law in accordance with the expressed intent of the Missouri General Assembly. The plan is qualified under Internal Revenue Code Section 401(a) and is tax-exempt. The LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. Copies of the report may be requested from:

Missouri Local Government Employees Retirement System
P.O. Box 1665
Jefferson City, MO 65102

Funding Policy

DeKalb County's full-time employees do not contribute to the pension plan. The county is required to contribute at an actuarially determined rate; the current rate is 7.6 percent (general) and 5.6 percent (law enforcement) of annual covered payroll. The contribution requirements of plan members are determined by the County Commission. The contribution provisions of the county are established by statute.

Annual Pension Cost

For 2005 and 2004, the county's annual pension cost of \$48,580 and \$52,751, respectively, was equal to the county's required and actual contributions. The required contributions were determined, respectively, as part of the February 29, 2004, and February 28, 2002 and/or February 28, 2003, actuarial valuations using the entry age actuarial cost method.

The actuarial assumptions included (a) an investment rate of return of 7.5 percent per year, compounded annually; (b) projected salary increases of 4 percent per year, compounded annually, attributable to inflation; (c) additional projected salary increases ranging from 0 to 4.2 percent per year, depending on age, attributable to seniority or merit; (d) pre-retirement mortality based on the 1983 Group Annuity Mortality Table; and (e) post-retirement mortality based on the 1971 Group Annuity Mortality Table projected to 2000, set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 5-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at February 28, 2005, was 18 years.

3-Year Trend Information

<u>Fiscal Year</u>	<u>Annual Pension</u>	<u>Percentage of</u>	<u>Net Pension</u>
--------------------	-----------------------	----------------------	--------------------

<u>Ending</u>		<u>Cost (APC)</u>	<u>APC Contributed</u>			<u>Obligation</u>
06/30/03	\$	54,069	100	%	\$	0
06/30/04		52,751	100			0
06/30/05		48,580	100			0

5. Defined Benefit Pension Plan

Plan Description

DeKalb County contributes to the County Employees' Retirement System (CERS), a mandatory cost-sharing multiple-employer public employee retirement system for Missouri counties, excluding first-class counties with a charter form of government and any city not within a county. The CERS, a defined benefit plan, provides retirement and death benefits to its members and is administered in accordance with Sections 50.1000 through 50.1300, RSMo. Responsibility for the operation and administration of the system is vested in the CERS Board of Directors. The CERS issues a publicly available financial report that includes financial statements and required supplementary information. Copies of the report may be requested from:

County Employees' Retirement System
2121 Schotthill Woods Drive
Jefferson City, MO 65101

Funding Policy

Before January 1, 2003, members, except for those who participated in the LAGERS, were required to make contributions equal to 2 percent of gross compensation. Effective January 1, 2003, in addition to the prior contribution requirements, members hired on or after February 25, 2002, must contribute 4 percent if they participate in the LAGERS and 6 percent if they do not participate. If an employee terminates employment before attaining 8 years of creditable service, the CERS refunds the accumulated contributions to the employee. The contribution rate is set by statute.

In addition, the CERS receives a portion of delinquent property tax penalties, penalties for late filing of personal property tax declarations, a portion of document recording fees, a portion of fees for merchants and manufacturers licenses, and any interest derived from the collection and investment of any part of the penalties and fees. The Office of Secretary of State also collects and remits fees for certain filing transactions to the system.

The county's contributions to the CERS for the years ending December 31, 2005, 2004, and 2003, were \$57,598, \$54,778, and \$51,944, respectively, equal to the required contributions for each year.

6. Defined Contribution and Deferred Compensation Plans

Plan Description

DeKalb County offers employees the opportunity to participate in the CERS defined contribution plan and Internal Revenue Code (IRC) Section 457 deferred compensation plan. The plans' provisions and contribution requirements are established and may be amended only by the Missouri General Assembly. Pension plan members are eligible to participate.

Contributions

Participation in the deferred compensation plan is voluntary, and the employee elects the contribution level, subject to the limitations of IRC Sections 401(a) and 457. The CERS Board of Directors decides if matching contributions from the pension plan trust funds for a calendar year will be made to the defined contribution plan accounts of those who participated in the deferred compensation plan. The amount of any matching contribution is determined by the Board and is limited to 50 percent of a non-LAGERS member's (25 percent of a LAGERS member's) voluntary contributions to the deferred compensation plan, up to 3 percent of the non-LAGERS member's (2.5 percent for the LAGERS member's) compensation. Matching contributions for the years ended December 31, 2005 and 2004, were \$2,475 and \$1,986, respectively.

Administration

Maintenance of individual member accounts and custody of assets have been contracted to a third-party administrator and investment custodian, respectively. The counties send member contributions directly to the third-party administrator. Members have several options for investing their contributions and respective share of matching contributions.

7. Interfund Transfers

Interfund transfers, the flow of assets from one fund to another when repayment is not expected, are reported as transfers in and out. The county made the following interfund transfers:

Year Ended December 31, 2005			
Transfers In:			
	General Fund	Special Road and Bridge Fund	Nonmajor Governmental Funds
Transfers Out:			
General Fund	\$ 0	0	20,000
Special Road and Bridge Fund	47,027	0	0
Capital Improvement Sales Tax Fund	6,633	0	0
Nonmajor Governmental Funds	14,746	8,182	0

Year Ended December 31, 2004		
Transfers In:		
	General Fund	Nonmajor Governmental Funds
Transfers Out:		
General Fund	\$ 0	31,000
Special Road and Bridge Fund	24,291	0
Capital Improvement Sales Tax Fund	5,178	0
Nonmajor Governmental Funds	7,263	0

Interfund transfers occurred primarily because they were statutorily required or allowed—for example, transfer of an administrative service fee to the General Fund from the Special Road and Bridge Fund or contribution of General Fund monies to the Assessment Fund to pay for assessment and equalization maintenance costs not met by other sources of receipts. The General Fund also contributed monies to certain other funds when fund receipts were insufficient for specific purposes.

8. Risk Management

The county carries commercial insurance for various risks of loss to which it is exposed, including risks related to torts; theft of, damage to, or destruction of assets; natural disasters; errors and omissions; injuries to employees; and employees' health and life. No significant reductions in coverage were made since December 31, 2003, and settlements have not exceeded coverage in the past 3 years.

The county is a participant in the Missouri Public Entity Risk Management Fund, a body corporate and politic created and governed by Sections 537.700 through 537.756, RSMo. The purpose of the fund is to provide liability protection to participating public entities and their officials and employees. Annual contributions are collected based on actuarial projections sufficient to pay losses and expenses. Should contributions not be sufficient to meet the fund's obligations, the fund's board can make special assessments. Participants are jointly and severally liable for all claims against the fund.

The county is a member of the Missouri Association of Counties Self-Insurance Workers' Compensation and Insurance Fund. The county purchases workers' compensation insurance through this fund, a non-profit corporation established to provide insurance coverage to Missouri counties. The fund is self-insured up to \$2,000,000 per occurrence and reinsured up to the statutory limit through excess insurance.

9. Commitments and Contingencies

A. Contracts

In May 2006, the county executed a 10 year contract for the lease of the county-owned nursing home. The tenant is required to make lease payments to the county totaling \$7,000 monthly. The county is required to repair and replace the nursing home's roof and parking lot, install a fire protection sprinkler system, and share with the tenant the cost of other repairs. During the audit period, the county had a similar agreement with a previous tenant. The termination of the former agreement and execution of the new agreement occurred on May 1, 2006.

B. Property Taxes

Through December 31, 2005, DeKalb County collected \$153,613 in excess property taxes. Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. DeKalb County voters enacted a one-half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections.

10. Subsequent Events

In June 2006, the county entered an agreement to issue taxable Industrial Development Revenue Bonds as authorized by Article VI, Section 27 of the Missouri Constitution and Sections 100.010 to 100.200, RSMo. The proceeds of the bonds, totaling about \$30 million, are to be used for the construction and furnishing costs related to an industrial development project in the city of Cameron. The county expects to lease the facility to a company and retire the bonds with the lease payments. The bonds have not yet been issued.

11. Jointly Governed Organizations

The county, in conjunction with the counties of Andrew, Buchanan, and Clinton in Missouri and Atchison, Brown, and Doniphan in Kansas, is a member of the Mo-Kan Regional Council of Governments (Mo-Kan). The Mo-Kan provides special planning, economic development, and administrative services to member organizations. The governing board is composed of one county commissioner from each of the member governments. The council assesses a fee to member counties based on population. DeKalb county paid about \$1,600 in fees annually.

The county, in conjunction with Worth and Gentry Counties, has created the Tri-County Health Center to provide public health services to residents of the three counties. The governing board is composed of the presiding commissioner from each of the participating counties. DeKalb County provides \$5,000 per year for health center operations.

The county, in conjunction with the counties of Andrew and Clinton and cities within the counties, has created the Region D Solid Waste Management District for solid waste management planning. The district is governed by a council appointed by the presiding county commissioners and chief city elected officials.

12. Joint Venture

In May 2005, the county, in conjunction with Daviess County, created the Daviess-DeKalb Regional Jail District to house prisoners for the counties as well as other governments on a contractual basis. A four member commission which governs the district is comprised of the presiding commissioners and sheriffs from the two counties. In November 2005, the district voters approved a one-half cent sales tax to provide regional jail services and court facilities and equipment for the two counties. Also in November 2005, the district acquired a 270 bed private jail facility in Daviess County for \$3.5 million. On February 15, 2006, the district assumed operations at the jail facility. The jail district also expects to receive payments from other governmental entities for housing prisoners. The counties will share equally in any net operating losses of the regional jail.

Required Supplementary Information

Schedule 1

DEKALB COUNTY, MISSOURI
SCHEDULE OF FUNDING PROGRESS FOR
MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)— Entry Age (b)	Unfunded AAL (UAAL) (b-a) or (Excess of Assets over AAL) (a-b)	Funded Ratio (a/b)		Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c] or (Excess as a Percentage of Covered Payroll) [(a-b)/c]	
2/28/03	\$ 840,372	\$ 778,886	\$ (61,486)	108	%	\$ 637,121	\$ (10)	%
2/29/04	893,544	792,316	(101,228)	113		606,002	(17)	
2/28/05	997,198	910,176	(87,022)	110		636,769	(14)	

See related Note 4 (Defined Benefit Pension Plan) to the basic financial statements.

Schedule 2

DEKALB COUNTY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS - CASH BASIS

Year Ended December 31,								
2005					2004			
Budgeted Amounts		Actual	Variance with		Budgeted Amounts		Actual	Variance with
Original	Final	Cash Basis	Final Budget--		Original	Final	Cash Basis	Final Budget--
			Favorable					Favorable
			(Unfavorable)					(Unfavorable)
GENERAL REVENUE FUND								
RECEIPTS								
Property taxes	\$ 56,440	56,440	55,561	(879)	53,350	53,350	60,512	7,162
Sales taxes	621,000	621,000	616,504	(4,496)	606,500	606,500	621,004	14,504
Intergovernmental	92,612	92,612	140,475	47,863	80,550	80,550	145,504	64,954
Charges for service	235,810	235,810	275,109	39,299	196,075	196,075	226,079	30,004
Interest	5,000	5,000	8,726	3,726	2,500	2,500	6,828	4,328
Other	99,922	99,922	89,143	(10,779)	68,930	68,930	104,235	35,305
Transfers in	43,000	43,000	68,406	25,406	65,000	65,000	36,732	(28,268)
Total Receipts	1,153,784	1,153,784	1,253,924	100,140	1,072,905	1,072,905	1,200,894	127,989
DISBURSEMENTS								
County Commission	75,980	75,980	79,348	(3,368)	75,380	75,380	75,036	344
County Clerk	76,425	76,425	75,890	535	75,869	75,869	81,957	(6,088)
Elections	15,000	15,000	15,528	(528)	40,000	40,000	46,106	(6,106)
Buildings and grounds	48,860	48,860	49,653	(793)	47,860	47,860	41,315	6,545
Employee fringe benefits	184,000	184,000	145,090	38,910	129,000	129,000	119,435	9,565
County Treasurer	41,010	41,010	44,648	(3,638)	41,260	41,260	40,967	293
Ex Officio County Collector	10,000	10,000	6,255	3,745	7,000	7,000	6,565	435
Sheriff	419,610	419,610	459,624	(40,014)	367,500	367,500	399,070	(31,570)
Circuit Clerk & Ex Officio Recorder	48,480	48,480	47,373	1,107	51,470	51,470	51,377	93
Associate Circuit Court	22,970	22,970	15,597	7,373	17,700	17,700	13,003	4,697
Public Administrator	15,700	15,700	15,454	246	15,700	15,700	15,449	251
Prosecuting Attorney	84,690	84,690	93,208	(8,518)	80,846	80,846	84,138	(3,292)
Juvenile Officer	13,970	13,970	7,894	6,076	13,917	13,917	7,168	6,749
County Coroner	15,342	15,342	18,412	(3,070)	15,300	15,300	14,167	1,133
Health and welfare	8,400	8,400	8,356	44	8,400	8,400	8,356	44
Other general county government	81,799	81,799	59,324	22,475	73,645	73,645	73,670	(25)
Other	20,030	20,030	29,170	(9,140)	11,500	26,500	41,524	(15,024)
Transfers out	20,000	20,000	20,000	0	15,000	0	31,000	(31,000)
Emergency Fund	34,522	34,522	0	34,522	30,000	30,000	0	30,000
Total Disbursements	1,236,788	1,236,788	1,190,824	45,964	1,117,347	1,117,347	1,150,303	(32,956)
Net Change in Cash Balances	(83,004)	(83,004)	63,100	146,104	(44,442)	(44,442)	50,591	95,033
CASH BALANCE, JANUARY 1	96,100	96,100	96,100	0	45,509	45,509	45,509	0
CASH BALANCE, DECEMBER 31	\$ 13,096	13,096	159,200	146,104	1,067	1,067	96,100	95,033

Schedule 2

DEKALB COUNTY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS - CASH BASIS

Year Ended December 31,								
2005					2004			
Budgeted Amounts		Actual	Variance with		Budgeted Amounts		Actual	Variance with
Original	Final	Cash Basis	Favorable	Final Budget--	Original	Final	Cash Basis	Final Budget--
			(Unfavorable)					(Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>								
RECEIPTS								
Intergovernmental	\$ 997,000	997,000	1,286,612	289,612	1,258,000	1,258,000	1,022,177	(235,823)
Charges for service	6,000	6,000	13,077	7,077	3,000	3,000	5,684	2,684
Interest	8,000	8,000	20,515	12,515	6,000	6,000	9,276	3,276
Other	24,100	24,100	26,145	2,045	31,500	31,500	25,589	(5,911)
Transfers in	8,181	8,181	8,182	1	0	0	0	0
Total Receipts	1,043,281	1,043,281	1,354,531	311,250	1,298,500	1,298,500	1,062,726	(235,774)
DISBURSEMENTS								
Salaries	180,000	180,000	126,704	53,296	180,000	180,000	123,936	56,064
Employee fringe benefits	43,000	43,000	31,238	11,762	41,000	41,000	26,872	14,128
Supplies	28,800	28,800	22,878	5,922	28,800	28,800	21,273	7,527
Insurance	15,000	15,000	10,264	4,736	15,000	15,000	10,152	4,848
Road and bridge materials	219,000	219,000	191,208	27,792	219,000	219,000	173,921	45,079
Equipment repairs	14,000	14,000	3,831	10,169	14,000	14,000	11,785	2,215
Equipment rentals/purchases	45,500	45,500	4,324	41,176	13,500	13,500	5,909	7,591
Bridge construction	813,000	813,000	821,994	(8,994)	913,000	913,000	409,701	503,299
Other	21,500	21,500	22,105	(605)	11,000	11,000	26,139	(15,139)
Transfers out	61,694	61,694	47,027	14,667	40,000	40,000	24,291	15,709
Total Disbursements	1,441,494	1,441,494	1,281,573	159,921	1,475,300	1,475,300	833,979	641,321
Net Change in Cash Balances	(398,213)	(398,213)	72,958	471,171	(176,800)	(176,800)	228,747	405,547
CASH BALANCE, JANUARY 1	450,307	450,307	450,307	0	221,560	221,560	221,560	0
CASH BALANCE, DECEMBER 31	\$ 52,094	52,094	523,265	471,171	44,760	44,760	450,307	405,547
<u>CAPITAL IMPROVEMENT SALES TAX FUND</u>								
RECEIPTS								
Sales taxes	\$ 620,000	620,000	616,410	(3,590)	606,500	606,500	620,803	14,303
Interest	10,000	10,000	17,400	7,400	5,000	5,000	12,345	7,345
Total Receipts	630,000	630,000	633,810	3,810	611,500	611,500	633,148	21,648
DISBURSEMENTS								
Gravel	650,000	650,000	659,783	(9,783)	550,000	550,000	513,549	36,451
Transfers out	5,500	5,500	6,633	(1,133)	5,500	5,500	5,178	322
Tax increment financing district	6,500	6,500	3,555	2,945	5,000	5,000	6,238	(1,238)
Total Disbursements	662,000	662,000	669,971	(7,971)	560,500	560,500	524,965	35,535
Net Change in Cash Balances	(32,000)	(32,000)	(36,161)	(4,161)	51,000	51,000	108,183	57,183
CASH BALANCE, JANUARY 1	332,521	332,521	332,521	0	224,338	224,338	224,338	0
CASH BALANCE, DECEMBER 31	\$ 300,521	300,521	296,360	(4,161)	275,338	275,338	332,521	57,183

Schedule 2

DEKALB COUNTY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS - CASH BASIS

Year Ended December 31,								
2005					2004			
Budgeted Amounts		Actual	Variance with		Budgeted Amounts		Actual	Variance with
Original	Final	Amounts	Final Budget--		Original	Final	Amounts	Final Budget--
		Cash Basis	Favorable				Cash Basis	Favorable
			(Unfavorable)					(Unfavorable)
<u>ACCD 911 FUND</u>								
RECEIPTS								
911 telephone tax	\$ 442,000	442,000	498,264	56,264	465,500	465,500	479,849	14,349
Intergovernmental	677,084	677,084	470,637	(206,447)	0	0	0	0
Interest	4,500	4,500	20,416	15,916	6,000	6,000	8,114	2,114
Other	0	0	22,347	22,347	500	500	70,565	70,065
Total Receipts	1,123,584	1,123,584	1,011,664	(111,920)	472,000	472,000	558,528	86,528
DISBURSEMENTS								
Coordinators and dispatchers	175,000	175,000	175,000	0	150,000	150,000	175,000	(25,000)
Telephone company charges	117,200	117,200	142,486	(25,286)	128,200	128,200	93,275	34,925
Equipment	76,000	76,000	8,523	67,477	225,000	225,000	9,544	215,456
Homeland security grant	757,084	757,084	612,487	144,597	0	0	0	0
Consulting contracts	88,050	88,050	76,970	11,080	32,000	32,000	81,635	(49,635)
Other	160,400	160,400	89,144	71,256	163,400	163,400	63,403	99,997
Total Disbursements	1,373,734	1,373,734	1,104,610	269,124	698,600	698,600	422,857	275,743
Net Change in Cash Balances	(250,150)	(250,150)	(92,946)	157,204	(226,600)	(226,600)	135,671	362,271
CASH BALANCE, JANUARY 1	737,510	737,510	737,510	0	603,577	603,577	601,839	(1,738)
CASH BALANCE, DECEMBER 31	\$ 487,360	487,360	644,564	157,204	376,977	376,977	737,510	360,533

The accompanying Note to the Required Supplementary Information is an integral part of this information.

Note to the Required Supplementary Information

DEKALB COUNTY, MISSOURI
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the Capital Improvement Sales Tax Fund in 2005 and the General Revenue Fund in 2004.

Other Supplementary Information

Schedule 3

DEKALB COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission				
20.205	Highway Planning and Construction	BRO-032(26)	\$ 0	15,202
		BRO-032(27)	35,482	181,625
		BRO-032(28)	106,577	136,729
		BRO-032(29)	490,948	29,129
		BRO-032(30)	329	21,379
		BRO-032(31)	29,926	0
	Program total		<u>663,262</u>	<u>384,064</u>
GENERAL SERVICES ADMINISTRATION				
Passed through state				
Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	1,550	0
Office of Secretary of State				
39.011	Election Reform Payment	47-0601-0-1-808	15,000	0
ELECTIONS ASSISTANCE COMMISSION				
Passed through state Office of Secretary of State				
90.401	Help America Vote Act Requirements Payment	HAVA-2002-FED	6,765	0
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through state Department of Public Safety				
83.562	State and Local All Hazards Emergency Operations Planning	EMK-2003-GR-2540	0	5,700
97.004	State Domestic Preparedness Equipment Support Program	2003-MU-T3-003	651,868	25,160
		2004-GE-T4-0049	3,030	17,087
	Program total		<u>654,898</u>	<u>42,247</u>
	Total Expenditures of Federal Award:		<u>\$ 1,341,475</u>	<u>432,011</u>

N/A - Not applicable

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Notes to the Schedule of
Expenditures of Federal Awards

DEKALB COUNTY, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by DeKalb County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2005 and 2004.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of DeKalb County, Missouri

Compliance

We have audited the compliance of DeKalb County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

As described in item 05-2 in the accompanying schedule of findings and questioned costs, the ACCD 911 Board did not comply with requirements regarding Procurement, Suspension, and Debarment and limitations on authorizations for expenditures that are applicable to its State

Domestic Preparedness Equipment Support Program. Compliance with such requirements is necessary, in our opinion, for the ACCD 911 Board to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, DeKalb County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004.

Internal Control Over Compliance

The management of DeKalb County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 05-1 and 05-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information and use of the management of DeKalb County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 13, 2006 (fieldwork completion date)

Schedule

DEKALB COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2005 AND 2004

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? _____ yes x no
- Reportable conditions identified that are not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to the financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ yes x no
- Reportable conditions identified that are not considered to be material weaknesses? x yes _____ none reported

Type of auditor's report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes _____ no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction
97.004	State Domestic Preparedness Equipment Support Program

Dollar threshold used to distinguish between Type A

and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? _____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

05-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO 032(26), BRO 032(27), BRO 032(28), BRO 032(29), BRO 032(30), and BRO 032(31)
Award Years:	2005 and 2004
Questioned Costs:	N/A
Federal Grantor:	U.S. Department of Homeland Security
Pass-Through Grantor:	State Department of Public Safety
Federal CFDA Number:	97.004
Program Title:	State Domestic Preparedness Equipment Support Program
Pass-Through Entity	
Identifying Number:	2003-MU-T3-003 and 2004-GE-T4-0049
Award Years:	2005 and 2004
Questioned Costs:	N/A

The county does not have procedures in place to adequately track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA), and as a result, the county's SEFA contained several errors and omissions.

Section .310(b) of Circular A-133, *Audit of States, Local Governments, and Non-profit Organizations*, requires the county to prepare a SEFA for the period covered by the county's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

Expenditures relating to several federal grants were reported incorrectly on the SEFA schedule. For example, in 2005 the County Clerk understated expenditures under the Highway Planning and Construction Program by about \$205,000 because these expenditures had been misclassified as non-federal bridge expenditures in the county's expenditure ledgers. Additionally, the County Clerk reported 2004 costs totaling about \$25,000 under the State Domestic Preparedness Equipment Support Program as expended in 2005. Also in 2005, the County Clerk included amounts awarded under the Help America Vote Act Requirements Payments program totaling \$117,000 as expenditures on the SEFA although no amounts had been expended. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The County Commission should take steps to ensure all departments and/or officials properly track federal awards to ensure all federal awards are properly accounted for on the SEFA.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

Similar conditions were noted in our prior report. Although the County Commission and County Clerk indicated they would implement the recommendations, the county has not improved these controls and procedures.

WE AGAIN RECOMMEND the County Commission and County Clerk work to ensure the SEFA is complete and accurate.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We will add line items in the computer expenditure and income system for tracking federal dollars separately. Additionally, we will keep a notebook for documentation related to these federal programs. The County Clerk will begin these procedures on January 1, 2007.

05-2. Multi-County (ACCD) 911 Board Homeland Security Grant

Federal Grantor:	U.S. Department of Homeland Security
Pass-Through Grantor:	State Department of Public Safety
Federal CFDA Number:	97.004
Program Title:	State Domestic Preparedness Equipment Support Program
Pass-Through Entity	
Identifying Number:	2003-MU-T3-003
Award Years:	2004 and 2005
Questioned Costs:	\$303,542

The ACCD 911 Board purchased additional equipment without specific documented approval from the state Department of Public Safety (DPS) and did not solicit bids for these items or request qualifications for consulting and engineering services. Additionally, the

board did not verify the consulting vendor and project vendor were not suspended or debarred.

The ACCD 911 system was formed in 1992 by the counties of Andrew, Caldwell, Clinton, and DeKalb and the City of Cameron. A nine member governing board is comprised of two representatives from each county (mostly county commissioners) and one representative from the city. While the main 911 equipment is located in the City of Cameron, the majority of the 911 operations are decentralized in each county.

In May 2004, the board applied for grant funding from DPS for expected costs for equipment totaling about \$1.6 million to upgrade and improve the 911 system. Some of the items listed in its application were not approved for funding by DPS. In July 2004, the DPS approved equipment, installation, and consulting and engineering items on the application totaling \$677,084. After receiving the grant award, the board contracted for consulting and engineering services totaling \$68,000 and solicited bids for the equipment and installation for the project. One equipment and installation bid was received and it was much lower than the board expected when developing the grant application. The board accepted the bid and executed a contract with the project vendor in May 2005 for \$358,670.

- A. The board did not have adequate procurement procedures and did not closely follow the grant terms. Consequently, the board purchased additional equipment without specific documented approval from the DPS, did not solicit bids for these additional equipment items, and did not request qualifications for the consulting and engineering services.

Because the total grant award exceeded the total initial contracts, the board decided to acquire additional equipment to further enhance its system and executed contract addendums in November 2005 totaling \$235,542 with the equipment contractor as follows.

Description	Quantity	Amount
DeKalb County Remote Bases	2	\$39,998
Caldwell County Remote Bases	1	19,999
Cameron Voting Receivers	1	54,419
800 MHz Control Stations	5	37,500
Additional Interoperability Repeaters	2	25,970
Clinton County Repeater Upgrade	1	58,784
Miscellaneous credit		(1,128)
Total		<u>\$235,542</u>

Except for the 800 MHz control stations which were approved in the grant but omitted from the original bid, the addendum items were not specifically listed in the original grant or were for additional quantities of items already approved in the grant.

Although the board received reimbursement from the DPS for the contract addendum costs, the board maintained no documentation to show that the DPS specifically

approved the changes to the original budget or was aware that the claimed costs included additional equipment beyond the original budget. Grant program guidance documents provided by DPS to the board stated the grant was for items only as allowed in the approved line item budget and the budget was to be considered a contract. The documentation further stated that any savings realized after purchases were made should be returned to the DPS for redistribution.

Additionally, the board did not solicit bids for the additional items and did not request qualifications for the consulting and engineering services. The board chairman and the board's consultant indicated that much of the equipment acquired in the contract addendums were similar to items acquired as part of the original bid and the addendum items were obtained at the original bid price. However, the board and consultant could provide no documentation to show that the addendum prices were equal to the original bid prices. The original bid documentation maintained by the board contained package prices summarized by location (i.e. county or city) and not detailed by item making it difficult, if not impossible, to identify the original bid prices for comparison to the addendum prices. The board's consultant indicated the voting receivers and 800 MHz control stations could not be bid because no other vendor could provide items compatible to the existing equipment, however, the board had no documentation of this consideration. Also, the board chairman indicated to us that the board did not request qualifications from other firms for the consulting and engineering services because the engineer has consulted with the board for many years and understands the board's 911 system well. The chairman also indicated the board was aware of no other vendor who could provide these services. However, the board did not document these reasons at the time the actions were taken.

OMB Circular A-102, Common Rule, requires local governments to follow applicable procurement laws. Section 50.660, RSMo, requires the advertisement for bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of 90 days. For engineering services, sections 8.289 and 8.291, RSMo, provide guidance on obtaining, evaluating, and negotiating for such services. These rules require the board to obtain statements of qualifications and performance data from interested firms and consider at least three highly qualified firms. If bids or qualifications cannot be obtained due to sole source or other considerations, the board meeting minutes should reflect the necessitating circumstances to show full compliance with state law. Additionally, documentation should be maintained relating contract addendums to original bid prices and the board should obtain documented approval from DPS for equipment acquired beyond the original grant budget.

Because the board did not obtain documented approval from DPS for the contract additions and the procurement procedures for the contract additions and consulting contract were not adequate, we question the costs for the contract additions and the consulting and engineering services totaling \$303,542.

- B. The board did not ensure the vendors providing services under the grant had not been debarred or suspended by the federal government. Program guidelines and the Common Rule, require entities receiving federal awards to determine that vendors receiving procurement contracts equal to or exceeding \$25,000 and their principals are not suspended or debarred. The board was not aware of this requirement and did not verify the standing of the consulting vendor or project vendor. We consulted the General Service Administration's Excluded Parties List System and determined the vendors were eligible for contracts.

WE RECOMMEND the ACCD 911 Board:

- A. Consult with the grantor agency to resolve the questioned costs and determine if other action is needed. In the future, the board should obtain documented agency approval for additions to the project and maintain detailed documentation of bids and/or requests for qualifications and its reasons for not soliciting bids for contract addendums.
- B. For future grants, establish procedures to ensure vendors are not suspended or debarred.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

- A. *We will consult with the engineer about providing documented approval by DPS and then consult with the grantor agency. In the future, we will maintain better documentation in our minutes of our decisions about bidding. Regarding engineering services, we are aware of only one other engineer who could provide these services. In the future, we will consider soliciting requests for qualifications from other engineers if possible.*
- B. *We agree with the recommendation and will comply with it to the best of our ability in the future.*

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

DEKALB COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2003, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

DEKALB COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2003, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

DEKALB COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of DeKalb County, Missouri, as of and for the years ended December 31, 2005 and 2004, which collectively comprise the county's basic financial statements, and have issued our report thereon dated July 13, 2006. We also have audited the compliance of DeKalb County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 13, 2006.

This Management Advisory Report (MAR) includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of DeKalb County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1.**County Sales Tax**

The county has not sufficiently reduced its property tax revenues by 50 percent of the sales tax revenues as provided in the ballot issue passed by the DeKalb County voters under provisions of Section 67.505 RSMo. Following are calculations used in determining excess property tax revenues collected for the four years ended December 31, 2005:

	Year Ended December 31,							
	2005		2004		2003		2002	
ACTUAL SALES TAX REVENUES	\$612,949		614,766		587,076		538,953	
Required percentage of revenue reduction	X	50%	X	50%	X	50%	X	50%
Required property tax revenue reduction	306,475		307,383		293,538		269,477	
Maximum possible tax revenue reduction *	302,031		281,556		278,633		273,097	
Lesser of required or maximum possible reduction	302,031		281,556		278,633		269,477	
Assessed valuation	101,216,807		93,168,641		92,201,518		90,369,488	
General Revenue Fund tax levy reduction (per \$100 of assessed valuation)	X	.2484	X	.2522	X	.2322	X	.2522
Actual property tax revenue reduction	251,423		234,971		214,092		227,912	
EXCESS PROPERTY TAX REVENUES COLLECTED	50,608		46,584		64,541		41,565	
Excess property tax revenue collections from prior years	103,005		56,421		(8,120)		(49,685)	
NET EXCESS	\$153,613		103,005		56,421		(8,120)	

* based on total assessed valuation and the tax rate ceiling

According to the analysis above, due to increasing sales tax receipts the county should have reduced the property tax levy to zero in 2005, 2004, and 2003. Instead, the county levied property taxes at 5 cents, 5 cents, and 7 cents per \$100 assessed valuation, respectively, in those years.

No rollback calculations have been performed since 2001 and the accumulated excess property tax collections have not been tracked. The County Clerk indicated while she and the County Commission were aware that the tax levy reductions were less than required in

those years, the County Commission believed they could not reduce the levies further due to the poor financial condition of the General Revenue Fund (GRF). They believed a certain level of property tax revenues were needed each year, regardless of the rollback requirements. However, the county did not disclose these considerations in the county commission meeting minutes. In addition, it is unclear how sales tax monies distributed to the city Tax Increment Financing (TIF) district would have been considered in the county's previous rollback calculations. State law does not address the effect of sales tax distributions to city TIF districts on property tax rollback calculations. The county has not had to make significant TIF distributions since 2001.

The decision to disregard statutory requirements and not adequately reduce property tax rates has resulted in an accumulation of approximately \$154,000 of excess property taxes as of December 31, 2005. While the county has reduced property tax rates to zero for 2006, that reduction is likely to only meet the requirements for 2006 sales tax collections and not address the prior excess collections. In addition, the County Commission has no other property tax levies at its disposal that it could reduce to address the excess. As a result, the county has little or no ability to correct these prior excess collections.

WE RECOMMEND the County Commission calculate and track excess property tax collections and continue to reduce the county property tax levy to zero until the prior excess property taxes collected have been corrected. In addition, the county should consult with legal counsel to determine the effect of sales tax distributions to TIF districts on the calculations.

AUDITEE'S RESPONSE

We have reduced the levy to zero and will keep it at zero until the net excess has been recovered, if possible. We could not reduce the levy in previous years because expenditures required of the General Revenue Fund for the elevator prohibited that reduction. We will begin again to calculate the net excess each year.

2. Expenditures

The county does not have adequate procedures regarding the procurement of major purchases. In addition, the county's expenditure review procedures are lax and some purchases were not allowable uses of a restricted fund.

- A. While a review of county minutes and bid files indicated the county bid numerous items, the county did not always solicit bids, or bid documentation was not always retained for various purchases as discussed below.

Neither the county commission minutes nor the expenditure records contained adequate documentation of the county's efforts to compare prices (i.e. phone

contacts, inquiries) or reasons to support selecting other than a low bidder or sole source purchase decisions.

- The county did not maintain bid documentation or contracts for remodeling work at the nursing home performed by one contractor and totaling about \$86,000 during 2003, 2004 and 2005. The project costs were paid from the county's Nursing Home Sales Tax Fund and partially subsidized by the GRF. County officials indicated they had delegated the responsibility for bidding to the operator to which the nursing home was leased. The operator of the nursing home indicated he obtained price quotes from two companies for this remodeling work and, with the county's input, chose the remodeling contractor because of previous experience with the contractor. However, neither the operator nor the county could provide documentation of the various price quotes received. Without bid documentation or a contract, the county cannot ensure the amounts invoiced are proper.
- The county did not document its basis for selecting the high bidder for a courthouse landscaping and sidewalk project and did not document its basis for not bidding the concrete for the project. The county received two bids for construction and the bid totals differed by about \$400. The county indicated they selected the high bidder for the construction because he also proposed to help organize the project and arrange volunteer labor. The county paid this vendor about \$16,000. Also, the county did not solicit bids for the concrete for the project. The county indicated they considered this procurement a sole source purchase because only one vendor was available who could supply the concrete amounts required for the project. The county paid this vendor about \$9,000 in 2005 for concrete for the project. The county did not document the basis for its decisions on these two items.

Section 50.660, RSMo, requires the advertisement for bids on all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days.

Routine use of a competitive procurement process (advertisement for bids, phone solicitations, written requests for proposals, etc.) for major purchases ensures the county has made every effort to receive the best and lowest price and all interested parties are given an equal opportunity to participate in county business. Documentation of the various proposals received, and the county's selection process and criteria, should be retained to demonstrate compliance with the law and support decisions made.

- B. The county's accounts payable process does not provide adequate controls to prevent duplicate payments. Payments are sometimes made based on a statement, rather than original invoice. The county made duplicate payments totaling about \$5,000 for nine concrete deliveries that the vendor included on consecutive statements to the county. Because the county did not compare the statements to each other or to the delivery

invoices, the county paid for the nine deliveries twice. After we brought this to the county's attention, the county contacted the vendor and obtained a refund for the overpayment. To ensure against duplicate payment of bills, payments should be based on original invoices.

- C. The county improperly charged much of its costs for improvements to the courthouse grounds to the Special Road and Bridge Fund (SRBF). In addition, donations to the project that were deposited into the GRF exceeded costs paid from the GRF. The project consisted of improvements to sidewalks, retaining walls, parking lot, and benches during the two years ended December 31, 2005. The county received donations for the project totaling about \$15,000 which were deposited to the GRF and paid about \$5,000 of the project costs from the GRF. All other project costs totaling about \$40,000 were paid from the SRBF. The SRBF derives most of its funding, other than grants restricted to certain projects, from County Aid Road Trust (CART) payments. Article IV, Section 30(a), Missouri Constitution, requires the county use CART monies in its SRBF for road and bridge purposes only. These expenses were not for road and bridge purposes and consequently, the GRF should reimburse the SRBF for these costs.

WE RECOMMEND the County Commission:

- A. Perform a competitive procurement process for all major purchases and maintain documentation of decisions made.
- B. Establish effective expenditure review procedures to prevent duplicate payments.
- C. Ensure expenses of the Special Road and Bridge Fund are for road and bridge purposes and reimburse that fund from the General Revenue Fund for the project costs.

AUDITEE'S RESPONSE

- A. *We agree with the recommendation and will comply with it in the future.*
- B. *We will review expenditures more closely to prevent duplicate payments.*
- C. *We will ensure that future expenditures comply with the law and will develop a plan with the 2007 budget to repay the Special Road and Bridge Fund over a period of a few years with interest.*

3. Ex Officio County Collector's Controls and Procedures

The current and former Ex Officio County Collectors (EOC) did not prepare accurate and timely annual settlements and did not reconcile bank account balances to existing liabilities.

In addition, both EOCs charged a certification fee not allowable by law and some worksheets supporting the calculations of commissions earned for delinquent city tax collections could not be located. The office of EOC and township collectors processed property taxes totaling approximately \$5.8 million and \$5.6 million for the years ended February 28, 2006 and 2005, respectively. The former EOC retired and the current EOC was elected and took office on April 1, 2005.

A. Problems were noted with the EOCs' annual settlements and with the county's review of the EOCs' transactions.

1. The EOC does not always file annual settlements with the County Commission on a timely basis. The former EOC filed the annual settlement for the year ended February 28, 2004 on March 16, 2005. The current EOC filed the annual settlement for the year ended February 28, 2006 as of May 31, 2006 and filed an amended settlement on June 19, 2006. To help ensure the validity of tax book charges, collections, and credits, and for the County Clerk and County Commission to properly verify these amounts, it is imperative the EOC file annual settlements on a timely basis. Section 139.160, RSMo, requires the EOC to settle accounts with the County Commission by the first Monday in March.
2. The EOCs' annual settlements contained errors in amounts reported. For example, for the year ended February 28, 2005, total collections were overstated by about \$62,000 because interest on taxes were reported twice causing total collections to exceed total distributions on the annual settlement. Also, total distributions exceeded total collections by about \$89,000 for the year ended February 28, 2004. In addition, for the year ended February 28, 2006, total collections and distributions were understated by about \$25,000 on the EOC's original annual settlement primarily because delinquent city taxes collected by the EOC and penalties collected by the township collectors were omitted from the settlement. The EOC revised this settlement after we brought these omissions to her attention. The County Clerk maintains an account book with the EOC and she reviews the settlement and compares amounts to the account book. However, her review did not detect the misstated collections. Incomplete and/or inaccurate annual settlement information reduces the effectiveness of the settlement as a mechanism for accounting for all property tax monies.

B. The former and current EOCs did not reconcile the bank account balances to existing liabilities. The current EOC began preparing reconciliations of her account balance to liabilities beginning with the March 30, 2006, reconciliation after we explained the procedure to her. An account used by the former EOC currently has an unidentified balance totaling about \$14,000.

Adequate reconciliations between liabilities and cash balances are necessary to ensure the balances in the bank account are properly identified and monies are

sufficient to meet liabilities. Amounts which cannot be identified should be disposed of in accordance with applicable state laws.

A similar condition was noted in prior reports.

- C. The EOC assesses a \$5 certification fee for which there is no apparent statutory authority. The fee is charged when personal property taxes are added after the tax books have been printed and distributed to the township collectors. Approximately \$2,000 is assessed and collected annually which is distributed to the General Revenue Fund. This certification fee was established by order of the County Commission; however, there appears to be no statutory authority to collect this fee.

This condition was noted in prior reports.

- D. Some worksheets supporting the calculation of commissions earned by the former EOC for delinquent city tax collections could not be located. The former EOC paid herself about \$4,860 from her official account in March 2005 for commissions earned on delinquent city tax collections from 1998 through February 2005. Worksheets detailing the commissions earned for the years ended February 28, 2005, 2002, and 1999, could not be located. As a result, the propriety of the amount paid to the former EOC cannot be verified. Since worksheets were not found for the years noted above, we estimated the amount of commissions earned for those years based on the reported city tax collections and the contracted commission rate. Using these estimates and the amounts from the worksheets for the other years, the commissions earned for the seven year period totaled about \$3,290. Consequently, it appears the former EOC may have received excess commissions totaling about \$1,570. Worksheets detailing the commissions earned on delinquent city taxes should be maintained to support the commissions paid to the EOC. The EOC and County Commission should review available information and consider if repayment should be pursued.

WE RECOMMEND the Ex Officio County Collector:

- A. Prepare accurate and timely annual settlements. In addition, the County Commission should adequately review the settlements to ensure all transactions are properly stated.
- B. Reconcile the amounts in the bank account to related liabilities on a monthly basis and disburse the unidentified amounts in the old account in accordance with state law.
- C. Discontinue assessing the \$5 certification fee. In addition, the County Commission should rescind its order to collect this fee unless specific statutory authority is found.
- D. Ensure that all worksheets supporting commissions earned on delinquent city tax collections are maintained. Additionally, the EOC and County Commission should review the information and consider if repayment should be pursued.

AUDITEE'S RESPONSE

The current EOC provided the following responses:

- A. Accurate annual settlements will be completed in the month of March.*
- B. The recommendation of the auditors was initiated in March 2006.*
- C. The commissioners have chosen to continue assessing the fee.*
- D. The commissions will be reviewed by the Collector and the commissioners.*

The County Commission provided the following responses:

- A. We agree and will comply with the recommendation.*
- C. We think the fee is reasonable and necessary to cover county expenses for processing the late additions.*
- D. We will take this under advisement and talk to our legal counsel.*

The former EOC provided the following response:

- D. I did maintain worksheets on all the years in question to support the commissions earned. Apparently, these worksheets were misplaced during the transition in officeholders. The commissions taken were entirely earned.*

4. Circuit Clerk's Accounting Controls and Procedures

The Circuit Clerk's procedures related to criminal cost billings are not adequate and the Circuit Clerk did not reconcile cash and open items, or timely distribute amounts on open cases. Receipts of the Circuit Clerk's Office totaled about \$174,000 and \$156,000 during the years ended December 31, 2005 and 2004.

- A. The Circuit Clerk does not adequately monitor the cases in which the individual has been sentenced to prison to ensure the state is billed for board bills and court costs within two years of the date of judgment or sentencing. Generally, the Circuit Clerk submits reimbursement requests monthly, however reimbursement requests were not submitted on several cases. In January 2006, the Sheriff's Office prepared a listing of cases on which no state reimbursement had been received. Based on the listing, it appears the two year filing time period has expired and reimbursements are no longer available for about six cases since 2002 with unreimbursed board bills totaling \$7,440. The Circuit Clerk indicated he had some difficulty monitoring cases that were pending reimbursement at least partly because some of the defendants were

incarcerated in the county jail for more than one period of time and a state billing had been prepared on the initial incarceration but not on subsequent incarcerations.

Section 221.105, RSMo, allows for the reimbursement of certain costs in criminal cases where the state has been rendered liable. The Sheriff is to certify the number of incarceration days and the Circuit Clerk is responsible for preparing and submitting cost bills to the state for reimbursement. Section 33.120, RSMo, requires all such billings to be submitted to the state's Office of Administration within two years of the date of judgment or sentence. Failure to ensure criminal cost billings are submitted in a timely manner affects the county's cash flow and may result in lost revenue to the county.

A similar condition was noted in our prior report.

- B. The Circuit Clerk did not reconcile open items listings to the cash balance, or disburse open items in a timely manner. During the two years ended December 31, 2005, the Circuit Clerk prepared manual open items listings monthly but was unable to reconcile the total open item balances to the cash balances. The differences between the total open items balance and cash balance fluctuated significantly from month to month. Also, the Circuit Clerk had not always timely disbursed amounts collected on open cases. The open items listing as of December 31, 2005, contained about 90 cases filed before 2004 with open balances totaling about \$34,000. In January 2006, the Office of State Courts Administrator installed the Judicial Information System (JIS) in the Circuit Clerk's office and assisted the office in paying out many of the old open items and transferring many of the other open cases to the JIS system and bank account. For cases on the JIS, the total open items and cash balance are reconciled monthly and fees collected on open cases are disbursed monthly. The Circuit Clerk was unable to transfer many of the old open cases to the JIS. The Circuit Clerk is currently working to identify and distribute the balances on these old cases. As of March 31, 2006, the non-JIS open items listing contained about 93 cases totaling about \$7,600 and the non-JIS cash balance totaled about \$7,000.

The Circuit Clerk should continue to correct the old open items listing and disburse the monies to applicable parties. Any monies remaining unidentified should be disposed of in accordance with state law.

WE RECOMMEND the Circuit Clerk:

- A. Establish and implement procedures to track reimbursable board of prisoner costs and submit applicable reimbursement claims to the state in a timely manner.
- B. Continue to reconcile and identify discrepancies between the cash balance of the old account and open items and distribute the open balances on the old cases.

AUDITEE'S RESPONSE

A&B. I agree with the recommendations and will try to implement each one. Also, I will discuss the recommendations with the newly-elected Circuit Clerk.

5. Sheriff's Accounting Controls and Procedures

The Sheriff's Office has not promptly recorded collections for civil fees and mileage, deposited receipts timely, or adequately segregated financial duties. Receipts of the Sheriff's Office totaled about \$460,000 and \$390,000 for the years ended December 31, 2005 and 2004.

- A. The Sheriff's Office receipts payments collected for fees and mileage for civil process services after the documents are served, instead of when the payments are received. The Sheriff's Office often receives prepayment for these services and holds each payment until one of the deputies serves the related document to avoid writing refund checks for those documents that cannot be served. The Sheriff's bookkeeper indicated that only occasionally is it necessary to actually return the prepayment. We counted the undeposited collections of the Sheriff's Office on February 27, 2006 and noted 24 checks totaling about \$782 on hand for civil fees and mileage that had not been recorded. These checks were dated from 4 to 53 days prior to the day of our count. These payments were recorded in the receipt ledger on subsequent dates ranging from one to three days after our count. The collections of the Sheriff's Office for civil fees and mileage totaled about \$34,000 for the two years ended December 31, 2005.

All monies received should be receipted immediately in the accounting records to adequately safeguard the monies and reduce the risk of fraud or theft. If service is not performed for prepaid documents, refund checks should be issued by the Sheriff's Office.

- B. Monies received are not always deposited timely. While money is collected on most business days, we noted only three to five deposits during each of four months reviewed, which sometimes resulted in significant collections being held several days before deposit. For example, during January 2005, one deposit totaling \$4,805 contained payments totaling about \$4,538 that were held eight days before deposit and another deposit totaling \$2,858 (including \$2,400 in cash) whose receipts were held six days before deposit.

Receipts should be deposited timely to reduce the risk of theft or misuse. Deposits should be more frequent if significant amounts of cash are collected.

- C. Cash custody and recordkeeping duties have not been adequately segregated and the supervisory reviews of financial records are not adequate. The Sheriff's bookkeeper records most receipts, makes bank deposits, prepares bank reconciliations and prepares and signs checks. The Sheriff indicated he occasionally records receipts

and writes checks and responds to questions from the bookkeeper about accounting issues, however he does not routinely review the financial records.

Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

WE RECOMMEND the Sheriff:

- A. Ensure civil process fees and mileage are receipted in the accounting records immediately upon collection.
- B. Deposit all monies received on a timely basis.
- C. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.

AUDITEE'S RESPONSE

- A. *We have already begun recording these items in the receipt ledger upon receipt.*
- B. *I will try to implement this recommendation within 30 days.*
- C. *I agree and will try to implement this recommendation within 30 days.*

6. Prosecuting Attorney's Controls and Procedures

The Prosecuting Attorney's office does not have an adequate system to account for the receipt and eventual disposition of bad checks. In addition, pre-numbered receipt slips are not issued for monies received; monies received for bad check fees are not always deposited in a timely manner; and documentation is not obtained from merchants indicating their receipt of the restitution.

The Prosecuting Attorney's Office collects bad check related restitution and fees and court-ordered restitution. Restitution monies are remitted directly to the merchants and fees are deposited into an account maintained by the Prosecuting Attorney's Office and remitted to the County Treasurer monthly.

- A. The Prosecuting Attorney's office does not have an adequate system to account for the receipt and eventual disposition of bad checks. Currently, DeKalb County merchants complete an unnumbered complaint form when turning the bad check over to the Prosecuting Attorney for collection. Information from the complaint form is entered into the computer file, and the complaint form and information regarding the

handling of each case is maintained in a file drawer until payment is received or charges are filed. No identifying or tracking numbers are assigned to the complaint forms or bad checks, and the bad check data file is not maintained in a manner that allows all bad check complaint forms and bad checks to be accounted for. Also, without some numbering or tracking procedure, there is no assurance all bad check information is entered into the computer file.

To ensure all bad checks turned over to the Prosecuting Attorney are handled and accounted for properly, a sequential number should be assigned to each bad check complaint form or bad check received and this number should be used to track the status and disposition of the corresponding bad check.

- B. Pre-numbered receipt slips are not issued for monies received. Collections in the form of checks or money orders for bad check restitution and the related fees are recorded on the computerized case files and an unnumbered receipt is printed and filed in the case files. Unnumbered receipts for court-ordered restitution are printed from a separate system and filed in the case files. Additionally, the receipts are not reconciled to bank deposits or transmittals to merchants and daily or monthly reports of amounts received are not produced. One money order for bad check fees was on hand June 29, 2006, that had been receipted on June 9, 2006, and inadvertently omitted from the previous bank deposits.

To adequately account for all receipts, pre-numbered receipt slips should be issued for all monies received, and the numerical sequence accounted for properly. In addition, to ensure all monies are deposited or transmitted to the proper party, the receipt slips should be reconciled to the bank deposits or transmittals to the merchants and reports of amounts received.

- C. Monies received for bad check fees are not always deposited in a timely manner. These monies are normally collected each business day, but deposits are normally made only about three times per month. As indicated above, a count of monies on hand on June 29, 2006 included a money order for bad check fees that had been receipted on June 9, 2006.

Receipts should be deposited timely to reduce the risk of theft or misuse.

- D. The Prosecuting Attorney does not obtain documentation from the merchant indicating their receipt of the restitution. To reduce the risk of loss, theft or misuse of funds, the Prosecuting Attorney should obtain documentation for all restitution monies forwarded to merchants or should issue the payments by official check after depositing restitution monies in an official bank account.

WE RECOMMEND the Prosecuting Attorney:

- A. Develop procedures and records that provide sufficient information to track the disposition of all bad check complaints.

- B. Require pre-numbered receipt slips be issued for all monies received and the numerical sequence of those receipt slips be accounted for properly. In addition, the receipt slips should be reconciled to bank deposits and transmittals to the merchants and reports of amounts received.
- C. Deposit monies received for bad check fees on a timely basis.
- D. Obtain documentation from the vendor when the restitution is turned over to them or issue restitution payments to vendors by official check.

AUDITEE'S RESPONSE

A, B

&D. A wise woman (namely, my mother) once told me if it is not broken, then do not fix it. This is at least the second time your office has criticized the way my team and I handle the bad check collections, and I must again state I believe any system is adequate. Furthermore, the procedures my bad check team follows are commonly utilized among other prosecuting attorney offices around the state. In sum, all bad checks turned over to this office are handled and accounted for properly.

C. As you correctly noted, this situation involved a fee due this office, and not restitution due a merchant. (I wish to emphasize you are referring to a money order made payable to "Prosecuting Attorney" and not cash because my bad check team is not allowed to receive cash payments.) I believe this was an isolated incident, the sum involved was relatively small, and no real risk of theft or misuse presents itself under these facts.

7.

Multi-County (ACCD) 911 Board

The board has accumulated a large cash balance with no documented plans for its use; has not solicited bids or performed other price comparison procedures for some major purchases; and has not executed contracts with the counties and city for dispatching and 911 coordination services. In addition, the financial records of the board are not properly reconciled and procedures for review, approval, and processing of expenditures should be improved.

The ACCD 911 system was formed in 1992 by the counties of Andrew, Caldwell, Clinton, and DeKalb and the City of Cameron. A nine member governing board is comprised of two representatives from each county (mostly county commissioners) and one representative from the city. The DeKalb County Treasurer, County Clerk, and deputy County Clerk maintain the financial records for the board. While the main 911 equipment is located in the City of Cameron, the majority of the 911 operations are decentralized in each county. Each county is responsible for providing dispatching and coordination services. Operations are funded by an emergency telephone tax authorized by Section 190.305 RSMo and tax revenues for 2005 and 2004 totaled approximately \$498,000 and \$480,000, respectively.

- A. The cash balance in the Multi-County (ACCD) 911 Fund at December 31, 2005, was \$644,564, approximately equal to the total expected operating disbursements for 2006. In addition, the 2006 budget reflects an anticipated ending cash balance of approximately \$737,000. Most of the expected 2006 increase in the cash balance is due to reimbursements in 2006 of 2005 expenditures on the Homeland Security Grant totaling about \$206,000. The board chairman indicated the board desires to maintain cash reserves sufficient to make equipment upgrades as needed in the future and continue operations in the event of decreases in telephone tax collections. However, the board has not documented these intentions or established a cash reserve target amount. Also, the additional equipment needs of the board are not clear from the 2006 budget and the board's recent upgrades. The board expended about \$680,000 in federal grant receipts for equipment during the two years ended December 31, 2005, based on recommendations for upgrades from its consultant. Even after making these improvements, the board's budget for 2006 includes \$50,000 for additional equipment, however the detail of this additional equipment is not identified in the budget. The board also budgeted \$50,000 in this category in 2005 but had no expenditures charged to this budget item that year. It appears that the recent grant may have addressed the board's significant equipment needs for several years.

Accumulating an excessive cash balance with no specific long-term plans for the use of the monies puts an unnecessary burden on taxpayers. The ACCD 911 Board should consider reducing the telephone tax rate if monies are not needed. Additionally, the board should establish a cash reserve target or document future plans for the monies. Any plans for additional equipment upgrades should be specifically detailed in the budget.

This condition was also noted in our prior audit report.

- B. The board did not solicit bids or perform other price comparison procedures for some major purchases and did not solicit requests for qualifications from engineering firms. In addition, neither the board minutes nor the expenditure records contained adequate documentation of the board's efforts to compare prices (i.e. phone contacts, inquiries) or reasons to support sole source purchase decisions.

The board purchased 22 flat screen monitors totaling about \$19,000 without soliciting bids. The board chairman indicated no other vendor was available to provide monitors compatible with the existing equipment, but these reasons were not documented. Additionally, the board has not solicited proposals or requests for qualifications for the services provided by its consulting engineer, including consulting services, software maintenance, updating maps, and other services. Board expenditures to this vendor under the various contracts with the board totaled about \$91,000, not including an additional \$68,000 related to a federal grant discussed in finding 05-2, during the two years ended December 31, 2005. The board chairman indicated to us that the board has not considered soliciting requests for qualifications

from other firms for these services because the engineer has consulted with the board for many years and understands the board's 911 system well. The chairman also indicated the board was aware of no other vendor who could provide these services. However, the board did not document these reasons.

Section 50.660, RSMo, requires the advertisement for bids on all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days. For engineering services, sections 8.289 and 8.291, RSMo, provide guidance on obtaining, evaluating, and negotiating for such services. These rules require the board to annually obtain statements of qualifications and performance data from interested firms and consider at least three highly qualified firms.

Routine use of a competitive procurement process (advertisement for bids, phone solicitations, written requests for proposals, requests for qualifications, etc.) for major purchases ensures the board has made every effort to receive the best and lowest price and all interested parties are given an equal opportunity to participate in board business. Documentation of the various proposals received, and the board's selection process and criteria, should be retained to demonstrate compliance with the law and support decisions made.

- C. The board has not executed contracts with the counties and city for dispatching and 911 coordination services nor has it considered costs of the entities for non-emergency dispatching and non-911 duties of the coordinators in determining the subsidy amounts. The board annually provides \$10,000 to each county and city to employ a 911 coordinator and \$25,000 to each county and city for employing dispatchers. The board provides the funding to the counties and city upon receiving requests for the funding from the entities. The counties and city submit a copy of their budget with their requests.

Section 432.070, RSMo, requires contracts of political subdivisions to be in writing. Written contracts, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Also, the board should obtain more detailed cost information from the entities to evaluate the equity and reasonableness of subsidies provided.

- D. The financial records of the board were not properly reconciled. As a result, errors in the board's budgets and accounting records went undetected. The DeKalb County Treasurer maintains and reconciles the board's bank account and the DeKalb County Clerk prepares the accounting records, budgets, and financial reports for the board. Cash balances reported by the County Clerk on the board's budgets differed from the County Treasurer's reconciled bank balances at December 31, 2005. The County Clerk researched the differences and identified and corrected errors in the receipts reported on the budgets for 2005 and 2004 and accounting records for 2004 and modified the December 31, 2005 and 2004, cash balances reported on the budget.

After making these changes, the accounting records and budget are in agreement but the cash balance reported in the budgets differs from the reconciled bank balance as follows:

	December 31,	
	2005	2004
Reconciled bank balance	\$636,000	\$747,877
Balance per budget	\$644,564	\$737,510
Reconciled bank over (under) budget	\$(8,564)	\$10,367

To provide an effective check-and-balance system, increase the likelihood of timely detection of errors and omissions, and improve financial reporting, the County Treasurer and County Clerk should reconcile their records monthly and resolve any discrepancies. Had the County Treasurer and County Clerk performed such reconciliations, errors could have been detected and corrected.

- E. Disbursement procedures are not adequate. Invoices are generally reviewed and approved by the DeKalb County Clerk, checks are prepared by the DeKalb County Treasurer based on the approved invoices, and checks are signed by the DeKalb County Clerk and deputy County Clerk. None of these officials are members of the board. At each board meeting (normally held every month or so), the board reviews a listing of all checks issued since the last meeting but the listing does not include the check numbers and the listing is not filed with the official board minutes. Several checks were signed only by the DeKalb County Clerk when two signatures are required. Additionally, the board does not review invoices for routine expenditures and several invoices had not been marked as paid. To ensure expenditures are valid and proper, the board should require all invoices be marked as paid and checks contain the required signatures. The board should also ensure check numbers are included on the payment listing, review the invoices for routine expenditures included on the payment listing, and file the listing with the official board meeting minutes.

A similar condition was noted in our prior audit report.

WE RECOMMEND the Multi-County (ACCD) 911 Board:

- A. Develop and document a specific long-term plan for the use of the excessive cash balance and/or consider reducing the telephone tax rate.
- B. Perform a competitive procurement process for all major purchases, solicit requests for qualifications for engineering services, and maintain documentation of decisions made.
- C. Develop written contracts with the counties and city for 911 coordination and dispatching services. Additionally, the board should obtain detailed cost information from the entities and use the costs to evaluate the equity and reasonableness of subsidy amounts.

- D. Ensure the financial records are reconciled monthly and any discrepancies promptly resolved.
- E. Ensure invoices are marked as paid, checks contain the required signatures, and check numbers are listed on the report to the board. Additionally, the board should review all invoices and file the listing of paid bills with the board minutes.

AUDITEE'S RESPONSE

- A. *In the future, we will better document our plans in the budget message.*
- B. *In the future, we will maintain better documentation of our decisions in the minutes. Regarding engineering services, we are aware of only one other engineer who could provide these services. In the future, we will consider soliciting requests for qualifications from other engineers, if possible.*
- C. *We will execute contracts with the counties and city beginning January 1, 2007. The contracts will require the coordinators submit timesheets to the board and the dispatchers receive the required training before the counties and cities can receive the funding from the board. We feel each entity is receiving fair compensation and we have no current plans to reconsider the funding amounts.*
- D. *The errors have been corrected and monthly reconciliations are now prepared and working properly.*
- E. *We will implement this recommendation immediately.*

8.	Daviess-DeKalb Regional Jail District
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The district's 2006 budget did not adequately disclose the jail district commission's current and long range plans and the jail district commission has not received budget to actual comparative reports. In addition, duties are not adequately segregated and the supervisory reviews of financial records are not adequate, bank reconciliations on the operating account are not current, and the commissary account reconciliations are not adequately documented. Also, receipt slips are not issued for some monies received and some collections are not immediately recorded in the accounting records.

In May 2005 the counties of DeKalb and Daviess formed a regional jail district to construct or acquire and operate jail facilities for the two counties. At the time, DeKalb County operated a county jail with a capacity of about 10 beds and housed most of its prisoners via contract with a private jail facility in Daviess County. As required by Section 221.405 RSMo, the jail district is governed by a commission comprised of the presiding commissioner and sheriff from both DeKalb and Daviess counties. The jail district commission began studying various alternatives, including constructing a facility or

purchasing an existing facility. In November 2005, the district voters approved a one-half cent sales tax to provide regional jail services and court facilities and equipment for the two counties. Also in November 2005, the commissioners contracted to acquire the 270 bed private jail facility in Daviess County for \$3.5 million. The district financed the acquisition with revenue bonds that require repayment over 10 years. The district hired a jail administrator in January 2006 who then hired (or retained) staff for the district jail. On February 15, 2006, the district assumed operations at the jail facility. DeKalb County closed its jail and moved all its remaining prisoners to the district jail facility.

The capacity of the district jail facility exceeds the current needs of DeKalb and Daviess counties. The jail district commission intends to house the prisoners of DeKalb and Daviess counties, which ranged between 60 and 80 prisoners in total, and also continue housing prisoners of other counties and jurisdictions. The commission expects to generate revenues from housing prisoners for other entities sufficient to offset the jail operating costs and to dedicate the sales tax proceeds for principal and interest payments on the bonds. DeKalb and Daviess counties have agreed to provide funding equally to the jail district if the jail district experiences net operating losses.

The administrator has been developing policies and procedures governing the operations of the district jail facility. Since the regional jail has only been in operation for a few months, we visited the facility and reviewed various controls and procedures.

A. The district's budget does not adequately disclose the commission's current and long-range plans and the commission does not review budget to actual comparative reports. The administrator developed a budget for 2006 that was approved by the commissioners on April 28, 2006. The budget reflects expected revenues from the sales tax, billings to other jurisdictions and commissary sales totaling about \$2.3 million. Budgeted expenses for operations and making the first required interest payment totaled about \$1.8 million. The budgeted revenues are expected to exceed expenses in 2006 by about \$460,000.

1. The budget does not adequately disclose the commission's current and long-range plans.

- While the jail district commission expressed an intent to dedicate the sales tax proceeds for repayment of principal and interest on the revenue bonds, the budget does not clearly reflect this intention. Sales tax receipts for 2006 were simply budgeted as part of ordinary income, resulting in a budgeted profit at year-end of approximately \$460,000.

The sales tax revenues and principal and interest repayments should be reported separately on the budget to reflect the commission's intent to dedicate these revenues to repayment of principal and interest. Additionally, establishing an adequate reserve for payment of the

principal and interest due should be considered in the budget analysis.

- The commission has made no decisions about the court facilities and equipment authorized in the ballot. The commission should determine its intentions about the court facilities and equipment and document these plans as part of its budget.

2. The jail district commission has not received budget to actual comparison reports. The commission reviews monthly reports detailing operating expenses and amounts invoiced to other jurisdictions but does not compare these actual revenues and expenses to budgeted amounts. The number of inmates housed at the jail has varied considerably during the first four months of operation.

To be of maximum assistance to the district and to adequately inform citizens of the district's operations and financial position, the budget document should provide a clear indication of the district's plans. Plans for the sales tax revenues, interest and principal repayments, and long-range plans for court facilities should be noted in the budget message. Because the district is new, it will be necessary for the commission to ensure the budget is realistic and to review monthly reports of budgeted and actual revenues and expenses to properly monitor its financial condition and ensure the operation remains solvent and can meet its obligations.

- B. Duties are not adequately segregated and supervisory reviews of financial records are not adequate.

- For operating receipts and disbursements, the office assistant is responsible for generating billings; receiving, recording, and depositing payments; preparing checks; and reconciling the bank accounts.
- For commissary activities, the commissary clerk is responsible for receiving, depositing, and posting payments received on inmates accounts; maintaining inventories; debiting sales to inmate accounts; reconciling the commissary bank account; and producing checks disbursing inmate balances upon release.

Involvement and oversight in these activities by the administrator and commission is generally limited to signing checks and reviewing monthly financial reports. Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- C. Bank reconciliations on the operating account are not current and the commissary account reconciliations are not adequately documented. As of June 29, 2006, the

office assistant had last reconciled the operating account through April 30, 2006. Also, the commissary clerk indicated she reconciles the commissary bank account on the computerized commissary accounting system but retains no reports detailing the reconciling items or the composition of the account balance. We asked her to provide these reports to us and she was unable to produce them.

Monthly bank reconciliations are necessary to ensure bank activity and accounting records are in agreement, to detect and correct errors timely, and to allow old outstanding checks to be resolved more timely. In addition, reconciling the commissary account balance to inmate balances and commissary sales is necessary to ensure underlying records are in balance and that sufficient cash is available to pay all liabilities.

D. Receipt slips are not issued for some monies received and some collections are not immediately recorded in the accounting records.

- Receipt slips are not issued for operating receipts for housing prisoners and these collections are not recorded immediately upon receipt. The office assistant indicated she posts the collections to the general ledger and accounts receivable as time permits and ensures the posting are current by month-end. One payment totaling about \$172,000 on hand June 29, 2006, had not been posted to the general ledger or accounts receivable and not prepared for deposit. Consequently, the district had no written record of the collection. The office assistant indicated the payment was received on the previous day.
- Receipt slips for payments on inmate accounts and bonds are only issued for payments made in person. Payments received through the mail are recorded separately in a chronological log of those collections.

Without issuing receipt slips for all collections immediately upon receipt, the district cannot ensure all monies collected are ultimately recorded and deposited.

WE RECOMMEND the Daviess-DeKalb Regional Jail District Commission:

- A. More clearly disclose current and long-term plans in the budget document and review budget to actual comparison reports on a monthly basis.
- B. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- C. Ensure bank reconciliations are prepared on a monthly basis for each account.
- D. Require prenumbered receipt slips be issued immediately upon receipt for all monies received and the numerical sequence of those receipt slips be accounted for properly.

AUDITEE'S RESPONSE

- A. *The actual money due on March 1, 2007 is \$86,682. The actual money due on September 1, 2007 is \$426,682. The current cash balance as of November 20, 2006 is \$347,965. The board has projected incomes of around \$60,000 per month from using the prior nine months of income data. We should have more than enough income to pay our bonds.*

We have now segregated the sales tax activity in to an account of its own in our system to show that the commission's intent is to pay off the bonds with tax dollars and to also reflect this in our budget.

- B. *We have now addressed segregated accounting duties by additional staffing.*
- C. *We have now corrected the problem of ensuring bank reconciliations being done on a monthly basis.*
- D. *We have now taken care of the problem by issuing a receipt for all monies received.*

Follow-Up on Prior Audit Findings

DEKALB COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by DeKalb County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2001.

Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Financial Condition

The financial condition of the county's General Revenue Fund was poor and had been declining for several years.

Recommendation:

The County Commission consider various alternatives of increasing receipts and/or reducing disbursements to improve the financial condition of the General Revenue Fund and to maintain an adequate operating cash reserve.

Status:

Partially implemented. The year-end cash balance of the General Revenue Fund has increased every year since 2002, with an ending balance of approximately \$159,000 at December 31, 2005. The cash balance has improved because of several factors, including increased sales tax receipts. The creation of a regional jail district in 2006 will likely further reduce General Revenue Fund disbursements for prisoner housing. However as noted in MAR finding number 1, the county will have to consider a reduced property tax levy to adequately roll back the General Revenue Fund property taxes for sales taxes collected, including about \$150,000 in prior overcollections. Also, as noted in MAR finding number 2, the county improperly charged courthouse beautification project costs to the Special Road and Bridge Fund and, as a result, about \$40,000 may be due from the General Revenue Fund to the Special Road and Bridge Fund. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Procurement Policies and Expenditures

- A. The County Commission's decision not to re-bid the construction of a courthouse elevator and/or re-apply for grant funding when the initial contractor was unable to perform on his bid may have resulted in significant additional costs to the county.
- B. Bids were not advertised or solicited, or adequate bid documentation was not maintained for various purchases.

- C. The County Commission did not adequately monitor the expenditure of monies provided to the University Extension Council.

Recommendations:

The County Commission:

- A. In the future, solicit new bids for major projects when the accepted bidder cannot complete the project. If the project involves grant reimbursements to cover the cost of the project, the County Commission should also consider re-applying for a new grant agreement prior to incurring significant additional costs.
- B. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.
- C. Monitor the expenditure of county monies by requiring the University Extension Council to submit monthly and annual financial reports as required by state law.

Status:

- A. The county had no similar situations during the current audit period.
- B. Partially implemented. While the County Commission solicited bids for many of its major purchases like road rock, steel, and bridge construction, there were instances where the county did not follow proper bidding procedures or retain adequate documentation. See MAR finding number 2.
- C. Implemented.

3. Budgetary Practices

- A. Actual disbursements exceeded budgeted amounts in various funds due to inadequate monitoring.
- B. The county's budgets contained several misclassifications of actual receipts and disbursements.

Recommendations:

The County Commission:

- A. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended with the State Auditor's office.
- B. Ensure that budget documents contain complete and accurate information about the county's finances, including more accurate classifications of actual receipts and disbursements.

Status:

- A. Partially implemented. The County Commission reviews quarterly reports comparing budget to actual data for all budgeted funds and discusses variances with county officials as necessary. Expenditures from the General Revenue Fund exceeded the budgeted amounts in 2004 by about \$33,000 primarily because the county decided at year-end to transfer \$31,000 from the General Revenue Fund to the Nursing Home Sales Tax Fund to help cover nursing home remodeling costs. This transfer was not budgeted. Total expenditures also exceeded the budgeted amount by small amounts in several other funds during the audit period. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Not implemented. Some revenue and expenditure items were misclassified on the county's budgets. However, the items were classified consistently in the budgets from year-to-year. Although not repeated in the current MAR, our recommendation remains as stated above.

4. Associate County Commissioners' Salaries

The Associate County Commissioners were each given salary increases totaling about \$18,000 that were not allowable based on a Missouri Supreme Court decision.

Recommendation:

The County Commission review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

Status:

Not implemented. The County Commission decided to not require repayment of the salary overpayments. The County Prosecuting Attorney indicated the county's decision cannot be reconsidered because the statute of limitations has expired and therefore recovery of the overpayments is no longer possible.

5. Assessment Fund

The county did not bill various cities that collected their own property taxes for their share of assessment costs.

Recommendation:

The County Commission ensure the cities are billed for their share of assessment costs in accordance with state law.

Status:

Implemented.

6. Ex Officio County Collector's Controls and Procedures

- A. The annual settlements prepared by the Ex Officio County Collector contained errors in amounts reported. The County Clerk then certified the erroneous settlements.
- B. The Ex Officio County Collector did not reconcile the bank account balance to existing liabilities.
- C. The Ex Officio County Collector assessed a \$5 certification fee for adding personal property tax charges after the tax books had already been printed. There appeared to be no statutory authority to collect this fee.
- D. Several old outstanding checks were not followed up on or disposed of properly.

Recommendations:

The Ex Officio Collector:

- A. Prepare complete and accurate annual settlements and the County Clerk should ensure the account book is properly reconciled to the annual settlement. In addition, the County Commission should properly review the settlement to ensure collections and distributions are in agreement.
- B. Reconcile the amounts in her bank account to related liabilities and other reconciling items on a monthly basis and determine the disposition of the remaining unidentified amounts in the bank account.
- C. Discontinue assessing the \$5 certification fee. In addition, the County Commission should rescind its order to collect this fee.
- D. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.

Status:

A, B&

C. Not implemented. See MAR finding number 3.

D. Implemented.

7. Circuit Clerk's Controls and Procedures

- A. The Circuit Clerk did not maintain a listing of accrued costs owed to the court and did not have procedures to consistently pursue the collection of accrued costs. In addition, the Circuit Clerk did not usually disburse partial payments collected on old cases where collection of the full amount was considered remote.
- B. There was no system in place to ensure monies on resolved cases were disbursed in a timely manner.
- C. The Circuit Clerk did not prepare state board bill reimbursement requests timely and did not have an adequate system in place to track applicable costs, resulting in some reimbursements being lost because the costs were not claimed before the filing period expired.

Recommendations:

The Circuit Clerk:

- A. Maintain a complete and accurate listing of accrued costs and adopt procedures for pursuing collection of accrued costs. If collection of such costs cannot be made, partial payments received should be distributed on a pro-rata basis, after obtaining a court order from the Circuit Judge.
- B. Establish and implement procedures to ensure monies are disbursed in a timely manner on cases that have been resolved.
- C. Establish and implement procedures to track reimbursable board of prisoner costs and submit applicable reimbursement claims to the state in a timely manner.

Status:

- A. Partially implemented. The Circuit Clerk does not maintain a complete listing of accrued costs owed to the court, but these cases are filed separately and the Circuit Clerk generally sends annual billings on the cases. In January 2006, the Circuit Clerk's office installed the Judicial Information System (JIS) and has begun receiving collections on accrued costs from tax intercepts on cases recorded on the JIS.

However, the Circuit Clerk still maintains some old cases outside the JIS with balances that have not been distributed. See MAR finding number 4.

- B. Partially implemented. The Circuit Clerk's office made payouts on many cases in January 2006 as it transitioned to the newly installed JIS and, under the JIS, disbursements on partial payments and resolved cases are made monthly. The Circuit Clerk still maintains balances on some cases in an old account outside the JIS that are pending distribution. See MAR finding number 4.
- C. Partially implemented. The Circuit Clerk generally submits monthly reimbursement claims to the state. However, the Circuit Clerk did not remit reimbursement claims to the state on several cases. See MAR finding number 4.

8. Associate Circuit Division's Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. Receipt slips were not always prepared immediately upon receipt nor related monies subsequently deposited on a timely basis.

Recommendations:

The Associate Circuit Judge:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Ensure receipt slips are issued immediately upon receipt and monies are deposited in a timely manner.

Status:

A&B. Implemented.

9. Multi-County (ACCD) 911 Board

- A. The board did not maintain adequate documentation to support 911 mapping expenditures incurred by the member counties, and it appeared each county received 911 revenues which exceeded applicable mapping expenditures.
- B. Tax revenues from the telephone companies were paid to each of the member counties and then transmitted to the 911 board, rather than being paid directly to the board, making it difficult for the board to monitor amounts collected and received.

- C. The approved budgets did not adequately project anticipated expenditures of the ACCD Fund, with the budgets significantly overestimating expenditures.
- D. Expenditures were not reviewed and approved by the board prior to payment and policies were not adequate to prevent duplicate payments or to ensure invoices were mathematically accurate, resulting in several duplicate or overpayments.
- E. The board did not adequately track training of dispatchers to ensure state minimum training standards were met.
- F. The board did not maintain a fixed asset listing nor were assets tagged as board property.

Recommendations:

The Multi-County (ACCD) 911 Board carefully review the proposal to centralize operations and ensure such a decision will be cost beneficial to the taxpayers. If the board does not adopt a plan to centralize operations, the board should review its current operations and take steps to reduce the large accumulated balance of the Multi-County (ACCD) 911 Fund. In addition, the board should:

- A. Work with the counties to obtain and review all supporting documentation for mapping expenditures and resolve any questions or discrepancies. All overpayments to the counties should be refunded. In addition, the board should discontinue the policy of advancing monies.
- B. Consider requiring all revenues to be sent directly to the board and continue to monitor revenues to determine reasons for the significant fluctuations.
- C. Prepare budgets which more accurately report anticipated expenditures.
- D. Adopt procedures to ensure all expenditures are reviewed and approved prior to payment, and maintain documentation of board approval such as a listing of all expenditures which is filed with the official board minutes. In addition, billing statements and invoices should be checked for accuracy and canceled upon payment. The board should follow up on the overpayments noted to determine if refunds should be obtained.
- E. Maintain records of training received by all dispatchers and ensure all dispatchers receive adequate training in accordance with state regulations.
- F. Prepare general fixed asset records which include pertinent information for all board assets. In addition, the board should properly tag or otherwise identify all property and conduct annual physical inventories to ensure the accuracy of the records.

Status:

Not implemented. The board has not adopted a plan for centralization and has no documented plans for the accumulated fund balance, which still totaled approximately \$645,000 at December 31, 2005. See MAR finding number 7.

- A. Partially implemented. The board has not advanced additional monies to the counties since the last audit, but instead now pays vendors directly. The board decided to not require the counties to refund the monies to the board and did not require the counties to provide supporting documentation for the mapping expenditures. Although not repeated in the current MAR, the board should require the counties provide an accounting of the mapping expenditures.
- B. Implemented. The board requested the telephone companies remit payment directly to the board, but several telephone companies in Andrew County continue to sometimes make payment to Andrew County, which then remits the payment to the board. Also, the board tracks receipts by each county and company.
- C. Implemented.
- D. Partially implemented. The board received refunds or credit for the noted overpayments. However, the board only reviews non-routine invoices and invoices are not always cancelled upon payment. Also, the board reviews a listing of expenditures paid since the last meeting but this listing is not filed with the board minutes. See MAR finding number 7.
- E. Partially implemented. The board retains invoices for training courses paid by the board detailing the courses taken by the dispatchers and number of training hours received by the dispatchers. However, the board does not summarize the training hours received by each dispatcher to ensure each dispatcher received the minimum training hours required. One dispatcher received only 8 hours of the required 16 hours of training during the most recent two year recertification period. Although not repeated in the current MAR, the board should track the training hours received for each dispatcher and ensure each dispatcher received the minimum training hours required.
- F. Partially implemented. The board has listings of fixed assets and their location. While the board requests the counties to tag the property when received and conduct inventories of the property as part of their county inventories, the board does not note the tag numbers on its inventory records or receive reports from the counties of the inventory results. Although not repeated in the current MAR, the board should note the tag numbers on the fixed asset listings and require counties report the results of the annual inventories.

10. Senate Bill 40 Board

- A. The board had not entered into written contracts with the entities that provided services to the board. In addition, board approval nor the purpose was documented for several equipment purchases made by the board for various entities.
- B. The board purchased playground equipment costing \$27,000 for a public school district located in Clinton County, though only a small number of the students using the equipment were developmentally disabled or residents of DeKalb County.
- C. Monthly bank reconciliations were not prepared.
- D. Procedures to monitor budgeted and actual expenditures were inadequate, resulting in expenditures exceeding approved budgets.
- E. The board did not solicit bids for banking services and the Board Treasurer had a financial interest in the board's depository bank.
- F. Board minutes did not indicate board approval and were not signed. Notices of board meetings and tentative agendas were not always posted.

Recommendations:

The Senate Bill 40 Board:

- A. Enter into written contracts with organizations that receive funding for both goods and services. Contracts should specifically address the goods and services to be provided and compensation to be paid, and allow the board a means to monitor compliance with the contract terms.
- B. Carefully consider the benefits to county residents for future expenditures of this type.
- C. Prepare monthly bank reconciliations and ensure the accounting records accurately reflect the balance of the Senate Bill 40 Board Fund.
- D. Not authorize expenditures in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's office.
- E. Solicit bids for banking services and ensure the Board Treasurer abstains from voting on proposals involving the bank in which he has a financial interest.
- F. Ensure board minutes are properly approved and signed. In addition, meeting notices and tentative agendas should be posted as required by state law.

Status:

A, B,

D&F. Implemented.

- C. Partially implemented. Bank reconciliations were prepared at December 31, 2006 and 2005. However, bank reconciliations were not prepared at other times during the year. Although not repeated in the current MAR, our recommendation remains as stated above.
- E. Partially implemented. The board solicited bids for banking services in May 2004. However, the board member with the financial interest in the bank which was awarded the contract did not abstain from voting. Although not repeated in the current MAR, the board should require board members abstain from voting on matters in which they have personal interests.

11. Senior Citizens Services Board

- A. Four board members did not abstain from voting when awarding an exclusive contract for a meals program to another entity for which they also served as board members, creating a potential conflict of interest.
- B. The board did not adequately monitor expenditures for the meal program to ensure only eligible county residents were served.

Recommendations:

The Senior Citizens Services Board:

- A. And the County Commission review this matter with legal counsel. At a minimum, the board should ensure members serving on both boards abstain from voting on matters involving the DeKalb Senior Citizen Center.
- B. Require a more detailed listing of the meal expenses billed and periodically review the listing for propriety. At a minimum, the listing should contain the names of citizens participating in the meals program, the number of meals served, and the cost per meal.

Status:

- A. Not implemented. Four of the seven current board members also serve on the DeKalb Senior Citizen Center's board and these members did not abstain from voting on matters involving the center. The board made payments totaling about \$33,000 to the center for meals during the two years ended December 31, 2005. The board's secretary indicated she and the other board members were not aware of the recommendation. After we discussed this issue with her during the current audit, she indicated the board agreed to begin requiring the four members abstain from voting. Although not repeated in the current audit, our recommendation remains as stated above.

- B. Partially implemented. The board now obtains monthly reports detailing the number of meals served daily. However, the reports do not contain the names of participating citizens and the cost per meal. The board secretary indicated the DeKalb Senior Citizen Center would not release the names of meal recipients due to participant privacy rules. Also, the board secretary indicated she visits the center daily and personally knows the meal recipients are county residents. Other board members who serve on the center's board are also aware of the center's clients. Although not repeated in the current MAR, the board should continue to monitor the meals provided by the center and its costs to ensure that only eligible county residents are served.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DEKALB COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1845, the county of DeKalb was named after Baron Johann DeKalb, a member of the French army and a General in the American Revolution. DeKalb County is a township-organized, third-class county and is part of the Forty-Third Judicial Circuit. The county seat is Maysville.

DeKalb County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 200 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The townships maintain approximately 564 miles of county roads.

The county's population was 8,222 in 1980 and 11,597 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2005	2004	2003	2002	1985*
		(in millions)				
		1980**				
Real estate	\$	69.6	62.4	61.1	59.2	33.3
Personal property		24.8	23.9	24.7	24.5	8.6
Railroad and utilities		6.5	6.9	6.4	6.3	7.3
Total	\$	100.9	93.2	92.2	90.0	49.2

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

DeKalb County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2005	2004	2003	2002
General Revenue Fund	\$	.0500	.0500	.0700	.0500
Senate Bill 40 Board Fund		.0889	.0900	.0900	.0900
Senior Citizens Services Board Fund		.0296	.0300	.0300	.0300

Taxes collected were distributed as follows:

		Year Ended February 28 (29),			
		2006	2005	2004	2003
State of Missouri	\$	30,765	28,573	28,518	27,138
General Revenue Fund		51,283	47,579	62,575	48,461
Assessment Fund		74,321	70,470	59,680	55,264
Senate Bill 40 Board Fund		89,055	86,363	85,160	80,687
School districts		3,657,002	3,474,721	3,431,070	3,229,541
Ambulance districts		218,254	204,929	205,739	196,296
Fire protection districts		194,168	181,455	170,883	162,587
Senior Citizens Services Fund		29,653	28,103	28,350	26,890
Tax increment financing district		5,431	4,938	5,019	0
Townships		99,528	92,260	92,543	87,874
Township bonds		59,163	54,235	55,397	53,075
Township road and bridge		367,923	350,777	351,830	332,997
Nursing home		70	70	70	70
Watershed		30,290	28,946	28,289	26,758
Cities		22,214	24,659	30,683	24,487
Surtax		162,668	149,167	148,873	136,610
Certification fees		2,130	2,030	668	785
County Employees' Retirement		39,920	36,774	40,540	37,143
Tax Maintenance Fund		10,335	8,688	9,086	486
Other		2,847	1,163	4,440	3,960
Commissions and fees:					
General Revenue Fund		39,139	44,418	41,820	36,906
Township collectors		39,640	37,195	36,542	35,399
Ex Officio Collector		389	4,860	0	0
Total	\$	5,226,188	4,962,373	4,917,775	4,603,414

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),			
		2006	2005	2004	2003
Real estate		94.3	94.1	93.3	92.5 %
Personal property		88.8	90.0	88.5	88.4
Railroad and utilities		97.3	98.4	99.9	90.4

DeKalb County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Road capital improvements	.0050	December 2010	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2006	2005	2004	2003	2002
County-Paid Officials:	\$				
David R. Lippold, Presiding Commissioner		27,080	25,760	25,760	25,760
Wayne Colhour, Associate Commissioner		25,080	23,760	23,760	23,760
Garry McFee, Associate Commissioner		25,080			
Ken Keesaman, Associate Commissioner (1)			23,760	1,462	
Wayne McFee, Associate Commissioner				20,257	23,760
Mary Berry, County Clerk (2)		40,060	38,060	38,060	38,060
Bart Spear, Prosecuting Attorney		60,000	58,000	63,000	63,000
Wes Raines, Sheriff		42,000	40,000	10,000	
Brad Mefford, Sheriff (3)				30,000	40,000
Peter Bram, County Coroner		11,000	10,000	10,000	10,000
Larry Wolf, Public Administrator		15,000			
Dale Boyer, Public Administrator			15,000	15,000	15,000
Joan Pearl, County Treasurer and Ex Officio County Collector (4), year ended March 31,	40,150				
Illah Marie Pulley, County Treasurer and Ex Officio County Collector (5), year ended March 31,		42,920	38,060	38,060	38,060
Ruth Ross, County Assessor (6), year ended August 31,		38,021	36,765	36,225	6,000
Cathy Walters, County Assessor (7), year ended August 31,					24,900

(1) Wayne McFee died November 9, 2003, and Ken Keesaman was appointed December 10, 2003, to complete his term

(2) Includes \$2,060 in ACCD 911 salary

(3) Brad Mefford resigned effective September 30, 2003

(4) Includes \$389 in commissions earned for collecting city property taxes and \$2,060 in ACCD 911 salary

(5) Includes \$4,860 for the year ended March 31, 2005, in commissions earned for collecting city taxes since 1998 and \$2,060 annually in ACCD 911 salary

(6) Includes \$688, \$765, and \$225 annual compensation received from the state for the years ended August 31, 2005, 2004, and 2003, respectively

(7) Resigned effective May 1, 2002. Includes \$900 compensation received from the state

State-Paid Officials:

Clifton DeShon, Circuit Clerk and
Ex Officio Recorder of Deeds

48,500 47,850 47,300 47,300

R. Brent Elliott, Associate Circuit Judge

96,000 96,000 96,000 96,000



Claire McCaskill

Missouri State Auditor

December 2006

Ozark Fire Protection District

Year Ended December 31, 2005



Office Of
Missouri State Auditor
Claire McCaskill

December 2006

The following findings were included in our audit report on the Ozark Fire Protection District.

Board Members of the Ozark Fire Protection District have failed to provide the oversight necessary to ensure district funds are accounted for properly. The lack of internal control and little or no independent review have resulted in the following:

- Improper and questionable charges to district credit cards total over \$28,000, and approximately \$24,000 was electronically disbursed from the district's bank account without authorization to pay for these charges. Felony stealing charges are currently pending against the district's former Administrative Assistant.
- An additional \$1,630 was electronically disbursed from the district's bank account and appears to have been used to cover personal debt.
- Several questionable payroll transactions involving the former Administrative Assistant were identified. Examples include the number of hours reported on time sheets did not always agree with the numbers of hours paid, the hourly rate paid did not always agree with the rate approved by the Board, and compensatory and vacation time used is questionable.
- Checks totaling at least \$2,200 were written to cash and endorsed by the former Administrative Assistant without adequate documentation to support the use of these funds.

On two occasions the Board approved wage increases for the former Administrative Assistant without any documented review of her work, and while district by-laws require a biennial audit, Board Members failed to obtain an audit of district funds until 2006. Inadequate oversight by the Fire Protection District Board has placed district funds at risk.

Documentation used to support fire district expenses relating to grant funds received through the City of Ozark is questionable. Invoices used as documentation appear to be duplicates of other invoices on file at the district. An investigation has been performed by the Missouri State Highway Patrol, and information has been turned over to the Christian County Prosecuting Attorney.

The district paid a company owned by a board member \$25,254 for labor and materials relating to construction work. The district did not solicit bids as required by state law, or obtain a written agreement for these services. Additionally, the board meeting minutes did not specify the work to be performed or indicate an estimate of the total cost of the project.

(over)

YELLOW SHEET

Monthly financial reports reviewed by the Board were incomplete, and the district's accounting records contained several questionable entries. Additionally, reconciliations between the accounting records and the bank statements were not performed monthly, as a result, errors and unrecorded transactions were not detected timely.

Significant weaknesses were identified in the accounting controls over district receipts, and as a result, there is no assurance that all cash received by the district was accounted for properly. Additionally, records documenting the district's petty cash activity prior to May 2005 could not be located, and records maintained after that date were inadequate and incomplete.

District funds were used for several disbursements that do not appear to be necessary. Examples include the annual awards banquet in 2005, 2004, and 2003 (\$9,302), turkeys and hams purchased in 2005 and 2004 (\$1,511), and other expenses such as alcoholic beverages, late fees, and donations. Additionally, the district's bidding procedures could be made more effective by adopting a comprehensive bid policy, and controls are not in place to ensure all district expenses are reviewed and approved, and include adequate supporting documentation.

The district's controls over payroll transactions need improvement. Payroll duties are not adequately segregated, and time worked is not adequately documented and approved on time sheets. Further, the district's procedures for reporting compensation to the IRS needs improvement, as numerous differences were identified between accounting records and reports filed with the IRS.

Travel and training policies have not been followed, and documentation to support most training expenses were not maintained. Additionally, the district's policy does not provide guidelines to determine when lodging costs should be reasonably incurred.

Also included in the report are recommendations related to district policies, budgetary procedures, board meeting minutes, and capital assets.

All reports are available on our website: www.auditor.mo.gov

OZARK FIRE PROTECTION DISTRICT

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Board of Directors
Ozark Fire Protection District
604 North 3rd Street
Ozark, Missouri 65721

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Ozark Fire Protection District. The district engaged Davis, Lynn & Moots, P.C., Certified Public Accountants (CPAs), to audit the district's financial statements for the year ended December 31, 2005. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2005. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the district, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide

reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in the audit of the district.

The accompanying Management Advisory Report presents our findings arising from our audit of the Ozark Fire Protection District.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 10, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	Jay Ross
Audit Staff:	Diane Smiley
	Christine Miller
	Alex Parke

MANAGEMENT ADVISORY REPORT SECTION –
STATE AUDITOR'S FINDINGS

OZARK FIRE PROTECTION DISTRICT
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Lack of Financial Monitoring

Board Members of the Ozark Fire Protection District have failed to provide the oversight necessary to ensure district funds are accounted for properly. The lack of internal control and little or no independent review allowed the misappropriation of district funds to occur and not be detected.

- Charges to district credit cards are not adequately reviewed and approved by the Board resulting in improper and questionable charges totaling over \$28,000 between January 2004 and September 2005. Additionally, district bank accounts are not adequately monitored allowing unauthorized electronic disbursements totaling approximately \$24,000 to be made from the district's bank account to pay for these charges. Felony stealing charges are currently pending against the district's former Administrative Assistant. (See MAR 2)
- Approximately \$1,630 was electronically transferred from the district's bank account and appears to have been used to cover insufficient fund checks drawn on a personal bank account, and other personal debt. (See MAR 3)
- On two occasions the Board approved wage increases for the former Administrative Assistant without any documented evaluation or review of her work.
- Payroll transactions are not adequately reviewed and approved resulting in questionable payroll disbursements. (See MAR 3 and 7)
- Documentation to support fire district expenses relating to grant funds received through the City of Ozark is questionable. (See MAR 3)
- Checks totaling at least \$2,200 were written to cash and endorsed by the former Administrative Assistant without adequate documentation to support the use of these funds. (See MAR 8)
- Although district by-laws require a biennial audit, Board Members failed to obtain an audit of district funds until 2006. (See MAR 9)
- A company owned by one board member was paid \$25,254 without soliciting bids as required by state law, maintaining adequate documentation, or obtaining a written agreement. (See MAR 4)

- District records are not properly safeguarded and some records could not be located for our review. In July 2005 the district contacted the Ozark Police Department concerning the disappearance of bank statements and cancelled checks for 2002 and 2003. These records were reproduced by the bank; however, numerous other records such as vendor invoices, receipt books, payroll reports, and documentation of petty cash activity could not be located.

By not providing adequate oversight, the Fire Protection District Board has placed district funds at risk, resulting in the misappropriation and improper use of district funds. Board Members should ensure district funds are properly accounted for by adequately reviewing and approving district transactions, monitoring bank accounts, adequately supervising employees, safeguarding records, and obtaining audits as required.

WE RECOMMEND the Fire Protection District Board of Directors provide the necessary oversight to ensure district funds are handled appropriately, including reviewing and approving district transactions, monitoring bank accounts, supervising employees, safeguarding records, and obtaining audits as required.

AUDITEE'S RESPONSE

The Board provided the following response:

The Board of Directors of the Ozark Fire Protection District appreciates the manner in which this audit was conducted and the professionalism of the audit staff. Many of the recommendations of the auditor's office had been implemented prior to the audit. The majority of the remaining recommendations have now been adopted as will be demonstrated in the following responses. The Board is committed to insuring the taxpayer's money is used in a way that is beneficial to the taxpayers as well as the Ozark Fire Protection District and assures our district that the Ozark Firefighters do and will continue in the future to provide competent and professional service to our customers. The Board of Directors has implemented many business accounting practices to review District transactions both at the time expenditures are approved as well as monthly bank statement reviews. Safeguarding records has been accomplished by Resolution appointing a Custodian of Records and keeping records in a secured file room. Supervision of employees is the responsibility of the Chief Executive Officer as appointed by the Board of Directors. By-laws of the District were amended last year to have annual financial audits performed by a CPA firm.

2. Credit

Cards

Controls over district credit cards are inadequate. Personal items were charged to district credit cards and paid for with district funds by electronic transfer. As a result, felony stealing charges are currently pending against the district's former Administrative Assistant.

The district held seven credit cards, including four VISA credit cards, two discount store credit cards, and one hardware store credit card during 2004 and 2005. We identified numerous personal and questionable charges on district credit cards, and inadequate supporting documentation for most credit card purchases.

1. Numerous charges were made on the district's VISA credit card issued to the former Administrative Assistant that appear to be for personal items. A total of approximately \$26,000 was charged to this credit card between February 20, 2004, (card issue date) and March 4, 2005. The following table is a summary of the charges made to vendors not routinely used by the district that appear to be personal in nature and/or receipts were not retained to verify the charges were district-related:

<u>Category</u>	<u>Amount</u>
Department & Other Retail Stores*	\$ 7,300
Health Care/Beauty Facilities**	4,800
Discount Stores***	2,400
Quick Stops (coffee, snacks and fuel)	800
Springfield City Utilities (personal utility bill)	1,100
Restaurants/Grocery Stores***	1,600
Other****	<u>3,000</u>
Total	\$21,000

* Includes clothing, shoes, household goods, party supplies, and pet supplies.

** Includes charges for hospitals, doctors, veterinary clinics, beauty & tanning salons, spa, etc.

*** Includes items which district officials believe are not district related.

**** Includes internet purchases, college fees, liquor store purchases, and other miscellaneous purchases.

Itemized receipts were not maintained for most of these purchases, but some were later obtained directly from the vendor. Several of these purchases were made on the weekend or at locations outside of the local area. Additionally, transactions totaling approximately \$2,150 included in the above amounts were charged on January 26 and 27, 2005 when the time sheet prepared by the former Administrative Assistant reflects sick leave was taken from work.

The remaining \$5,000 charged to the credit card appears to be for vendors often used by the fire district for routine purchases; however, receipts were not retained for approximately \$2,400 of these purchases. Additionally, late fees and finance charges of approximately \$190 were incurred and paid by the district for this card. (See 2. below for additional personal charges that appear to have been made by the former Administrative Assistant.)

There is no evidence in district records that the personal charges to the district's credit card were reimbursed. The former Administrative Assistant terminated employment in March 2005, and this credit card account was subsequently closed. Felony stealing charges are currently pending against the former Administrative Assistant, and the district has settled with their employee bonding company receiving \$16,535.

2. Some charges to the VISA credit card issued to the former Assistant Fire Chief also appear to be for personal use and/or questionable. Examples include approximately \$490 charged for expenses relating to a personal trip to Louisiana, approximately \$170 charged to a Lake Ozark restaurant while on training, and other food charges of approximately \$450 charged at restaurants and grocery stores. Additionally, charges totaling approximately \$330 for beauty products and vehicle repair appear to have been authorized by the former Administrative Assistant and charged to the credit card issued to the former Assistant Fire Chief. Total purchases charged to this credit card between January 2004 and September 2005 were approximately \$4,350.

Reimbursements totaling only \$111 were found to be deposited into the district's bank account for these personal charges. The Assistant Fire Chief was terminated in September 2005 and this credit card account was closed.

3. Most charges made to the VISA credit card issued to the former Fire Chief were not supported by adequate documentation, such as a charge slip or receipt. Approximately \$2,170 was charged to the former Fire Chief's VISA credit card between January 2004 and September 2005, and receipts totaling only \$340 were maintained to support these charges. While most undocumented charges represented vendors that appeared to be for travel expenses related to training, it is unclear whether or not these charges are reasonable. For example, \$105 was charged at a local restaurant with no documentation to indicate how many individuals were served, or the purpose of the expense. The Fire Chief was terminated in September 2005 and this credit card account was closed.
4. The district also maintains two discount store credit cards, and according to the Board President these cards were in the custody of the former Administrative Assistant. Our review of purchases charged to these cards between January 2004 and March 2005 identified numerous questionable and personal charges. Of approximately \$5,700 charged to these two credit cards during this time period, approximately \$830 was for food items (meat, cheese, pasta, bread, butter, fruit, vegetables, salmon, milk, etc.) and approximately \$1,130 was for other questionable items (cookware, ladies clothing, nonprescription medication, greeting cards, gift cards, and alcohol).

According to district personnel, personal items were occasionally purchased for some employees with the district's discount store credit cards and payments were

made by employees to reimburse the district. Reimbursements totaling only \$184 were deposited into the district's bank account relating to these charges.

Electronic payments withdrawn directly from the district's operating account and paid to the credit card companies helped to conceal these inappropriate charges. Approximately \$24,000 was electronically withdrawn from the district's operating account without documentation of Board approval, and paid to the VISA credit card's assigned to the former Administrative Assistant (\$22,266) and former Assistant Fire Chief (\$817), and discount credit card company (\$935). These electronic payments appear to have been initiated by the former Administrative Assistant, and were not always properly posted to the district's accounting records.

As noted in MAR 1 the Fire Protection District Board's lack of oversight has allowed the inappropriate use of district credit cards to go undetected. The Fire Protection District Board has now cancelled all credit cards except for one VISA credit card, one discount store credit card and one hardware store credit card. In October 2005 the Board approved a credit card policy specifying that the personal use of district cards would result in termination; however, the credit card policy does not address issues such as approving purchases before charges are incurred, and maintaining adequate documentation.

WE RECOMMEND the Fire Protection District Board of Directors continue working with law enforcement authorities regarding any criminal prosecution and obtaining full reimbursement of the misappropriated funds. Additionally, the district's credit card policy should require purchases be approved before charges are incurred, and adequate documentation for all purchases. Further, the Board should evaluate the need for all credit card accounts, and cancel any cards which are determined to be unnecessary.

AUDITEE'S RESPONSE

The Board provided the following response:

The Fire District will continue to work with law enforcement on criminal prosecution of the existing criminal cases and will provide law enforcement and/or investigators with any information needed regarding any potential criminal cases that may be filed and will seek full reimbursement of funds. The Board of Directors has a Credit Card and Account Use policy in place which will preclude past practices.

3. Questionable

le Transactions

Approximately \$1,630 was electronically transferred from the district's bank account and appears to have been used to cover insufficient fund checks drawn on a personal bank account, and other personal debt. Checks totaling \$439 were written to the former Administrative Assistant without supporting documentation, and wages paid to her did not agree with hours worked reported on time sheets. Further, documentation to support district expenses relating to grant funds is questionable.

A. Between October 2004 and January 2005 six disbursements totaling \$1,630 were electronically transferred from the district's operating account and appear to have been used to cover insufficient fund checks and other personal debt.

- Four electronic disbursements totaling \$883 were paid to "Capital One Collections." According to district officials, the district does not have a Capital One credit card, and has obtained information to indicate that the account number was for a personal credit card account.
- One electronic disbursement totaling \$521 was paid to a check collection agency. The district had documentation to indicate these funds were used to cover fees and insufficient fund checks associated with a personal bank account.
- One electronic disbursement totaling \$226 was paid to "First National Collection Bureau, Inc." This also does not appear to be an official disbursement of the district.

To help conceal these disbursements, the transactions were not posted in the district's accounting records. Documentation concerning these transactions has been turned over to the Christian County Prosecuting Attorney.

B. Several questionable payroll transactions were identified when reviewing the timesheets and payroll records of the former Administrative Assistant. She was paid approximately \$21,000 from January 2004 through March 2005. Some payroll records for 2004 were not retained by the district and copies had to be requested from outside sources. The questionable transactions include:

- The number of hours reported on time sheets prepared by the former Administrative Assistant did not always agree with the number of hours she was paid. Time sheets reporting less than 80 hours worked in a pay period would occasionally have notations indicating that the time not worked would be made up in the future; however, there was no evidence that the time was always worked in subsequent pay periods. For example, for the pay period dated July 12 through July 23, 2004 the time sheet of the former Administrative Assistant reported working only 57.5 hours; however, she was compensated for 80 hours (a 22.5 hour difference). While the Board did not pay the former Administrative Assistant her last payroll check, differences still exist between hours worked and hours paid, and it is questionable whether the compensation paid to her was appropriate.
- In July 2004 the former Administrative Assistant received two payroll checks for her gross salary amount rather than for the net amount with taxes withheld. Instead of reducing her compensation on a future payroll check to adjust for the overpayment, her gross compensation amount for this period was

increased for payroll reporting purposes and the district paid the payroll taxes totaling approximately \$100.

- During November and December 2004 the former Administrative Assistant received three payroll checks computed at fifty cents more per hour than the hourly rate authorized by the Board. The overpayment totaled approximately \$114.
- Some of the former Administrative Assistant's time sheets reflected small amounts of compensatory time used; however, since wages had been paid for time not worked in previous periods as noted above, it is questionable whether or not compensatory time was actually earned. Time sheets reflected a total of approximately 25 hours of compensatory time used.
- A record of accumulated vacation and sick leave was not maintained, and it is not clearly documented by the Board how much vacation and sick leave the former Administrative Assistant was allowed. For example, the former Administrative Assistant was compensated for 32 hours of vacation time in July 2004 and in February 2005. Because adequate documentation was not maintained, it is not clear if compensation for 64 hours of vacation during this time period was appropriate.

Due to various internal control weaknesses including little or no review by someone independent of the former administrative assistant, these questionable payroll transactions were allowed to go undetected.

- C. Four checks totaling \$439 were made payable to the former Administrative Assistant without supporting documentation. Information posted in accounting records indicated the checks were for the reimbursement of district expenses; however, no documentation could be located to support these payments.
- D. Documentation to support fire district expenses relating to Homeland Security grant funds received through the City of Ozark is questionable. Some invoices used as documentation of the equipment purchased with the grant funds appear to be duplicates of other invoices on file at the district. While the total amount billed to the district on each invoice is similar; the type of equipment purchased is different. For example, one invoice showed the purchase of 18 radios costing \$11,268, while another invoice showed what appeared to be the same radios costing only \$7,628 with additional equipment purchased for the difference. It is questionable whether or not the additional equipment was authorized under the grant agreement. An investigation has been performed by the Missouri State Highway Patrol, and information concerning the investigation has been turned over to the Christian County Prosecuting Attorney.

WE RECOMMEND the Fire Protection District Board of Directors:

- A. Continue to work with law enforcement authorities regarding the investigation and criminal prosecution of the unauthorized use of district funds.
- B. Review payroll transactions of the former Administrative Assistant to ensure all compensation was properly earned and authorized.
- C. Investigate the \$439 paid to the former Administrative Assistant.
- D. Continue to work with law enforcement authorities regarding the investigation of the questionable use of grant funds.

AUDITEE'S RESPONSE

The Board provided the following response:

The District will continue to work with law enforcement on criminal prosecution of existing cases and will provide law enforcement and/or investigators with any information needed regarding the unauthorized use of District funds and will seek full reimbursement of such funds. The District will provide the City of Ozark any information or documentation that they may need regarding the questionable use of grant funds. The District will continue to review and access the payroll records and transactions of the former Administrative Assistant for final resolve.

4. Related Party Transaction

During 2005, the district paid a company owned by a board member \$25,254 for labor (\$18,830) and materials (\$6,424) related to construction work which included adding infrastructure to Fire Station #2, and work performed on a mobile home used as temporary housing. The district did not solicit bids or obtain a written agreement for these services. Further, the district did not report these payments on Form 1099-MISC.

Board minutes indicate the board approved the board member's company to perform the work because he would donate some of the materials and not charge the district for the contractor's fee. While the minutes indicated the board member abstained from voting on the issue, the minutes did not specify the work to be performed or indicate an estimate of the total cost of the project.

Additionally, while documentation, such as vendor invoices, was provided to the district to support the material charges of \$6,424, no documentation was provided to support the labor charges of \$18,830. According to contractor invoices the district was charged for 672.5 hours at \$28 per hour. Without adequate documentation, it is unclear if the amount charged for labor is reasonable.

Transactions between the district and board members represent potential conflicts of interest. Section 105.454, RSMo, prohibits financial transactions between a political subdivision and an officer or employee (or spouse, dependent child, or business and corporate interest of the officer or employee) of that political subdivision that involve more than \$1,500 per year or \$500 per transaction unless there had been public notice to solicit proposals and (except for real property) competitive bidding, provided that the bid or offer was the lowest received. Effective August 28, 2005, the threshold for financial transactions between a political subdivision and an officer or employee was increased to \$5,000 per year. Also, district by-laws require bids to be solicited through newspaper advertisement for purchases of \$10,000 or more.

Additionally, the Board should ensure discussions and decisions concerning situations where potential conflicts of interest exist be completely documented so that the public has assurance that no district official has benefited improperly. Further, a written agreement should be obtained, and payments properly reported on Form 1099-MISC. According to documentation provided by the board member, costs totaling approximately \$5,300 were deducted from invoices for donated materials, labor, and contractor fees.

WE RE COMMEND the Fire Protection District Board of Directors refrain from entering into business transactions with district officials unless steps are taken to ensure the district has complied with state law and details regarding the transaction are adequately documented. Further, bids should be solicited in accordance with district by-laws, written agreements should be obtained for services performed, and payments should be properly reported to the IRS.

AUDITEE'S RESPONSE

The Board provided the following response:

The Fire Protection District will follow all applicable Missouri Statutes regarding any and all business transactions. Solicited bids will be kept as part of District records. The Directors have a Bid Policy in place.

5. Accounting Controls and Procedures

Duties are not adequately segregated, and monthly financial reports reviewed by the Board were not adequate. Additionally, several control weaknesses exist in the handling of cash receipts, petty cash activity is not tracked, bank accounts are not properly reconciled with accounting records, and the numerical sequence of checks is not properly accounted for.

- A. Accounting duties are not adequately segregated. The Administrative Assistant is responsible for all record keeping duties of the fire district. The duties of the current and former Administrative Assistant include receiving and depositing monies, maintaining payroll records, reviewing invoices, preparing and

distributing checks, recording receipts and disbursements, and preparing monthly financial reports and bank reconciliations. Additionally, the former Administrative Assistant signed checks. No personnel independent of the cash custody and record-keeping functions provide adequate supervision or review of the work performed by the current and former Administrative Assistant.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurances that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, recording, and disbursing monies from that of reconciling accounting records to bank statements. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the bank reconciliations, a reconciliation of receipts and deposits, and a comparison of invoices and disbursements. Had such controls been in place, the misappropriations noted in MAR finding numbers 2 and 3 might have been prevented.

- B. Monthly financial reports provided to the Board by the former Administrative Assistant did not allow for the Board to effectively monitor the financial activity of the district, and the district's accounting records were poorly maintained.
1. The monthly financial reports reviewed by the Board and filed with the board meeting minutes were incomplete, and did not provide adequate information to properly monitor district finances. For example, some months a check register listing checks and deposits along with the ending cash balance was filed with the Board, and other months a profit and loss statement was provided listing revenue and expenses by classification. These monthly reports were incomplete and did not accurately reflect actual receipts, disbursements, and the cash balance of the district. There is no documentation to indicate that the Board requested additional financial information, such as bank statements, to review to ensure these reports were accurate. These inconsistent and incomplete reports did not provide the Board adequate financial information to ensure district funds were being accounted for properly, and as a result, the misappropriations noted in MAR 2 and 3 went undetected.
 2. The district's accounting records contained several questionable entries which were not detected.
 - Three checks for \$461 each issued in October and November 2004, and two checks for \$488 each issued in July and August 2004 were for the payment of the former Administrative Assistant's VISA credit card bill. These duplicate payments were applied toward other charges made to the VISA credit card, and apparently issued to help conceal the inappropriate charges. While these duplicate payments were

posted to the accounting records and included in reports provided to the Board, they were not detected.

- The payee on one check for \$103 issued in January 2005 was different than the payee posted in the accounting records. The accounting records listed a medical supply company as the payee, but the check was issued to a different payee for the purchase of fire district caps.
- Receipts and disbursements were not always posted to the proper revenue or expense classification in the accounting records. For example, \$2,035 disbursed for payroll taxes was posted as property tax revenue in the accounting records. Additionally, \$3,933 in property tax revenue and \$4,802 in insurance proceeds were posted as a reimbursement expense in the accounting records.

C. The Board does not ensure reconciliations between the district's accounting records and the bank statements are performed monthly. As a result, errors and transactions omitted from the District's accounting records have not been detected timely. The district maintains four bank accounts including an operating account, a reserve account, a Muscular Dystrophy Association (MDA) account, and a pop machine account.

1. Numerous differences were noted between the District's accounting records and the bank records between January 2004 and March 2005. Disbursements totaling approximately \$24,000 made from the district's operating account during this time period were not posted to the district's accounting system, and therefore, not included on financial reports provided to the Board by the former Administrative Assistant. Additionally, an adjustment totaling \$4,921 was posted to the accounting records in December 2004 to increase the district's cash balance reported to the Board. There appears to be no reasonable justification for this adjustment. These transactions appear to have helped conceal the misappropriations noted in MARs 2 and 3.
2. Although reconciliations are now being performed by the current Administrative Assistant, these reconciliations are not adequate.
 - The district disbursed two checks totaling \$4,100 to the MDA for donations collected; however, only \$2,500 should have been disbursed. Because of inadequate reconciliations, the district was unaware of this error until we brought it to their attention. The District subsequently requested and received a reimbursement for the overpayment from the MDA.
 - The December 31, 2005 bank reconciliation identified three payroll checks totaling \$2,143 that were not posted to the accounting system,

but cleared the district's bank account. Additionally, another check totaling \$2,047 reflected as clearing the bank account had not, and was later noted as void, but the void was never posted in the accounting system. A \$96 adjustment was posted to the accounting system to balance with the bank statement by the current Administrative Assistant, but because of inadequate reconciliations, she was unaware of what caused the difference until we brought these details to her attention.

Monthly reconciliations between accounting records and bank statements are necessary to ensure accurate accounting and financial reporting and ensure that any errors are detected and corrected on a timely basis. If bank reconciliations had been performed monthly and reviewed by the Board, the misappropriations noted in MARs 2 and 3 might have been detected.

D. Significant weaknesses were identified in the accounting controls over district receipts:

1. Receipt slips are not issued for some monies received. Receipts are only issued by the current Administrative Assistant upon request, or for cash received. Additionally, all copies of the receipt slips were torn out of the receipt book and filed; however some of the receipt slips could not be located in district files. Further, receipt books used by the former Administrative Assistant could not be located by the district.

For example, the District sells permits authorizing the sale of fireworks, and permits authorizing residents to burn in the district. These permits are not numbered and receipt slips are not issued to track these revenues. Accounting records reflect \$840 was received in firework permits during 2004; however, no revenues from firework permits were recorded in 2005, and only \$90 was recorded in 2006. The current Administrative Assistant indicated that she did not know she was suppose to sell permits.

2. Completed receipt slips do not always include all necessary information such as, date, payer, and the method of payment received (cash, check, or money order).
3. Voided receipt slips are not properly defaced and retained. We noted instances where the original copy of the voided receipt slip was not retained, and other instances where the original copy of the receipt slips were not properly voided.
4. Checks are not restrictively endorsed upon receipt. Instead, the endorsement is applied when the deposit is prepared.

5. Receipts are not deposited intact. Cash receipts are withheld from deposits and used as petty cash to purchase miscellaneous office supplies. For example, receipt records indicate approximately \$770 was received from the sale of caps and t-shirts between January 2005 and June 2006; however, deposit records only reflect \$265 was deposited into the District's bank account for the sale of these items. District personnel believe the remaining collections were used for petty cash expenses. (See part C below.)
6. Receipts are not always kept in a secure location until deposited. While the Administrative Assistant indicated that receipts are normally locked away until deposited, we noted checks payable to the district located on top of a desk.

As a result of these significant weaknesses over cash receipts, there is no assurance that all cash received by the district was accounted for properly. A cash count performed on May 23, 2006 identified cash and checks totaling \$542; however, because of the weaknesses noted above, these monies could not be agreed to receipt records. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, adequate controls should be put in place to account for all monies received by the district.

- E. The District's petty cash fund is not maintained on an imprest basis, and a petty cash ledger is not maintained to track activity of the fund. Prior to May 2005, no records documenting petty cash activity could be located by the District, and records maintained after May 2005 were inadequate and incomplete.

As noted above cash receipts from the sale of permits, t-shirts, and caps are placed in the petty cash fund rather than being deposited; however, because all receipt slips are not accounted for and a petty cash ledger is not maintained, the amount of cash receipts placed in the petty cash fund is not determinable. In addition to cash receipts, district checks totaling approximately \$2,300 were written between May 2005 and May 2006 to replenish the petty cash fund. Paid vendor invoices maintained by the Administrative Assistant totaled approximately \$2,600 during this time period.

To ensure all receipts and disbursements into the petty cash fund are proper, the fund should be maintained on an imprest basis, meaning the fund should be maintained at a constant predetermined balance, and the cash on hand plus the total of all paid invoices should always equal the predetermined balance. The fund should only be reimbursed by district checks equal to the amount of paid invoices. In addition, the District should maintain a petty cash ledger to track activity in and out of the fund.

- F. Check numbers are not accounted for properly, and voided checks are not always defaced and retained. There were numerous instances where check numbers were

apparently deleted from the accounting software system. Some checks cleared the district's bank account, while others did not. The current Administrative Assistant indicated that in most instances she intended to void the check, but deleted it in error, eliminating the audit trail.

To properly account for all disbursements, the numerical sequence of all checks should be accounted for, and void checks should be defaced and retained.

WE RECOMMEND the Fire Protection District Board of Directors:

- A. Provide for adequate segregation of duties, or at a minimum, establish procedures for an adequate independent review of the record keeping functions.
- B. Ensure complete and detailed financial reports are reviewed monthly, and review questionable entries posted to the accounting records to ensure they are proper.
- C. Ensure bank reconciliations are performed and documented monthly. Additionally voided checks should be defaced and retained by the district, and properly reflected as void in the accounting software system.
- D.1. Issue prenumbered receipt slips for all monies received, account for the numerical sequence of all receipt slips, retain one copy of the receipt slip intact in the receipt book, and retain all receipt books for audit purposes.
 - 2. Ensure receipt slips are properly completed with all necessary information.
 - 3. Ensure voided receipt slips are properly defaced and retained.
 - 4. Ensure checks are restrictively endorsed immediately upon receipt.
 - 5. Ensure all receipts are deposited intact, and the composition of receipt slips is reconciled to the composition of bank deposits. Additionally, all financial activity should be posted to the district's computerized accounting system.
 - 6. Ensure all district receipts are kept in a secure location until deposited.
- E. Ensure the petty cash fund is maintained on an imprest basis and a log of all petty cash activity is maintained.
- F. Ensure the numerical sequence of all checks is accounted for, and voided checks are properly defaced and retained.

AUDITEE'S RESPONSE

The Board provided the following response:

The Fire District has implemented business accounting practices to adequately review accounting concerns. Unfortunately, segregation of the Administrative Assistant's duties cannot be achieved at this time due to lack of staff. However, the supervision of accounting by the Administrative Assistant and independent review of records is the responsibility of the Chief Executive Officer and Board of Directors in that respective order.

6. Expenditures

The district's current bidding procedures could be made more effective by adopting a comprehensive bid policy. The district has not solicited proposals or entered into a written agreement for legal services. In addition, the district's procedures for reviewing and approving invoices for payment are in need of improvement, and some district expenditures did not appear to be a necessary or prudent use of public funds.

- A. The district's bidding procedures described in the by-laws could be made more effective by adopting a more comprehensive policy with a lower dollar limit, and including a requirement to solicit proposals for professional services. District by-laws require bids be solicited through advertisement for expenditures projected to be \$10,000 or greater for construction or purchase contracts. However, the by-laws do not require bidding or indicate the types of bidding that can be done to ensure the district receives the best economical value on its purchases for amounts less than \$10,000. Additionally, the by-laws specifically exclude the professional services of engineers and attorneys from the bidding requirements.

While bids are occasionally solicited for purchases, there is no evidence that the district routinely solicits bids. The following are examples of individual purchases for which the district did not solicit bids, or retain bid documentation.

<u>Vendor</u>		<u>Amount</u>
Fire Apparatus	\$	7,249
Electrical Work		5,709
Repairs		5,352

District personnel indicated they often compare prices; however, there was no documentation of price comparisons for the above items. Additionally, as noted in MAR 4, the Board failed to follow their by-laws when paying \$25,254 to a construction company owned by one board member, and district officials indicated that the electrical work noted above was a subcontractor hired by the construction company owned by the board member during the construction. Further, the district paid attorney fees totaling approximately \$12,500 during 2005

without soliciting proposals for these services or obtaining written contracts outlining the services to be provided and the cost.

Although state law does not require a more comprehensive bid policy for fire protection districts, state law does require bidding for the state and various other local governments at levels as low as \$4,500. Without formal bidding, there is no evidence the district received the lowest price and best service. A more comprehensive policy would require bidding and would identify specific bidding procedures that are required for purchases under \$10,000. Bids could be handled by telephone quotation, sealed bids or advertised sealed bids. Different approaches may be appropriate, depending on the dollar amount of the purchase. Additionally, requiring the solicitation of proposals for professional services helps provide a range of possible choices and allows the district to make a better-informed decision to ensure necessary services are obtained from the best qualified vendor at the lowest and best cost. Further, written contracts are necessary to ensure all parties are aware of their duties and responsibilities, and to prevent misunderstandings.

B. The district does not have adequate controls in place to ensure all disbursements, including credit card purchases, are proper.

1. Disbursements are not properly reviewed and approved prior to payment. The former Administrative Assistant was responsible for reviewing and processing payments, including signing checks; however, no one independent of this process reviewed invoices or reconciled credit card purchases to credit card statements prior to payments being made.

Our review of 16 disbursements during 2004, 2005, and 2006 found no evidence to indicate the Board had properly reviewed and approved these invoices before payment was made. Although district personnel indicated that purchases are now approved prior to payment through the district's new purchase order system, the purchase orders are not signed to document the approval of the disbursement.

2. Supporting documentation was not retained or available for 27 of the 52 expenditures we reviewed during 2004 and 2005, totaling approximately \$56,000. This amount includes training related expenses totaling \$7,580 (see MAR 8), award banquet expenses totaling \$3,841 (see part C. below), and equipment repair and maintenance totaling \$9,063. Additionally, the fire district did not maintain all receipts relating to credit card purchases and was missing several credit card statements (see MAR 2). At our request supporting documentation was obtained directly from vendors for some disbursements.
3. Invoices are typically not marked paid or otherwise cancelled, and receipt of goods or services is rarely indicated on the invoice prior to payment.

To ensure all disbursements represent valid operating costs of the fire district, all disbursements should be supported by detailed invoices that are reviewed and approved by the board before payment is made. To adequately document the board's review and approval of all disbursements, a complete and detailed listing of bills should be prepared, and signed or initialed by the Board. Additionally, canceling invoices and all other supporting documentation reduces the possibility of duplicate payments, and documentation of the receipt of goods or services is necessary to ensure the district actually received the items or services being paid.

The poor controls over district disbursements allowed for the misappropriations noted in MARs 2 and 3 to occur and not be detected.

C. District funds were used for several disbursements that do not appear to be necessary operating expenses of a fire protection district.

- The fire district used public monies to fund annual awards banquets held in January 2006, 2005, and 2004 at a cost of \$2,333, \$4,105, and \$2,864 respectively. The expenses associated with these banquets included, disc jockey services, karaoke entertainment, flowers, award plaques, food, cakes, and centerpieces.
- In December 2005 and 2004, the district spent \$440 and \$1071, respectively, for turkeys and hams provided to the employee and volunteer firefighters.
- In December 2004 the Board approved \$500 of district funds to be used to donate to families in need at Christmas; however, documentation was not maintained to indicate the amount of district funds used for this purpose.
- There were several instances where district funds were used to purchase alcoholic beverages at restaurants and liquor stores. The fire district currently has no written policy stating that alcoholic beverages will not be reimbursed.
- The district incurred late fees and interest charges totaling at least \$307 on the district's credit cards, and several other vendor invoices also had late fees assessed.
- The district pays \$180 annually for membership fees of a local discount store for six officers and employees. It is not clear why six membership fees are necessary.

These expenditures do not appear to be a prudent use of public funds. The district's residents have placed a fiduciary trust in their public officials to spend tax revenues in a necessary and prudent manner. The Board should ensure fire district funds are spent only on items which are necessary and beneficial to the district.

WE RECOMMEND the Fire Protection District Board of Directors:

- A. Adopt a more comprehensive bid policy which requires bidding and establishes bidding guidelines for expenditures. Such bid policies should include criteria on how bids are to be solicited and when formal advertising should be used. Documentation of bids received and the bid process should be retained. If sole source procurement is necessary, the district should retain documentation of these circumstances.
- B. Ensure all disbursements are approved by the Board prior to payment, and the approval process is adequately documented. Additionally, ensure supporting documentation is maintained for all disbursements, all invoices are properly canceled after payment is made, and all invoices are initialed or signed by a district employee to indicate acceptance of the goods or services.
- C. Ensure all expenses are a necessary and prudent use of fire district funds.

AUDITEE'S RESPONSE

The Board provided the following response:

The Board of Directors now has a more comprehensive Bid Policy in effect. The Board is now reviewing and approving all district expenses, and will ensure district funds are used appropriately.

7. Payroll and Personnel Matters

Controls over payroll need improved. Payroll duties are not adequately segregated, time sheets are not signed by the employees or supervisors, and retroactive pay increases were granted to employees. In addition, a formal written policy for vacation, and sick leave has not been established for nonunion employees. Timesheets were not prepared by the former Fire Chief, and actual time worked is not always documented on time sheets prepared by firemen. Further, improvement is needed over the district's procedures for reporting compensation to the IRS.

- A. Payroll duties are not adequately segregated to provide the necessary internal controls over the payroll function. The district's Administrative Assistant handles all payroll duties including preparing, calculating, and distributing payroll checks, recording payroll transactions, distributing employee W-2s, and maintaining the personnel files. In addition, there is no documentation to indicate that payroll transactions are approved by the Fire Protection District Board. While the current Fire Chief and Board indicated that they review payroll reports prepared by the Administrative Assistant; they do not document their review. Had such controls been in place, the questionable payroll transactions identified in MAR 3 might have been detected.

A proper segregation of duties provides a means of establishing control over assets, thus minimizing the risk of loss, theft, or misuse of funds. If segregation of duties is not possible, the comparison of the payroll disbursements to the payroll register and employee timesheets by an independent individual would provide another supervisory review to minimize the risk of loss, theft or misuse of funds. The district's current lack of review procedures over payroll continues to allow the potential for misuse of funds.

- B. Timesheets are not signed by employees and their supervisors, and the former Fire Chief did not prepare a timesheet to document hours actually worked. While district personnel indicated timesheets are reviewed for accuracy, this review is not documented. To document hours actually worked and substantiate payroll expenditures, timesheets should be prepared and signed by all district employees and include documentation of supervisory approval.
- C. The district has not established a formal written policy for vacation, and sick leave for nonunion employees, and vacation and sick leave balances reported on individual employee pay stubs did not always agree with accumulated leave records. While nonunion employees of the fire district earn leave, the district does not have a written policy addressing the rate at which leave is earned, when it can be used, etc. Additionally, when we compared leave balances reported on employee pay stubs for June 2006 to the cumulative leave record, some amounts did not agree. Although differences were small in amount, the district should take steps to ensure leave balances for employees are accurately tracked.

Complete and detailed written policies are necessary to provide guidance to district employees and provide a basis for proper compensation. In addition, leave balances reported on employee pay stubs should periodically be compared to centralized leave records to ensure they are in agreement.

- D. Time sheets prepared by firemen do not always indicate actual hours worked. The district allows firemen to trade time, allowing one fireman to work the scheduled shift of another fireman who will in turn work another shift at a later time. Traded time is not reflected properly on time sheets. The originally scheduled work time is posted to the time sheets by the firemen rather than the actual time worked.

The Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees. To properly support payroll disbursements, time records should accurately reflect the time worked by each employee.

- E. Improvement is needed over the district's procedures for reporting compensation to the IRS.

1. Forms 1099 Miscellaneous were not always issued as required, and some of the amounts reported on the forms were not accurate. During 2005 the district reported payments totaling \$1,150, \$880, and \$610 to three volunteer firemen on Form 1099; however, accounting records indicate that actual payments totaled \$1,290, \$985, and \$650 respectively. Additionally, four other volunteer firemen and the district's attorneys should have been issued Form 1099 since payments to them exceeded \$600.

Sections 6041 and 6051 of the Internal Revenue Code require payments of at least \$600 or more in one year to an individual for professional services or for services performed as a trade or business by nonemployees (other than corporations) be reported to the federal government on Form 1099. Further, procedures should be in place to compare amounts reported on Form 1099 to accounting records to ensure their accuracy.

2. The district failed to file the Employer's Quarterly Federal Tax Return (Form 941) on a timely basis for the tax periods March 31, 2004 and December 31, 2003, resulting in \$494 in late reporting penalty charges and interest.

The Internal Revenue Code requires employers to submit Form 941 on a quarterly basis.

3. Payroll and accounting records are not properly reconciled with amounts reported on Forms W-2, W-3, and quarterly wage reports. As a result, some employees' wages were incorrectly reported and payroll taxes were underpaid without being identified by the district.

- During 2005 three payroll checks totaling \$2,143 were issued but not properly posted in the district's accounting records. As a result of these and other errors, payroll amounts recorded in the district's records do not agree with amounts reported on Forms W-2, W-3, and quarterly wage reports.
- Wages totaling approximately \$5,700 paid in October 2004 were not included on the fourth quarter 2004 wage reports filed with the state and federal authorities resulting in the underpayment of federal and state payroll taxes by approximately \$1,000. These wages were also not included in annual totals reported to employees on Forms W-2 for 2004.

These discrepancies could have been identified if adequate reconciliations had been performed between payroll and accounting records and bank records as similarly noted in MAR 5. The failure to reconcile payroll records increases the risk that errors or irregularities will occur and not be

detected on a timely basis. The district should contact the IRS concerning the differences identified above.

- F. The Board of Directors grants retroactive pay increases to employees. Upon approval of pay increases the board retroactively increases pay to the employees' six month anniversary date for salaried employees or the last pay period for hourly employees. For example, in October and December 2005, two employees received retroactive pay increases totaling \$161, and in January and March 2006 two additional employees received retroactive pay increases totaling \$269.

Article III, Section 39 of the Missouri Constitution prohibits political subdivisions from granting additional compensation for services already rendered. Although the amounts of the individual retroactive raises were not significant, this practice is prohibited.

- G. Procedures are not in place to ensure employee payroll checks are adequately secured after they are written. Additionally, the district does not require written authorization from the employee prior to distributing payroll checks to someone other than the employee. Payroll checks not given directly to the employee are placed in unsecured employee mailboxes, or given to family members. Payroll checks should be adequately secured until distributed to the employee. If the employee authorizes his or her payroll check to be given to a family member, this authorization should be in writing.

WE RECOMMEND the Fire Protection District Board of Directors:

- A. Adequately segregate duties involving payroll transactions, or at a minimum, ensure a documented supervisory review of the reconciliation between timesheets and payroll records is performed.
- B. Ensure all employees prepare timesheets and all time sheets are signed by both the employee and the employee's supervisor.
- C. Establish a written leave policy for nonunion employees, and periodically compare leave balances reported on pay stubs to centralized leave records to ensure they are in agreement.
- D. Require all employees to complete time sheets which report actual hours worked.
- E. Ensure 1099 forms are issued in accordance with IRS regulations, and amounts reported are compared to accounting records to ensure their accuracy. Additionally, ensure forms 941 are filed timely and payroll and accounting records are reconciled with amounts reported to the state and federal authorities. Any payroll reporting errors identified should be corrected, and unpaid payroll taxes should be submitted to the proper authorities.

- F. Discontinue granting retroactive pay increases.
- G. Establish procedures to ensure payroll checks are adequately secured until distributed to employees. Additionally, written authorization should be obtained prior to distributing payroll checks to someone other than an employee.

AUDITEE'S RESPONSE

The Board provided the following response:

The current Chief Executive Officer has implemented Employee Policies and supervision of payroll issues and transactions that have been approved by the Board of Directors. Monthly financial records continue to be reviewed by the Board of Directors. Audits will be conducted annually.

8. Travel and Training

The Board has not effectively monitored travel and training expenses, and has not followed their established policies. Additionally, documentation was not maintained for most training expenses, and the district's policy does not provide guidelines to determine when lodging costs should be reasonably incurred.

- A. Three checks totaling approximately \$2,200 were made payable to "cash" between January 2004 and March 2005 for the purpose of providing cash advances to firemen for meal expenses relating to training. These three checks were endorsed by the former Administrative Assistant and cashed. While district policy states that personnel will be reimbursed for meal expenses based on actual costs of meals up to \$50 per day, fire district personnel indicated that firemen were given \$65 cash for each training day. However, supporting documentation was not maintained to indicate who the cash was provided to or how much cash each fireman actually received. Additionally, meal receipts totaling only \$429 (including \$30 in alcoholic beverages) were provided to support how the \$2,200 was used.
- B. District policy indicates that in the event personnel do not successfully complete a training event, the district will be reimbursed for any costs paid in advance by the district. In at least one instance fire district personnel did not attend or complete a training event for which the district paid approximately \$200, but no reimbursement was received. Subsequent to our review the fire district board approved the Administrative Assistant to attempt to collect this amount.
- C. Invoices were not retained for most registration fees and lodging paid directly by the district. Due to inadequate documentation it was not determinable who the attendees were at some training events. At our request documentation was subsequently obtained by the district from the hotel hosting the training; however,

the available documentation was limited. Original invoices or other supporting documentation is necessary to ensure that disbursements are for legitimate purposes.

- D. In two instances fire district personnel extended their stay at the hotel hosting the training event beyond the days necessary to complete the training, resulting in additional cost to the district of \$150 and \$126. Additionally, the district paid approximately \$500 for fire department personnel to stay in a hotel less than 30 miles from Ozark to attend training. No documentation was maintained to justify the extra night stays, or the need to have personnel incur lodging costs in a location within commuting distance. The district's policy does not provide guidelines to determine when lodging costs should be reasonably incurred by the district.

To ensure training and travel costs are adequately controlled the district should comply with their written policy by reimbursing documented travel expenses rather than providing cash to personnel in advance of the trip, and by obtaining reimbursement for all costs associated with training not completed. Additionally, training and travel costs should include only those costs which are reasonable and necessary, and documentation should be maintained to support all expenses. Further, the district should amend their travel policy to provide guidelines to determine when lodging costs should be incurred by the district.

WE RECOMMEND the Fire Protection District Board of Directors comply with district policy by reimbursing documented travel expenses rather than providing cash to personnel in advance, and consult with firemen to ensure the appropriate amount of cash was received by each one attending training. Additionally, reimbursement should be obtained for all costs associated with training not completed. Further, only reasonable and necessary training costs should be incurred, adequate documentation should be maintained, and guidelines should be provided to determine when lodging costs should be incurred by the district.

AUDITEE'S RESPONSE

The Board provided the following response:

The current Chief Executive Officer has implemented Employee Policies regarding travel expenses and training that have been approved by the Board of Directors. The District will take action as necessary for reimbursements due the District. No unauthorized travel or expenses will be allowed or paid.

9. District Policies and Procedures

Audits of financial records were not obtained as required by district by-laws, a written agreement is not maintained with the depository bank, and adequate records are not

maintained to ensure firemen comply with district training policies. Additionally, the district does not have a written policy regarding cell phones, maintain vehicle mileage and maintenance logs, and adequately track fuel purchases. Further, the district's policy to charge individuals living outside the district for emergency services needs clarification.

- A. The district board members have not taken steps to ensure district operations are in agreement with the district's by-laws. For example, the by-laws indicate that biennial audits of the district's financial records for the previous two fiscal years shall be conducted, and shall begin in 2001 with audits of fiscal year 2000 and 1999. The district's financial records had not been audited until 2006 when the board contracted for an audit of the year ending December 31, 2005. Additionally, on December 20, 2005 the Board approved amending the district's by-laws to require an audit after the close of each year; however, the by-laws had not been updated with this change until we brought this matter to the district's attention.

The district should abide by its by-laws and ensure by-laws are promptly updated for changes approved by the Board.

- B. The district does not have a written agreement with its current depository bank. A written depository contract helps both the bank and the district understand and comply with the requirements of any banking arrangement. The contract's provisions should include, but not be limited to, collateral security requirements; any bank fees for check printing, checking account services, and safe deposit boxes; interest charges on any borrowed funds; and interest rates for invested funds. Additionally, the contract should specify the required number of signatures on checks, and procedures for authorizing electronic transfers from the district's accounts.

- C. Adequate records were not maintained to ensure all firemen complied with district policies. District Policy Number 17 requires all firemen to have 45 hours of training prior to responding to any incident, and Policy Number 18 establishes levels of participation required by personnel to maintain active status.

The district's records were not always up to date, and documentation of training had to be obtained directly from the firemen in some instances. Additionally, the district does not track meeting participation to ensure Policy Number 18 is followed. The district should maintain adequate documentation to ensure policies are followed.

- D. The fire district has not developed a formal written policy regarding cellular phone usage, or guidelines to determine whether a cellular phone is needed or of benefit to the fire district. Currently, the Fire Chief, Administrative Assistant, and Shift Supervisor have cellular phones. According to fire district personnel, personal calls are allowed during off-peak hours (after 6:00 p.m. on weekdays and any time on weekends). The current phone package used by the fire district has

three phones with 1500 shared peak minutes and unlimited minutes for nights and weekends.

Although personal calls are permitted after 6:00 p.m., there were numerous instances where personal calls were made during peak hours. For example, during one month 40 percent of the peak minutes used for one phone was for personal calls. Even though these minutes are included in the district's plan, the amount of personal usage appears questionable.

A formal written policy regarding cellular phone usage should be developed, and the usage should be monitored to ensure compliance with district policy. The district may want to consider prohibiting the personal use of cellular phones, except in case of emergency. During the year ended December 31, 2005 and 2004, the fire district paid \$2,321 and \$2,067 respectively for cellular phones.

- E. Vehicle mileage and maintenance logs were not always maintained, and fuel purchases are not adequately tracked. The fire district maintained mileage logs periodically during 2005; however, no logs were maintained between January through July 2006. In July 2006 the district once again began maintaining mileage logs, but maintenance logs are not maintained documenting the type of maintenance performed on each vehicle. Additionally, the mileage logs do not always document when fuel is purchase, or the amount of fuel purchased. While charge receipts are maintained each time fuel is purchased, these receipts do not always indicate what vehicle was fueled.

Mileage and maintenance logs are necessary to document the appropriate use of vehicles and to support fuel and other charges. Information on the logs should be periodically reconciled to applicable expenditure records to help identify and prevent inappropriate fuel purchases or other maintenance and operating charges. Fuel purchased during the years ended December 31, 2005 and 2004 was \$12,613 and \$5,177 respectively.

- F. In December 2005 the Board approved an ordinance authorizing the district to charge individuals who reside outside of the district but receive emergency services within the boundaries of the fire protection district. Since this date the district has only charged one individual for this service, and received \$150 from the individual's insurance company. According to district personnel, the district has not been charging individuals who live in neighboring districts; however, the resolution passed by the Board does not indicate that these individuals are exempt. Additionally, the district has not tracked the amount of fees waived for individuals living in neighboring districts. If the Board has determined that charges should not be assessed to individuals from neighboring districts, the Board should consider amending the ordinance to reflect this exclusion.

WE RECOMMEND the Fire Protection District Board of Directors:

- A. Ensure current operations comply with the adopted by-laws, and by-laws are updated promptly for any changes approved by the Board.
- B. Enter into a depositary agreement with its depositary bank.
- C. Maintain adequate documentation to ensure district policies are followed.
- D. Develop a formal written policy regarding the use of cellular phones, and consider a provision prohibiting their use for personal reasons.
- E. Require mileage and maintenance logs be maintained for all fire district vehicles, and document each time fuel is purchased for the vehicle.
- F. Consider amending the ordinance to exclude individuals living in neighboring districts from being charged for emergency services if the Board intends not to charge these individuals.

AUDITEE'S RESPONSE

The Board provided the following response:

The Board of Directors updates their adopted by -laws as they are approved. The Depositary Agreement is currently in the review process and is expected to be completed prior to the end of the fiscal year. The current Chief Executive Officer has implemented a Cellular Use Policy that has been approved by the Board of Directors. Mileage and main tenance logs are kept on file at the District Headquarters. Fuel receipts are maintained with th e Accounts Payable records. The Chief E xecutive Officer now reviews milea ge and maintenance lo gs, and fuel receipt s for reasonableness. The Board of Directors have amended their current Ordinance #1220-05-1 to exclude charging persons that live in current Mutual Aid Districts.

10. Budgetary

Procedures

The annual budgets approved by the Board of Directors do not include all the necessary information as required by state law. Additionally, during 2005 the district approved expenditures in excess of the budgeted amount by \$80,754.

- A. The budgets approved by the board only include anticipated revenues and expenditures. The district's budgets do not include the beginning cash balance, the projected ending cash balance, a comparative statement of actual or estimated receipts and disbursements for the two previous years, or a budget message.

Section 67.010, RSMo, requires each political subdivision to prepare an annual budget, and Sections 67.010 to 67.080, RSMo, set specific guidelines for the

format, approval, and amendment of the annual operating budget. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool, and is necessary to inform the public of specific cost and revenue expectations for district operations.

- B. The district approved expenditures in excess of the budgeted amount by \$80,754 for the year ended December 31, 2005. While the Board receives periodic reports comparing actual revenues and expenditures to budgeted amounts, their procedures are not effective in monitoring the annual budget.

The budget process provides a means to allocate financial resources in advance. Failure to adhere to the expenditure limits imposed by the budgets weakens the effectiveness of this process. Section 67.080, RSMo, provides that no expenditure of public monies shall be made unless it is authorized in the budget. Section 67.040, RSMo, allows for budget increases, but only after the governing body officially adopts a resolution setting forth the facts and reasons. The district should ensure that budget to actual comparisons are received and reviewed prior to approving expenditures.

WE RECOMMEND the Fire Protection District Board of Directors:

- A. Ensure annual budgets contain all required information, including the beginning and projected ending cash balances, a comparative statement of actual receipts and disbursements for the two previous years, and a budget message.
- B. Periodically compare actual revenues and expenditures with budgeted amounts to help ensure expenditures do not exceed the amounts approved in the budget. If circumstances require expenditures in excess of amounts budgeted, a formal resolution should be adopted authorizing the additional expenditures and documenting the reasons for such.

AUDITEE'S RESPONSE

The Board provided the following response:

The Board of Directors has taken steps to ensure all pertinent information will be included in the budget. The Board of Directors reviews the yearly budget on a monthly basis and will adopt a resolution to amend any budget revenues and/or expenditures before the end of the fiscal year.

11. Board Meeting Minutes

The Fire District Board frequently held closed meetings but did not always maintain minutes to document matters discussed in those meetings. In addition, minutes were not always signed by the Board Secretary and the Board President, and did not always include sufficient detail of matters discussed or actions taken by the board.

- A. The board conducted several closed meetings during the years ended December 31, 2005 and 2004; however, minutes of closed meetings were not maintained until May 2005. Additionally, the Board discussed giving turkeys to employees and volunteers for Christmas during one closed meeting in December 2005. This does not appear to be an allowable topic under the law.

Section 610.020, RSMo, requires closed meeting minutes to document and record official board decisions and actions affecting the fire district. Additionally, Section 610.021, RSMo, allows the board to discuss certain subjects in closed meetings, including litigation, real estate transactions, bid specifications and sealed bids, personnel matters, and confidential or privileged communications with auditors. The Board should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes.

- B. The board minutes are prepared by the Board Secretary, but the minutes are not signed by the President of the Board, and are not always signed by the Board Secretary. Although board meeting minutes reflect that the minutes from the previous meeting are read and approved, the minutes should be signed by the Board President to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board's meetings, and minutes should be signed by the Board Secretary as preparer.

- C. Minutes prepared to document open board meetings did not always include sufficient details of matters discussed or actions taken at board meetings. Also, the minutes did not always include how each board member voted on a motion. For example:

1. The August 24, 2004 minutes indicate the Board approved the purchase of a fire truck for \$265,000 with no record of how each individual member of the board voted.
2. In September 2005, the Board approved the use of a specific computer company to examine the district's computers for possible misuse; however, the district subsequently paid two computer companies for this service. According to the Board President the district used two computer vendors because of the technical issues involved in the search; however, the board minutes do not document the Board's discussions or their approval to use more than one vendor for this service.

Complete and accurate minutes provide an official record of board actions and decisions. In addition, Section 610.020, RSMo, states that "the minutes shall include the date, time, place, members present, members absent, and a record of votes taken."

WE RECOMMEND the Fire Protection District Board of Directors:

- A. Maintain minutes of all closed meetings, and ensure only allowable, specified subjects are discussed in closed session as required by state law.
- B. Ensure board minutes are signed by the Board Secretary as preparer, and by the Board President to attest to their completeness and accuracy.
- C. Ensure all significant discussions, actions taken, and a record of votes taken, as required by state law, are included in the minutes.

AUDITEE'S RESPONSE

The Board provided the following response:

The current Board Secretary signs all board minutes. The Board President will sign all board minutes upon approval. Board Secretary will keep closed session minutes and discussions in a separate records book.

12. Capital Assets

The fire district has not prepared and maintained a permanent detailed record of the property owned by the district.

The fire district's independent auditor compiled a list of assets when conducting the district's audit for the year ending December 31, 2005. The fire district does not tag or otherwise identify fixed assets as property of the district, and has not performed a physical inventory of district property. Additionally, district records indicate that some employees were terminated as a result of their improper use of city assets. According to the district's audit report, assets totaling \$1,773,621 (\$1,295,830 for vehicles and equipment, \$477,791 for land and buildings) are held by the district.

Complete and accurate property records are necessary to secure better internal control over fire district property, provide a basis for determining proper insurance coverage, and provide assurance to the public that assets purchased with fire district monies are being utilized by the fire district. Property records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. Additions should be reconciled to purchases annually. Physical inventories are necessary to ensure the property records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Pre-numbered tags, when affixed to property items, allow for identification of property in the records and may deter the potential for personal use of fire district assets.

WE RECOMMEND the Fire Protection District Board of Directors maintain property records for all district assets. Additions to the property records should be reconciled to

purchases annually, and pre-numbered inventory tags that label each item as "Property of Ozark Fire Protection District" should be added to the district's property listing.

AUDITEE'S RESPONSE

The Board provided the following response:

The current Chief Executive Officer has compiled a numbered inventory list and record of District properties.

HISTORY, ORGANIZATION AND
STATISTICAL INFORMATION

**OZARK FIRE PROTECTION DISTRICT
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION**

The Ozark Fire Protection District, Christian County, Missouri, is a fire district established pursuant to Chapter 321, RSMo. The Ozark Rural Fire Protection District was organized in 1984. In August 2004 voters approved consolidating with the City of Ozark Fire Department and became the Ozark Fire Protection District. It covers approximately 110 square miles in Christian County, Missouri and has four fire stations.

An elected board acts as the policy-making body for the district's operations. The board's three members serve 6 year terms without compensation. Starting in 2007, the fire district will go to a five member board. Members of the board during the year ended December 31, 2005, were:

Fire District Board	Dates of Service During the Year Ended December 31, 2005	
Teresa Christensen, President	January-December	
William C. McKnabb, Jr., Vice President	January-December	
Steve Young, Treasurer	January-March	
Tim Garrett, Treasurer	April- September	
Stephanie Regan, Treasurer	October -December	

Other Principal Officials	Dates of Service During the Year Ended December 31, 2005	Compensation Paid for the Year Ended December 31, 2005
Jacob Archer, Fire Chief (1)	January-September	\$ 32,566
Troy Bowlin, Fire Chief	September-December	0
Chris Heslip, Assistant Fire Chief (2)	January-September	22,175
Stacey Scrivener, Administrative Assistant (3)	January-March	3,878
Diana Nelson, Administrative Assistant	May-December	12,234

- (1) Jacob Archer's employment was terminated in September 2005. Troy Bowlin was appointed interim fire chief with no compensation. Gordon Dipple became the fire chief in March 2006 at an annual salary of \$50,000.
- (2) Chris Heslip's employment was terminated in September 2005, and Troy Bowlin became the assistant fire chief in June 2006 with no compensation.
- (3) The Administrative Assistant position was vacant during April 2005.

The district employs approximately eight full-time employees and one part-time employee, including a fire chief, an administrative assistant, one data entry clerk and six firemen. At December 31, 2005, the district had 30 volunteer firefighters.

Assessed valuations and tax rates for 2005 and 2004 were as follows:

ASSESSED VALUATIONS	2005	2004
Real estate	\$ 239,255,354	\$ 197,698,876
Personal property	48,872,519	47,557,447
Total	<u>288,127,873</u>	<u>245,256,323</u>

TAX RATE PER \$100 ASSESSED VALUATION:

General Fund	\$ 0.2188	\$ 0.2300
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The district entered into a ten year lease payable agreement dated November 1, 2004 for refinancing of \$1,100,000 at 3.5 percent interest. The refinancing included the payoff of the loan from the "The Public Funding Corporation of the Ozark Fire Protection District," and to purchase land and fire apparatus. The Public Funding Corporation was established to borrow funding for the rural fire district. The lease payable balance at December 31, 2005 was \$982,733.

During 2005, the District entered into a lease payable agreement for \$679,000 with Commerce Bank, N.A. to construct, renovate and equip fire station facilities. As of December 31, 2005 the construction of a new fire house was not complete and the district had only received \$49,997 of the lease proceeds. The lease payment of \$54,438 is due October 18, 2006.



Claire McCaskill

Missouri State Auditor

December 2006

Hickory County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of
Missouri State Auditor
Claire McCaskill

December 2006

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Hickory, that do not have a county auditor. In addition to a financial audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

- The county did not always solicit bids, or bid documentation was not always retained, for some purchases including new and used vehicles and ballots. The County Commission also failed to document their justification (or reasons) to purchase a 2005 large sport utility vehicle for the exclusive use of the Sheriff. In addition, controls over fuel usage in the Sheriff's office and the road and bridge department need improvement. Further, Forms 1099 Miscellaneous were not always prepared when applicable, and the county did not always enter into contracts when appropriate such as for boarding of prisoners and dispatching services.
- The County Collector's bond was less than the amount required by state law, and it is not clear whether certain other elected officials met statutory minimum requirements for bonding.
- Three employees of the Sheriff's office and the Sheriff used county property while performing duties as part-time employees of a private company contracted to provide security for the Federal Emergency Management Assistance (FEMA) office set up in the county to serve victims of the March 2006 tornado. These four individuals were paid a total of \$4,670 by the security company for their service.
- The Sheriff's office is holding conceal and carry permit fees in a bank account outside the county treasury in apparent violation of state law, and accounting controls over these fees are in need of improvement. In addition, accounting duties have not been adequately segregated in the Sheriff's office, procedures over civil processing fees need improvement, and the method of payment was not always indicated on receipt slips.
- The Prosecuting Attorney's office does not require a signed payment plan for bad check writers making partial payments and does not adequately monitor court ordered restitution. In addition, procedures have not been adopted to ensure that bad check complaints are filed with the court in a timely manner, and the

(over)

YELLOW SHEET

Prosecuting Attorney's secretary can reduce the amount of bad check fees charged to the bad check writer without obtaining approval from the Prosecuting Attorney.

- The Circuit Clerk's office has not established adequate procedures to ensure all accrued costs (court costs, incarceration costs, court-ordered restitution, and fines) are adequately identified and pursued. Upon our request, the Circuit Clerk ran a report of accrued costs totaling \$253,372 due to the Circuit Court as of April 17, 2006; however, the Circuit Clerk did not regularly run and review this report. In addition, the court does not adequately review the status of case liabilities (or open items), and accounting duties are not adequately segregated in the Circuit Clerk's office.
- Various weaknesses exist in the accounting controls and procedures of the health center including the functions of cash receipting, depositing and reconciling. Further, review procedures over Health Center expenditures are in need of improvement and employee timesheets were not signed by the employee and contained no documentation of supervisory review. In addition, general capital asset records and procedures need improvement, the health center's published financial statement did not include the level of detail required by state law, and budget amendments were not filed as required. Finally, procedures related to closed session meetings of the Health Center Board were not always adequate and did not always comply with state law.

This audit also suggested improvements related to County Commission closed minutes and in the procedures of the Associate Circuit Court, Public Administrator, and Assessor.

All reports are available on our Web site: www.auditor.mo.gov

HICKORY COUNTY, MISSOURI

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Changes in Cash - Various Funds
Year Ended December 31, 20058

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HICKORY COUNTY, MISSOURI

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FINANCIAL SECTION

STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

To the County Commission
and
Officeholders of Hickory County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Hickory County, Missouri, as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Hickory County, Missouri, as of December 31, 2005 and 2004, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Hickory County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2005 and 2004, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 28, 2006, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Hickory County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

August 28, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Pamela Allison Tillery, CPA
Senior III:	April McHaffie Lathrom, CPA
In-Charge Auditor:	Ted Fugitt, CPA
Audit Staff:	Roberta Bledsoe
	Candace Copley
	Melissa DeJarnette
	Diane Smiley
	Alex Parke



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Hickory County, Missouri

We have audited the financial statements of various funds of Hickory County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated August 28, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Hickory County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Hickory County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Hickory County, Missouri, and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 28, 2006 (fieldwork completion date)

Financial Statements

Exhibit A-1

HICKORY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2005

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 495,697	1,400,970	1,398,458	498,209
Special Road and Bridge	160,453	723,861	693,999	190,315
Assessment	11,163	146,197	142,828	14,532
Law Enforcement Training	901	1,304	1,590	615
Prosecuting Attorney Training	1,121	332	438	1,015
Recorder User	39,394	10,666	7,683	42,377
Law Enforcement Drug	3,024	54	1,364	1,714
Prosecuting Attorney Bad Check	7,860	5,733	3,708	9,885
Children Trust	181	238	0	419
Police Officer Standards Training	2,107	516	0	2,623
Sheriff Special	13,704	9,099	15,347	7,456
Elections	15,803	7,342	4,745	18,400
Tax Maintenance	16,602	9,266	0	25,868
Capital Projects	0	111,533	0	111,533
Health Center	81,637	266,010	240,286	107,361
Associate Court Interest	132	12	110	34
Circuit Clerk Interest	274	727	170	831
Law Library	307	3,525	3,224	608
John Sally Trust	51,444	1,450	0	52,894
Sheriff Revolving	1,686	407	0	2,093
Passport	0	1,020	0	1,020
Total	\$ 903,490	2,700,262	2,513,950	1,089,802

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

HICKORY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 486,020	1,286,941	1,277,264	495,697
Special Road and Bridge	149,213	709,305	698,065	160,453
Assessment	13,110	125,166	127,113	11,163
Law Enforcement Training	745	1,064	908	901
Prosecuting Attorney Training	1,296	268	443	1,121
Recorder User	36,303	10,388	7,297	39,394
Law Enforcement Drug	6,320	72	3,368	3,024
Prosecuting Attorney Bad Check	8,243	4,064	4,447	7,860
Children Trust	129	3,537	3,485	181
Police Officer Standards Training	2,107	542	542	2,107
Sheriff Special	13,143	10,695	10,134	13,704
Elections	2,319	17,309	3,825	15,803
Tax Maintenance	7,819	8,783	0	16,602
Health Center	65,701	246,595	230,659	81,637
Associate Court Interest	209	23	100	132
Circuit Clerk Interest	2,006	168	1,900	274
Law Library	498	3,240	3,431	307
John Sally Trust	50,453	991	0	51,444
Sheriff Revolving	0	2,775	1,089	1,686
Total	\$ 845,634	2,431,926	2,374,070	903,490

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

HICKORY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 3,202,623	2,698,835	(503,788)	2,549,797	2,429,151	(120,646)
DISBURSEMENTS	3,338,617	2,513,950	824,667	2,709,012	2,372,981	336,031
RECEIPTS OVER (UNDER) DISBURSEMENTS	(135,994)	184,885	320,879	(159,215)	56,170	215,385
CASH, JANUARY 1	901,664	901,804	140	845,634	845,634	0
CASH, DECEMBER 31	765,670	1,086,689	321,019	686,419	901,804	215,385
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	138,062	129,632	(8,430)	139,098	140,012	914
Sales taxes	794,312	795,340	1,028	809,285	800,302	(8,983)
Intergovernmental	245,906	250,325	4,419	230,700	115,424	(115,276)
Charges for services	157,230	158,784	1,554	146,633	161,019	14,386
Interest	19,069	17,210	(1,859)	11,419	12,582	1,163
Other	31,400	35,679	4,279	41,985	43,602	1,617
Transfers in	14,000	14,000	0	14,000	14,000	0
Total Receipts	1,399,979	1,400,970	991	1,393,120	1,286,941	(106,179)
DISBURSEMENTS						
County Commissioner	73,760	72,399	1,361	72,260	71,153	1,107
County Clerk	68,885	65,789	3,096	64,496	62,604	1,892
Elections	28,445	23,881	4,564	49,605	47,159	2,446
Buildings and grounds	96,988	69,587	27,401	68,166	50,573	17,593
Employee fringe benefit	119,027	119,637	(610)	123,457	112,540	10,917
County Treasurer	26,760	26,453	307	26,760	25,956	804
County Collector	70,745	68,179	2,566	68,706	67,828	878
Ex Officio Recorder of Deed	28,185	26,487	1,698	28,605	26,261	2,344
Associate Circuit (Probate)	6,300	2,929	3,371	6,300	2,616	3,684
Court administration	20,265	11,307	8,958	12,693	9,864	2,829
Public Administrator	23,000	22,652	348	19,000	17,155	1,845
Sheriff	420,303	415,627	4,676	393,980	393,155	825
Jail	45,520	38,788	6,732	45,640	42,095	3,545
Prosecuting Attorney	71,558	66,863	4,695	67,131	66,521	610
Juvenile Offices	12,114	12,126	(12)	10,573	5,970	4,603
County Coroner	14,130	10,488	3,642	15,355	13,654	1,701
Juvenile Detention Center	19,374	0	19,374	15,194	4,457	10,737
Insurance	42,000	43,970	(1,970)	32,962	39,342	(6,380)
Publications	2,500	1,735	765	8,250	7,720	530
University Extension	32,108	32,108	0	28,358	28,358	0
Emergency management	1,000	794	206	6,550	6,518	32
Fire and rescue	10,000	10,000	0	11,500	11,458	42
Worker's compensation claim	0	0	0	12,501	11,561	940
Emergency radio equipment	95,700	95,700	0	95,700	0	95,700
Emergency response	9,750	9,791	(41)	23,330	13,580	9,750
Debt service	0	0	0	91,178	91,179	(1)
Other	17,392	12,865	4,527	16,352	12,487	3,865
Transfers out	138,303	138,303	0	35,500	35,500	0
Emergency Fund	45,000	0	45,000	40,000	0	40,000
Total Disbursements	1,539,112	1,398,458	140,654	1,490,102	1,277,264	212,838
RECEIPTS OVER (UNDER) DISBURSEMENTS	(139,133)	2,512	141,645	(96,982)	9,677	106,659
CASH, JANUARY 1	495,697	495,697	0	486,020	486,020	0
CASH, DECEMBER 31	356,564	498,209	141,645	389,038	495,697	106,659

Exhibit B

HICKORY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	214,392	206,999	(7,393)	201,090	208,148	7,058
Intergovernmental	991,524	500,942	(490,582)	515,576	482,383	(33,193)
Interest	6,751	6,891	140	4,600	4,657	57
Other	0	9,029	9,029	14,063	14,117	54
Total Receipts	1,212,667	723,861	(488,806)	735,329	709,305	(26,024)
DISBURSEMENTS						
Salaries	257,371	249,718	7,653	240,680	235,772	4,908
Employee fringe benefit	58,094	55,969	2,125	55,868	47,411	8,457
Supplies	93,500	98,740	(5,240)	77,300	78,582	(1,282)
Insurance	8,335	8,335	0	8,736	7,979	757
Road and bridge materials	138,500	118,971	19,529	133,786	128,430	5,356
Equipment repairs	53,000	43,454	9,546	32,500	36,051	(3,551)
Equipment purchases	43,216	31,917	11,299	27,500	25,716	1,784
Construction, repair, and maintenance	541,300	25,089	516,211	108,206	76,731	31,475
Debt service	35,745	35,745	0	22,750	35,745	(12,995)
Other	13,056	12,061	995	35,745	11,648	24,097
Transfers out	14,000	14,000	0	14,000	14,000	0
Total Disbursements	1,256,117	693,999	562,118	757,071	698,065	59,006
RECEIPTS OVER (UNDER) DISBURSEMENTS	(43,450)	29,862	73,312	(21,742)	11,240	32,982
CASH, JANUARY 1	160,453	160,453	0	149,213	149,213	0
CASH, DECEMBER 31	117,003	190,315	73,312	127,471	160,453	32,982
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	96,572	106,335	9,763	83,737	88,872	5,135
Charges for services	500	941	441	500	410	(90)
Interest	558	618	60	386	384	(2)
Transfers in	38,303	38,303	0	35,500	35,500	0
Total Receipts	135,933	146,197	10,264	120,123	125,166	5,043
DISBURSEMENTS						
Assessor	137,077	132,828	4,249	133,009	127,113	5,896
Transfers out	10,000	10,000	0	0	0	0
Total Disbursements	147,077	142,828	4,249	133,009	127,113	5,896
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,144)	3,369	14,513	(12,886)	(1,947)	10,939
CASH, JANUARY 1	11,163	11,163	0	13,110	13,110	0
CASH, DECEMBER 31	19	14,532	14,513	224	11,163	10,939
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	1,000	1,304	304	1,200	1,064	(136)
Total Receipts	1,000	1,304	304	1,200	1,064	(136)
DISBURSEMENTS						
Sheriff	1,700	1,590	110	1,945	908	1,037
Total Disbursements	1,700	1,590	110	1,945	908	1,037
RECEIPTS OVER (UNDER) DISBURSEMENTS	(700)	(286)	414	(745)	156	901
CASH, JANUARY 1	901	901	0	745	745	0
CASH, DECEMBER 31	201	615	414	0	901	901

Exhibit B

HICKORY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	200	332	132	270	268	(2)
Total Receipts	200	332	132	270	268	(2)
DISBURSEMENTS						
Prosecuting Attorney	500	438	62	500	443	57
Total Disbursements	500	438	62	500	443	57
RECEIPTS OVER (UNDER) DISBURSEMENTS	(300)	(106)	194	(230)	(175)	55
CASH, JANUARY 1	1,121	1,121	0	1,296	1,296	0
CASH, DECEMBER 31	821	1,015	194	1,066	1,121	55
<u>RECORDER USER FUND</u>						
RECEIPTS						
Charges for service:	10,500	9,372	(1,128)	13,000	9,555	(3,445)
Interest	1,159	1,294	135	653	833	180
Total Receipts	11,659	10,666	(993)	13,653	10,388	(3,265)
DISBURSEMENTS						
Recorder of Deeds	12,000	7,683	4,317	13,000	7,297	5,703
Total Disbursements	12,000	7,683	4,317	13,000	7,297	5,703
RECEIPTS OVER (UNDER) DISBURSEMENTS	(341)	2,983	3,324	653	3,091	2,438
CASH, JANUARY 1	39,394	39,394	0	36,303	36,303	0
CASH, DECEMBER 31	39,053	42,377	3,324	36,956	39,394	2,438
<u>LAW ENFORCEMENT DRUG FUND</u>						
RECEIPTS						
Interest	100	54	(46)	135	72	(63)
Total Receipts	100	54	(46)	135	72	(63)
DISBURSEMENTS						
Sheriff	1,400	1,364	36	6,455	3,368	3,087
Total Disbursements	1,400	1,364	36	6,455	3,368	3,087
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,300)	(1,310)	(10)	(6,320)	(3,296)	3,024
CASH, JANUARY 1	3,024	3,024	0	6,320	6,320	0
CASH, DECEMBER 31	1,724	1,714	(10)	0	3,024	3,024
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	3,800	5,489	1,689	4,244	3,891	(353)
Interest	266	244	(22)	148	173	25
Total Receipts	4,066	5,733	1,667	4,392	4,064	(328)
DISBURSEMENTS						
Prosecuting Attorney	7,860	3,708	4,152	8,537	4,447	4,090
Total Disbursements	7,860	3,708	4,152	8,537	4,447	4,090
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,794)	2,025	5,819	(4,145)	(383)	3,762
CASH, JANUARY 1	7,860	7,860	0	8,243	8,243	0
CASH, DECEMBER 31	4,066	9,885	5,819	4,098	7,860	3,762

Exhibit B

HICKORY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CHILDREN TRUST FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	3,185	3,185	0
Charges for service:	400	230	(170)	300	340	40
Interest	17	8	(9)	2	12	10
Total Receipts	417	238	(179)	3,487	3,537	50
DISBURSEMENTS						
Domestic Violence Shelte	400	0	400	3,485	3,485	0
Total Disbursements	400	0	400	3,485	3,485	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	17	238	221	2	52	50
CASH, JANUARY 1	181	181	0	129	129	0
CASH, DECEMBER 31	198	419	221	131	181	50
<u>POLICE OFFICER STANDARDS TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	542	516	(26)	542	542	0
Total Receipts	542	516	(26)	542	542	0
DISBURSEMENTS						
Sheriff	0	0	0	2,107	542	1,565
Total Disbursements	0	0	0	2,107	542	1,565
RECEIPTS OVER (UNDER) DISBURSEMENTS	542	516	(26)	(1,565)	0	1,565
CASH, JANUARY 1	2,107	2,107	0	2,107	2,107	0
CASH, DECEMBER 31	2,649	2,623	(26)	542	2,107	1,565
<u>SHERIFF SPECIAL FUND</u>						
RECEIPTS						
Charges for service:	7,600	9,099	1,499	0	10,695	10,695
Total Receipts	7,600	9,099	1,499	0	10,695	10,695
DISBURSEMENTS						
Sheriff	21,304	15,347	5,957	13,143	10,134	3,009
Total Disbursements	21,304	15,347	5,957	13,143	10,134	3,009
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,704)	(6,248)	7,456	(13,143)	561	13,704
CASH, JANUARY 1	13,704	13,704	0	13,143	13,143	0
CASH, DECEMBER 31	0	7,456	7,456	0	13,704	13,704

Exhibit B

HICKORY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTIONS FUND</u>						
RECEIPTS						
Intergovernmental	61,819	6,217	(55,602)	19,225	15,000	(4,225)
Charges for services	250	570	320	1,800	1,884	84
Interest	152	555	403	75	114	39
Other	125	0	(125)	0	311	311
Total Receipts	62,346	7,342	(55,004)	21,100	17,309	(3,791)
DISBURSEMENTS						
Elections	71,623	4,745	66,878	8,225	3,825	4,400
Total Disbursements	71,623	4,745	66,878	8,225	3,825	4,400
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,277)	2,597	11,874	12,875	13,484	609
CASH, JANUARY 1	15,803	15,803	0	2,319	2,319	0
CASH, DECEMBER 31	6,526	18,400	11,874	15,194	15,803	609
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	8,700	8,580	(120)	8,000	8,399	399
Interest	160	686	526	203	384	181
Total Receipts	8,860	9,266	406	8,203	8,783	580
DISBURSEMENTS						
Collector	25,461	0	25,461	16,022	0	16,022
Total Disbursements	25,461	0	25,461	16,022	0	16,022
RECEIPTS OVER (UNDER) DISBURSEMENTS	(16,601)	9,266	25,867	(7,819)	8,783	16,602
CASH, JANUARY 1	16,602	16,602	0	7,819	7,819	0
CASH, DECEMBER 31	1	25,868	25,867	0	16,602	16,602
<u>CAPITAL PROJECTS FUND</u>						
RECEIPTS						
Interest	0	1,533	1,533			
Transfers in	110,000	110,000	0			
Total Receipts	110,000	111,533	1,533			
DISBURSEMENTS						
Capital projects	0	0	0			
Total Disbursements	0	0	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	110,000	111,533	1,533			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	110,000	111,533	1,533			

Exhibit B

HICKORY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	63,872	63,872	0	60,250	64,122	3,872
Intergovernmental	130,184	141,578	11,394	115,773	123,178	7,405
Charges for services	18,300	29,851	11,551	55,900	46,467	(9,433)
Interest	3,046	3,110	64	2,600	2,000	(600)
Other	27,452	27,599	147	10,000	10,828	828
Total Receipts	242,854	266,010	23,156	244,523	246,595	2,072
DISBURSEMENTS						
Salaries	148,764	148,231	533	147,813	141,629	6,184
Office expenditures	22,353	20,293	2,060	22,300	19,202	3,098
Health program services	60,000	58,433	1,567	55,600	50,731	4,869
Equipment	2,765	2,125	640	6,500	6,088	412
Mileage and training	5,974	5,707	267	10,000	10,461	(461)
Other	5,600	5,497	103	2,500	2,548	(48)
Total Disbursements	245,456	240,286	5,170	244,713	230,659	14,054
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,602)	25,724	28,326	(190)	15,936	16,126
CASH, JANUARY 1	81,637	81,637	0	65,701	65,701	0
CASH, DECEMBER 31	79,035	107,361	28,326	65,511	81,637	16,126
<u>ASSOCIATE COURT INTEREST FUND</u>						
RECEIPTS						
Interest	0	12	12	40	23	(17)
Total Receipts	0	12	12	40	23	(17)
DISBURSEMENTS						
Associate Court	0	110	(110)	0	100	(100)
Total Disbursements	0	110	(110)	0	100	(100)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(98)	(98)	40	(77)	(117)
CASH, JANUARY 1	132	132	0	209	209	0
CASH, DECEMBER 31	132	34	(98)	249	132	(117)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	200	727	527	80	168	88
Total Receipts	200	727	527	80	168	88
DISBURSEMENTS						
Circuit Clerk	0	170	(170)	1,900	1,900	0
Total Disbursements	0	170	(170)	1,900	1,900	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	557	357	(1,820)	(1,732)	88
CASH, JANUARY 1	274	274	0	2,006	2,006	0
CASH, DECEMBER 31	474	831	357	186	274	88

Exhibit B

HICKORY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	3,300	3,525	225	3,300	3,240	(60)
Total Receipts	3,300	3,525	225	3,300	3,240	(60)
DISBURSEMENTS						
Law Library	3,607	3,224	383	3,798	3,431	367
Total Disbursements	3,607	3,224	383	3,798	3,431	367
RECEIPTS OVER (UNDER) DISBURSEMENTS	(307)	301	608	(498)	(191)	307
CASH, JANUARY 1	307	307	0	498	498	0
CASH, DECEMBER 31	0	608	608	0	307	307
<u>JOHN SALLY TRUST FUND</u>						
RECEIPTS						
Interest	900	1,450	550	300	991	691
Total Receipts	900	1,450	550	300	991	691
DISBURSEMENTS						
Children services	5,000	0	5,000	5,000	0	5,000
Total Disbursements	5,000	0	5,000	5,000	0	5,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,100)	1,450	5,550	(4,700)	991	5,691
CASH, JANUARY 1	51,304	51,444	140	50,453	50,453	0
CASH, DECEMBER 31	47,204	52,894	5,690	45,753	51,444	5,691

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

HICKORY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Hickory County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff Revolving Fund	2005 and 2004
Passport Fund	2005

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Court Interest Fund	2005 and 2004
Circuit Clerk Interest Fund	2005

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff Revolving Fund	2005 and 2004
Passport Fund	2005

In addition, the county's published financial statements for the years ended December 31, 2005 and 2004, did not disclose disbursement detail by vendor for the Health Center Fund.

2. Cash

Disclosures are provided below to comply with Statement No. 40 of the Governmental Accounting Standards Board, *Deposit and Investment Risk Disclosures*. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit. To protect the safety of county deposits, Section 110.020, RSMo, requires depositories to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities must be of the types specified by Section 30.270, RSMo, for the collateralization of state funds and held by either the county or a financial institution other than the depository bank. Section 67.085, RSMo, also requires certificates

of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depository bank fails, Hickory County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The county's and Health Center Board's deposits at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name.

Investments

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. At December 31, 2005 and 2004, the county had no such investments. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

Schedule

HICKORY COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEARS ENDED DECEMBER 31, 2005 AND 2004

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

HICKORY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

HICKORY COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Hickory County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated August 28, 2006.

In addition, to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years, we have audited the operations of elected officials with funds other than those presented in the financial statements. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Responses. These MAR findings resulted from our audit of the financial statements of Hickory County but do not meet the criteria for inclusion in the written report on internal control over financial reporting and on compliance and other matters that is required for an audit performed in accordance with *Government Auditing Standards*.

1. County

Expenditures

The county did not always solicit bids, or bid documentation was not always retained for some purchases. The County Commission also failed to document their justification (or reasons) to purchase a 2005 large sport utility vehicle for the exclusive use of the Sheriff. In addition, controls over fuel usage in the Sheriff's office and road and bridge departments need improvement. Further, Forms 1099 Miscellaneous were not always prepared when applicable, and the county did not always enter into contracts when appropriate.

- A. While a review of county minutes and bid files indicated the county bid numerous items, the county did not always solicit bids, or bid documentation was not always retained for various purchases as discussed below.

<u>Item Purchased</u>	<u>Amount</u>
2005 Chevy Tahoe	\$31,614
Used 2004 Ford Crown Victoria	11,740
Used 2001 Chevy Impala	9,000
Ballots	4,927

The 2005 Chevy Tahoe listed above was purchased for and is exclusively used by the Sheriff. In addition to failing to document that bid requirements were met for this purchase, the County Commission also failed to document their justification (or reasons) to purchase a vehicle of this size and cost. The 2005 state bid for the most expensive sport utility vehicle was \$21,248. It is unclear why it was necessary to spend over \$10,000 more for the Sheriff's vehicle than for the most expensive sport utility vehicle on state bid.

The County Commission and County Clerk indicated that bids were solicited for some of these other purchases listed above through telephone calls or other means, or the item was only available from one vendor; however, documentation of these solicitations and sole source procurement were not maintained.

Section 50.660, RSMo, requires the advertisement for bids on all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days.

Routine use of a competitive procurement process (advertisement for bids, phone solicitations, written requests for proposals, etc.) for major purchases ensures the county has made every effort to receive the best and lowest price and all interested parties are given an equal opportunity to participate in county business. Documentation of the various proposals received, and the county's selection process and criteria should be retained to demonstrate compliance with the law and support decisions made. Further, county officials should ensure funds are only spent on items which are necessary and beneficial to county residents.

- B. Daily activity logs which document the mileage of patrol cars for Sheriff's office personnel were not compared to fuel purchases for propriety. In addition, the Sheriff did not maintain a daily activity log or other mileage log for his county owned vehicle. Fuel purchases made at local stations for the Sheriff's office totaled approximately \$29,000 and \$23,000 during 2005 and 2004 respectively.

Daily activity logs should be used to reconcile gasoline purchases and other maintenance charges. In addition, these logs should be maintained for all county owned vehicles and reviewed to ensure the vehicles are only used for county business.

- C. Fuel and usage logs are not maintained for each road and bridge vehicle or piece of equipment. As a result, fuel usage is not reconciled to fuel purchases. The road and bridge department maintains five fuel tanks, and fuel is also purchased at various gas stations in the county. During the years ending December 31, 2005 and 2004, the county spent approximately \$66,000 and \$48,000, respectively, for fuel for the road and bridge department.

Fuel and usage logs are necessary to document appropriate use of vehicles and equipment and to also support fuel charges. The logs should include the date, operator, purpose and destination of each trip, and the daily beginning and ending odometer readings for vehicles or hour readings for equipment.

- D. Although the county has procedures in place to file Forms 1099 MISC with the IRS, the county did not file Form 1099-MISC with the IRS for payments totaling \$2,250 made in 2004 to a doctor to testify in a court case. The County Clerk indicated that he was unaware that payment for services involving expert testimony in a court case would require filing Form 1099-MISC with the IRS.

Sections 6041 and 6051 of the Internal Revenue Code require payments of \$600 or more for professional services or for services performed as a trade or business by non employees (other than corporations) be reported to the federal government on Forms 1099.

- E. The county did not always enter into formal written agreements. For example, the county has not entered into written agreements, with the entities the county jail houses prisoners for or who house prisoners for Hickory County, regarding the housing rate to be paid, the services to be provided, or any required notification for emergency or non routine situations. Currently, Hickory County charges other counties \$35 a day to house their prisoners. In addition, billings sent to these entities direct payments be made to the Sheriff's office.

Further, the county does not have a current written agreement with the local hospital regarding dispatching services the Sheriff provides for a monthly fee of \$1,167. The Sheriff indicated the county uses the agreement signed and approved for the 2003-2004 years and fees have not changed.

Section 432.070, RSMo, requires contracts of political subdivisions to be in writing. Written contracts, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. In addition, to provide better accountability and segregation over billing and collection procedures, billings for housing prisoners should require payment to be made directly to the County Treasurer.

A condition similar to Part A. was noted in our prior report.

WE RECOMMEND the County Commission:

- A. Perform a competitive procurement process for all major purchases and maintain documentation of decisions made. In addition, avoid purchases of unnecessary items.
- B. And the Sheriff adequately review fuel purchases for the Sheriff's office, including comparing daily activity logs to fuel purchases. Further, ensure daily activity logs are maintained for all vehicles and reviewed to ensure the vehicles are used only for county business.
- C. Ensure the road and bridge department maintains logs for vehicles and equipment which include the purpose and destination of each trip, and the daily beginning and ending odometer readings for vehicles or hour readings for equipment. In addition, ensure the logs are periodically compared to fuel purchases and reviewed to ensure the vehicles are used only for county business.
- D. Ensure Forms 1099-MISC are prepared and submitted as required.
- E. And the Sheriff enter into contracts when appropriate and ensure the contracts contain adequate details and protections for the county.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

A&D. We agree with these recommendations.

B. This will be discussed with the Sheriff.

C. We agree with the recommendation and will consider implementing.

E. We agree with the recommendation, and will work with the Sheriff to implement this.

2. Closed

Minutes

Minutes were not prepared to document matters discussed during the only two closed meetings held by the County Commission during the years ending December 31, 2005 and 2004. The County Clerk indicated that no minutes were prepared because no motions were made or actions taken.

The Sunshine Law, Chapter 610, RSMo, requires minutes be kept for all closed meetings, and provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. The minutes should provide sufficient details of discussions to demonstrate compliance with statutory provisions and support important decisions made.

WE RE COMMEND the County Commission ensure minutes are taken for all closed meetings.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We will comply with this recommendation.

3. Officials'

Bonds

The County Collector's bond was less than the amount required by state law, and the county does not appear to have adequate bond coverage for several elected officials.

- A. The County Collector's bond was less than the amount required by state law. The County Collector is bonded for \$610,000 for the months of November through January and \$50,000 for the months of February through October. The \$610,000 bond for November through January was insufficient by approximately \$140,000. The \$50,000 bond for the remaining months was also insufficient in some months. The collector's bond is written for a four year term from March 2003 to February 2007, which coincides with his term of office. It appears an alternative method of calculating the required bond was used which resulted in the bond being for a lesser amount. However, this method is allowable only if certain conditions are met, including that the County Commission require the Collector deposit collections daily. No documentation existed that the County Commission had taken the actions necessary for the Collector's bond to be calculated based on this alternative method.

Per Section 52.020.1, RSMo, the county collector's bond for any one month should be for an amount equal to the average total monthly collection for the same month during the preceding four years (but not to exceed the largest total

collections made during any one month of the year preceding his election), plus ten percent of the amount and no collector shall be required to give bond in excess of seven hundred and fifty thousand dollars. Our calculations indicated the maximum bond requirement of \$750,000 was required for November through January.

- B. The county does not appear to have adequate bond coverage for several elected officials. The county secured a \$25,000 blanket bond for all county employees and believed it covered some of the elected officials; however, the wording of the bond is not clear on officials who are required by law to furnish an individual bond to qualify for office. The elected officials who may not be in compliance with statutory bonding provisions are as follows:

<u>Elected Official</u>	<u>Statutory Minimum</u>
County Clerk	\$ 5,000
Assessor	1,000
Sheriff	5,000
Coroner	1,000
Recorder of Deeds	1,000
Public Administrator	10,000
Surveyor	1,000

Sections 51.070, 53.040, 57.020, 58.050, 59.100, 60.030, and 473.730 RSMo, require these county officials to obtain minimum amounts of bond coverage as shown above. In addition as a means of safeguarding assets and reducing the county's risk in the event of any misappropriation of funds, these officials should be adequately bonded.

WE RECOMMEND the County Commission:

- A. And the County Collector ensure the bond coverage is sufficient as required by state law.
- B. Require all elected officials to be bonded as required by statute.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We agree, and this will be implemented when a new bond is purchased.*
- B. *We will review the blanket bond and request an opinion from the county Prosecuting Attorney. We agree with the recommendations of the auditor.*

The Collector provided the following response:

- A. *This will be corrected when the bond is renewed.*

4. Sheriff Controls and Procedures

Three employees of the Sheriff's office and the Sheriff used county property while performing duties as part-time employees of a private company. The Sheriff's office is holding conceal and carry permit fees in a bank account outside the county treasury in apparent violation of state law, and accounting controls over these fees are in need of improvement. In addition, accounting duties have not been adequately segregated in the Sheriff's office, procedures over civil processing fees need improvement, and the method of payment was not indicated on all receipt slips.

The Sheriff's office collected civil and criminal process fees, gun permit fees and cash bonds during the years ending December 31, 2005 and 2004 of approximately \$59,000 and \$49,000, respectively.

- A. Three employees of the Sheriff's office and the Sheriff used county property while performing duties as part-time employees of a private company. This company was contracted to provide security for the Federal Emergency Management Assistance (FEMA) office set up in the county to serve victims of the March 2006 tornado. These four individuals performed this work in official county uniform, used county firearms, vehicles, and communication equipment, and were also paid a total of \$4,670 by the security company for their service.

Personal use of county assets is not in accordance with the intended purpose of taxpayer funded resources.

- B. In April 2004, the Sheriff began receiving conceal and carry permit fees and opened a bank account with \$740 of these monies. The Sheriff's office received a total of \$407 and \$2,775 in conceal and carry permit fees in 2005 and 2004, respectively, and expended \$1,089 from this bank account in 2004. These permit fees are not turned over to the county treasurer.

Further, receipt slips are not issued for conceal and carry monies received, and monies received are not reconciled to the log of conceal and carry permit applicants maintained by the Sheriff's office.

Attorney General's Opinion No. 45 to Henderson, concluded that the Sheriff of a third class county is not authorized to maintain a bank account for law enforcement purposes separate from the county treasury. The remaining account balances should be transferred to the county treasurer and future receipts should be transmitted to the county treasurer.

Without issuing and accounting for prenumbered receipt slips for all monies collected, including the method of payment, and reconciling monies received to

the log of conceal and carry permit applicants, the Sheriff's office cannot ensure all monies collected are ultimately recorded and deposited.

- C. Accounting duties have not been adequately segregated in the Sheriff's office. A dispatcher collects monies, records transactions, and prepares deposits for conceal and carry permits. In addition, the Sheriff's bookkeeper collects monies, records transactions, prepares deposits, and prepares bank reconciliations for all other monies received. There are no documented reviews of the accounting records prepared by either the dispatcher or the bookkeeper performed by the Sheriff.

Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- D. Receipt slips are not always issued immediately upon receipt for civil processing fees, and these fees are not always deposited intact (or in a timely manner). Civil processing fees are not receipted or deposited until the related papers are attempted to be served. If an attempt to serve the papers cannot be made, the civil processing fee is returned.

In addition, the Sheriff's secretary maintains a computerized log which tracks civil processing fees received and due; however, procedures have not been established to determine total amounts due or to follow up on uncollected civil processing fees.

To adequately account for collections and reduce the risk of loss or misuse of funds, receipt slips should be issued for all monies received immediately upon receipt. In addition, deposits should be made intact on a timely basis. Deposits should be more frequent if significant amounts of cash are collected. If a refund is necessary, a refund should be made by check. Further, procedures should be established to follow up on uncollected civil process fees. If significant uncollected costs exist, the Sheriff should consider discontinuing services to delinquent entities until the billings are paid.

- E. The method of payment is not always indicated on the receipt slips issued by the Sheriff's office. The method of payment should be indicated on each receipt slip and the composition (cash and checks) should be reconciled to the composition of bank deposits to ensure receipts are handled properly.

Conditions similar to Parts C-E. were noted in our prior report.

WE RECOMMEND the Sheriff:

- A. Discontinue the practice of using and allowing county property to be used for personal purposes.

- B. Turn over custody of the conceal and carry bank account to the county treasurer and in the future, transmit these fees at least monthly to the county treasurer. In addition, require prenumbered receipt slips be issued for all monies received and the numerical sequence of those receipt slips be accounted for properly. Also, ensure the method of payment is recorded on the receipt slips and the composition is reconciled to deposits. Further, reconcile monies received to the log of conceal and carry permit applicants.
- C. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- D. Require receipt slips to be issued immediately for civil process fees, and deposit all monies intact on a timely basis. If a refund is necessary, it should be made by check. In addition, establish procedures to follow-up on amounts due to the county for civil process service.
- E. Ensure the method of payment is recorded on the receipt slips and the composition is reconciled to deposits.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A. *I agree with this recommendation.*
- B&C. *Procedures will be implemented to address these recommendations.*
- D. *I will contact other Sheriff's offices to discuss their procedures for civil processing fees in order to help improve our procedures.*
- E. *We will implement this recommendation.*

5.	Prosecuting Attorney Controls and Procedures
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The Prosecuting Attorney's office does not require a signed payment plan for bad check writers making partial payments, and does not adequately monitor court ordered restitution. In addition, procedures have not been adopted to ensure that bad check complaints are filed with the court in a timely manner, and the Prosecuting Attorney's secretary can reduce the amount of bad check fees charged to the bad check writer without obtaining approval from the Prosecuting Attorney.

The Prosecuting Attorney's office collected bad check and other restitution and fees during the years ending December 31, 2005 and 2004 of approximately \$53,000 and \$38,000, respectively. Restitution payments are remitted directly to the victims or merchants on a periodic basis, and bad check fees are deposited into the Prosecuting Attorney bad check fee account.

- A. The Prosecuting Attorney allows bad check writers to make partial payments on restitution and fees. Defendants are not required to sign a partial payment agreement to document the amounts owed and establish a subsequent payment schedule.

A partial payment agreement signed by the defendant would formalize the liability to the Prosecuting Attorney and could aid in the collection of amounts owed.

- B. The Prosecuting Attorney's office does not adequately monitor court ordered restitution due from defendants. For example, the court ordered a defendant to make monthly restitution payments of \$75 beginning in May 2005 until the \$1,184 balance was paid off. A \$50 payment was received in June 2005, and no other payments were received from the defendant until March 13, 2006. There was no documentation in the case file to indicate any follow up procedures had been performed to collect the balance during this ten month period. Without active and timely pursuit of unpaid restitution and fees, revenues to the state, county, and others could be lost.

- C. Procedures have not been adopted by the Prosecuting Attorney to ensure that bad check complaints are filed with the court in a timely manner. For example, the Prosecuting Attorney received a bad check from a local vendor on November 21, 2005 and did not issue a ten day letter requesting payment of the bad check until January 5, 2006. Further, charges were not filed against the bad check writer until May 19, 2006, and payment of the bad check was not made by the check writer until June 12, 2006.

Procedures should be established to ensure bad check complaints are filed with the court after the ten-day letters are sent and payments have not been received for the bad checks written within the required ten days.

- D. The Prosecuting Attorney's secretary indicated that she reduces the amount of bad check fees charged to the bad check writer after obtaining verbal approval from the Prosecuting Attorney; however, documentation of the Prosecuting Attorney's approval is not maintained. To ensure bad check fees are properly charged and collected, all waivers should be adequately documented and approved by the Prosecuting Attorney.

A condition similar to Part D. was noted in our prior report.

WE RECOMMEND the Prosecuting Attorney:

- A. Obtain formal written agreements with bad check writers allowed to make partial payments.
- B. Establish procedures to properly monitor court ordered restitution, and ensure appropriate action is taken for individuals who are delinquent.
- C. Ensure ten day letters are sent and charges are filed on bad check cases in a timely manner.
- D. Approve and document all waivers of bad check fees.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *I will research this topic and make changes as necessary.*
- B&C. *A new computer accounting software system will be purchased next year that will assist us in implementing these recommendations.*
- D. *This will be implemented.*

6. Circuit Clerk Controls and Procedures

Adequate procedures have not been established to ensure all accrued costs are adequately identified and pursued, and the court does not make adequate efforts to review the status of case liabilities (or open items). In addition, accounting duties are not adequately segregated in the Circuit Clerk's office.

The Circuit Clerk's office processed receipts from fines, court costs, and bonds for criminal and civil cases of \$80,670 and \$76,519 during the years ending December 31, 2005 and 2004, respectively.

- A. Adequate procedures have not been established to ensure all accrued costs (court costs, incarceration costs, court-ordered restitution, and fines) are adequately identified and pursued. Upon our request, the Circuit Clerk ran a report of accrued costs totaling \$253,372 due to the Circuit Court as of April 17, 2006. The Circuit Clerk did not regularly run and review this report.

The Circuit Clerk should establish written procedures for collecting accrued costs. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue. In addition, a complete accrued costs listing would allow the Circuit Clerk to more easily review the amounts owed to

the court, and take appropriate steps to ensure all amounts owed are collected on a timely basis.

- B. The court does not make adequate efforts to review the status of case liabilities (or open items). For example, the December 31, 2005 open items listing for the court totaled \$62,482, of which \$25,000 was a bond that was forfeited four months earlier on August 4, 2005. After we brought this to the attention of the Circuit Clerk, the bond was disbursed to the appropriate party on July 21, 2006.

The failure to routinely review open items deprives the state, county or others the use of those monies. A procedure to routinely review case liabilities (or open items) and make more timely disbursements should be implemented. If disbursement is possible but proper payees cannot be located, the monies should be disposed of in accordance with state law. In addition, the court needs to perform a comprehensive review of old open items and dispose of monies as appropriate.

- C. Accounting duties are not adequately segregated in the Circuit Clerk's office. Currently, the Circuit Clerk performs most of the accounting duties, including receiving, depositing and disbursing monies, preparing bank reconciliations, and maintaining accounting records. The Circuit Clerk indicated some of the receiving and depositing duties are performed by the deputy clerk.

Internal controls would be improved by segregating the duties of receiving and depositing money from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of recorded receipts and bank deposits and an independent review of bank reconciliations.

WE RECOMMEND the Circuit Clerk:

- A. Maintain a complete listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection of all costs owed to the court.
- B. Establish procedures to routinely review the status of old open items.
- C. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following responses:

- A. *I will discuss implementation of procedures to follow up on and pursue timely collection of all costs owed to the court with the Circuit Judge.*

- B. *I will continue to review open item s listings monthly. The \$25,000 bond was an oversight.*
- C. *We will consider segregating duties to the extent possible.*

7. Associate Court Controls and Procedures

Accounting duties have not been adequately segregated in the Associate Court. One deputy clerk collects monies, records transactions, prepares deposits, and prepares bank reconciliations. There are no documented reviews of the accounting records performed by the Associate Judge.

Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory review of the records should be performed and documented.

WE RE COMMEND the Associate Court segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

AUDITEE'S RESPONSE

The Associate Court provided the following response:

This will be discussed with the newly elected Associate Judge.

8. Public Administrator Controls and Procedures

Annual settlements were not always filed in a timely manner, adequate procedures were not in place to ensure client funds were adequately secured, and real estate owned by the various estate/wards was not always reported on the annual settlements.

The Public Administrator acts as the court appointed personal representative for wards or decedent estates of the Probate Court. During the years ending December 31, 2005 and 2004, the Public Administrator handled approximately 16 cases.

- A. Annual settlements were not always filed in a timely manner. One settlement filed in April 2004 covered a 25 month period and another settlement filed in February 2004 covered a 22 month period.

Section 473.540, RSMo, requires settlements to be filed annually. Timely settlements are necessary for the court to properly oversee the administration of cases and reduce the possibility that errors or misuse of funds will go undetected.

- B. The Public Administrator has not established adequate procedures to ensure all client balances are adequately secured. The Public Administrator maintained funds for a client in a bank account totaling \$125,446 which were not adequately covered by collateral securities. The client's funds on deposit exceeded the Federal Deposit Insurance Corporation (FDIC) coverage by approximately \$25,446. No collateral securities were pledged by the depositary bank to cover the monies in excess of the FDIC coverage.

Section 110.020, RSMo, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave funds unsecured and subject to loss in the event of a bank failure.

- C. Real estate owned by the various estate/wards was not always reported on the annual settlements. For example, real estate with a value of approximately \$70,000 was not reported in the beginning inventory of one estate's annual settlement. For settlements to accurately present the activity and status of a particular case, all assets should be properly reflected on the settlements.

WE RECOMMEND the Public Administrator and the Associate Judge:

- A. Ensure settlements are filed in a timely manner.
- B. Ensure adequate collateral securities are pledged for all funds on deposit in excess of FDIC coverage.
- C. List any real estate as assets on the settlements.

AUDITEE'S RESPONSE

The Public Administrator provided the following responses:

- A. *This is generally done and has been corrected.*
- B. *A partial distribution of this estate has been made, so this is no longer a problem.*
- C. *I discussed this with the attorney who prepares my settlements, and this has been corrected.*

The Associate Court provided the following response:

These recommendations will be discussed with the newly elected Associate Judge.

9.**Assessor Controls and Procedures**

The Assessor's office accepts cash, checks, and money orders. Receipt slips are not issued for some monies received. In addition, receipts are not always transmitted to the County Treasurer intact or in a timely manner. Some cash receipts are used as a change fund or for petty cash expenditures of the office. Also, the change fund is not maintained at a constant amount, a petty cash ledger is not maintained, and supporting documentation of some petty cash expenditures was not retained. Further, the Assessor does not file a monthly report of fees with the County Commission.

Without issuing and accounting for prenumbered receipt slips for all monies collected, including the method of payment, the Assessor cannot ensure all monies collected are ultimately recorded and transmitted. Section 50.370, RSMo, requires county officials to file a report with the county commission and pay monies received for official services to the county treasurer monthly. It also provides that the officials are liable for monies collected but not accounted for and paid into the county treasury as required.

If a change fund is needed, it should be set at a constant amount and a procedure established to reconcile to this amount every time a transmittal is made. Further if a petty cash fund is needed, it should be kept on an imprest basis (meaning the fund should be maintained at a constant predetermined balance, and the cash on hand plus the total of paid invoices or vouchers should always equal the predetermined balance) and all reimbursements should be supported by vendor invoices or other documentation. In addition, the Assessor should maintain a petty cash ledger documenting receipts, disbursements, and the balance of the petty cash fund and retain documentation to support disbursements of the fund.

The Assessor's office processed receipts for maps and photocopies of approximately \$900 for the year ending December 31, 2005, according to budget actual numbers for the Assessment Fund. While the Assessor does not appear to collect a large amount of fees, control weaknesses such as these need to be improved.

WE RECOMMEND the Assessor issue official prenumbered receipt slips for all monies collected, and transmit all monies to the County Treasurer intact monthly. If a change fund or a petty cash fund is needed, it should be maintained at a constant amount or on an imprest basis. Documentation for expenditures of the office should be maintained to support reimbursement of the petty cash fund. Further, ensure to file a monthly report of fees with the County Commission as required by Section 50.370, RSMo.

AUDITEE'S RESPONSE

The County Assessor provided the following response:

Receipts will be issued for all monies received and will be transmitted monthly. A \$ 30 change fund has been established, and use of the petty cash fund has been discontinued. A monthly report of fees will be given to the County Treasurer.

10.

Health Center

Review procedures over Health Center expenditures are in need of improvement. The method of payment was not always recorded on receipt slips issued, nor was the composition of receipt slips reconciled to deposits. Receipts are not always deposited intact, and some receipt slips were not issued in order. In addition, employee timesheets were not signed by the employee and contained no documentation of supervisory review. General capital asset records and procedures need improvement. Procedures related to closed session meetings of the Health Center Board were not always adequate and did not always comply with state law. The health center's published financial statement did not include the level of detail required by state law, and budget amendments were not filed with the State Auditor's Office as required.

- A. Review procedures over Health Center expenditures are in need of improvement. The Health Center Administrator presents a listing of disbursements for the Health Center Board to approve at monthly meetings. While board minutes document that payables were reviewed and approved, the listings are not signed or initialed to indicate the Board's approval nor is the total dollar amount of expenditures approved included in the minutes.

In addition, our review of expenditures revealed a \$555 expenditure for generator parts was made in May 2005 which was not included in the listing of payables which the Board approved.

Further, although the Health Center Administrator indicated that she reviews each invoice prior to payment, she does not document her review. Also, invoices are not always noted as paid or otherwise canceled upon payment.

Good business practices require all disbursements to be closely scrutinized by the board and health center administrator and properly authorized. Failure to properly review supporting documentation and document the board and administrators' approval of disbursements increases the possibility of inappropriate disbursements occurring. In addition, the possibility that an invoice will be paid twice is increased when invoices are not properly canceled.

- B. The method of payment was not always recorded on receipt slips issued nor was the composition of receipt slips always reconciled to the composition of deposits.

For example, a deposit made on November 9, 2005, totaled to \$2,805; however, recorded receipts for the same time period totaled to \$2,843, resulting in a shortage of \$38. The health center administrator was unaware of the difference between recorded receipts and the deposit until we brought it to her attention.

The deposit referred to in the preceding paragraph included one receipt slip for \$1,179, which was for various receipts from a flu shot clinic held November 9, 2005, as well as some donations. Individual receipt slips were not issued to individuals paying for flu shots. Further, there was no documentation to indicate a reconciliation had been performed between the number of flu shots given and the total amount of monies received for flu shots and those billed to Medicare.

To adequately account for collections and reduce the risk of loss or misuse of funds, the receipt slips should indicate the method of payment (i.e. cash, checks, or money orders) and the composition should be reconciled to the bank deposits to ensure all receipts have been accounted for. Further, procedures should be implemented to reconcile flu shots given to monies received for flu shots and those billed to Medicare.

- C. Receipts are not always deposited intact. Receipt number 9530 issued on April 10, 2006 totaling \$165 was held and not deposited until April 12, 2006. Receipt numbers 9529 and 9531 were deposited on April 10, 2006. To adequately account for collections and reduce the risk of loss or misuse of funds, deposits should be made intact.
- D. The numerical sequence of receipt slips is not accounted for. Some receipt slips were not issued in order. Without accounting for prenumbered receipt slips for all monies collected, the health center cannot ensure all monies collected are ultimately recorded and deposited.
- E. Employee timesheets are not signed by the employee. In addition, timesheets are not signed by a supervisor to document approval. Time sheets should be signed by all employees, verified for accuracy, and approved by the applicable supervisor.
- F. General capital asset records of the health center did not always include the necessary information for some assets such as acquisition date, cost, identification number, and the date and method of disposal. Further, property tags were not attached to some of the capital assets of the health center. For example, a cholesterol analyzer purchased in December 2005 for \$1,955 had no property tag attached.

Adequate property records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Proper tagging of health center property items is necessary to deter and detect theft. Property records should be maintained on a

perpetual basis, accounting for property acquisitions and dispositions as they occur. The records should include a detailed description of the assets including the name, make and model numbers, asset identification numbers, the physical location of the assets, and the date and method of disposition of the assets.

G. The Health Center Board did not always maintain adequate minutes of closed sessions, some decisions made and/or votes taken in closed session were not subsequently disclosed in open session, open meeting minutes did not always document the specific reason for going into closed session, and the Board did not document how some items discussed in closed session complied with state law. For example:

- The Board returned from a closed session in January 2005 and stated in the open session minutes that no action had been taken. However, the minutes of the closed session indicated that a vote was taken to increase the salary of the administrator.
- Minutes of a closed session in September 2004 were not retained, minutes of a closed session in December 2005 did not document discussions held, and minutes of closed sessions on three occasions did not document the members present and absent.
- The Board went into closed session on 5 occasions during the two years ending December 31, 2005 without citing the statute or the specific reason in the minutes that allowed the closed session.
- The Board did not document how some items discussed in closed session complied with state law. Examples include discussing staffing contingencies as well as the possible retirement of a particular employee.

The Sunshine Law, Chapter 610, RSMo, states the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session and requires minutes be kept for all closed meetings. In addition, the Sunshine Law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. The minutes should provide sufficient details of discussions to demonstrate compliance with statutory provisions and support important decisions made. In addition, the law requires certain votes taken in closed session to be disclosed in open session.

H. Information included in the health center's published financial statement, published along with the county's financial statements, did not include disbursements by person or vendor as required by Section 50.800 RSMo. To adequately inform the citizens of the health center's financial activities and show compliance with statutory requirements, all monies received and disbursed should be presented in the level of detail required by law.

- I. Budget amendments approved by the Health Center Board on July 15, 2004 and December 15, 2005 were not submitted to the State Auditor's Office as required by state law. The health center did not exceed its total budgeted expenditures on their original budget in either year, however, the amendments were made to adjust expenditures in excess of budgeted amounts for certain categories or line items.

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246 (1954), that county officials are required to comply strictly with the county budget laws. Budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office.

Conditions similar to Parts B., F., and G. were noted in our prior report.

WE RECOMMEND the Health Center Board:

- A. Ensure the board and administrators' approval of expenditures is adequately documented and invoices are properly canceled to prevent the risk of duplicate payments.
- B. Ensure that the method of payment is indicated on the receipt slips and reconcile the composition of receipt slips to the composition of the deposits. In addition, ensure a reconciliation is performed between flu shots given and monies received for flu shots and those billed to Medicare.
- C. Deposit all monies intact.
- D. Ensure receipt slips are issued in order.
- E. Ensure all timesheets are signed by the employee and by the employee's supervisor to document approval.
- F. Ensure property records are maintained which include all pertinent information for each asset such as tag number, description, cost, acquisition date, location, and subsequent disposition. In addition, ensure property tags are attached to all health center capital assets.
- G. Ensure open meeting minutes document the reasons for going into closed session, and discuss only matters authorized by law in closed session meetings. In addition, ensure decisions made in closed session are properly reported in the open minutes when required and complete minutes are taken for all closed sessions.
- H. Ensure all required information is presented in the annual published financial statements.

- I. File budget amendments with the State Auditor's Office in accordance with state law.

AUDITEE'S RESPONSE

The Health Center Board provided the following responses:

- A. *The Health Center Administrator files all paid invoices in a paid file with the check voucher attached to show the invoice has been paid. In addition to current procedure, the Administrator will stamp "PAID" on the invoices.*

The board minutes reflect that expenditures listed in the check detail were reviewed and approved. The board will show further documentation by signing the check detail in addition to the board minutes.

- B. *The recommendation has been implemented with the goal that all receipts will have method of payment indicated.*
- C. *Receipt number 9530 issued on April 10, 1006 totaling \$165 was held until the wastewater permit could be issued; had the permit been denied, the check would have been returned with the application. This was an exception to standard procedure. The Health Center will not accept payment for permits until they are issued to ensure compliance with this recommendation.*
- D. *When writing receipts and an empty receipt is found between the written receipts, it will be voided and not used.*
- E. *This recommendation has been implemented.*
- F. *Property tags have been purchased, and the recommendation has been implemented.*
- G. *The recommendation will be implemented.*
- H&I. *These recommendations will be implemented.*

Follow-Up on Prior Audit Findings

HICKORY COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Hickory County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2001.

Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Expenditures and Budgetary Practices

- A. Bids were not always solicited nor was bid documentation always retained by the county for various purchases. In addition, documentation was not maintained by the county to explain why the overall low bid for gravel was not accepted in 2002.
- B. Budgets prepared for the John Sally Trust Fund did not include a U.S. savings bond in the beginning and ending cash balances.

Recommendations:

The County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of bids. If the low bid is not selected, the circumstance should be documented in the commission minutes.
- B. And County Clerk ensure budget documents are accurate and complete.

Status:

- A. Not implemented. See MAR No. 1.
- B. Implemented.

2. County Officials' Compensation and Bonding

- A. Based upon Section 50.333.13, RSMo, enacted in 1997, the associate county commissioners were approved mid-term raises in 1999. On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of this statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglas et al.*, holds that all raises given pursuant to this statute section are unconstitutional. The mid term

raises given to each of the Associate County Commissioners totaling \$6,336 should be repaid., and any raises given to other officials within their term of office should be re-evaluated for propriety.

- B. The County Collector and Assessors' salaries increased in January 2001 prior to their date of incumbency, resulting in overpayments of \$333 and \$1,333, respectively.
- C. Several county employees from various offices with access to money were not covered by an employee bond.

Recommendations:

The County Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Request a written opinion from the Prosecuting Attorney as to the legality of the salary increases that went into effect on January 1, 2001, and obtain repayment of the raises if determined to be unallowable.
- C. Obtain adequate bond coverage for all county employees with access to monies.

Status:

- A. Not implemented. No attempt was made by the County Commission to obtain repayment of these salary overpayments. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Partially implemented. The County Commission received a written opinion from the Prosecuting Attorney which stated the County Assessor should not have received the salary increase until September 1, 2001, the date of incumbency. The Prosecuting Attorney declined to give an opinion on the County Collector's salary increase. No attempt was made by the County Commission to obtain repayment from the officials. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Implemented.

3. General Fixed Assets

A reconciliation was not performed between property per each official's inventory and the County Clerk's fixed asset listing. Additions to the inventory listing were not always reconciled to equipment purchases. In addition, property tags were not affixed to newly

purchased assets immediately upon receipt, and quarterly inspections of county owned land and buildings were not documented.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. Also, a reconciliation should be performed between property listed on each county official's inventory and the County Clerk's listing, and general fixed asset purchases should be periodically reconciled to general fixed asset additions. In addition, quarterly inspections of all county land and buildings should be performed, and property control tags should be affixed.

Status:

Implemented.

4. Property Tax Controls

- A. The County Assessor made changes to the tax books for additions and abatements throughout the year.
- B. The County Clerk did not maintain an account book with the County Collector.
- C. The County Clerk did not prepare the current or back tax books and did not verify the totals of the back tax books for accuracy.
- D. Passwords and other procedures were not in place to limit access to the various data files and programs utilized by the County Assessor and County Collector.

Recommendations:

- A. The County Commission establish procedures requiring the tax books only be changed by the County Clerk under order of the County Commission.
- B. The County Clerk maintain an account book with the County Collector and use this information to verify the accuracy of the County Collector's annual settlements.
- C. The County Clerk prepare the current and back tax books in accordance with state law.

- D. The County Commission consult with their programmer and establish procedures to restrict access to computer files, including the use of unique passwords, to authorized individuals.

Status:

- A. Partially implemented. While the assessor still makes changes to the assessment data after the meetings of the Board of Equalization are completed, compensating controls to ensure changes to the property tax system are properly approved and monitored have been established. Although not repeated in the current MAR, our recommendation remains as stated above.

B&D. Implemented.

- C. Partially implemented. While the County Clerk currently does not print the current or back tax books, he does perform and document a review of the tax books to ensure its accuracy. Although not repeated in the current MAR, our recommendation remains as stated above.

5. Prosecuting Attorney's Controls

The Prosecuting Attorney's secretary was allowed to reduce the amount of bad check fees charged to the bad check writer without obtaining approval from the Prosecuting Attorney.

Recommendation:

The Prosecuting Attorney approve and document all waivers of bad check fees.

Status:

Not implemented. See MAR No. 5.

6. Sheriff's Controls and Procedures

- A. The duties of receiving, recording, and depositing were not adequately segregated.
- B. Receipts were not always deposited timely.
- C. The method of payment was not always indicated on the receipt slips.
- D. Checks and money orders received were not restrictively endorsed immediately upon receipt.
- E. Voided receipt slips were not retained.

- F. The Sheriff's office did not maintain its petty cash fund on an imprest basis, and supporting documentation was not retained for some expenditures. In addition, vending machine commissions and donations were not turned over to the County Treasurer, and some expenditures did not appear to be a necessary use of public funds.
- G. No comparison between the number of meals billed and received and the number of prisoners fed was made by the Sheriff's office or by the county clerk. In addition, the meals record log did not document the reason more meals were apparently ordered and delivered than were actually provided to prisoners.
- H. Mileage reimbursements prepared by the Sheriff's employees did not always include detailed information about the purpose of the trip and the destination.
- I. A perpetual inventory record of seized property was not maintained.

Recommendations:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Deposit receipts daily or when accumulated receipts exceed \$100.
- C. Record the method of payment on receipts slips and reconcile the composition of receipts to the composition of bank deposits.
- D. Restrictively endorse checks and money orders immediately upon receipt.
- E. Ensure all voided receipts slips are properly mutilated and retained.
- F. And the County Commission evaluate the need for a petty cash fund. If a change fund or petty cash fund is necessary, it should be approved by the County Commission and kept at a constant amount. In addition vending machine commissions and donations should be turned over to the County Treasurer, and supporting documentation of expenditures should be retained and reviewed for propriety.
- G. Compare prisoner meal records with the vendor's invoice and investigate and reconcile any differences.
- H. And the County Commission require the Sheriff's office employees to record detailed information as to destination traveled and purpose of official county business on mileage reimbursement requests.
- I. Prepare and maintain complete perpetual inventory records of seized property.

Status:

A,B,
&C. Not implemented. See MAR No. 4.

D,E,F,
G&I. Implemented.

H. Not implemented. There was only one mileage reimbursement request totaling \$67 paid during the audit period. Although not repeated in the current MAR, our recommendation remains as stated above.

7. Health Center Controls and Procedures

- A. Budgets prepared by the health center were not accurate and complete. The standard budget form was not utilized, and cash balances were not reported on the budget form. In addition, actual receipts were (under)overstated, and the Board did not adequately review the annual financial statement to ensure its accuracy.
- B. Receipts were not deposited on a timely basis.
- C. Receipts were not issued for some monies received.
- D. The Health Center Board did not have a written depository agreement with their depository bank.
- E. The open minutes did not always document the specific reason for closing the meeting and actions taken by the board in closed meetings. Further, the Health Center Board did not document how some topics discussed in closed session complied with state law.
- F. Additions of fixed assets were not always recorded as they occurred, and fixed asset expenditures were not reconciled to additions to the inventory records. In addition, property tags were not always affixed to assets when they were acquired, and the value of the health center's land and buildings were not included in the property records.

Recommendations:

- A. Ensure the correct budget document is used and contains complete, accurate, and reasonable information about the health center's finances. In addition, the board should review the annual financial statements prepared by the administrator for accuracy.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100.

- C. Issue receipt slips for all monies received, and record the method of payment on receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- D. Enter into a written depositary agreement.
- E. Ensure board minutes document the reasons for closing the meeting, publicly disclose the final disposition of applicable matters discussed in closed session, and ensure only allowable, specific subjects are discussed in closed sessions as required by law.
- F. Record all additions of fixed assets as they occur, reconcile additions to the property records periodically, affix property tags to assets at the time of purchase, and record the value of the land and buildings on the general fixed asset records.

Status:

A&D. Implemented.

- B. Partially implemented. Improvements were made by the Health Center to make more timely deposits, and deposits are routinely made every two to three days in minimal amounts. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Partially implemented. Receipt slips are now issued for all monies received, however, method of payment was not recorded on all receipt slips. See MAR No. 10.
- E. Not implemented. See MAR No. 10.
- F. Partially implemented. While some improvements have been made in accounting for fixed assets, significant weaknesses continue to exist. See MAR No. 10.

STATISTICAL SECTION

History, Organization, and
Statistical Information

HICKORY COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1845, the county of Hickory was named after "Old Hickory", the nickname of President Andrew Jackson. Hickory County is a county-organized, third-class county and is part of the Thirtieth Judicial Circuit. The county seat is Hermitage.

Hickory County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 393 miles of county roads and 27 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 6,367 in 1980 and 8,940 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2005	2004	2003	2002	1985*	1980**
		(in millions)					
Real estate	\$	55.4	52.8	51.4	47.7	26.6	11.3
Personal property		21.6	19.8	19.6	19.2	6.0	4.0
Railroad and utilities		7.0	7.2	7.3	7.0	2.7	2.7
Total	\$	84.0	79.8	78.3	73.9	35.3	18.0

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Hickory County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2005	2004	2003	2002
General Revenue Fund	\$	.1933	.1500	.1779	.1639
Special Road and Bridge Fund *		.2549	.2549	.2549	.2594
Health Center Fund		.0784	.0784	.0784	.0800

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments.

Taxes collected were distributed as follows:

		Year Ended February 28 (29),			
		2006	2005	2004	2003
State of Missouri	\$	27,357	26,094	25,142	24,301
General Revenue Fund		160,557	122,384	137,228	122,849
Special Road and Bridge Fund		215,514	205,299	198,721	194,594
Assessment Fund		42,037	39,297	30,879	27,070
Health Center Fund		66,111	62,969	60,964	59,826
School Fund		2,892,638	2,709,318	2,635,655	2,535,181
Library Fund		115,982	110,469	106,941	104,887
Fire District		354	328	300	296
Cities		10,181	10,027	9,462	10,343
County Clerk		214	196	183	211
County Employees' Retirement		26,810	24,062	22,066	23,162
Overplus		8,303	3,325	2,549	4,452
Other		9,018	5,459	7,069	6,571
Tax Maintenance Fund		9,465	8,452	7,564	3,478
Commissions and fees:					
General Revenue Fund		59,646	55,045	53,150	48,548
Total	\$	3,644,187	3,382,724	3,297,873	3,165,769

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),			
		2006	2005	2004	2003
Real estate		92	91	91	91 %
Personal property		89	89	86	88
Railroad and utilities		100	100	100	100

Hickory County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
General	.0050	None	None	
Law Enforcement	.0050	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2006	2005	2004	2003	2002
County-Paid Officials:	\$				
Lance Hutton, Presiding Commissioner		24,440	24,440	24,440	24,440
Robert Breshears, Associate Commissioner		22,440	-	-	-
Duane Mackey, Associate Commissioner		-	22,440	22,440	22,440
Gary Warren, Associate Commissioner		22,440	-	-	-
Gary Sherman, Associate Commissioner		-	22,440	22,440	22,440
Kent Parson, County Clerk		34,000	34,000	34,000	34,000
James Hackett, Prosecuting Attorney		41,000	41,000	4,1000	41,000
Raymond S. Tipton, Sheriff		39,000	39,000	39,000	39,000
Shirley Reno, County Treasurer		25,160	25,160	25,160	25,160
Connie Boller, County Coroner		9,500	9,500	9,500	9,500
Rhonda Hargiss, Public Administrator		20,000	15,000	15,000	15,000
Stanley McCoy, County Collector, year ended February 28 (29),	34,000	34,000	34,000	34,000	
Kay Chilton, County Assessor (1), year ended August 31,		34,688	34,765	34,900	34,900
Michael C. Freeman, County Surveyor (2)					

(1) Includes \$688, \$765, \$900, and \$900 annual compensation received from the state in 2005, 2004, 2003, and 2002 respectively.

(2) Compensation on a fee basis.

State-Paid Officials:

Cecilia Kennedy Smith, Circuit Clerk and Ex Officio Recorder of Deeds	48,500	47,900	45,329	
Aileen Pippins, Circuit Clerk and Ex Officio Recorder of Deeds (3)			4,154	47,300
James P. Anderton, Associate Circuit Judge	96,000	96,000	96,000	96,000

(3) Compensation in 2003 was through the Resources of Experienced Professional Staff program (retired Circuit Clerks assist in training newly elected Circuit Clerks).

In September 2004, Hickory County made a payment of \$84,519 to the 30th Circuit Youth Services, Inc., to pay off the County's obligation for costs associated with construction of a juvenile detention center for the 30th Judicial Circuit.

At December 31, 2005, the principal balance on lease purchase agreements for road and bridge equipment was approximately \$360,000. Principal and interest payments are made from the Special Road and Bridge Fund.



Claire McCaskill

Missouri State Auditor

December 2006

Miller County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of
Missouri State Auditor
Claire McCaskill

December 2006

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Miller County, that do not have a county auditor. In addition to a financial audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

- Actual disbursements exceed budgeted amounts for several funds and material misclassifications of both budgeted and actual amounts were noted. Various concerns were also noted related to the Health Center Fund budget including failure to report the prior two years' receipts and disbursements or the beginning cash balance. In addition, a 2005 Health Center Fund budget amendment was prepared untimely and resulted in a deficit budgeted fund balance.
- The county and health center do not have adequate procedures in place to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA), and expenditures were understated by approximately \$133,200 and \$99,700 for the years ended December 31, 2005 and 2004, respectively.
- The county has not established cash management procedures to ensure minimal time elapses between its receipt of federal project monies and the distribution of such monies to contractors. Eight reimbursements totaling \$334,685 were received and held for more than 2 business days before the related payment was made to the contractor.
- The county did not have an internal control system in place to adequately monitor the procurement and installation of equipment and services funded through the State Domestic Preparedness Equipment Support Program. Bid documentation was inadequate or could not be located, payments were not made to the vendor before reimbursement was requested from the state and a final report was not filed. As a result of the concerns identified, questioned costs of \$284,493 have been identified. In addition, the county has not established procedures to monitor reimbursement requests for a City/County Grant.
- Significant concerns were noted regarding controls and procedures related to the Sheriff's petty cash fund and the Sheriff's Discretionary Fund. Approximately \$2,000 of petty cash monies could not be accounted for. In addition, the petty cash fund was not maintained on an imprest basis and at times was excessive. Several documentation concerns were noted including the failure to maintain adequate documentation to support disbursements from the petty cash fund, improper coding on some requests for payment to the petty cash fund, and failure to submit invoices to the county to support amounts requested. Monies were not always used for the purpose identified on the request form and some items purchased from petty cash should have gone through the county's normal disbursement process. Finally, loans were made to Sheriff's Office employees from petty cash and numerous disbursements were made from petty cash and the Sheriff's

(over)

YELLOW SHEET

Discretionary Fund that appear to be a questionable use of public funds. The Sheriff indicated the petty cash fund was discontinued on May 9, 2006.

- Controls and procedures related to the Sheriff's inmate bank account are not adequate. Accounting duties are not adequately segregated, prenumbered receipt slips are not issued, deposits are not reconciled to monies collected, receipts are not always deposited timely, and checks and money orders are not restrictively endorsed immediately upon receipt. Checks have been outstanding for a considerable time, liabilities are not reconciled to cash balances, interest income is not turned over to the county, and monies have not been paid to released inmates timely.
- Numerous control weaknesses were noted related to the Sheriff's general account which is used to process various fees, jail board bills, and bond monies. Cash custody and record keeping are not adequately segregated. Accountable fees of approximately \$1,050 were not remitted to the County Treasurer, but were instead used to pay towing bills, vehicle inspections, and to replace bond monies that were unaccounted for. Proceeds from two grants totaling \$2,040 were deposited to the Sheriff's general account and used to pay deputies for overtime hours rather than processing the payments through the county payroll system. A fee is not charged to cover the county's cost of processing concealed weapon permit applications. Reimbursements from the state for extradition costs contracted out to a private vendor were not submitted on a timely basis resulting in lost revenue to the county of at least \$19,938 for costs incurred in 2003. Follow-up procedures for past due prisoner billings are not adequate and procedures are not performed to monitor and follow-up on unpaid balances for serving papers. Controls over seized property need improvement. Supporting documentation for the Miller County Law Enforcement Association bank account is not maintained and cash was still on hand in July 2006 for a fund raising account closed in February 2006.
- The financial condition of the Jail Fund and the Special Road and Bridge Fund has declined which could have an effect on the General Revenue Fund. There has been a substantial decrease in receipts from boarding of prisoners for other entities and the county has made significant transfers from the Capital Improvement Tax Fund and the General Revenue Fund to the Jail Fund. Most disbursement categories of the Special Road and Bridge fund reflected significant increases from 2004 to 2005 while most receipt categories remained relatively stable. It is essential that the county commission continue to monitor the activity of the Jail Fund and the Special Road and Bridge Fund both in the immediate and long-term future.
- Salary commission meeting minutes were not maintained for the 2005 meeting and salary increases approved for some officials did not appear to comply with state law.
- Some time sheets were not turned in to the County Commission in a timely manner and some procedures performed by the county do not comply with personnel policies.
- Property tax system procedures and controls are not sufficient. Annual settlements of the current and former County Collector were not always filed timely and were not accurate. The County Clerk does not maintain an account book with the County Collector and there was no evidence to indicate procedures are performed by the County Clerk or the County Commission to verify the County Collector's monthly or annual settlements, including additions, abatements, and delinquent taxes. Concerns were also noted related to a new property tax system implemented in March 2005.

The report also includes comments related to various county procedures, county property records, monitoring of vehicle/equipment usage and operating costs, and County Collector's, County Treasurer's, Assessor's and Health Center's accounting controls and procedures.

All reports are available on our Web site: www.auditor.mo.gov

MILLER COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Miller County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Miller County, Missouri, as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Miller County, Missouri, as of December 31, 2005 and 2004, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Miller County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2005 and 2004, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 11, 2006, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Miller County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

July 11, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Robyn Vogt
Audit Staff:	Terese Summers, CPA
	Audrey Archuleta
	Yomil Leon-Ortiz



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Miller County, Missouri

We have audited the financial statements of various funds of Miller County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 11, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Miller County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 05-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the

normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 05-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Miller County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 05-1.

We also noted certain additional matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Miller County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 11, 2006 (fieldwork completion date)

Financial Statements

MILLER COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2005

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 153,446	3,305,454	3,128,203	330,697
Special Road and Bridge - Road District #1	265,107	1,535,433	1,735,657	64,883
Assessment	17,522	293,575	280,289	30,808
Law Enforcement Training	1,095	4,638	2,161	3,572
Prosecuting Attorney Training	1,326	1,203	848	1,681
Prosecuting Attorney Bad Check Fee	6,800	33,760	10,074	30,486
911	16,163	396,414	410,112	2,465
Capital Improvement Tax	293,772	2,274,316	1,905,674	662,414
Senior Citizens Services	49,241	147,696	133,302	63,635
Sheriff's Discretionary	22,041	77,339	89,380	10,000
Prosecuting Attorney Delinquent Sales Tax	1,711	2,653	2,074	2,290
Shelter for Victims of Domestic Violence	3,239	1,714	0	4,953
House Bill 786 (Recorder's User Fee)	58,957	17,628	22,420	54,165
Criminal Forfeiture	31	0	0	31
Road District #1 Marina Tax	19,583	28,282	24,272	23,593
Lake Ja-Ha Neighborhood Improvement District	43	4,275	4,249	69
Family Access Motion	372	13	0	385
Drug Awareness and Resistance Education	1,776	1,052	1,528	1,300
W-12 Construction Maintenance	72,263	25,641	25,780	72,124
Tax Increment Financing *	7	208,511	208,511	7
2002 FEMA Flood Money	80,177	0	80,177	0
Health Center	713,263	860,340	1,499,183	74,420
W-15C Neighborhood Improvement District	49,729	13,179	12,713	50,195
Bagnell Marina Tax	124,000	88,089	104,723	107,366
Kaiser Marina Tax	2,017	3,558	0	5,575
Local Emergency Preparedness	11,982	669,141	676,425	4,698
POST Commission	559	3,934	4,485	8
Election Services	6,672	23,024	11,835	17,861
Recorder's Technology	27,152	12,669	12,785	27,036
Jail Fund	4,788	1,157,983	1,159,333	3,438
Time Payment Fee	20	30	0	50
Collector's Tax Maintenance	48,599	36,670	31,122	54,147
Oak Terrace Neighborhood Improvement District	0	17,820	12,742	5,078
Juvenile Assessment Fee	2,895	410	0	3,305
Circuit Clerk Interest	34,087	6,423	4,831	35,679
Circuit Clerk Passports	0	450	0	450
Associate Division Interest	1,341	243	0	1,584
Law Library	15,321	12,172	12,237	15,256
Miller County Law Enforcement Association	0	4,411	927	3,484
Total	\$ 2,107,097	11,270,143	11,608,052	1,769,188

* Included are the Tax Increment Financing - Economic Activity Taxes Fund, the Tax Increment Financing - Special Account for Developer Fund, the Tax Increment Financing - Administrative Fund, the Tax Increment Financing - Special Allocation Fund, and the Tax Increment Financing - Payment in Lieu of Taxes Fund.

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

MILLER COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 395,860	2,597,472	2,839,886	153,446
Special Road and Bridge - Road District #1	443,421	1,737,685	1,915,999	265,107
Assessment	10,930	248,638	242,046	17,522
Law Enforcement Training	85	4,114	3,104	1,095
Prosecuting Attorney Training	1,147	991	812	1,326
Prosecuting Attorney Bad Check Fee	1,805	32,096	27,101	6,800
911	24,525	484,214	492,576	16,163
Capital Improvement Tax	446,441	1,302,055	1,454,724	293,772
Senior Citizens Services	48,228	141,402	140,389	49,241
Sheriff's Discretionary	18,298	78,449	74,706	22,041
Prosecuting Attorney Delinquent Sales Tax	2,658	4,053	5,000	1,711
Shelter for Victims of Domestic Violence	1,642	1,677	80	3,239
House Bill 786 (Recorder's User Fee)	60,159	22,048	23,250	58,957
Criminal Forfeiture	31	0	0	31
Road District #1 Marina Tax	60,394	16,491	57,302	19,583
Lake Ja-Ha Neighborhood Improvement District	180	4,122	4,259	43
Family Access Motion	366	6	0	372
Drug Awareness and Resistance Education	1,837	1,908	1,969	1,776
W-12 Construction Maintenance	74,383	24,264	26,384	72,263
Tax Increment Financing *	18	242,022	242,033	7
2002 FEMA Flood Money	147,546	66,775	134,144	80,177
Health Center	520,780	784,032	591,549	713,263
W-15C Neighborhood Improvement District	49,553	13,163	12,987	49,729
Bagnell Marina Tax	95,484	50,671	22,155	124,000
Kaiser Marina Tax	0	2,017	0	2,017
Local Emergency Preparedness	6,802	5,651	471	11,982
POST Commission	0	4,762	4,203	559
Election Services	4,985	2,048	361	6,672
Capital Improvement Inventory Courthouse	649	3	652	0
Recorder's Technology	25,862	11,000	9,710	27,152
Jail Fund	1,846	1,216,587	1,213,645	4,788
Time Payment Fee	0	20	0	20
Collector's Tax Maintenance	26,870	33,032	11,303	48,599
Juvenile Assessment Fee	2,370	525	0	2,895
Circuit Clerk Interest	32,074	2,120	107	34,087
Associate Division Interest	1,223	118	0	1,341
Law Library	15,018	13,365	13,062	15,321
K-9	97	0	97	0
Total	\$ 2,523,567	9,149,596	9,566,066	2,107,097

* Included are the Tax Increment Financing - Economic Activity Taxes Fund, the Tax Increment Financing - Special Account for Developer Fund, the Tax Increment Financing - Administrative Fund, and the Tax Increment Financing - Special Allocation Fund.

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

MILLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 8,810,952	11,228,214	2,417,262	9,226,155	9,100,416	(125,739)
DISBURSEMENTS	9,842,777	11,577,315	(1,734,538)	9,243,686	9,541,497	(297,811)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,031,825)	(349,101)	682,724	(17,531)	(441,081)	(423,550)
CASH, JANUARY 1	1,340,190	2,053,453	713,263	1,925,432	2,445,915	520,483
CASH, DECEMBER 31	308,365	1,704,352	1,395,987	1,907,901	2,004,834	96,933
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	110,000	141,685	31,685	83,081	105,295	22,214
Sales and use taxes	1,652,000	2,163,698	511,698	1,588,951	1,459,556	(129,395)
Intergovernmental	191,600	351,205	159,605	351,469	317,145	(34,324)
Charges for services	589,300	600,527	11,227	649,855	617,448	(32,407)
Interest	5,746	7,254	1,508	4,500	5,764	1,264
Other	25,200	41,085	15,885	3,000	35,537	32,537
Transfers in	0	0	0	0	56,727	56,727
Total Receipts	2,573,846	3,305,454	731,608	2,680,856	2,597,472	(83,384)
DISBURSEMENTS						
County Commissioner	121,640	118,429	3,211	116,106	112,221	3,885
County Clerk	88,870	92,371	(3,501)	90,915	87,708	3,207
Elections	89,632	102,584	(12,952)	204,232	198,314	5,918
Buildings and grounds	131,100	144,965	(13,865)	118,052	171,229	(53,177)
Employee fringe benefit	339,848	364,348	(24,500)	352,286	327,583	24,703
County Treasurer	53,300	57,214	(3,914)	55,850	52,543	3,307
County Collector	105,500	109,551	(4,051)	104,002	103,846	156
Ex Officio Recorder of Deed	50,761	50,195	566	50,761	50,469	292
Circuit Clerk	9,900	7,155	2,745	11,400	7,626	3,774
Associate Circuit	27,000	22,126	4,874	29,500	13,457	16,043
Court administration	15,791	9,590	6,201	14,701	7,501	7,200
Public Administrator	29,500	30,369	(869)	29,800	28,095	1,705
Sheriff	550,565	635,499	(84,934)	600,857	663,663	(62,806)
Prosecuting Attorney	179,955	195,766	(15,811)	181,512	178,038	3,474
Juvenile Officer	82,355	64,530	17,825	82,336	44,339	37,997
County Coroner	24,775	24,241	534	24,175	35,403	(11,228)
City TIF sales taxes	90,000	196,505	(106,505)	85,000	98,894	(13,894)
Extension Council	33,000	33,000	0	33,000	33,000	0
Postage and box rental	30,000	41,719	(11,719)	30,000	31,839	(1,839)
Insurance and bonds	67,000	80,117	(13,117)	60,116	66,805	(6,689)
Other	61,838	79,546	(17,708)	77,150	65,413	11,737
Transfers out	312,500	668,383	(355,883)	199,483	461,900	(262,417)
Emergency Fund	77,215	0	77,215	77,426	0	77,426
Total Disbursements	2,572,045	3,128,203	(556,158)	2,628,660	2,839,886	(211,226)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,801	177,251	175,450	52,196	(242,414)	(294,610)
CASH, JANUARY 1	153,446	153,446	0	395,860	395,860	0
CASH, DECEMBER 31	155,247	330,697	175,450	448,056	153,446	(294,610)

Exhibit B

MILLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE - ROAD DISTRICT #1 FUND</u>						
RECEIPTS						
Property taxes	287,500	297,484	9,984	278,000	287,450	9,450
Intergovernmental	1,376,050	1,109,534	(266,516)	1,724,256	1,400,222	(324,034)
Charges for services	0	664	664	0	0	0
Interest	8,300	5,017	(3,283)	6,900	8,365	1,465
Other	2,500	36,334	33,834	0	7,648	7,648
Transfers in	35,000	86,400	51,400	0	34,000	34,000
Total Receipts	1,709,350	1,535,433	(173,917)	2,009,156	1,737,685	(271,471)
DISBURSEMENTS						
Salaries	424,437	443,265	(18,828)	399,106	423,437	(24,331)
Employee fringe benefit	178,562	243,091	(64,529)	174,587	174,736	(149)
Supplies	120,000	234,098	(114,098)	118,000	193,681	(75,681)
Insurance	24,966	25,120	(154)	15,000	26,023	(11,023)
Road and bridge materials	84,000	118,494	(34,494)	85,000	64,523	20,477
Equipment repairs	65,000	107,311	(42,311)	65,000	115,606	(50,606)
Equipment purchases	300,000	210,893	89,107	247,000	261,084	(14,084)
Construction, repair, and maintenance	591,000	345,017	245,983	970,207	648,554	321,653
Other	5,551	8,368	(2,817)	5,627	8,355	(2,728)
Total Disbursements	1,793,516	1,735,657	57,859	2,079,527	1,915,999	163,528
RECEIPTS OVER (UNDER) DISBURSEMENTS	(84,166)	(200,224)	(116,058)	(70,371)	(178,314)	(107,943)
CASH, JANUARY 1	265,107	265,107	0	443,421	443,421	0
CASH, DECEMBER 31	180,941	64,883	(116,058)	373,050	265,107	(107,943)
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	282,214	287,949	5,735	228,325	229,794	1,469
Charges for services	4,000	3,456	(544)	2,500	8,193	5,693
Interest	600	2,170	1,570	573	574	1
Other	0	0	0	0	77	77
Transfers in	0	0	0	39,483	10,000	(29,483)
Total Receipts	286,814	293,575	6,761	270,881	248,638	(22,243)
DISBURSEMENTS						
Assessor	284,078	280,289	3,789	281,811	242,046	39,765
Total Disbursements	284,078	280,289	3,789	281,811	242,046	39,765
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,736	13,286	10,550	(10,930)	6,592	17,522
CASH, JANUARY 1	17,522	17,522	0	10,930	10,930	0
CASH, DECEMBER 31	20,258	30,808	10,550	0	17,522	17,522

Exhibit B

MILLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	3,500	4,551	1,051	3,990	4,102	112
Interest	11	87	76	0	12	12
Total Receipts	3,511	4,638	1,127	3,990	4,114	124
DISBURSEMENTS						
Sheriff	3,500	2,161	1,339	3,990	3,104	886
Total Disbursements	3,500	2,161	1,339	3,990	3,104	886
RECEIPTS OVER (UNDER) DISBURSEMENTS	11	2,477	2,466	0	1,010	1,010
CASH, JANUARY 1	1,095	1,095	0	85	85	0
CASH, DECEMBER 31	1,106	3,572	2,466	85	1,095	1,010
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	980	1,145	165	1,100	967	(133)
Interest	25	58	33	10	24	14
Total Receipts	1,005	1,203	198	1,110	991	(119)
DISBURSEMENTS						
Prosecuting Attorney	900	848	52	800	812	(12)
Total Disbursements	900	848	52	800	812	(12)
RECEIPTS OVER (UNDER) DISBURSEMENTS	105	355	250	310	179	(131)
CASH, JANUARY 1	1,326	1,326	0	1,147	1,147	0
CASH, DECEMBER 31	1,431	1,681	250	1,457	1,326	(131)
<u>PROSECUTING ATTORNEY BAD CHECK FEE FUND</u>						
RECEIPTS						
Charges for service:	31,000	33,195	2,195	36,000	30,867	(5,133)
Interest	30	565	535	50	48	(2)
Transfers in	0	0	0	0	1,181	1,181
Total Receipts	31,030	33,760	2,730	36,050	32,096	(3,954)
DISBURSEMENTS						
Prosecuting Attorney	28,350	10,074	18,276	36,919	27,101	9,818
Total Disbursements	28,350	10,074	18,276	36,919	27,101	9,818
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,680	23,686	21,006	(869)	4,995	5,864
CASH, JANUARY 1	6,800	6,800	0	1,805	1,805	0
CASH, DECEMBER 31	9,480	30,486	21,006	936	6,800	5,864

Exhibit B

MILLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
911 FUND						
RECEIPTS						
Intergovernmental	12,175	11,289	(886)	34,025	12,110	(21,915)
Charges for services	290,000	273,967	(16,033)	267,500	285,562	18,062
Interest	350	619	269	500	337	(163)
Other	0	39	39	350	305	(45)
Transfers in	72,500	110,500	38,000	160,000	185,900	25,900
Total Receipts	375,025	396,414	21,389	462,375	484,214	21,839
DISBURSEMENTS						
Salaries	214,300	249,211	(34,911)	228,585	247,003	(18,418)
Employee fringe benefit	79,600	75,084	4,516	71,462	77,030	(5,568)
Office supplies	3,000	4,127	(1,127)	5,000	4,070	930
Equipment and leasing	25,500	26,485	(985)	84,000	103,176	(19,176)
Equipment repair and maintenance	5,000	4,895	105	7,500	11,315	(3,815)
Line charge	33,000	33,007	(7)	33,000	32,247	753
Signs and machine	10,000	9,638	362	10,000	14,558	(4,558)
Other	4,212	7,665	(3,453)	4,400	3,177	1,223
Total Disbursements	374,612	410,112	(35,500)	443,947	492,576	(48,629)
RECEIPTS OVER (UNDER) DISBURSEMENTS	413	(13,698)	(14,111)	18,428	(8,362)	(26,790)
CASH, JANUARY 1	16,163	16,163	0	24,525	24,525	0
CASH, DECEMBER 31	16,576	2,465	(14,111)	42,953	16,163	(26,790)
CAPITAL IMPROVEMENT TAX FUND						
RECEIPTS						
Sales taxes	1,400,000	1,946,799	546,799	1,450,000	1,296,457	(153,543)
Intergovernmental	0	24,500	24,500	60	0	(60)
Interest	4,850	18,524	13,674	5,000	5,597	597
Transfers in	0	284,493	284,493	0	1	1
Total Receipts	1,404,850	2,274,316	869,466	1,455,060	1,302,055	(153,005)
DISBURSEMENTS						
Buildings and grounds	0	0	0	5,000	0	5,000
City TIF sales tax	90,000	196,505	(106,505)	82,000	98,894	(16,894)
Debt service	823,527	805,031	18,496	823,320	832,643	(9,323)
Unclassified	0	0	0	0	2,172	(2,172)
Transfers out	400,000	904,138	(504,138)	335,000	521,015	(186,015)
Total Disbursements	1,313,527	1,905,674	(592,147)	1,245,320	1,454,724	(209,404)
RECEIPTS OVER (UNDER) DISBURSEMENTS	91,323	368,642	277,319	209,740	(152,669)	(362,409)
CASH, JANUARY 1	293,772	293,772	0	446,441	446,441	0
CASH, DECEMBER 31	385,095	662,414	277,319	656,181	293,772	(362,409)

Exhibit B

MILLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
SENIOR CITIZENS SERVICES FUND						
RECEIPTS						
Property taxes	140,000	144,480	4,480	136,000	139,817	3,817
Intergovernmental	0	16	16	400	0	(400)
Interest	1,549	3,200	1,651	1,125	1,585	460
Total Receipts	141,549	147,696	6,147	137,525	141,402	3,877
DISBURSEMENTS						
Contractual services	127,800	131,806	(4,006)	110,000	139,989	(29,989)
Unclassified	65	943	(878)	65	0	65
Other	465	553	(88)	465	400	65
Total Disbursements	128,330	133,302	(4,972)	110,530	140,389	(29,859)
RECEIPTS OVER (UNDER) DISBURSEMENTS	13,219	14,394	1,175	26,995	1,013	(25,982)
CASH, JANUARY 1	49,241	49,241	0	48,228	48,228	0
CASH, DECEMBER 31	62,460	63,635	1,175	75,223	49,241	(25,982)
SHERIFF'S DISCRETIONARY FUND						
RECEIPTS						
Intergovernmental	1,250	0	(1,250)	0	1,250	1,250
Charges for services	78,000	76,634	(1,366)	63,617	76,629	13,012
Interest	400	705	305	299	390	91
Other	0	0	0	5,649	180	(5,469)
Total Receipts	79,650	77,339	(2,311)	69,565	78,449	8,884
DISBURSEMENTS						
Sheriff	52,631	84,449	(31,818)	68,931	70,533	(1,602)
Transfers out	0	4,931	(4,931)	0	4,173	(4,173)
Total Disbursements	52,631	89,380	(36,749)	68,931	74,706	(5,775)
RECEIPTS OVER (UNDER) DISBURSEMENTS	27,019	(12,041)	(39,060)	634	3,743	3,109
CASH, JANUARY 1	22,041	22,041	0	18,298	18,298	0
CASH, DECEMBER 31	49,060	10,000	(39,060)	18,932	22,041	3,109
PROSECUTING ATTORNEY DELINQUENT SALES TAX FUND						
RECEIPTS						
Intergovernmental	3,750	2,606	(1,144)	3,000	3,986	986
Interest	65	47	(18)	35	67	32
Total Receipts	3,815	2,653	(1,162)	3,035	4,053	1,018
DISBURSEMENTS						
Prosecuting Attorney	5,000	2,074	2,926	5,000	5,000	0
Total Disbursements	5,000	2,074	2,926	5,000	5,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,185)	579	1,764	(1,965)	(947)	1,018
CASH, JANUARY 1	1,711	1,711	0	2,658	2,658	0
CASH, DECEMBER 31	526	2,290	1,764	693	1,711	1,018

Exhibit B

MILLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Intergovernmental	80	0	(80)	0	80	80
Charges for service:	1,540	1,553	13	1,700	1,550	(150)
Interest	0	161	161	35	47	12
Total Receipts	1,620	1,714	94	1,735	1,677	(58)
DISBURSEMENTS						
Domestic violence shelter	3,200	0	3,200	3,200	80	3,120
Total Disbursements	3,200	0	3,200	3,200	80	3,120
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,580)	1,714	3,294	(1,465)	1,597	3,062
CASH, JANUARY 1	3,239	3,239	0	1,642	1,642	0
CASH, DECEMBER 31	1,659	4,953	3,294	177	3,239	3,062
<u>HOUSE BILL 786 (RECORDER'S USER FEE) FUND</u>						
RECEIPTS						
Charges for service:	23,800	15,628	(8,172)	19,000	20,956	1,956
Interest	900	2,000	1,100	800	1,092	292
Total Receipts	24,700	17,628	(7,072)	19,800	22,048	2,248
DISBURSEMENTS						
Ex Officio Recorder of Deed	59,500	20,515	38,985	26,000	23,250	2,750
Transfers out	0	1,905	(1,905)	0	0	0
Total Disbursements	59,500	22,420	37,080	26,000	23,250	2,750
RECEIPTS OVER (UNDER) DISBURSEMENTS	(34,800)	(4,792)	30,008	(6,200)	(1,202)	4,998
CASH, JANUARY 1	58,957	58,957	0	60,159	60,159	0
CASH, DECEMBER 31	24,157	54,165	30,008	53,959	58,957	4,998
<u>CRIMINAL FORFEITURE FUND</u>						
RECEIPTS						
Interest	0	0	0	3	0	(3)
Total Receipts	0	0	0	3	0	(3)
DISBURSEMENTS						
Unclassified	0	0	0	300	0	300
Total Disbursements	0	0	0	300	0	300
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(297)	0	297
CASH, JANUARY 1	31	31	0	328	31	(297)
CASH, DECEMBER 31	31	31	0	31	31	0

Exhibit B

MILLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ROAD DISTRICT #1 MARINA TAX FUND</u>						
RECEIPTS						
Intergovernmental	16,000	27,474	11,474	11,800	15,961	4,161
Interest	0	808	808	700	530	(170)
Total Receipts	16,000	28,282	12,282	12,500	16,491	3,991
DISBURSEMENTS						
Road materials	35,000	17,147	17,853	60,000	4,259	55,741
Equipment	0	0	0	0	43,543	(43,543)
Equipment rentals	0	0	0	0	9,500	(9,500)
Unclassified	0	7,125	(7,125)	0	0	0
Total Disbursements	35,000	24,272	10,728	60,000	57,302	2,698
RECEIPTS OVER (UNDER) DISBURSEMENTS	(19,000)	4,010	23,010	(47,500)	(40,811)	6,689
CASH, JANUARY 1	19,583	19,583	0	60,394	60,394	0
CASH, DECEMBER 31	583	23,593	23,010	12,894	19,583	6,689
<u>LAKE JA-HA NEIGHBORHOOD IMPROVEMENT DISTRICT FUND</u>						
RECEIPTS						
Charges for services	4,260	4,098	(162)	4,211	4,105	(106)
Interest	15	27	12	225	17	(208)
Transfers in	0	150	150	0	0	0
Total Receipts	4,275	4,275	0	4,436	4,122	(314)
DISBURSEMENTS						
Bond payments	4,260	4,249	11	4,211	4,259	(48)
Total Disbursements	4,260	4,249	11	4,211	4,259	(48)
RECEIPTS OVER (UNDER) DISBURSEMENTS	15	26	11	225	(137)	(362)
CASH, JANUARY 1	43	43	0	180	180	0
CASH, DECEMBER 31	58	69	11	405	43	(362)
<u>FAMILY ACCESS MOTION FUND</u>						
RECEIPTS						
Charges for services	0	0	0	50	0	(50)
Interest	6	13	7	5	6	1
Total Receipts	6	13	7	55	6	(49)
DISBURSEMENTS						
Circuit Clerk	378	0	378	400	0	400
Total Disbursements	378	0	378	400	0	400
RECEIPTS OVER (UNDER) DISBURSEMENTS	(372)	13	385	(345)	6	351
CASH, JANUARY 1	372	372	0	366	366	0
CASH, DECEMBER 31	0	385	385	21	372	351

Exhibit B

MILLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DRUG AWARENESS AND RESISTANCE EDUCATION FUND</u>						
RECEIPTS						
Interest	25	52	27	0	25	25
Other	1,400	500	(900)	0	1,437	1,437
Transfers in	0	500	500	1,300	446	(854)
Total Receipts	1,425	1,052	(373)	1,300	1,908	608
DISBURSEMENTS						
Sheriff	2,000	1,528	472	1,500	1,969	(469)
Total Disbursements	2,000	1,528	472	1,500	1,969	(469)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(575)	(476)	99	(200)	(61)	139
CASH, JANUARY 1	1,776	1,776	0	1,837	1,837	0
CASH, DECEMBER 31	1,201	1,300	99	1,637	1,776	139
<u>W-12 CONSTRUCTION MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	25,000	23,152	(1,848)	22,000	22,972	972
Interest	1,000	2,489	1,489	900	1,292	392
Total Receipts	26,000	25,641	(359)	22,900	24,264	1,364
DISBURSEMENTS						
Bond payments	27,000	25,780	1,220	22,680	26,384	(3,704)
Total Disbursements	27,000	25,780	1,220	22,680	26,384	(3,704)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	(139)	861	220	(2,120)	(2,340)
CASH, JANUARY 1	72,263	72,263	0	74,383	74,383	0
CASH, DECEMBER 31	71,263	72,124	861	74,603	72,263	(2,340)
<u>TAX INCREMENT FINANCING FUNDS *</u>						
RECEIPTS						
Property taxes	222,000	188,887	(33,113)	184,000	222,110	38,110
Intergovernmental	19,900	19,624	(276)	0	19,912	19,912
Interest	1,000	0	(1,000)	1	0	(1)
Total Receipts	242,900	208,511	(34,389)	184,001	242,022	58,021
DISBURSEMENTS						
Contractual agreement	0	0	0	1	0	1
Bond payments	225,000	208,511	16,489	179,000	242,033	(63,033)
Total Disbursements	225,000	208,511	16,489	179,001	242,033	(63,032)
RECEIPTS OVER (UNDER) DISBURSEMENTS	17,900	0	(17,900)	5,000	(11)	(5,011)
CASH, JANUARY 1	7	7	0	18	18	0
CASH, DECEMBER 31	17,907	7	(17,900)	5,018	7	(5,011)

Exhibit B

MILLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>2002 FEMA FLOOD MONEY FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	56,000	66,775	10,775
Total Receipts	0	0	0	56,000	66,775	10,775
DISBURSEMENTS						
FEMA flood money	0	0	0	203,000	0	203,000
Road supplies	0	4,107	(4,107)	0	0	0
Road material	45,177	76,070	(30,893)	0	100,144	(100,144)
Transfers out	35,000	0	35,000	0	34,000	(34,000)
Total Disbursements	80,177	80,177	0	203,000	134,144	68,856
RECEIPTS OVER (UNDER) DISBURSEMENTS	(80,177)	(80,177)	0	(147,000)	(67,369)	79,631
CASH, JANUARY 1	80,177	80,177	0	147,546	147,546	0
CASH, DECEMBER 31	0	0	0	546	80,177	79,631
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	380,000	429,585	49,585	370,000	419,162	49,162
Intergovernmental	267,639	264,593	(3,046)	182,389	219,179	36,790
Charges for service:	122,271	118,720	(3,551)	86,770	114,866	28,096
Interest	21,592	21,592	0	6,000	10,566	4,566
Other	21,521	25,850	4,329	13,850	20,259	6,409
Total Receipts	813,023	860,340	47,317	659,009	784,032	125,023
DISBURSEMENTS						
Salaries and employee fringe benefit	435,303	420,865	14,438	403,903	382,985	20,918
Health insurance	55,485	64,069	(8,584)	61,000	49,221	11,779
Building and grounds	980,000	797,193	182,807	25,000	9,645	15,355
Equipment	2,500	2,278	222	1,000	932	68
Mileage and training	2,000	1,387	613	3,000	2,229	771
Liability insurance	19,000	29,414	(10,414)	19,000	19,458	(458)
Public health service:	192,850	183,730	9,120	117,450	126,951	(9,501)
Other	0	247	(247)	0	128	(128)
Total Disbursements	1,687,138	1,499,183	187,955	630,353	591,549	38,804
RECEIPTS OVER (UNDER) DISBURSEMENTS	(874,115)	(638,843)	235,272	28,656	192,483	163,827
CASH, JANUARY 1	0	713,263	713,263	0	520,780	520,780
CASH, DECEMBER 31	(874,115)	74,420	948,535	28,656	713,263	684,607
<u>W-15C NEIGHBORHOOD IMPROVEMENT DISTRICT FUND</u>						
RECEIPTS						
Charges for service:	13,000	11,403	(1,597)	13,000	12,264	(736)
Interest	700	1,776	1,076	700	899	199
Total Receipts	13,700	13,179	(521)	13,700	13,163	(537)
DISBURSEMENTS						
Bond payments	13,000	12,713	287	13,700	12,987	713
Total Disbursements	13,000	12,713	287	13,700	12,987	713
RECEIPTS OVER (UNDER) DISBURSEMENTS	700	466	(234)	0	176	176
CASH, JANUARY 1	49,729	49,729	0	49,553	49,553	0
CASH, DECEMBER 31	50,429	50,195	(234)	49,553	49,729	176

Exhibit B

MILLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>BAGNELL MARINA TAX FUND</u>						
RECEIPTS						
Intergovernmental	40,000	83,566	43,566	36,000	48,547	12,547
Interest	0	4,523	4,523	1,250	2,124	874
Total Receipts	40,000	88,089	48,089	37,250	50,671	13,421
DISBURSEMENTS						
Road supplies and tools	120,000	0	120,000	120,000	1,397	118,603
Road materials	0	68,309	(68,309)	0	2,047	(2,047)
Special road district	0	36,414	(36,414)	0	16,406	(16,406)
Unclassified	0	0	0	0	2,305	(2,305)
Total Disbursements	120,000	104,723	15,277	120,000	22,155	97,845
RECEIPTS OVER (UNDER) DISBURSEMENTS	(80,000)	(16,634)	63,366	(82,750)	28,516	111,266
CASH, JANUARY 1	124,000	124,000	0	95,484	95,484	0
CASH, DECEMBER 31	44,000	107,366	63,366	12,734	124,000	111,266
<u>KAISER MARINA TAX FUND</u>						
RECEIPTS						
Intergovernmental	1,995	3,434	1,439	1,400	1,995	595
Interest	22	124	102	2	22	20
Total Receipts	2,017	3,558	1,541	1,402	2,017	615
DISBURSEMENTS						
Unclassified	4,000	0	4,000	1,402	0	1,402
Total Disbursements	4,000	0	4,000	1,402	0	1,402
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,983)	3,558	5,541	0	2,017	2,017
CASH, JANUARY 1	2,017	2,017	0	0	0	0
CASH, DECEMBER 31	34	5,575	5,541	0	2,017	2,017
<u>LOCAL EMERGENCY PREPAREDNESS FUND</u>						
RECEIPTS						
Intergovernmental	60,000	298,068	238,068	6,000	5,467	(533)
Interest	185	347	162	0	184	184
Transfers in	0	370,726	370,726	0	0	0
Total Receipts	60,185	669,141	608,956	6,000	5,651	(349)
DISBURSEMENTS						
Salaries	7,500	0	7,500	0	0	0
Mileage and training	5,500	2,835	2,665	1,500	471	1,029
Computer expense	2,500	0	2,500	3,000	0	3,000
Equipment and supplies	37,730	385,186	(347,456)	0	0	0
Unclassified	18,000	3,911	14,089	0	0	0
Transfers out	0	284,493	(284,493)	0	0	0
Total Disbursements	71,230	676,425	(605,195)	4,500	471	4,029
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,045)	(7,284)	3,761	1,500	5,180	3,680
CASH, JANUARY 1	11,982	11,982	0	6,802	6,802	0
CASH, DECEMBER 31	937	4,698	3,761	8,302	11,982	3,680

Exhibit B

MILLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>POST COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	1,800	0	(1,800)	1,800	1,739	(61)
Interest	20	17	(3)	3	23	20
Transfers in	0	3,917	3,917	0	3,000	3,000
Total Receipts	1,820	3,934	2,114	1,803	4,762	2,959
DISBURSEMENTS						
Sheriff	2,300	4,485	(2,185)	1,802	4,203	(2,401)
Total Disbursements	2,300	4,485	(2,185)	1,802	4,203	(2,401)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(480)	(551)	(71)	1	559	558
CASH, JANUARY 1	559	559	0	0	0	0
CASH, DECEMBER 31	79	8	(71)	1	559	558
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	6,000	21,809	15,809	0	1,886	1,886
Interest	0	575	575	75	94	19
Other	0	640	640	0	68	68
Total Receipts	6,000	23,024	17,024	75	2,048	1,973
DISBURSEMENTS						
County Clerk	6,000	11,835	(5,835)	4,000	361	3,639
Total Disbursements	6,000	11,835	(5,835)	4,000	361	3,639
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	11,189	11,189	(3,925)	1,687	5,612
CASH, JANUARY 1	6,672	6,672	0	4,985	4,985	0
CASH, DECEMBER 31	6,672	17,861	11,189	1,060	6,672	5,612
<u>CAPITAL IMPROVEMENT INVENTORY COURTHOUSE FUND</u>						
RECEIPTS						
Interest				0	3	3
Total Receipts				0	3	3
DISBURSEMENTS						
Equipment				648	651	(3)
Transfers out				0	1	(1)
Total Disbursements				648	652	(4)
RECEIPTS OVER (UNDER) DISBURSEMENTS				(648)	(649)	(1)
CASH, JANUARY 1				649	649	0
CASH, DECEMBER 31				1	0	(1)

Exhibit B

MILLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECORDER'S TECHNOLOGY FUND						
RECEIPTS						
Intergovernmental	0	294	294	0	687	687
Charges for service:	10,000	9,531	(469)	11,500	9,855	(1,645)
Interest	450	939	489	200	458	258
Transfers in	0	1,905	1,905	0	0	0
Total Receipts	10,450	12,669	2,219	11,700	11,000	(700)
DISBURSEMENTS						
Ex Officio Recorder of Deed	27,000	12,785	14,215	10,500	9,710	790
Total Disbursements	27,000	12,785	14,215	10,500	9,710	790
RECEIPTS OVER (UNDER) DISBURSEMENTS	(16,550)	(116)	16,434	1,200	1,290	90
CASH, JANUARY 1	27,152	27,152	0	25,862	25,862	0
CASH, DECEMBER 31	10,602	27,036	16,434	27,062	27,152	90
JAIL FUND						
RECEIPTS						
Intergovernmental	200,000	90,047	(109,953)	668,942	424,809	(244,133)
Charges for service:	55,419	60,184	4,765	54,000	56,597	2,597
Interest	256	947	691	0	256	256
Other	4,191	2,060	(2,131)	4,941	3,910	(1,031)
Transfers in	640,000	1,004,745	364,745	335,000	731,015	396,015
Total Receipts	899,866	1,157,983	258,117	1,062,883	1,216,587	153,704
DISBURSEMENTS						
Salaries	372,883	428,228	(55,345)	470,300	457,284	13,016
Employee fringe benefit	182,893	199,771	(16,878)	177,081	181,133	(4,052)
Office expenses	24,500	20,371	4,129	24,200	23,443	757
Building and grounds	88,519	114,982	(26,463)	116,773	111,101	5,672
Equipment and supplies	5,300	11,852	(6,552)	14,500	12,530	1,970
Mileage and training	0	11,745	(11,745)	1,000	1,145	(145)
Board of Prisoners	3,500	12,682	(9,182)	3,500	11,203	(7,703)
Board of Prisoners (food)	50,000	90,176	(40,176)	110,000	114,621	(4,621)
Board of Prisoners (medical)	90,000	189,303	(99,303)	120,000	228,456	(108,456)
Liability insurance	63,990	74,509	(10,519)	11,000	67,009	(56,009)
Other	1,000	5,714	(4,714)	2,700	5,720	(3,020)
Total Disbursements	882,585	1,159,333	(276,748)	1,051,054	1,213,645	(162,591)
RECEIPTS OVER (UNDER) DISBURSEMENTS	17,281	(1,350)	(18,631)	11,829	2,942	(8,887)
CASH, JANUARY 1	4,788	4,788	0	1,846	1,846	0
CASH, DECEMBER 31	22,069	3,438	(18,631)	13,675	4,788	(8,887)
TIME PAYMENT FEE FUND						
RECEIPTS						
Charges for service:	20	30	10			
Total Receipts	20	30	10			
DISBURSEMENTS						
Circuit Clerk	20	0	20			
Total Disbursements	20	0	20			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	30	30			
CASH, JANUARY 1	20	20	0			
CASH, DECEMBER 31	20	50	30			

Exhibit B

MILLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
COLLECTOR'S TAX MAINTENANCE FUND						
RECEIPTS						
Charges for services	36,000	34,785	(1,215)			
Interest	500	1,885	1,385			
Total Receipts	36,500	36,670	170			
DISBURSEMENTS						
County Collector	36,500	31,122	5,378			
Total Disbursements	36,500	31,122	5,378			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	5,548	5,548			
CASH, JANUARY 1	48,599	48,599	0			
CASH, DECEMBER 31	\$ 48,599	54,147	5,548			

* Included are the Tax Increment Financing - Economic Activity Taxes Fund, the Tax Increment Financing - Special Account for Developer Fund, the Tax Increment Financing - Administrative Fund, and the Tax Increment Financing - Special Allocation Fund.

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

MILLER COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Miller County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Tax Increment Financing Commission, the Health Center Board, or the Senior Citizens Services Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Juvenile Assessment Fee Fund	2005 and 2004
Circuit Clerk Interest Fund	2005 and 2004
Associate Division Interest Fund	2005 and 2004
Law Library Fund	2005 and 2004
Oak Terrace Neighborhood Improvement District Fund	2005
Circuit Clerk Passports Fund	2005

Miller County Law Enforcement	
Association Fund	2005
Time Payment Fee Fund	2004
Collector's Tax Maintenance Fund	2004
K-9 Fund	2004

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue Fund	2005 and 2004
911 Fund	2005 and 2004
Capital Improvement Tax Fund	2005 and 2004
Senior Citizens Services Fund	2005 and 2004
Sheriff's Discretionary Fund	2005 and 2004
POST Commission Fund	2005 and 2004
Jail Fund	2005 and 2004
Local Emergency Preparedness Fund	2005
Election Services Fund	2005
Prosecuting Attorney Training Fund	2004
Lake Ja-Ha Neighborhood Improvement	
District Fund	2004
Drug Awareness and Resistance Education Fund	2004
W-12 Construction Maintenance Fund	2004
Tax Increment Financing Funds	2004
Capital Improvement Inventory Courthouse Fund	2004

Although Section 50.740, RSMo, requires a balanced budget, a deficit balance was budgeted in the Health Center Fund for the year ended December 31, 2005.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Collector's Tax Maintenance Fund	2005 and 2004
Juvenile Assessment Fee Fund	2005 and 2004
Circuit Clerk Interest Fund	2005 and 2004
Associate Division Interest Fund	2005 and 2004
Law Library Fund	2005 and 2004
Oak Terrace Neighborhood Improvement District Fund	2005
Circuit Clerk Passports Fund	2005
Miller County Law Enforcement Association Fund	2005
K-9 Fund	2004

In addition, for the Health Center Fund, the county's published financial statements for the years ended December 31, 2005 and 2004, included only those amounts that passed through the County Treasurer.

2. Cash

Disclosures are provided below to comply with Statement No. 40 of the Governmental Accounting Standards Board, *Deposit and Investment Risk Disclosures*. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit. Cash includes both deposits and investments.

Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit. To protect the safety of county deposits, Section 110.020, RSMo, requires depositaries to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities must be of the types specified by Section 30.270, RSMo, for the collateralization of state funds and held by either the county or a financial institution other than the depositary bank. Section 67.085, RSMo, also requires certificates of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depositary bank fails, Miller County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The county's and the Health Center Board's deposits at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depositary

insurance or by collateral securities held by a correspondent bank in the county's or the board's name.

Investments

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

The only investments of the various county funds and the Health Center Fund were overnight repurchase agreements which are an interest in securities that are direct obligations of, or fully guaranteed as to principal and interest by, the U.S. Government or an agency thereof. At December 31, 2005, and 2004, the fair values of the repurchase agreements were as follows:

	December 31,	
	<u>2005</u>	<u>2004</u>
County funds	\$1,906,029	1,546,603
Health Center Fund	95,336	730,891

Custodial credit risk: Custodial credit risk is the risk that, if the counterparty to an investment transaction fails, Miller County will not be able to recover the investment's value or collateral securities that are in an outside party's possession. The county's and the Health Center Board's investments at December 31, 2005 and 2004, were not exposed to custodial credit risk because the underlying securities were held by a correspondent bank in the county's or the board's name.

Supplementary Schedule

Schedule

MILLER COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Social Services -			
10.550	Food Donation	N/A	\$ 419	391
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-6166	25,442	0
		ERS045-5166	66,507	26,431
		ERS045-4166	0	64,336
	Program Total		91,949	90,767
10.559	Summer Food Service Program for Children	N/A	420	130
U.S. DEPARTMENT OF INTERIOR				
	Passed through state Department of Conservation			
15.634	State Wildlife Grants	N/A	4,784	0
U.S. DEPARTMENT OF JUSTICE				
	Direct programs:			
16.710	Public Safety Partnership and Community Policing Grant	2001SHWX0010	0	31,136
	Passed through:			
	State Department of Public Safety			
16.554	National Criminal History Improvement Program	2000-RH-CX-K024	3,804	969
16.575	Crime Victim Assistance	2004-VOCA-0044	2,584	0
		2003-VOCA-0042	7,753	2,614
		2002-VOCA-0052	0	7,753
	Program Total		10,337	10,367
16.592	Local Law Enforcement Block Grants Program	2004-LB-BX-0019	0	6,543
	Missouri Sheriffs' Association -			
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,425	962

Schedule

MILLER COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Constructior	BRO-066(10)	55,235	298,505
		BRO-066(11)	236,856	321,883
		BRO-066(12)	21,838	0
	Program Total		313,929	620,388
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	3,270	0
GENERAL SERVICES ADMINISTRATION				
	Passed through state			
	Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	1,244	1,316
	Office of Secretary of State			
39.011	Election Reform Payments	N/A	0	4,408
ELECTIONS ASSISTANCE COMMISSION				
	Passed through state Office of Secretary of State			
90.401	Help America Vote Act Requirements Payment	N/A	7,380	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.268	Immunization Grants	N/A	35,085	29,859
		N/A	687	1,195
	Program Total		35,772	31,054
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistanc	AOC06380141	503	0
		ERS161	2,264	2,885
		4319026790-0	0	8,862
		DH040022043	0	7,255
		N/A	3,500	0
	Program Total		6,267	19,002

Schedule

MILLER COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
Department of Health and Senior Services -				
93.575	Child Care and Development Block Gran	PGA067-6166C	470	0
		PGA067-5166C	3,845	655
		PGA067-4166C	0	4,500
		AOC06380141	780	0
		PGA067-5166S	1,360	765
		PGA067-4166S	0	1,815
	Program Total		<u>6,455</u>	<u>7,735</u>
93.994	Maternal and Child Health Services Block Grant to the States	AOC06380141	5,708	0
		AOC06380103	23,348	0
		AOC05380050	37,500	25,000
		ERS146-5166M	17,249	5,750
		ERS146-4166M	0	15,782
	Program Total		<u>83,805</u>	<u>46,532</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through state Department of Public Safety				
83.544	Public Assistance Grants	FEMA-1463-DR-MO	0	6,798
83.562	State and Local All Hazards Emergency Operations Planning	N/A	0	2,700
97.004	State Domestic Preparedness Equipment Support Prograr	2004-GE-T4-0049	374,359	0
	Program Total			
97.054	Community Emergency Response Teams	N/A	3,522	2,880
	Total Expenditures of Federal Award:		\$ <u>949,141</u>	<u>884,078</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedul

Notes to the Supplementary Schedule

MILLER COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Miller County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for the Immunization Grants (CFDA number 93.268) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2005 and 2004.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Miller County, Missouri

Compliance

We have audited the compliance of Miller County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

As described in finding number 05-3 in the accompanying Schedule of Findings and Questioned Costs, Miller County did not comply with requirements regarding cash management that are applicable to its Highway Planning and Construction Program. Compliance with such

requirements is necessary, in our opinion, for Miller County to comply with the requirements applicable to that program.

As described in finding number 05-4 in the accompanying Schedule of Findings and Questioned Costs, Miller County did not comply with requirements regarding reporting and establishing an effective internal control system that are applicable to its State Domestic Preparedness Equipment Support Program. Compliance with such requirements is necessary, in our opinion, for Miller County to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the two preceding paragraphs, Miller County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004.

Internal Control Over Compliance

The management of Miller County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 05-2, 05-3, and 05-4.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above, finding numbers 05-2, 05-3 and 05-4 to be material weaknesses.

This report is intended for the information and use of the management of Miller County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 11, 2006 (fieldwork completion date)

Schedule

MILLER COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2005 AND 2004

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? x yes no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements noted? x yes no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? x yes no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Type of auditor's report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction
97.004	State Domestic Preparedness Equipment Support Program

Dollar threshold used to distinguish between Type A

and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? _____ yes x no

Section II - Financial Statement Findings

This section includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

05-1. Budgetary

Practices

Problems with county budgetary practices have been noted in the past several audit reports and while some improvements have been made, significant budgetary problems continue to exist. Actual disbursements exceed budgeted amounts for several funds and material misclassifications were noted. Various concerns were also noted related to the Health Center Fund budget.

A. Actual disbursements exceeded budgeted amounts for several funds as follows:

Fund	Year Ended December 31,	
	2005	2004
General Revenue	\$ 556,158	211,226
Prosecuting Attorney Training	N/A	12
911	35,500	48,629
Capital Improvement Tax	592,147	209,404
Senior Citizens Services	4,972	29,859
Sheriff's Discretionary	36,749	5,775
Lake Ja-Ha Neighborhood Improvement		
District	N/A	48
Drug Awareness and Resistance Education	N/A	469
W-12 Construction Maintenance	N/A	3,704
Tax Increment Financing	N/A	63,032
Local Emergency Preparedness	605,195	N/A
POST Commission	2,185	2,401
Election Services	5,835	N/A
Capital Improvement Inventory Courthouse	N/A	4
Jail	276,748	162,591

The County Commissioners indicated they review budget to actual reports. The Presiding Commissioner stated that when activity occurs that was not included in the county's budget, the County Commissioners will prepare a court order. However, court orders were not generally adopted for routine disbursements such as payroll and other operating costs which exceed budgeted amounts and court orders do not

serve as budget amendments.

The overspending in the General Revenue Fund and the Capital Improvement Tax Fund appears to primarily be a result of transfers between funds. Actual transfers exceeded budgeted transfers from the General Revenue Fund by \$355,883 and \$262,417, and the Capital Improvement Tax Fund by \$504,138 and \$186,015, for 2005 and 2004, respectively. Other budgeted expenditure amounts were also overspent in the General Revenue Fund and the Capital Improvement Tax Fund as a result of higher than anticipated costs.

Disbursements of the Local Emergency Preparedness Fund significantly exceeded the budgeted amount in 2005 due to a federal grant project. Approximately \$60,000 was budgeted for grant receipts; however, actual grant receipts and disbursements exceeded \$380,000.

Case law provides that strict compliance with county budget law is required by county officials. If there are valid reasons which require excess disbursements (i.e., emergencies, unforeseen occurrences, receipt of additional funding, and statutorily required obligations), amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. To improve the effectiveness of the budgets as a planning tool and ensure compliance with state law, budget to actual comparison reports need to be reviewed and used when making spending decisions throughout the year. In addition, more effective budgeting of transfers would aid in monitoring the overall financial condition of various county funds.

- B. The county budget document contained numerous misclassifications of both budgeted and actual amounts, several of which are material to the financial statements. Examples are as follows:
- In the General Revenue Fund, budgeted and actual local use tax receipts of \$162,000 and \$215,277 for 2005, and \$138,086 and \$161,961 for 2004, respectively, were misclassified as other revenues. These revenues have been reclassified as sales and use taxes.
 - In the Special Road and Bridge – Road District #1 Fund, budgeted and actual receipts for the federal Highway Planning and Construction Program of \$591,000 and \$328,817 in 2005, and \$970,206 and \$620,388 in 2004, respectively, were misclassified as other revenues. These revenues have been reclassified as intergovernmental revenues.
 - In the Special Road and Bridge – Road District #1 Fund, budgeted and actual disbursements for road materials of \$75,000 and \$104,928 in 2005, and \$75,000 and \$55,419 in 2004, respectively, were misclassified as other. These disbursements have been reclassified as road and bridge materials.

Because of the significance of these errors, it was necessary to make reclassifications to the amounts presented in the audited financial statements in order to provide an unqualified opinion. The adjustments and reclassifications were discussed with and agreed to by county officials.

Section 50.540, RSMo, requires all revenues to be by source and all expenditures to be by character, object, function, or activity. The county's budgets should include accurate classifications of receipts and disbursements to ensure the county's financial information is more consistently presented, to properly identify receipts and disbursements, and to increase the effectiveness of the budget as a management tool.

C. The Health Center Fund budget contained various omissions. In addition, the 2005 Health Center Fund budget was amended after excess disbursements were made and the amendment resulted in a deficit budgeted fund balance. During our review of the Health Center Fund budget we noted the following:

- The prior two years' receipts and disbursements were not included on the 2005 budget approved by the Health Center Board, as required by state law. Actual receipts and disbursements of one prior year were reflected on the 2004 Health Center Fund budget.
- The beginning cash balance was not reflected on the budget documents approved by the Health Center Board. As a result, the ending estimated cash balance was understated by \$948,535 and \$684,607 for the years ended December 31, 2005 and 2004, respectively.
- A 2005 budget amendment increasing budgeted disbursements by \$441,000, for building and grounds, payroll, equipment, and various public health services, was prepared subsequent to the December 21, 2005, Health Center Board meeting. However, at the time the budget amendment was prepared, actual disbursements already exceeded the original budget. In addition, the budget amendment was not filed with the State Auditor's office. The audited financial statements have been adjusted for the amendment.
- The 2005 Health Center Fund budget amendment resulted in a deficit budgeted fund balance. Exhibit B reflects a deficit budgeted fund balance of \$874,115; however, had the beginning cash balance been included a deficit budgeted fund balance of \$160,852 would still exist for the year ended December 31, 2005.

Considering the various problems noted above, the approved Health Center Fund budgets do not provide county citizens with reliable information about the county's finances and are a less effective management tool for the Health Center Board. In addition, amendments made after disbursements have exceeded the budget do not allow for the budget to be used as an effective management tool and counties are not authorized to budget deficit fund balances.

To be of maximum assistance to county officials and the Health Center Board and to adequately inform citizens of the county's and health center's operations and financial position, budget documents need to be accurate and complete. This is also necessary so that the county can prepare useful and accurate financial statements. A thorough review process of budget documents needs to be implemented prior to approval. Chapter 50, RSMo, describes details to be provided in budget documents. Sections 50.610 and 50.740, RSMo, require balanced budgets, and Article VI, Section 26(a) of the Missouri Constitution prohibits deficit budgeting.

WE RECOMMEND:

- A. The County Commission and other county officials and boards review budget to actual reports carefully and refrain from approving disbursements which exceed budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office.
- B&C. The County Commission, County Clerk, and Health Center Board ensure complete and accurate budgets are prepared for all county funds. In addition, the Health Center Board should formally amend the budget prior to incurring excess expenditures and discontinue deficit budgeting.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

- A. *The County Commission indicated they had previously consulted legal counsel who indicated issuing court orders as provided by Section 67.040, RSMo, would satisfy this requirement and they were making an effort to comply with state law by issuing court orders. The County Commission agrees with the recommendation and will amend the budget in the future.*
- B. *The County Commission indicated they will discuss this with the County Clerk. The County Clerk will make adjustments on future budgets.*
- C. *The Health Center Administrator and Board Chair indicated they will ensure the recommendation is implemented with the 2007 budget.*

AUDITOR'S COMMENT

Sections 50.525 through 50.745, RSMo, are cited as "The County Budget Law". Budget amendments should be prepared and filed in compliance with these sections of state law.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

05-2.	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-066(10), BRO-066(11), and BRO-066(12)
Award Years:	2005 and 2004
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Homeland Security
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	97.004
Program Title:	State Domestic Preparedness Equipment Support Program
Pass-Through Entity	
Identifying Number:	2004-GE-T4-0049
Award Year:	2005
Questioned Costs:	Not applicable

The county and health center do not have adequate procedures in place to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA), and as a result, the county's SEFA contained several errors and omissions. Expenditures were understated by approximately \$133,200 and \$99,700 for the years ended December 31, 2005 and 2004, respectively.

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the county to prepare a SEFA for the period covered by the county's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget.

Expenditures relating to several federal grants were reported incorrectly or not included on the schedule. For example, the value of vaccines received from the State, totaling approximately \$35,100 and \$29,900 for 2005 and 2004, respectively, was not reported by the Health Center Administrator for the Immunization Grants Program. Not all contracts under the Maternal and Child Health Services Block Grant to the States Program were included, and expenditures were understated by approximately \$60,800 and \$26,000 for 2005 and 2004, respectively. Expenditures of the State Domestic Preparedness Equipment Support Program were also understated by approximately \$56,400 in 2005. Other programs such as

Crime Victims Assistance, Help America Vote, and Highway Planning and Construction were overstated for 2005. In addition, the pass-through entity identifying numbers were not indicated for most programs on the 2005 and 2004 SEFA.

Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The County Commission should take steps to ensure all departments and/or officials properly track federal awards to ensure all federal awards are properly accounted for on the SEFA.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

WE RECOMMEND the County Commission, County Clerk, and Health Center Administrator work to ensure the SEFA is complete and accurate.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission indicated they have discussed this with the Emergency Management Director, who also follows up on grants, and has made improvements in this area. Other officials will be notified to inform the County Commission when they have applied for federal grants. The County Clerk indicated he will implement the recommendation for the 2006 SEFA.

The Health Center Administrator and Board Chair indicated they will work to ensure the 2006 SEFA is complete and accurate.

05-3. Cash

Management

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-066(10), BRO-066(11), and BRO-066(12)
Award Years:	2005 and 2004
Questioned Costs:	Not applicable

The county has not established cash management procedures to ensure minimal time elapses between its receipt of federal project monies and the distribution of such monies to contractors. Of 16 reimbursements reviewed, 8 reimbursements totaling \$334,685 were received and held for more than 2 business days before the related payment was made to the contractor. These reimbursements included \$24,169, and \$106,995 held 13 days and 6 days,

respectively, and two reimbursements totaling \$60,263 held 8 days. The County Commissioners indicated they try to ensure all payments are made within the county's 2 week bill paying cycle; however, this procedure does not appear to comply with federal guidelines.

The county contracts with the Missouri Department of Transportation (MoDOT) for bridge replacement and rehabilitation under the Highway Planning and Construction Program. Section .300(c) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to “comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs”. Section XII of the MoDOT Local Public Agency Manual provides that local agencies must develop cash management procedures to ensure payment is made to the contractor/consultant within 2 business days of receipt of funds from MoDOT.

A similar condition was noted in the prior report.

WE AGAIN RECOMMEND the County Commission establish procedures to minimize the time between the receipt of federal monies and disbursement of such funds to comply with MoDOT requirements.

AUDITEE’S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission indicated they will work to implement the recommendation and turn the monies around immediately. If the monies are direct deposited, they are not always aware of when the monies are received.

05-4. Monitoring of Federal Grant Purchases and Reimbursements

Federal Grantor:	U.S. Department of Homeland Security
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	97.004
Program Title:	State Domestic Preparedness Equipment Support Program
Pass-Through Entity:	
Identifying Number:	2004-GE-T4-0049
Award Years:	2005
Questioned Costs:	\$284,493

The county did not have an internal control system in place to adequately monitor the procurement and installation of equipment and services funded through the State Domestic Preparedness Equipment Support Program. Miller County expended over \$370,000 through this program in 2005. Of this amount, \$249,598 was used to provide enhancements to the 911 computer system for Computer Aided Dispatch (CAD) and \$34,895 was used to purchase a mapping system update to enable the records of the Assessor's office to be integrated with the 911 dispatch system. The development of the grant proposal and

subsequent purchase and installation of the equipment appear to have been a joint effort by the former 911 Director and the Sheriff with the County Commission approving the grant agreement.

- A. Comparison of bid documentation on file to support the CAD purchase with the equipment on hand and the features of the CAD system, and discussions with 911 dispatch personnel identified several concerns as follows:
- 1) The bid documentation does not specify the capabilities to be provided by the system. In addition, the system received and installed in the 911 dispatch center does not agree with the system indicated in the bid documentation or identified on the paid invoice. For example, the CAD system software manufacturer indicated in the bid documentation and on the invoice was different than the manufacturer of the CAD system software received. The County Commission and the Emergency Management Director indicated the documentation provided to us was the only bid documentation received. The vendor indicated this documentation was not the final bid; however, other bid documentation could not be provided. The vendor also indicated that due to a clerical error, the invoice was incorrect and did not agree with the actual system received.
 - 2) The current 911 Director indicated the county did not receive some equipment indicated on the bid documentation or the paid invoice, and some features of the system were not working properly. Since the bid documentation does not specify the capabilities of the system, it is unclear what the features of the system should be. The 911 Director has documented her attempts to resolve the issues with the vendor and subcontractor; however, as of July 10, 2006 (approximately 8 months after the acceptance agreement was signed by the former 911 Director), she indicated not all system features were fully operational.
 - 3) The delivery and acceptance agreement signed by the former 911 Director on November 15, 2005, did not include specific descriptions for some of the equipment (including serial numbers) and services received. For example, the list in the acceptance agreement included "all necessary hardware and software".
- B. Bid documentation could not be located by the county for the mapping system update costing \$34,895. The County Commission minutes indicated one bid was received and accepted.

Without adequate bid documentation, the county cannot determine what the capabilities of the system purchased should include. Adequate and complete documentation (including detailed bid documentation, accurate invoices, and assurance that the agreed-upon equipment and services were received), should be maintained to support the procurement of equipment and services.

- C. The County Commission minutes indicated only one bid was received for the CAD system and the mapping system. Although the County Commission advertised for bids in accordance with state law, it is prudent business practice to solicit more than one bid for major purchases to ensure the county receives the best and lowest price.
- D. Payments were not made to the vendor before reimbursement was requested from the state. A request for reimbursement for \$284,493 dated August 8, 2005, was submitted to the state. Two checks totaling the amount claimed dated August 2, 2005, were listed on and attached to the request for reimbursement. On August 31, 2005, the county voided these two checks. The County Clerk indicated the checks were prepared so a copy could be sent to the state, but the county was going to hold the original checks until reimbursement came in. However, since the reimbursement checks were not received in a timely manner, the county voided the original checks. Reimbursement for the expenditures was received from the state and two checks were issued to the vendor on September 8, 2005.

The Terms and Conditions for FY04 grants, Reimbursement Process, requires the grantee to attach copies of the paid invoices to a paper copy of the Request for Reimbursement Form. State Emergency Management Agency (SEMA) personnel indicated that in some circumstances grant recipients can request advanced payment and provide proof of payment to SEMA within 30 days; however, there is no evidence that the county contacted SEMA to discuss alternatives. If the county is unable to comply with the terms of a grant agreement, the grantor agency should be contacted to determine if other provisions can be arranged.

- E. A final report was not filed with (SEMA), the administering agency. The Terms and Conditions for FY04 grants requires the grantee to file a program report at the end of the grant period or upon completion of spending and specifies information that should be included. The Terms and Conditions further states that future awards and fund draw downs may be withheld if these reports are delinquent.

Section .300(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to maintain internal controls that provide reasonable assurance that federal awards are managed in compliance with laws, regulations, and the provisions of contracts or grant agreements related to the program.

As a result of the concerns identified in A, B, D, and E, we have questioned costs of \$284,493, which represent the federal share of the equipment and services purchased.

- F. The county has not established procedures to monitor reimbursement requests to ensure timely receipt of funds. The county was also awarded a City/County Grant as part of this program. A \$7,000 reimbursement request was submitted to SEMA dated October 23, 2005, for which the county had not received reimbursement as of July 11, 2006. SEMA personnel provided us with correspondence to the county dated December 7, 2005, informing the county that the reimbursement request for \$7,000 could be resubmitted with a copy of the invoice from the vendor and noted that the request could not be processed with an estimate. Although the county had

attached a copy of the check payable to the vendor for \$7,000, the corresponding invoice indicated the \$7,000 was an estimate. The Emergency Management Director indicated he has contacted SEMA several times regarding this matter. In addition, a spreadsheet on file with the County Clerk's office of City/County grant expenditures reflects a \$1,347 reimbursement request was submitted July 18, 2005, for which reimbursement for this expenditure had not been received as of July 11, 2006, and the SEMA grant file did not include evidence that a reimbursement request was received. The county did not maintain a copy of either of these reimbursement requests.

Adequate monitoring procedures are necessary to ensure the county maximizes its revenues. Because of the uncertainty as to whether these expenditures will be reimbursed, the amounts are not included in the amount presented on the SEFA.

WE **RECOMMEND** the County Commission resolve the questioned costs with the grantor agency and continue to pursue any unresolved issues with the vendor. In addition, procedures should be implemented to follow up on reimbursement requests in a timely manner.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission indicated they will work with SEMA to resolve these issues. The County Commission is going to ask the Emergency Management Director to monitor technology grants and will notify persons responsible for submitting requests for reimbursements to follow up to ensure reimbursements are received.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

MILLER COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Miller County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2003.

03-01. Budgetary Practices

- A. Several material errors in the budget were noted due to lack of edit checks. In addition, some budget and actual disbursement amounts were not classified but were simply listed as “disbursements”.
- B. Disbursements exceeded budgeted amounts for eleven funds during the year ended December 31, 2003, and nineteen funds during the year ended December 31, 2002. The County Commission did not ensure that budget variances were reviewed and that budget amendments were periodically prepared in accordance with state law.
- C. The county did not have adequate procedures to ensure budgets were prepared for all county funds. In addition, although a Health Center budget was included, amounts presented for receipts, disbursements, and year-end cash balances for 2003 and 2002, significantly differed from actual.

Recommendation:

The County Commission:

- A. Ensure budget documents are accurate and complete.
- B. Ensure that budget variances are reviewed and require budget amendments when appropriate.
- C. Ensure budgets are prepared for all county funds.

Status:

- A. Not implemented. Although instances of budget errors were noted and some budget and actual disbursement amounts were not classified, the amounts were not significant. However, several material instances of misclassifications of revenue and disbursement amounts were detected. See finding number 05-1.

B&C. Not implemented. See finding number 05-1.

03-02. Accounting Practices

Corrections of prior period transactions were not always properly recorded.

Recommendation:

The County Treasurer resolve accounting software problems to effect proper recording of correcting entries related to prior year transactions in accordance with generally accepted accounting principles. The County Treasurer should also implement procedures to ensure proper correction of transaction errors within the same fiscal year.

Status:

Not implemented. Instances of improper handling of voided checks and correction of errors were detected during the current audit; however, these errors were not significant. Although not repeated in the current Schedule of Findings and Questioned Costs, the recommendation remains as stated above.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

MILLER COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

03-03. Cash Management

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Off-system Bridge Replacement and Rehabilitation Program
Pass-Through Entity	
Identifying Number:	BRO-066 (5), (10), and (11)
Award Year:	2003 and 2002
Questioned Costs:	Not Applicable

The county has not established cash management procedures to ensure minimum time lapses between the receipt of federal project monies and the disbursement of such monies to contractors. Monies were often held for extended periods prior to disbursement to contractors.

Recommendation:

The County Commission establish procedures to minimize the time elapsed between the receipt of federal funds and the disbursement of such funds.

Status:

Not implemented. See finding number 05-3.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

MILLER COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Miller County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 11, 2006. We also have audited the compliance of Miller County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 11, 2006. That report expressed a qualified opinion on the county's compliance with those types of requirements.

Because the Miller County Board for Services for the Developmentally Disabled is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed those audit reports and other applicable information for the years ended June 30, 2005 and 2004.

In addition, to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years, we have audited the operations of elected officials with funds other than those presented in the financial statements. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and the county board referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Miller County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Sheriff's Petty Cash and Discretionary Fund

The controls and procedures regarding the Sheriff's petty cash fund and the Sheriff's Discretionary Fund are not adequate. Significant concerns with the Sheriff's petty cash fund include shortages, excessive use and balances, inadequate documentation, and inappropriate disbursements. In addition, concerns with the Sheriff's Discretionary Fund include the use of monies for purposes other than requested, failure to properly classify disbursements in the accounting system, inadequate documentation, inappropriate disbursements, and deposits in excess of the statutory maximum.

The Sheriff's Discretionary Fund was established pursuant to Section 57.280, RSMo, to account for civil fees collected that are legally restricted to disbursements for the operation of the Sheriff's Office. This fund is under the custody of the County Treasurer and disbursements are initiated by the Sheriff, approved by the County Commission, and disbursed through the county's normal expenditure system. Expenditures of the Sheriff's Discretionary Fund totaled approximately \$164,000 for the two years ended December 31, 2005. Of this amount, payments totaling approximately \$30,000 were paid to the Sheriff and were used to operate the Sheriff's petty cash fund.

The petty cash fund is controlled by the Sheriff who is responsible for authorizing disbursements and maintaining all related records. From June 2002 through April 2006, approximately \$70,000 in petty cash was used for under cover investigations, prisoner transports, office expenses, donations, loans to employees, various employee meals, and other uses. Of this amount, approximately \$32,000 was disbursed between January 2004 and April 2006.

- A. Petty cash transactions are first entered onto a manual log and then recorded by the office manager on an electronic petty cash ledger. The petty cash ledger documents receipts, disbursements, and the balance of cash on hand. While it does appear the petty cash ledger is periodically reconciled to actual cash on hand, the reconciliations are not performed on a routine basis, shortages do not appear to be investigated, and no supervisory review is performed.

- 1) During a cash count conducted on January 18, 2006, monies on hand totaled \$3,613; however, the balance recorded in the petty cash fund record was \$4,552, resulting in a shortage of \$939. It appears the office manager was aware of this difference as the shortage was noted on the January 6, 2006, reconciliation. However, it does not appear actions were taken to resolve the shortage. In addition, the reconciliation form requires the approval of the Sheriff, the Captain (Chief Deputy), or the Lieutenant; however, no signatures were noted to indicate review of the reconciliation had been performed.

The office manager indicated the petty cash monies are to be obtained through herself, the administrative assistant, or the Sheriff. The petty cash fund is maintained in a safe located in the office of the office manager and administrative assistant. The Sheriff indicated that only he or the Captain would access the safe after business hours and during weekends when, on occasion, it is necessary to obtain petty cash monies for investigation purposes.

- 2) On April 19, 2006, the office manager reconciled the petty cash fund and determined a shortage of \$914 still remained. This shortage was not resolved, rather a new petty cash ledger was started on April 20, 2006, and the beginning balance was adjusted to equal the cash on hand at that time. Given the concerns we had identified with the controls and procedures regarding the petty cash fund, the office manager and administrative assistant implemented a new procedure to reconcile the petty cash fund on a daily basis. The office manager indicated a new petty cash ledger was started to ensure the new activity of the petty cash fund was reconciled to the balance on hand.
- 3) On May 10, 2006, we were informed by the office manager of an additional \$150 shortage in the petty cash fund. The office manager indicated cash on hand agreed to the petty cash ledger on May 5, 2006. After a holiday weekend, the cash on hand was again counted on May 9, 2006, and the \$150 shortage was detected. Upon being informed of this shortage, the Sheriff decided to discontinue the petty cash fund and these monies were turned over to the Sheriff's Discretionary Fund at month end.

- B. In addition to the shortages noted in part A, \$1,000 disbursed to the Sheriff from the Sheriff's Discretionary Fund in December 2004 for investigations was not recorded on the petty cash fund ledger and could not be accounted for. The canceled check had been endorsed by both the Sheriff and the administrative assistant.

As a result of the inadequate controls and procedures, approximately \$2,000 in petty cash monies could not be accounted for. To adequately safeguard against theft or misuse of funds, monies should be maintained in a secure location and individuals with access to the

funds should be limited. In addition, reconciliations of cash on hand with accounting records should be performed on a routine basis to provide assurance that the records are in balance and all monies are accounted for. Timely reconciliations are necessary and helpful in the investigation of differences. In addition, to provide for adequate supervisory review, the Sheriff or another supervisor should periodically count and reconcile cash on hand to the petty cash ledger.

C. The petty cash fund was not maintained on an imprest basis and at times the cash balance of the fund was excessive.

- 1) The Sheriff periodically submits a written request to the County Clerk's office for a check to be issued from the Sheriff's Discretionary Fund to the Sheriff's Department. Once received by the Sheriff, the check is either cashed directly by the bank, or deposited into the Sheriff's bank account and a Sheriff's check is subsequently made payable to cash. The monies are then placed in the petty cash fund.

Good internal controls require petty cash funds to be set at an established amount and to be reimbursed when the monies have been expended. An imprest basis petty cash fund would improve accountability over petty cash monies.

- 2) It appears the Sheriff's office requests monies from the Sheriff's Discretionary Fund months before needed. The petty cash ledger for 2005 and 2004 shows the balance of the petty cash fund fluctuated from less than \$100 to over \$7,000. On December 5, 2005, the Sheriff requested two \$1,000 payments from the Sheriff's Discretionary Fund. The disbursement checks were held in the Sheriff's safe for several months, without restrictive endorsement, before being cashed. One check was cashed on February 23, 2006, and the second check was deposited on April 24, 2006, with a subsequent Sheriff's check issued payable to cash.

The office manager indicated the two checks were requested before the monies were needed because the county has a policy of not processing disbursements between mid December through January of the next year when the new budget is approved. As a result, the Sheriff's office did not want to have a period of time where they could not get monies for undercover investigations if needed.

To provide proper accountability over cash on hand, and to ensure these monies are adequately safeguarded against theft or misuse, monies should only be requested as needed and the balance of the petty cash fund should be maintained at a minimal amount. In addition, checks should be restrictively endorsed immediately upon receipt.

- D. Adequate documentation was not consistently maintained to provide proof of payment and to support disbursements made from the petty cash fund. Over \$1,500 was paid from the petty cash fund for 26 lunches attended by the Sheriff. Adequate documentation was not maintained for several of these payments to support the lunches were business related. Additionally, deputies did not complete investigation request forms to support some monies received and employees are not required to sign for monies received in advance for purchases or travel costs. Documentation could not be located to support disbursements for employee meals, food for the drug dog, fuel purchases and reimbursements, and several donations. Because all payments are made in cash, for those disbursements without documentation, there is no evidence to verify the disbursement was made for the purpose or to the payee identified on the petty cash ledger.

Documentation should be maintained to support the necessity and validity of all disbursements. Deputies should complete investigation request forms to support all monies requested and used for investigations. In addition, individuals should sign for monies received and documentation should be retained and reconciled to records of monies returned, and purchase invoices or vendor receipts should be submitted for all petty cash disbursements.

- E. The petty cash fund is used to pay for items which should be purchased through the county's normal disbursement process. Examples are as follows:

- Purchases for plaques and trophies totaling \$944
- Supplies for a barbeque fundraiser totaling \$526
- Ammunition totaling \$466
- Flu shots at the Miller County Health Center totaling \$225

Disbursements from the petty cash fund should be made only for low cost items which are emergency in nature and cannot be obtained through the county's normal purchasing and disbursement process.

- F. Numerous disbursements were made using petty cash monies that are not necessary operating costs and appear to constitute questionable uses of public funds. Examples are as follows:

- 1) The Sheriff disbursed \$1,900 and \$2,138 in 2005 and 2004, respectively, from the petty cash fund for food catered during the Sheriff's Christmas training session/banquet. This event has been held annually since 2001 at the local high school gymnasium and although the agenda indicated some training is provided, the invitation list included community businesses and

individuals. In addition, sign up sheets are circulated throughout the courthouse inviting county officials and employees, and their spouses and children. According to the catering invoice, 244 and 256 meals were provided in 2005 and 2004, respectively. As of December 2005, there were a total of 55 employees working in the Sheriff's office, jail, and 911. In addition to the catering, other costs were incurred including television rental, decorations, cleanup services, and Christmas gifts for the children.

- 2) Approximately \$2,200 was disbursed for donations to charitable organizations, fundraisers, and school functions. This included donations to such organizations as the American Cancer Society and Special Olympics, as well as donations for animal shelters, music festivals, cookbook advertisements, and basketball camps.
- 3) A six month gym membership for 18 employees was purchased for \$600.

These disbursements do not appear necessary for the operation of the Sheriff's office, and do not appear to be prudent uses of public monies.

- G. During 2005, 15 loans totaling \$1,370, ranging from \$20 to \$300, were made to Sheriff's office employees from the petty cash fund. Employees are required to complete a loan request form which documents the employee's name, amount of the loan, and expected repayment date. The loan request form further states that if repayment of the loan is not completed by the agreed upon date, the employee agrees to an automatic deduction of loaned funds from their paycheck.

As of May 10, 2006, two loans had not yet been repaid in full, including a loan for \$300 made on April 19, 2005, of which \$200 was still outstanding, and a loan for \$100 made on January 27, 2006, of which the full amount was still outstanding. In addition, one loan for \$100 dated May 23, 2005, was not repaid until January 10, 2006.

These loans appear to violate Article VI, Section 23 of the Missouri Constitution which prohibits any political subdivision of the state from granting or lending money to an individual.

- H. As discussed in part C.1. above, the Sheriff's office submits a written request to the County Clerk's office when monies are needed for the petty cash fund. Our review of these requests noted the following concerns.

- 1) Payments to the Sheriff's Department from the Sheriff's Discretionary Fund do not always appear to be used by the Sheriff for the purpose identified on the request form. During the two years ended December 31, 2005, the requests indicated \$16,500 for "drug buy" money, \$5,036 for training, \$2,000 for petty cash, \$750 for a barbeque fundraiser, \$150 for reimbursements, and \$5,300 was unidentified. However, between January 2004 and April 2006, the petty cash fund ledger reflected approximately \$9,800 was used for investigations while approximately \$21,000 was disbursed for other purposes.
- 2) The Sheriff did not properly code the requests for payments to the petty cash fund. The request forms were primarily coded as equipment or supplies. However, the reasons indicated on the requests included training, undercover investigations, and various other purposes as previously noted. As a result of the improper coding, the disbursements are not properly classified in the county's accounting system.
- 3) Purchase receipts or vendor invoices are not submitted to the county to support the amount being requested.

The Sheriff should establish procedures to ensure monies are used solely for their intended purpose. Documentation to support the use of these monies should be submitted to the County Commission to ensure the expenditures are accurately classified in the county's accounting system and to ensure county monies are being expended properly.

I. In addition to providing monies for the petty cash fund, the Sheriff's Discretionary Fund is also used for other purposes. Several payments made directly from the Sheriff's Discretionary Fund appeared questionable. Examples are as follows:

- 1) Several disbursements totaling \$1,205 and \$3,922 were made in 2005 and 2004, respectively, for promotional items. Such items included pocket calendars, oven sticks, letter openers, magnifiers, pens, mini basketballs, and lollipops. These items were generally imprinted with "Miller County Sheriff's Office" and a slogan, such as, "Working together to make Miller County a safer place to live".
- 2) Donations of \$2,000 and \$200 were paid to local families for fundraisers. The \$2,000 was requested by the Sheriff and paid to an extended family member. It was later brought to the Sheriff's attention that such expenditure was not appropriate and the Sheriff subsequently repaid the monies to the Sheriff's Discretionary Fund.
- 3) Donations totaling \$1,205 were made to a local high school.

- 4) Three hogs were purchased for \$345 in 2004. These hogs were cooked and served at a barbeque fundraiser held by the Sheriff's office.

These disbursements do not appear necessary for the operation of the Sheriff's office, and do not appear to be prudent uses of public monies. The County Commission indicated they had concerns regarding how the monies in the Sheriff's Discretionary Fund were being used. An inquiry was made by the Presiding Commissioner to the state Attorney General's office as to the appropriate uses of these monies. The response from the Attorney General's office cited Section 57.280, RSMo, which indicates the monies of the Sheriff's Discretionary Fund can only be used for the procurement of services and equipment to support the operation of the Sheriff's office. Although we did note a decrease in the frequency of inappropriate expenditures after the county received the Attorney General's response, the County Commission should continue to ensure the Sheriff's Discretionary Fund is used only for the operation of the Sheriff's office.

- J. Civil fees deposited into the Sheriff's Discretionary Fund may be more than allowed by state law. During the years ended December 31, 2005 and 2004, fees totaling \$76,634 and \$76,629, respectively, were deposited into the Sheriff's Discretionary Fund. Section 57.280, RSMo, provides for a maximum of \$50,000 annually in civil fees collected by the Sheriff to be deposited into the Sheriff's Discretionary Fund, and any excess collections shall be deposited into the General Revenue Fund. The Sheriff and the County Commission should review the fees deposited into the Sheriff's Discretionary Fund and authorize the transfer of amounts to the General Revenue Fund that exceeded the statutory maximum.

Conditions A, C.1, D, E, and H.3 were noted in our prior report.

WE RECOMMEND the Sheriff:

- A-H. Continue to request payments from the Sheriff's Discretionary Fund through the normal expenditure process and refrain from re-establishing a petty cash fund. Any shortages should be investigated and resolved. If a petty cash fund is re-established in the future we recommend the Sheriff:
 - A&B. Maintain the cash fund in a secure location and limit access to only authorized individuals. In addition, perform reconciliations of cash on hand to accounting records on a routine basis to ensure all receipts and disbursements have been properly recorded. Periodic supervisory reviews of the petty cash fund should also be performed to ensure all monies are accounted for. Any differences should be investigated and resolved.
 - C. Set the petty cash fund at a minimal amount and maintain it on an imprest basis. Requests for reimbursement should only be made as needed. In addition, ensure all reimbursement checks are restrictively endorsed

immediately upon receipt.

- D. Maintain documentation to support all disbursements. Deputies should complete investigation request forms and individuals should sign for monies received. This documentation should be retained and reconciled to records of change returned and purchase invoices or vendor receipts submitted.
- E. Ensure the petty cash fund is used only for purchases that cannot be obtained through the normal county expenditure process.
- F. And the County Commission ensure all expenditures are prudent and necessary.
- G. Discontinue the practice of loaning money to employees and take action to ensure all previous loans are repaid in full.
- H. Establish procedures to ensure petty cash monies are used solely for their intended purpose and provide documentation to the County Commission to support how these monies are being used. This documentation should be reviewed by the County Commission prior to approving expenditures for payment. In addition, the Sheriff should ensure all requests for disbursements from the Sheriff's Discretionary Fund are appropriately coded.
- I. And County Commission ensure all expenditures from the Sheriff's Discretionary Fund are prudent and necessary.
- J. And County Commission review the monies deposited in the Sheriff's Discretionary Fund and determine if any of these monies should be transferred to the General Revenue Fund.

AUDITEE'S RESPONSE

The Sheriff indicated:

A-H. The Miller County Sheriff's Department Petty Cash Fund was discontinued on May 9, 2006. As of May 2006, he has implemented new methods in regards to receipting procedures from the Sheriff's Discretionary Fund which are as follows:

- *A request form is filled out, signed by the Sheriff and forwarded to the County Commission for approval.*
- *Once approved, a check is forwarded to the Sheriff's office and is at that time either cashed for "In House" case use or disbursed to the check addressee for payment.*
- *If the monies are to be used for drug buys or informant use then the requesting officer fills out a "Purchase of Information/Evidence Receipt" or "Walk Around Request*

Form” and a copy of the form is then remitted to the County Commission for their records and additionally, a copy of the form attached to the check stub is also filed under the Miller County Sheriff’s Discretionary Fund, which is maintained in the secretarial office.

- Any unused funds that were disbursed are deposited in the Miller County Sheriff’s Department checking account where it is held until the end of the month when disbursements are sent to the County Treasurer’s office.
- B. He believes that this was due to a clerical error or oversight within the office that is still being looked into at this time.
- G. As of May 9, 2006, this practice was abolished along with the petty cash system. A letter will be developed that will be distributed to the remaining persons who still owe loaned money to the Sheriff’s Department in an attempt to retrieve said funds. This letter will be developed and distributed by November 13, 2006.
- H. This will be addressed with the County Clerk to request that he add additional codes for use within the Sheriff’s Discretionary account as there are none available for the use of the facility at this time.
- I. Regarding the necessity of disbursements for the Sheriff’s BBQ fund raiser; in the past there has been the need for additional funds to further the training of the deputies. Most of the training is offered by the State of Missouri to cover those expenses which would be incurred through training with the Missouri Sheriff’s Association Post Commission Fund, but there are often occasions where special trainings are offered by independent trainers that cannot be obtained through the Sheriff’s Association. In order for the Sheriff’s employees to partake in these types of events he must rely on monies generated through the BBQ fund raiser to maintain a balance in the Special Training fund code. This is due to the fact that previous years’ requests for funds from the General Revenue Fund to the Special Training fund code have been repeatedly denied by the County Commission. By keeping funds in this account, and when the opportunities arise, he is better able to keep deputies informed of advanced training techniques as there is the need for it.
- J. He will need to address this issue with the County Clerk, as he would like to request that another budget line item be added in the General Revenue Fund to deposit these additional monies that would remain a benefit to the Sheriff’s Department.

The County Commission indicated:

- I. They will oversee the expenditures and will question unusual items.
- J. They will consult legal counsel regarding monies that should be deposited to the Sheriff’s Discretionary Fund.

Controls and procedures related to the Sheriff's inmate bank account are not adequate. Accounting duties are not adequately segregated, prenumbered receipt slips/receipt forms are not issued, deposits are not reconciled to monies collected, receipts are not always deposited timely, and checks and money orders are not restrictively endorsed immediately upon receipt. In addition, checks have been outstanding for a considerable time, liabilities are not reconciled to cash balances, interest income is not turned over to the County Treasurer, and monies have not been paid to released inmates.

The inmate bank account is maintained for the receipt and disbursement of inmate monies and the purchase of commissary items by the inmate. Deposits to this account totaled approximately \$40,100 and \$44,300 for the years ended December 31, 2005 and 2004, respectively. The amounts of monies received, inmate purchases made, and the available cash balance for each inmate are recorded on a computer system.

- A. The duties of cash custody and record keeping are not adequately segregated. The jail secretary is primarily responsible for recording transactions, preparing deposits, disbursing monies, and preparing bank reconciliations. There are no documented supervisory reviews of the accounting records performed by the Sheriff. The County Clerk did perform an independent review of the monthly bank reconciliations; however, he indicated this review consisted only of ensuring the reconciled bank balance agreed to the book balance. No independent review or reconciliation between monies received and deposited is performed.

Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. Receipt forms are not prenumbered, inmate monies are not consistently recorded at the time of receipt, and procedures are not performed to reconcile collections with deposits.
- 1) Inmate monies are generally collected by the jailers during booking and visitation hours, or through the mail. When booking an inmate, the jailer completes a receipt form which is signed by the inmate and the jailer identifying the amount of monies received. This form is not prenumbered. For monies collected during visitation hours or through the mail, a receipt slip or receipt form is not completed. In addition, all monies collected by the jailers, either during booking, visitation, or mail receipts, are to be recorded on an inmate receiving log. We noted several instances when the jailers did not record inmate monies on the receiving log.

- 2) The jail secretary does not reconcile the monies collected from the jailers to the receiving log. Monies collected by the jailers are stored in each jailer's locked mailbox. Periodically, the inmate monies are collected from the mailboxes by the jail secretary who records the monies on prenumbered receipt slips and prepares the deposits. Without performing reconciliations of monies collected from the jailers to the receiving log, there is no assurance that all monies received from inmates have been properly accounted for and deposited.

To ensure all inmate monies are properly accounted for and to adequately safeguard receipts against loss, theft, or misuse of funds, prenumbered receipt slips/receipt forms should be issued for all inmate monies collected, including monies received during booking, during visitation hours, or through the mail. In addition, the numerical sequence of receipt slips/receipt forms should be accounted for and monies deposited should be reconciled to the corresponding receipt slips/receipt forms.

- C. Deposits are not always made on a timely basis. The jail secretary indicated collection and deposit of inmate monies is performed weekly. For the period September through December 2005, two deposits were made during September and December, no deposits were made during October, and five deposits were made during November. The average deposit during this time period was approximately \$1,790. Failure to deposit all monies received on a timely basis increases the risk of loss or misuse of funds.

In addition, checks and money orders received are not always restrictively endorsed immediately upon receipt. Rather, endorsement is applied when the deposit is prepared. To adequately safeguard receipts, checks and money orders should be restrictively endorsed immediately upon receipt.

- D. The Sheriff has not established procedures to routinely follow up on old outstanding checks issued to inmates. At December 31, 2005, 62 checks totaling \$972 were over one year old. These old outstanding checks create additional and unnecessary record keeping responsibilities.

Procedures should be established to routinely investigate checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, the amount should be disbursed to the State's Unclaimed Property Section as required by Sections 447.500 through 447.595, RSMo.

- E. Monthly listings of open items (liabilities) are not reconciled to cash balances. Fluctuating differences were noted during a comparison of open items and cash balances. These differences ranged from a shortage of \$809 at December 31, 2005, to an excess cash balance of \$2,430 at February 28, 2006. The Sheriff's inmate bank

account includes monies held on behalf of inmates, monies and related commissions due to the commissary vendor and county, respectively, and accrued interest earned on the bank balance.

- 1) After discussions with the jail secretary regarding each of the liabilities affecting the inmate bank account, she compared liabilities with the reconciled cash balance as of May 31, 2006 and June 30, 2006. This comparison consistently showed that liabilities exceeded the reconciled cash balance, and resulted in a shortage of \$1,213. The reconciliation performed by the jail secretary considered commissary vendor payments and commission payments, but was not adjusted for accrued interest earned on the account. If accrued interest earned from 2002 through June 2006 was considered, the shortage in the inmate bank account would total over \$2,000.

Monthly reconciliations of liabilities and cash balances are necessary to ensure sufficient cash is available for the payment of all liabilities, the bank account is in agreement with the accounting records, and errors are detected and corrected on a timely basis. Any unidentified differences should be investigated and resolved.

- 2) Accrued interest monies earned on the inmate account have not been turned over to the County Treasurer. The inmate bank account earns interest; however, according to the jail secretary, interest monies in this account have accumulated for several years and she is not aware of any interest disbursements from the account. We noted interest totaling approximately \$1,100 has been earned on the inmate bank account for the period 2002 through June 2006.

Interest earned represents accountable fees. Section 50.370, RSMo, requires every county official who receives fees for official services to pay such monies monthly to the county treasury.

- F. At June 30, 2006, inmate balances on the open items listing totaled \$6,906. This balance included \$6,465 (94 percent of the total) for 795 inmates that had been released from the county jail. Some open items were for inmates who were released from the county jail as far back as 2002.

The jail secretary disbursed \$2,742 and \$2,168 for closed inmate accounts to the County Treasurer as unclaimed monies in January and April 2006, respectively. However, additional closed accounts for released inmates still need to be resolved.

According to the jail secretary, inmate monies are disbursed at the time of release if requested by the inmate and if the inmate signs a release form. If no release form is signed, the inmate must contact the Sheriff's office to request the monies. The release form will then be mailed to the inmate and once the form is signed and returned, the balance of the inmate's account will be disbursed. As a result of these

procedures, many inmate balances are not disbursed upon the inmate's release or in a timely manner following release.

Released inmate balances create additional and unnecessary record keeping responsibilities and if resolved and distributed could significantly aid in the reconciliation of open items to the reconciled cash balance noted above. Various statutory provisions provide for the disposition of unclaimed monies. Routine procedures should be established to resolve and distribute unclaimed balances for released inmates.

WE RECOMMEND the Sheriff:

- A. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- B. Implement procedures to ensure prenumbered receipt slips/receipt forms are issued for all monies received, and all receipts are recorded on the receiving log. In addition, the numerical sequence of receipt slips or receipt forms should be accounted for and the recorded receipts should be reconciled to deposits.
- C. Deposit all monies in a timely manner and restrictively endorse all checks and money orders immediately upon receipt.
- D. Establish procedures to investigate old outstanding checks. If payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.
- E. Reconcile open items to the reconciled cash balance on a monthly basis. Differences should be investigated and resolved. In addition, all interest earned on the inmate account should be remitted to the County Treasurer monthly.
- F. Attempt to resolve unclaimed balances of closed inmate accounts and establish routine procedures to distribute inmate balances of released prisoners in a timely manner.

AUDITEE'S RESPONSE

The Sheriff indicated:

- A. *He has instituted the suggestions of an independent review of the above issues. Deposits will be reviewed daily and bank reconciliations will be performed monthly.*
- B. *This issue was remedied as of June 6, 2006, starting with receipt # 1001. Additionally, the receipt is also being consistently recorded.*

1. *Regarding the recording of monies in the inmate receiving log, this issue has been addressed with the jail staff and is being followed closely for accuracy.*
 2. *The issue of the reconciliation of monies collected from mailboxes and the logging to the receiving log book has also been remedied. As of November 8, 2006, all monies received through the jail are being handled by at least two persons at a time. The monies and all paperwork involved are then to be immediately placed by two persons into a newly installed money slot that is located in the wall of the secretarial office and they will also add their signatures to a log that will be hanging on the door as a record of deposit into the slot. This office is locked after hours and is intended as a new implementation to safeguarding all incoming jail funds so that there are no additional losses of monies from the jail.*
- C. *A new standard operating procedure has been implemented to ensure deposits will be occurring on a daily basis. As mentioned above, all jail monies will be located in the secretarial office from now on and jail deposits will be handled daily in the morning via the secretarial office.*
- D. *The Jail Secretary will follow up on these types of checks through her checking account as well as her Quicken program on a quarterly basis to look for and cancel/re-write new checks if good addresses are available for those persons at that time. If not, the monies will be turned over to the Miller County Treasurer for disbursement at a later time via that office.*
- E. *A newly opened jail checking account has been established which will become active as of December 1, 2006. All current inmate balances will be transferred to this account and all new business as of this date will be conducted through the new account. The account currently in use will be allowed to sit un-used for 90 days from December 1, 2006, and at that time any remaining monies will be transferred to the County Treasurer for record keeping until such time as any unclaimed funds can be legally disbursed back to the facility. Additionally, the issue of accrued interest has been addressed with the Jail Secretary and will now be turned over monthly, to begin January 2007, to the County Treasurer.*
- F. *The establishment of the new bank account on December 1, 2006, will allow them to clear old balances from the ITI program, thus improving record keeping abilities within the system.*

3.	Sheriff's Accounting Controls and Procedures
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Controls and procedures of the Sheriff's office need improvement. Duties over cash custody and record keeping are not adequately segregated, procedures have not been established to follow up on outstanding checks, not all accountable fees were properly remitted to the County Treasurer, record keeping regarding bond receipts is inconsistent, and some payments to deputies were not processed through the normal county payroll system. In addition, the Sheriff does not charge a county fee for concealed weapon permits and has not submitted transport reimbursement requests in a timely manner. Improvements are needed

over procedures related to delinquent amounts due for boarding of prisoners and paper service fees, and controls over seized property. Weaknesses were also noted regarding controls over the Miller County Law Enforcement Association and Relay for Life monies.

A. The Sheriff's office maintains a general bank account which is used to process various receipts including fees for serving court documents, gun permit fees, jail board bills, and bond monies. For the years ended December 31, 2005 and 2004, receipts of this account totaled approximately \$204,000 and \$230,000, respectively.

- 1) The duties of cash custody and record keeping are not adequately segregated. The office manager is primarily responsible for recording transactions, preparing deposits, disbursing monies, and preparing bank reconciliations for the Sheriff's general bank account. There are no documented supervisory reviews of the accounting records performed by the Sheriff. In addition, there are no independent reconciliations between monies received and deposited.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- 2) The Sheriff has not established procedures to routinely follow up on outstanding checks. At December 31, 2005, 14 checks totaling \$153 were over one year old. These checks range in dates from September 13, 2004 to as far back as December 6, 2000. These old outstanding checks create additional and unnecessary record keeping responsibilities.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, the amount should be disbursed to the State's Unclaimed Property Section as required by Sections 447.500 through 447.595, RSMo.

- 3) Not all accountable fees were remitted to the County Treasurer. During the two years ended December 31, 2005, approximately \$1,050 in accountable fees were used for other purposes, including payment of towing bills and vehicle inspections, and to replace bond monies that were unaccounted for (see part A.4).

These monies represent accountable fees which should have been turned over to the County Treasurer for credit to the Sheriff's Discretionary Fund. Section 50.370, RSMo, requires every county official who receives fees for official services to pay such monies monthly to the county treasury. There is no statutory authority for the Sheriff to expend these monies except as provided for in the official county budget. Disbursements should be authorized by the Sheriff and made through the County Commission's normal disbursement process.

- 4) During 2004 the Sheriff's office identified three instances, totaling \$890, of unaccounted for bond monies. Documentation was provided to support the investigation into one of these instances; however, the investigation report did not include discussion regarding two of the missing bonds. The lack of consistent and complete documentation regarding bond receipts and inadequate reconciliation procedures may have contributed to this situation.

When bond monies are collected, the jailers are responsible for recording the bond on multiple records, including a prenumbered receipt slip, a prenumbered bond form, a cash bond log, and an inmate receiving log. Once the bond monies are turned over to the office manager, the monies are again receipted and the numerical sequence of the prenumbered bond forms is accounted for using a bond control log. During our review of bond records we noted the following:

- Prenumbered receipt slips were not issued for some bond receipts.
- Some bond receipts were not recorded on the inmate receiving log.
- Procedures are not performed to reconcile the receipt slips to the inmate receiving log or the cash bond log, and no reconciliation is performed between these records and the bond monies turned over to the office manager.
- The numerical sequence of receipt slips is not accounted for. Instances of missing receipt slips, unused receipt slips, and voided receipt slips for which all copies were not properly maintained were noted.

To ensure all bond monies are properly accounted for and to adequately safeguard cash receipts against the risk of loss, theft, or misuse of funds, procedures should be established to ensure all bond records are complete and consistently maintained. In addition, an independent reconciliation of bond monies received, recorded, and deposited should be performed and documented.

- 5) Some payments to Sheriff's deputies were not processed through the county payroll system. Wages totaling \$720 and \$1,320 were paid to various Sheriff's deputies from the Sheriff's general bank account for overtime hours worked during the years ended December 31, 2005 and 2004, respectively. Proceeds from two grant awards were deposited to the general account and used to pay the wages.

Checks were issued from the Sheriff's account to the deputies for wages paid in 2005. In 2004, it appears a check was issued for cash from the bank account and the various deputies then received their wages in cash. While canceled checks were noted to support the wages paid in 2005, no documentation could be provided to support that the deputies received the cash payments in 2004.

In addition, because these amounts were not processed through the county payroll system, they were not subject to payroll withholdings and were not reported on the deputies' W-2 forms.

- B. The Sheriff's office does not charge a fee to cover the county's cost of processing concealed weapon permit applications. The Sheriff indicated questions have been raised regarding how much to charge and the appropriateness of charging a county fee; therefore, he decided not to charge a fee to cover the county's costs until the questions were resolved. For the two years ended December 31, 2005, the Sheriff's office issued 129 concealed weapon permits.

Failure to charge a processing fee results in lost revenue for the county. Section 571.101.10, RSMo, provides that the Sheriff shall charge a nonrefundable application processing fee not to exceed \$100, to be paid to the credit of the sheriff's revolving fund.

- C. The Sheriff did not request reimbursement from the state on a timely basis for extradition costs contracted out to a private vendor. Section 548.243, RSMo, allows the county to contract with a private transport company to provide prisoner extradition services. The costs incurred by the county in using the transport company can then be reimbursed by the state. The Sheriff indicated he was not aware these costs could be reimbursed until December 2005. Section 33.120, RSMo, requires all claims to be submitted to the state's Office of Administration (OA) within two years after the claim accrues. As a result, the Sheriff was only able to submit reimbursement claims for transports that occurred in 2005 and 2004, and as of May 10, 2006, reimbursement requests totaling \$31,618 had been submitted.

Our review of payments made by the county to the transport company identified payments totaling \$22,149, \$18,434, and \$19,938 for 2005, 2004, and 2003, respectively. A comparison of transport company invoices to reimbursement claims submitted to OA identified an additional \$8,965 of costs incurred during the two years ended December 31, 2005, for which the county had not yet submitted

reimbursement requests. We informed the Sheriff's office of this oversight. In addition, because state law restricts the time period for submitting reimbursement, this has resulted in lost revenue of at least \$19,938 relating to transports conducted by the transport company in 2003, as well as any transport costs that may have been previously incurred.

The Sheriff should continue to work with the state's Office of Administration to ensure all possible transport costs are reimbursed. In addition, the Sheriff should ensure that all future reimbursement claims are submitted to the state in a timely manner.

- D. Follow-up procedures for past due prisoner billings are not adequate. The Sheriff's office houses prisoners for other counties and cities and bills the various entities for these services. The office manager indicated that unpaid board bills are only billed a second time if additional boarding costs have accrued for a particular entity. The Sheriff's records indicated unpaid billings to other entities totaled approximately \$36,600 as of December 31, 2005. Of this amount, approximately \$25,000 represents unpaid balances due from 2004 and prior. During the years ended December 31, 2005 and 2004 the Sheriff's office collected approximately \$90,000 and \$424,800, respectively, from other entities for board of prisoners. The decrease in board bill receipts was due to some counties discontinuing boarding prisoners in Miller County. Unpaid board bills should be monitored and appropriate follow-up action taken to ensure county costs are recouped.

In addition, the Sheriff's office does not have current written agreements between Miller County and the other entities for the boarding of prisoners. The most recent contracts on file were dated 2001. Section 432.070, RSMo, requires the county to have all contracts in writing. Written agreements should be prepared with political subdivisions for services provided. The agreements should be updated periodically, clearly specify the arrangements between parties for the services provided, and be approved by the County Commission.

- E. Procedures are not performed to monitor and follow-up on unpaid balances for serving papers. The Sheriff's office frequently serves papers for attorneys, courts, and other counties relating to civil and criminal cases. The Sheriff's office collects fees and mileage reimbursements in return for serving papers. In some instances, the paper service fee is not collected before the service is performed. An electronic file of papers served is maintained on a monthly basis to record papers served and if the related fees are paid within the same month as the paper served, the transaction is recorded as paid. However, the electronic file is not updated for fees paid subsequent to the month papers are served.

As a result, Sheriff's office personnel cannot easily determine which amounts are still due. The office manager indicated it can take several months for court cases to be settled and therefore fees may not be received until several months after the papers were served.

Failure to adequately monitor and follow up on unpaid paper service fees could result in lost revenue.

- F. Controls regarding seized property need improvement. As property and evidence are seized during an investigation, the property is recorded by the officer on an evidence report and placed in the officer's evidence locker. The Evidence Officer is responsible for transferring the property from the evidence lockers to the evidence room, and tagging and recording the property on an inventory control record. Our review noted that property has not been transferred from the evidence lockers since February 2005; therefore, this property has not been tagged and recorded. In addition, periodic inventories of the property on hand are not conducted.

Failure to properly secure and inventory seized property increases the risk of theft or misuse of the stored items. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

- G. Bank reconciliations are not performed and supporting documentation of receipts and disbursements is not maintained for the Miller County Law Enforcement Association bank account. Sheriff personnel indicated monies deposited to this account, which was opened in 2005, represent donations for search and rescue activities and training. Receipts and disbursements totaled \$4,411 and \$927, respectively, with a balance of \$3,484 at December 31, 2005.

Monthly bank reconciliations are necessary to ensure bank activity and accounting records are in agreement. In addition, to adequately safeguard against theft or misuse of funds and to provide assurance that all receipts are accounted for properly, a receipt slip should be issued for all monies received. Adequate documentation should be maintained to support the validity and necessity of all disbursements.

- H. A Sheriff's office employee maintained a bank account which was used to hold monies received through donations and fund raising efforts for the American Cancer Society's Relay for Life. Receipts and disbursements of this account for the year ended December 31, 2005, totaled \$8,447 and \$7,109, respectively. During discussions with Sheriff's office personnel we were informed that the bank account was closed in February 2006 and the balance of the account, \$1,353, was withdrawn in cash. A cash count performed on May 10, 2006, identified \$1,339 in cash on hand. Sheriff's office personnel indicated the \$14 had been used for lunches for two employees who met to discuss the activity of this account. As of July 6, 2006, the cash was still on hand; however, Sheriff's office personnel indicated the monies would be turned over to the American Cancer Society in the near future.

There is no statutory authority for the Sheriff to maintain such funds. The monies on hand should be distributed for the purposes intended and appropriate documentation of the distribution should be maintained. In addition, the Sheriff should discontinue maintaining this fund through his office.

WE RECOMMEND the Sheriff:

- A.1. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
2. Establish procedures to investigate checks outstanding for a considerable time. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.
3. Remit all fees collected to the County Treasurer monthly.
4. Establish procedures to ensure all bond records are complete and consistently maintained. In addition, periodic independent reconciliations of bond monies received and recorded should be performed. The Sheriff should continue to investigate the missing bonds and take appropriate action to recover the monies.
5. Ensure all salary payments and wages are processed through the county's normal payroll system.
- B. Evaluate and document the county's costs to process concealed weapon permit applications and consider charging a county fee accordingly.
- C. Continue to seek reimbursements for transports conducted in 2005 and 2004. In addition, ensure all future reimbursable transport costs are billed to the state in a timely manner.
- D. Establish procedures to adequately monitor and collect unpaid board of prisoner accounts receivable. In addition, the Sheriff and the County Commission should enter into current written agreements for the boarding of prisoners.
- E. Establish procedures to adequately monitor and collect unpaid paper service fees.
- F. Prepare and maintain complete inventory records of seized property. All property should be properly tagged and recorded in a timely manner. In addition, periodic physical inventories should be performed and compared to the inventory listing and any differences investigated.

- G. Prepare and maintain monthly bank reconciliations and ensure documentation is maintained to support all receipts and disbursements for the Law Enforcement Association bank account.
- H. Remit all Relay for Life monies to the American Cancer Society and discontinue maintaining funds unrelated to county operations.

AUDITEE'S RESPONSE

The Sheriff indicated:

- A.1. *He has discussed this issue with the Captain and the secretarial staff and they have agreed to implement periodic supervisory reviews of the above issues, with a minimum of a monthly review.*
- 2. *The Office Manager will follow up on the types of checks through her Quicken program on a monthly basis to look for and cancel/re-write new checks if good addresses are available for those persons at the time. If not, the monies will be turned over to the Miller County Treasurer for disbursement at a later time via that office.*
- 3. *This issue has been remedied by instituting the use of a form, "Request for Distribution of Discretionary Funds", which should resolve this issue.*
- 4. *The procedure for receipting bond monies as of November 8, 2006, is as follows:*
 - *Bond monies are delivered to the secretarial office. After hours these monies are placed by two jail staff into the mail slot of the secretarial office and both persons sign a log sheet on the secretarial office door to show that the monies were deposited into the slot.*
 - *Once two office personnel have arrived during business hours and with the help of the Jail Secretary, they will then all pull and count any monies deposited in the mail slot. All monies are receipted to the appropriate accounts with the cash bond form number being added to said receipts.*
 - *The bond form numbers are then also accounted for on another form that is kept with the numerical order of bond forms on it and is referenced back to the receipt that was written for it.*
 - *The bond monies are deposited and a check is written, that carries two signatures, to the county court for which it belongs and delivered.*
 - *It is further recorded on a monthly disbursement sheet that is turned over to the Miller County Treasurer monthly.*

5. *He has recognized this as a payroll issue and will make sure that in the future any similar situations are channeled through the County Clerk's office properly.*
- B. *He has reviewed this issue and at this time wishes to continue charging only the \$38 fee that covers the cost of fingerprinting through State and Federal agencies due to this statute still being not fully agreed upon within the Missouri State Courts system. He is also aware of pending lawsuits in other Missouri counties due to the litigation over the approval of a \$100 fee in the statute.*
- C. *This information was not known to him prior to the fall of 2005, at which time immediate steps were taken to regain any available funds due from these transports. This is still being practiced to date.*
- D. *His office is currently researching a billing software program that can notify his staff of past due balances and possibly create past due billing notices. The Sheriff fully intends to be compliant with a current billing program by January 2007.*
- E. *He has decided at this time to keep the data base as is and will take the time this month to meet with local judges to get their insight on the subject of requesting payment ahead of paper service, with full intentions of having a standard operating procedure in effect by January 2007.*
- F. *He has hired a part-time employee to exclusively maintain the Evidence Room and its belongings.*
- G. *Bank reconciliations have been caught up and will be maintained henceforth. Team staff members have been made aware of proper procedures for depositing monies to the account and a two-part receipt book has been purchased in order to maintain better future records.*
- H. *This account was created for charitable reasons only and was closed in July 2006, by disbursement of the remaining funds totaling \$1,339 to the Relay for Life teams.*
- D. *The County Commission indicated they will discuss this issue with the Sheriff.*

4. Financial

Condition

The financial condition of the Jail Fund and the Special Road and Bridge - Special Road District #1 (Special Road and Bridge) Fund has declined which could have an affect on the General Revenue Fund.

- A. *Miller County's Jail Fund has been experiencing a declining financial condition. The following table reflects the Jail Fund has maintained a consistent level of disbursements, but has placed an increased reliance on transfers in from other funds to meet financial obligations.*

		Year Ended December 31,				
		2006 January through August Actual	2005 Actual	2004 Actual	2003 Actual	2002 Actual*
Cash Balance, January 1		3,438	4,788	1,846	6,450	0
Receipts:						
Prisoner Board	\$	242,269	90,047	424,809	648,957	508,944
Other		73,478	63,191	60,763	81,356	50,582
Transfers In		462,000	1,004,745	731,015	321,000	580,003
Total Receipts		777,747	1,157,983	1,216,587	1,051,313	1,139,529
Disbursements:						
Salaries/Benefits		396,986	627,999	638,417	633,896	697,196
Prisoner Board		135,490	292,161	354,280	236,379	217,863
Other		216,443	239,173	220,948	185,642	218,020
Total Disbursements		748,919	1,159,333	1,213,645	1,055,917	1,133,079
Cash Balance, December 31	\$		3,438	4,788	1,846	6,450
Cash Balance, August 31	\$	<u>32,266</u>				

* Prior to 2002, the activity of the jail was recorded in the Capital Improvement Tax Fund.

Although board of prisoner revenues should not be expected to fund all jail operating costs, there has been a substantial decrease in receipts from boarding of prisoners for other entities which has contributed to the declining financial condition of the Jail Fund. Prisoner board receipts decreased \$418,897 (82 percent) from 2002 to 2005.

The decreasing revenues from prisoner board can be partially attributed to the county no longer housing federal prisoners. The last receipt of monies for boarding of federal prisoners was in 2004. The Sheriff indicated that he was not able to maintain the staffing levels required to house federal prisoners. The Presiding Commissioner stated that the county cannot afford to hire the additional staff needed to meet federal requirements without a guarantee that federal prisoners would be housed at Miller County; however, the federal government will not give the county such a guarantee.

In addition, while jail operating costs remained relatively consistent the average inmate count of the jail has fluctuated and was only slightly above 50 percent capacity in 2005. According to records of the Sheriff's office, the average inmate count was as follows:

Average Inmate Count (Maximum Capacity of 112)		2005	2004	2003	2002
Average inmate count		61	80	103	90

The first eight months of 2006 reflects an increase in prisoner board revenues over 2005 revenues and costs for prisoner board appear to have decreased. The decrease in costs for prisoner board is primarily due to medical costs which are approximately \$131,000 less as of August 2006 than for 2005; however, these costs are hard to predict. Total salaries attributed to jail personnel for 2006 are consistent with 2005 and food costs appear to be slightly higher in 2006.

In order to cover the costs of the Jail Fund not offset by revenues from prisoner board, the county has transferred monies from the Capital Improvement Tax Fund and the General Revenue Fund to the Jail Fund as follows:

Year Ended December 31,					
	2006 January through August Actual	2005 Actual	2004 Actual	2003 Actual	2002 Actual
General Revenue Fund	\$ 170,000	518,000	276,000	0	370,000
Capital Improvement Tax Fund	292,000	486,745	455,015	321,000	200,000
Other	0	0	0	0	10,003
Total	\$ 462,000	1,004,745	731,015	321,000	580,003

As shown above, transfers to the Jail Fund significantly increased from \$580,003 in 2002 to \$1,004,745 in 2005. The Capital Improvement Tax Fund receives its revenue from a capital improvement sales tax passed in April 1996 and extended in April 2001. This sales tax was passed to help finance the construction and operation of the jail, and the construction, repair, and renovation of other county property. The county has also had to rely on transfers from the General Revenue Fund to subsidize Jail Fund operations.

The capital improvement sales tax is set to expire in October 2016. At that time, the County Commission will need to provide alternative funding sources for jail operations or will be forced to rely on the General Revenue Fund to supplement a greater share of the costs. Although the financial condition of the General Revenue Fund appears to be improving, if the General Revenue Fund is forced to absorb funding the Capital Improvement Tax Fund is currently providing, it would have an adverse affect on the financial condition of the General Revenue Fund. The County Commission has the opportunity to perform long-term planning to ensure the Jail Fund and, as a result, the General Revenue Fund, remain in stable financial condition.

- B. The county's Special Road and Bridge Fund cash balance has declined significantly and the fund is in weak financial condition. The following table reflects the financial activity of the Special Road and Bridge Fund over the last two years and the projected activity for 2006:

		Year Ended December 31,		
		2006	2005	2004
		Projected	Actual	Actual
Cash Balance, January 1	\$	64,883	265,107	443,421
Receipts		1,626,000	1,535,433	1,737,685
Disbursements		1,683,349	1,735,657	1,915,999
Receipts Over (Under)				
Disbursements		(57,349)	(200,224)	(178,314)
Cash Balance, December 31	\$	7,534	64,883	265,107

For 2005, salary and related payroll disbursements comprised approximately \$686,000 (40 percent) of total Special Road and Bridge Fund disbursements. Other significant disbursements included supplies, equipment repairs and purchases, construction, and road materials. Most disbursement categories reflected significant increases from 2004 to 2005 while most receipt categories remained relatively stable except for grants which were designated for specific projects. Increases in disbursement categories included approximately \$60,000 in Workmans Compensation liability, \$50,000 in road materials, and \$50,000 in supplies. Transfers from the Capital Improvement Tax Fund and the 2002 FEMA Flood Money Fund of \$84,000 and \$34,000 were received during the years ended December 31, 2005 and 2004, respectively, and anticipated receipts for 2006 include transfer from the Capital Improvement Tax Fund of \$100,000. It should also be noted that the actual year end cash balance for 2005 and 2004 was approximately \$100,000 less than budgeted (See finding 05-1).

It is essential that the County Commission continue to monitor the activity of the Jail Fund and the Special Road and Bridge Fund both in the immediate and long-term future. Discretionary disbursements should be reviewed and options for maximizing revenues pursued.

WE RECOMMEND the County Commission closely monitor the county's financial condition and continue to take the necessary steps to improve the financial condition of the Jail Fund and the Special Road and Bridge Fund. The County Commission should perform long-term planning and take advantage of any opportunities to maximize revenues.

AUDITEE'S RESPONSE

The County Commission indicated they will continue to monitor the financial condition of the county and will perform long-term planning.

Salary commission meeting minutes were not maintained for the 2005 meeting and salary increases approved for some officials did not appear to comply with various statutory provisions.

- A. Minutes were not maintained for the 2005 salary commission meeting and, as a result, there was no documentation as to the officials in attendance or a record of any vote taken at the meeting. The Prosecuting Attorney, who served as chairman of the 2005 salary commission, did provide a report which stated there would be no change in the percentage of the base salary for each office. The report also indicated that the salary commission authorized that salaries may be adjusted by the county commission as a cost of living component. Therefore, while decisions appear to have been made during the salary commission meeting, no documentation was provided to support the discussion of these matters.

Detailed and specific salary commission minutes provide support for decisions made and demonstrate compliance with the law.

- B. The County Collector and County Assessor received raises, effective January 1, 2003, which should not have taken effect until March 1 and September 1, 2003, respectively, the date of these officeholders' incumbency. The raises were based on an increase in the county's assessed valuation. Section 50.333.8, RSMo, provides for salaries to be adjusted each year on the official's year of incumbency for assessed valuation changes that affect the maximum allowable compensation for that office.

A November 2000, legal opinion obtained from the Prosecuting Attorney indicated that all officials' salaries would change in 2003 because of an increase in assessed valuation; however, the opinion does not specifically mention the differing terms of office. The county should consult with the Prosecuting Attorney to determine if the timing of the raises given to the Collector and the Assessor was appropriate.

- C. The County Treasurer's salary was increased \$12,290 annually, effective with the start of a new term of office on January 1, 2003. A salary commission meeting held in October 2002 approved this increase.

House Bill 2137, effective August 28, 2002, provided for an increase in compensation paid to the county treasurer. It established an alternative, higher salary schedule and stated the salary commission may authorize the use of the alternative salary schedule. However, Section 50.333, RSMo, appears to authorize salary commissions to meet only in odd-numbered years. There was no legal documentation supporting whether the meeting complied with Section 50.333, RSMo.

As a result, without a documented legal opinion, it is unclear whether the salary increase provided to the County Treasurer is in accordance with state law.

WE RECOMMEND the County Commission:

- A. And the Salary Commission ensure all salary commission minutes provide adequate details regarding officials in attendance and any decisions and votes taken regarding salary issues.
- B&C. And the Salary Commission consult with legal counsel and review these situations to ensure the actions taken were in accordance with state law.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. *They will implement the recommendation.*
- B&C. *They will consult legal counsel and address these types of issues if they come up in the future; however, no action will be taken on past situations.*

6. Personnel and Payroll Procedures

The County Clerk's office prepares and distributes payroll for salaried employees before time sheets covering the payroll period are submitted to the County Commission. We noted several weaknesses concerning county personnel policies and procedures which reduced the effectiveness of payroll processing and controls.

- A. Time sheets are not always turned in to the County Commission in a timely manner. County procedures do not require time sheets to be submitted until after payroll for that period is processed and distributed. In addition, the Chief Deputy does not submit a time sheet and leave records are not maintained for him. Any payroll adjustments, such as unexpected time off, are made during the employee's next pay period. During our review we noted 15 time sheets from Sheriff's office employees covering the pay period November 26, 2005 through December 23, 2005, that were not filed with the County Commission until January 10, 2006. These time sheets were not submitted until more than two weeks after the pay period had ended.

Based upon a request for payment and a court order which indicated the payment was to be taken from his vacation pay, the Chief Deputy was paid \$1,677 during May 2006. However, as previously noted, there were no time sheets or leave records to support the amount claimed. The payment of vacation leave is not consistent with the policy of forfeiting unused vacation leave in excess of the maximum.

Time sheets should be submitted to the County Commission by all employees in a timely manner to provide supporting documentation and additional assurance that payroll expenditures are valid and proper. Prompt time sheet submission also ensures that errors are identified on a timely basis and any necessary adjustments are made as soon as possible.

- B. The County Commission has a personnel policy manual that includes policies for leave and compensatory time benefits; however this manual has not been updated since 1992. Some of the policies contained in the manual may be outdated as various procedures currently performed by the county do not comply with policies as stated in the manual. In addition, other procedures performed by the county are not covered in the policy manual. We noted the following concerns during our review.

- 1) Unused vacation leave in excess of the maximum allowed is not forfeited as provided in the county's policy. As a result, excessive vacation leave balances for some county employees have accumulated which could be a significant liability to the county. In addition, the county's policy does not address whether an employee is to be compensated for unused vacation leave upon termination or a change in employment status with the county. Personnel of the County Clerk's office indicated that employees are paid for all unused vacation leave.

The county's policy provides that a maximum of 10 days, or 80 hours, of vacation leave may be carried over by employees to the next year. The policy states that unused vacation leave in excess of the maximum will be forfeited at the end of the calendar year. Our review of December 2005 time sheets identified that 26 of 63 (41 percent) employees reviewed had accumulated vacation leave balances at year end in excess of the 80 hour maximum provided for in the county's policy. The accumulated leave balances ranged from 84 hours to 578 hours. Adjustments reducing balances had not been made to January 2006 time sheets.

In addition, payment of vacation leave to the Chief Deputy as noted in A above, is not addressed in the policy.

- 2) The Sheriff's office is not following the county's policy for awarding compensatory time to law enforcement personnel. The Sheriff's office awards compensatory time at straight time for hours worked between 160 and 171 and time and a half for hours worked over 171 during a 28 day period. However, the county's policy states that emergency service personnel must work more than 160 hours within a 28 day period to be eligible for compensatory time or overtime pay, which will be compiled at time and a half for hours worked beyond the limit.

The county's policy further states that the Sheriff and County Commission retain the right to determine how hours worked beyond the 160 hour limit will be compensated (by either paid compensation or compensatory time off) and that employees can accrue a maximum of 480 hours of compensatory time. Due to staffing limitations, it appears employees of the Sheriff's office have difficulty in scheduling time off and the Sheriff periodically requests payment of accumulated compensatory time on an employee by employee basis. The county's policy does not provide a specific timetable regarding payment of compensatory time. We noted two instances where Sheriff's office employees were paid \$862 and \$2,222 for 80 hours and 200 hours, respectively, of accumulated time. At the time of payment, these same employees had accumulated compensatory time of 88 and 309 hours, respectively.

- 3) Other instances were noted in which the county's procedures did not comply with the county policy manual or for which a county procedure was not addressed in the policy manual. For example, the county's policy indicates that part-time employees will be allowed vacation time based on a pro-rata share; however, as indicated by the payroll clerk and from our review of a part-time employee's timesheet, current part-time employees do not earn any benefits. In addition, the county's policy indicates that one day is the equivalent of eight hours; however, the county currently has employees who work eight hour days as well as employees who work seven and one-half hours per day. Leave accrual for vacation leave and sick leave for some employees is based on the number of daily hours worked. For example, employees working eight hours compared to seven and one-half hours a day, earn a monthly accrual of sick leave at eight hours, and seven and one-half hours, respectively. The county's policy does not address the different accrual rates for different employees.

A clear and concise personnel policy manual is necessary to ensure compliance with the Fair Labor Standards Act and to ensure the equitable treatment of all employees. The County Commission should revise the personnel policy manual to address current practices not included. In addition, the County Commission should enforce or amend other current personnel policies as needed.

Similar conditions were noted in our prior report.

WE AGAIN RECOMMEND the County Commission:

- A. Require time sheets to be submitted in a timely manner for all employees and maintain leave records for all employees.
- B. Establish an updated personnel policy manual that reflects current county policies and ensure these county policies are enforced.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. They have addressed this recommendation.*
- B. They are going to update the county policy in 2007.*

7. County

Procedures

The county made payments to road districts without proper written contracts. In addition, it does not appear that procedures were performed timely to ensure the county received all sales tax revenues due and documentation was not maintained to support the property tax rollback calculations. The county has an excessive number of authorized signers included on the bank signature card and the published financial statements did not include all Health Center Fund and Miller County Board for Services for the Developmentally Disabled Fund activity.

- A. Payments were made to road districts without proper written contracts. During the two years ended December 31, 2005, the county distributed approximately \$250,000 in County Aid Road Trust (CART) revenues to three special road districts within the county. The county did not enter into written contracts with the special road districts related to these distributions. In addition, the County Commission does not monitor the special road districts' use of these county monies.

To ensure CART monies are used only for road-related purposes, the County Commission should obtain written contracts with the special road districts which document the specific services to be provided for the use of these monies and include provisions for the County Commission to monitor the special road districts' use of county funds.

- B. The county distributed sales tax monies to a Tax Increment Financing (TIF) District, without verifying the amounts and procedures were not performed timely to ensure the county received all sales tax revenues due.

In accordance with the TIF Development Plan, the city administering the TIF plan billed the county one-half of the monthly county sales tax revenues generated by the businesses within the TIF District. The General Revenue Fund and Capital Improvements Fund budgets reflect payments totaling approximately \$393,000 and \$198,000 (50 percent from each fund) for city TIF sales tax during the years ended December 31, 2005 and 2004.

During 2005 county officials noticed that county sales tax revenues were not increasing at the level expected given new businesses in the county. Inquiries by the

county revealed that due to a coding error by some businesses, sales taxes collected and transmitted to the state Department of Revenue (DOR) by the businesses were erroneously distributed to another county. Some of these businesses were located within a TIF District, and as a result, the county was distributing sales tax revenues they had not received.

Once the error was discovered, the county was able to recover over \$600,000 of past sales tax revenues. The county has since implemented procedures to monitor the sales tax revenues of businesses located in the TIF District and is now comparing the monthly billing for one-half of sales tax revenue to monthly reports received from DOR listing the businesses with the Miller County sales tax code and the sales tax amount distributed to the county for each business.

Given the County Commission's anticipated addition of new businesses in the county, it is essential that the county monitor sales tax revenues and follow up on unexpected variances in a timely manner. Failure to do so could result in a loss of revenue to the county.

- C. The County Clerk does not maintain documentation to support the property tax rollback calculations for sales tax revenues. As a result, the County Clerk cannot monitor compliance with state law and it is unclear if sales tax monies distributed to the city TIF district have been considered in the rollback calculation. The county distributed sales taxes of approximately \$196,500 and \$99,000 from the General Revenue Fund to the city TIF District during the years ended December 31, 2005 and 2004, respectively.

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Miller County voters enacted a one-half cent sales tax with a provision to reduce property taxes by fifty percent of sales taxes collected. State law does not address the effect of sales tax distributions to city TIF districts on property tax rollback calculations.

Failure to document the property tax rollback calculations reduces the county's ability to monitor compliance with state law. In addition, the County Clerk should consult the Prosecuting Attorney to determine the effect distribution of sales tax monies to TIF districts has on the rollback calculations.

- D. An excessive number of authorized signatures are included on the bank signature card for the county's checking account. The signature card was last updated in April 2005 and includes ten authorized signatures (six county officials including the three County Commissioners, the County Clerk, the County Treasurer, and the Circuit Clerk, and four county employees); two of these employees no longer work for the county. By including these names on the signature card, these individuals are authorized to conduct transactions on the account.

Section 54.100, RSMo, provides that the county treasurer shall disburse monies on warrants drawn by order of the county commission. Section 50.166, RSMo, provides, "The warrant may be in such form that a single instrument may serve as the warrant and the county treasurer's draft of check, and may be so designed that it is a nonnegotiable warrant when signed by the county clerk and becomes a negotiable check or draft after it has been signed by the county treasurer".

Based on the provisions of state law noted above, it appears it is the responsibility of the county treasurer to disburse monies and that warrant checks are negotiable only after signed by the county treasurer. The county should evaluate the number of authorized signatures on the signature card and consult with the Prosecuting Attorney as to whether it is proper for the bank signature card to include signatures other than that of the County Treasurer.

- E. The county's annual published financial statements included only those amounts that passed through the County Treasurer for the Health Center Fund and the Miller County Board for Services for the Developmentally Disabled Fund. As a result, receipts of approximately \$1,252,000 and \$947,000, and disbursements of approximately \$1,843,000 and \$753,000 were omitted from the 2005 and 2004 annual published financial statements, respectively. Financial information of the Miller County Board for Services for the Developmentally Disabled Fund is based on a June 30 fiscal year end. In addition, the county's annual published financial statements did not include financial information for several small county funds.

Section 50.800, RSMo, provides details regarding the various information required to be provided in the county's annual published financial statements, and requires that receipts, disbursements, and beginning and ending balance information be presented for all county funds.

Complete published financial statements are needed to adequately inform the citizens of the county's financial activities and show compliance with statutory requirements.

WE RECOMMEND the County Commission:

- A. Obtain written agreements, which specifically state what services are to be provided to the county, for any distribution of county aid road trust monies. In addition, the written agreements should allow the County Commission to monitor the special road districts' expenditures of the county monies.
- B. Ensure the accuracy of bills prior to payment. In addition, the County Treasurer should continue procedures to monitor county revenues and investigate any variances or unexpected changes in a timely manner.

- C. And the County Clerk ensure documentation is maintained to support property tax rollback calculations and consult the Prosecuting Attorney to determine the effect of sales tax distributions to TIF districts on the calculations.
- D. Consult with the Prosecuting Attorney regarding who should be included as an authorized signature on the bank accounts maintained by the county treasurer. In addition, individuals no longer employed by the county should immediately be removed from the signature card.
- E. The County Commission, Health Center Board, and Miller County Board for Services for the Developmentally Disabled ensure all required information is presented in the county's annual published financial statements.

AUDITEE'S RESPONSE

The County Commission indicated:

A&D. They will implement these recommendations.

B. They will continue to monitor sales tax revenues and accuracy of billings.

The County Treasurer indicated she is currently preparing a monthly reconciliation between sales tax receipts and the billing for the TIF and will continue to do this reconciliation. She also reviews the monthly sales tax report for new and existing businesses.

C. They will ask the County Clerk to consult with the Prosecuting Attorney regarding the TIF monies and will ask the County Clerk to provide documentation of rollback calculations.

The County Clerk indicated he will monitor the calculations closer since sales tax revenues are increasing and will consider providing documentation. The County Clerk also indicated he will consult with the Prosecuting Attorney regarding the effect of the city TIF districts.

E. They will discuss this recommendation with the Health Center Board and the Miller County Board for Services for the Developmentally Disabled.

The Health Center Administrator and Board Chair indicated they will discuss this with the County Clerk and will implement the recommendation for the 2006 published financial statements.

The Miller County Board for Services for the Developmentally Disabled indicated they will accept the responsibility and cost for the publication of financial information if the Miller County Commission chooses not to include this information in their published report. They would like to note that the Miller County Board for Services for the Developmentally Disabled fiscal year is from July 1 to June 30.

8. Computer

Controls

Computer systems and data are vulnerable to unauthorized use, modification or destruction as passwords are not updated periodically and are shared between users. In addition, data backups are not always stored at an off-site location.

- A. The security of a password system is dependent upon keeping passwords confidential. Although most offices require the use of passwords to access various programs, some offices do not secure employee passwords. For example, the passwords of each employee in the County Collector's office are maintained in a centralized location and the passwords of employees in the Assessor's office are shared between users. In addition, passwords used in several offices are not periodically changed. As a result, there is less assurance passwords are effectively limiting access to computer systems and data files to only those individuals who need access to perform their job responsibilities. Passwords should be unique and confidential, changed periodically to reduce the risk of unauthorized use, and used to restrict individuals' access to only those computer systems and data files they need to accomplish their jobs.

Passwords are an effective, simple control to provide protection against improper access to computer systems and data and when properly managed in a controlled environment, passwords can provide effective security.

- B. Backups of financial information maintained by the County Clerk's office and Sheriff's office are not stored at an offsite location. Backups are stored in the courthouse, which makes them susceptible to the same damage as the master files. Normally, the primary contingency strategy for computer systems and data is regular backup and secure offsite storage. Regular backup procedures decrease the amount of work required to get back to where the county was prior to the disruption. Storing backups offsite provides another level of assurance of access to county data.

A minimum level of backup information, together with records of the backup copies and documented restoration procedures, should be stored at the secure off-site location, at a sufficient distance to escape any damage from a disaster at the main site. These procedures should allow the county to maintain business operations or to recover rapidly from most disruptions to or failure of the county's computer systems.

WE RECOMMEND the County Commission:

- A. Require passwords for all employees which are confidential and periodically changed to prevent unauthorized access to the county's computer systems and data.
- B. Ensure county data is stored at a secure off-site location.

AUDITEE'S RESPONSE

A&B. The County Commission indicated they will recommend the changes to the county officials.

9. Property Tax Controls

Property tax system procedures and controls are not sufficient. The County Clerk does not verify the delinquent tax books. In addition, neither the County Clerk nor the County Commission adequately reviews property tax additions and abatements. The County Collector's annual settlements were not filed timely and included several errors and inconsistencies. Various concerns were noted with the County Collector's property tax system.

- A. The County Clerk does not prepare or verify the accuracy of the delinquent tax books. The delinquent tax books are printed by the County Collector and the County Clerk does not perform tests to verify the totals of the delinquent tax books.

Because the County Collector is responsible for collecting property tax monies, good internal controls require that someone independent of that process be responsible for generating and testing the accuracy of the property tax books.

Sections 137.290 and 140.050, RSMo, require the County Clerk to extend the current and back tax books and charge the County Collector with the amount of taxes to be collected. If it is not feasible for the County Clerk to prepare the tax books, at a minimum, he should verify the accuracy of the tax books and document approval of the tax book amounts to be charged to the County Collector. Failure to do so could result in errors or irregularities going undetected.

- B. Controls over property tax additions and abatements are not adequate. Addition and abatement requests are prepared by the Assessor and submitted to the County Collector. The County Collector posts the changes to the property tax records. The County Clerk does not receive the addition and abatement requests and does not maintain complete records of tax book changes. In addition, the County Commission does not review and approve the addition and abatement requests.

For the year ended February 28, 2005, the County Collector provided the County Clerk with a report of additions and abatements; however, neither the County Clerk nor County Commission received independent records to compare with this report. As of July 11, 2006, no such report had been received by the County Clerk for the

year ended February 28, 2006. As a result, additions and abatements, which constitute changes to the amount of taxes the County Collector is charged with collecting, are not properly monitored and errors or irregularities could go undetected. The County Collector's annual settlements for the years ended February 28, 2006 and 2005, reflect additions and abatements totaling \$157,891 and \$90,830 and \$294,659 and \$164,523, respectively, (exclusive of outlawed amounts).

Sections 137.260 and 137.270, RSMo, assigns responsibility to the County Clerk for making changes to the tax books with the approval of the County Commission.

The county's failure to follow control procedures established under statutory guidelines allows greater opportunity for errors or inappropriate transactions to occur. To comply with the statutes and provide for the proper segregation of duties, court orders should be prepared and approved periodically by the County Commission for property tax additions and abatements. The County Clerk should periodically reconcile all approved additions and abatements to actual changes made to the property tax system. Such procedures are essential to ensure that only appropriate correcting adjustments are made to the master property tax records.

- C. The current and former County Collectors' annual settlements were not filed timely and were not accurate.
- 1) Annual settlements are not always filed with the County Commission on a timely basis. The annual settlements for the years ended February 28, 2006 and 2005, were not filed until June 9, 2006 and May 4, 2005, respectively. To help ensure the validity of tax book charges, collections, and credits, and for the County Clerk and County Commission to properly verify these amounts, it is imperative the County Collector file annual settlements on a timely basis. Section 139.160, RSMo, requires the County Collector to settle accounts with the County Commission by the first Monday of March.
 - 2) The annual settlements of the current (year ended February 28, 2006) and former (year ended February 28, 2005) County Collectors contained errors and inconsistencies in amounts reported which caused differences between total collections and distributions, and unidentified tax book differences. For the year ended February 28, 2006, because of the timing of fieldwork, a draft of the County Collector's annual settlement was originally reviewed. Many of the errors noted were detected when reviewing the draft of the County Collector's annual settlement. After informing the County Collector of these errors, corrections were made prior to preparation of the final annual settlement. However, additional errors were noted on the final annual settlement regarding distributions of delinquent penalties and commissions. Examples of errors noted are as follows:

- Property tax charges reported on the annual settlements for the years ended February 28, 2006 and 2005, were not always accurate. For example, real estate back taxes reported on the annual settlement for the year ended February 28, 2005, were understated approximately \$255,000 compared to the total credits reported on the prior year's annual settlement and the back tax books.
- Charges of protested taxes totaling \$136,523, distributions of protested taxes totaling \$89,947, and refunds of protested taxes totaling \$49,852 were not included on the annual settlement for the year ended February 28, 2006. Charges and credits of protested taxes on the February 28, 2005, annual settlement were overstated \$13,525.
- Outlawed taxes totaling \$45,085 were not included on the annual settlement for the year ended February 28, 2006; as a result, charges and credits for personal property back taxes were understated.
- Surtax distributions were reported separately and also included in the amounts reported as distributions to the various political subdivisions on the annual settlement for the year ended February 28, 2005, resulting in an overstatement of approximately \$112,000.
- Distributions totaling \$138,720 to the Senior Citizens Services Fund were omitted from the annual settlement for the year ended February 28, 2005.
- Distributions to the Assessment Fund for the year ended February 28, 2005, were understated by \$23,020.
- Various other reconciling items, such as collections and distributions of delinquent penalties, duplicate tax receipts, and County Clerk fees were also inconsistently reported on the annual settlements for the years ended February 28, 2006 and 2005.
- Collections and distributions of lodging taxes were not included on the County Collectors' annual settlements or otherwise reported to the County Commission during the years ended February 28, 2006 and 2005.

Incomplete and/or inaccurate annual settlement information reduces the effectiveness of the settlement as a mechanism for accounting for all monies the collector was charged with collecting.

Adjustments affecting distributions to the various political subdivisions resulting from the errors noted above are reflected in the amounts presented in the History, Organization, and Statistical Information section of the audit report.

- D. Neither the County Commission nor the County Clerk provides a review of the activities of the County Collector. The County Clerk does not maintain an account book or other records summarizing property tax transactions and changes, and no evidence was provided to indicate procedures are performed by the County Clerk or the County Commission to verify the County Collector's monthly or annual settlements. As a result, neither the County Clerk nor the County Commission detected reporting errors in the County Collector's settlements. In addition, as of July 10, 2006, the County Clerk had not finalized the 2005 Back Tax Aggregate Abstract. Initial drafts of the Back Tax Aggregate Abstract contained errors and after realizing the totals were incorrect, the County Clerk has yet to correct and complete the report.

Section 51.150(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury.

An account book or other records which summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts should be maintained by the County Clerk. Such records would help the County Clerk ensure that the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the County Clerk and County Commission to verify the County Collector's monthly and annual settlements. Such procedures are intended to establish some checks and balances related to the collection of property taxes. Timely aggregate abstracts are necessary for the County Clerk and County Commission to verify the accuracy of the annual settlements submitted by the County Collector.

- E. Various concerns were noted related to a new property tax system implemented effective March 1, 2005, as follows:

- 1) The current County Collector indicated back tax books were printed from the old system prior to the property tax records being imported into the new system. According to the current County Collector, a recent comparison of the back tax books with totals obtained from the new system, identified differences in the number of records and the total tax amount entered into the new system. A comparison provided to us by the County Collector reflected that 70 fewer records were entered into the new system compared to the number of records in the old system and the net tax difference following the conversion was approximately \$10,000. It does not appear any reconciliations were performed at the time of conversion to the new system to verify the accuracy of the transferred records and no explanation as to the cause of these differences could be provided without a detailed review of each property tax record.
- 2) The software vendor did not update the percentage calculation in the system to reflect the mailing commission of one-half of one percent to be withheld from the collection of current taxes as provided by state law. The County

Collector identified this error in January 2006 and notified the software vendor to make the change. The County Collector then made adjustments totaling \$44,428 to the January tax distributions to recover the additional commissions that should have been withheld for November and December 2005 tax collections.

- 3) The County Collector indicated difficulties were encountered in obtaining addition and abatement totals from the system for use in preparing the annual settlement for the year ended February 2006. After working with the software vendor, the County Collector was eventually able to obtain the necessary information. The County Collector implemented procedures in March 2006 to reconcile charges, additions, abatements, and collections on a monthly basis. However, the County Collector indicated problems continue to exist in the calculation of additions and abatements and is attempting to work with the vendor to resolve these issues.

Section 52.185, RSMo, indicates that any changes in computer software or equipment shall interface with the computer software and equipment in use, so that any such changes and procedures shall not interrupt, cause suffering or any loss of mechanical or electronic performances to the office whose duties are directly affected by such procedural changes.

Reconciliations should be conducted when software changes are made to ensure the information entered into the new system is complete and accurate. In addition, information generated by the system should be reviewed for reasonableness and accuracy on a timely basis. The County Collector should continue to work with the vendor to ensure all problems are resolved.

WE RECOMMEND:

- A. The County Clerk verify the accuracy of the tax books prior to charging the County Collector with the property tax amounts.
- B. The County Commission develop procedures to ensure changes to the property tax system are properly approved and monitored.
- C. The County Collector file complete and accurate annual settlements in a timely manner.
- D. The County Clerk maintain records that summarize property tax system transactions. The County Clerk and the County Commission should monitor property tax system activities and perform a thorough review of the County Collector's annual settlements. The County Clerk should ensure aggregate abstracts are prepared in a timely manner.
- E. The County Collector perform reconciliations of property tax information when software changes are made to ensure all records are properly converted. In addition,

the County Collector should review information generated by the system for reasonableness and accuracy and continue to work with the vendor to ensure all problems are resolved in a timely manner.

AUDITEE'S RESPONSE

A. *The County Clerk indicated he will verify some individual delinquent taxes and will determine a way to verify the total.*

B. *The County Commission indicated they will periodically review additions and abatements.*

The County Clerk indicated he will ask the Assessor to provide the additions and abatements and will compare to the County Collector's records and annual settlement.

C&E. *The County Collector indicated this was his first annual settlement; he will learn from his mistakes and incorporate corrections into the next annual settlement. He is now preparing monthly reconciliations between collections and additions and abatements, which will help the annual settlement to be more accurate. He indicated he is closely monitoring the property tax system and checking calculations for accuracy, and is working with the vendor to ensure all problems are resolved in a timely manner.*

D. *The County Commission indicated they will ask the County Clerk to go over the annual settlement with them.*

The County Clerk indicated he will begin maintaining an account book and will review the County Collector's annual settlement for reasonableness. The County Clerk also indicated the county has had a lot of problems with the new property tax system.

10. County Collector's Accounting Controls and Procedures

Several concerns were noted with the both the former and current County Collectors' accounting controls and procedures including not preparing formal bank reconciliations, not reconciling liabilities to cash balances and resolving unidentified monies, not recording or depositing duplicate tax receipts, and not reviewing outstanding checks. Controls and procedures of the Collector's Tax Maintenance Fund also need improvement. The County Collector is responsible for collecting and distributing property taxes for most political subdivisions within the county. Collections totaled \$14.3 million and \$13.1 million for the years ended February 28, 2006 and 2005, respectively.

A. Formal bank reconciliations are not prepared and retained. In addition, monthly listings of liabilities are not prepared and reconciled to cash balances. The County Collector maintains bank accounts for the deposit of property tax collections, protested taxes, lodging taxes, and the Tax Maintenance Fund. Collections are distributed monthly, with the exception of interest earnings and surtax, which are distributed once a year.

The County Collector tracks transactions that have cleared the bank accounts on his computer software program; however a formal reconciliation is not prepared identifying checks outstanding and deposits in transit. As a result, the County Collector does not have a documented reconciled bank balance which can then be used to reconcile monthly listings of liabilities. The following distribution errors occurred during the audit period and were not detected in a timely manner because of the lack of such reconciliations.

- Distributions made by the former County Collector to the Health Center Fund for December 2004 property tax collections were underpaid by \$46,938. This error was detected and resolved by the current County Collector on May 5, 2005.
- Distributions made by the former County Collector to the Senior Citizens Services Fund for December 2004 property tax collections were underpaid by \$15,654. This error was detected and resolved by the current County Collector on June 22, 2005.

If monthly reconciliations of liabilities and bank balances had been prepared, the reconciled bank balance would have significantly exceeded the identified liabilities for December 2004 due to the above noted errors. This difference would have continued to exist each month until the County Collector investigated and resolved the errors.

Upon our request, the County Collector reconciled the bank balance to a listing of liabilities as of May 31, 2006. This reconciliation showed the reconciled bank balance of \$105,515 exceeded identified liabilities by \$8,707. The unidentified excess may also be affected by other reconciling items, such as the repayment on non-sufficient fund checks, which were not considered in this reconciliation.

In addition to the unidentified monies in the County Collector's bank account, an additional \$249 of unidentified cash was being held in County Collector's vault. Handwritten notes on the outside of the envelope in which the cash was held stated, "cash long in drawer for December 2004." The current County Collector indicated this money has been on hand since the former County Collector was in office and he is planning on combining this cash with the unidentified balance in the bank account and disbursing the monies at one time.

Adequate reconciliations between liabilities, and reconciled cash balances are necessary to ensure the cash balance is properly identified and monies are sufficient to meet liabilities. An attempt should be made to determine the proper disposition of

unidentified differences. Any unidentified differences should be disposed of in accordance with applicable statutory provisions.

- B. Duplicate tax receipts are not deposited intact with property tax collections and

documentation is not maintained of the number of duplicate tax receipts issued. On March 14, 2006, a total of \$246 in duplicate tax receipts was being held in the County Collector's vault. Upon our recommendation, these monies were deposited by the County Collector and subsequently disbursed to the County Treasurer for credit to the General Revenue Fund.

To adequately safeguard monies and reduce the risk of loss, theft, or misuse of funds, documentation should be maintained to support all monies collected and all receipts should be deposited intact.

- C. Procedures have not been established to routinely follow up on outstanding checks. As noted in Part A above, documented bank reconciliations are not prepared. While conducting audit work in March 2006, we were able to use the February 2006 bank statement and the County Collector's computer software program to identify outstanding checks as of February 28, 2006. This review identified 11 checks totaling \$1,392 that were over one year old. One check for \$988 had been outstanding since January 2005.

These old outstanding checks create additional and unnecessary recordkeeping responsibilities. Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, the amount should be disbursed to the State's Unclaimed Property Section as required by Sections 447.500 through 447.595, RSMo.

- D. Adequate internal controls have not been established to ensure all transactions of the Collector's Tax Maintenance Fund are properly handled and recorded. Receipts for the Collector's Tax Maintenance Fund totaled \$36,670 and \$33,032 for the years ended December 31, 2005 and 2004, respectively.

- 1) The County Collector handles all duties relating to the Collector's Tax Maintenance Fund including recording receipts, preparing disbursements, and reconciling the bank account. Receipts of the Collector's Tax Maintenance Fund consist of monthly distributions from property tax collections. The distributions are electronically made by the County Collector from his primary property tax bank account to the Tax Maintenance Fund bank account. Although two signatures are required on checks, there is no other segregation of duties.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the preparation of the monthly bank reconciliation from other accounting duties.

- 2) The Collector's Tax Maintenance Fund budgets included in the consolidated county budget for 2006 and 2005 were not accurate. The prior two years

actual receipts and disbursements included on the 2006 and 2005 budget were not accurate and did not agree to the County Collector's records. In addition, the beginning cash balance reported on the 2006 budget was understated \$5,548.

Chapter 50, RSMo, requires preparation of an annual budget for all funds to present a complete financial plan for the ensuing year and describes details to be provided in budget documents. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area.

- 3) The former County Collector paid bonuses totaling \$1,137 and \$800 to four employees from the Collector's Tax Maintenance Fund in February 2005 and November 2004, respectively. We did not note bonuses paid to employees by the current County Collector.

These bonuses appear to represent additional compensation for services previously rendered and, as such, are in violation of Article III, Section 39 of the Missouri Constitution and Attorney General's Opinion No. 72, 1955 to Pray, which states, "...a government agency deriving its power and authority from the constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

WE RECOMMEND the County Collector:

- A. Prepare documented bank reconciliations on a monthly basis and compare listings of liabilities and other reconciling items to the reconciled bank balance. Unidentified cash on hand should be deposited into the official bank account. An attempt should be made to identify the excess cash balance which currently exists. Any amounts which remain unidentified should be disposed of in accordance with state law.
- B. Deposit all monies received intact. In addition, the County Collector should maintain a record of all duplicate tax receipts issued and reconcile this record to collections.
- C. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.
- D.1. Adequately segregate duties related to the Collector's Tax Maintenance Fund.
 2. Prepare complete and accurate budgets as required by state law.
3. Continue to refrain from granting additional compensation to employees.

AUDITEE'S RESPONSE

The County Collector indicated:

- A. Bank reconciliations are being prepared and documented monthly. He will begin preparing a listing of liabilities to compare to the reconciled bank balance. Any unidentified monies will be investigated and will be disbursed to the political subdivisions before the next annual settlement is prepared.*
- B. Duplicate tax receipts are deposited and recorded on the monthly settlement and turned over to the County Treasurer monthly.*
- C. He has stopped payment on all old outstanding checks and turned these over to the County Treasurer for the Unclaimed Fees Fund.*
- D.1. Deposits are made electronically from the general account to the Tax Maintenance Fund account. In addition, two signatures are required on all checks. The County Collector indicated he is happy with how the account is working and does not plan to make any changes.*
- 2. He will work with the County Clerk to obtain the budget form and to prepare a complete and accurate budget.*
- 3. He agrees with the recommendation and will not pay bonuses.*

11. County Property Records and Procedures

Procedures and records to account for county property are not adequate. It appears a physical inventory has not been conducted by the County Clerk or the various county officials since before the new courthouse was completed. Partial documentation was located to support some property items in the offices of the Ex Officio Recorder, County Collector, Sheriff, County Commission, and County Treasurer, but none of the officials appear to have maintained complete records of the property in their custody or submitted reports to the County Clerk.

In 2003, the county moved into a new courthouse and new property items were purchased for several offices. Tags identifying the new property items as county property were not consistently assigned and affixed to the new purchases. Current property additions are not properly tagged and recorded in the property records as they occur. The County Clerk indicated furniture and equipment from the old courthouse was moved to storage.

Based on the recordkeeping and reporting problems noted above, it is clear that the county has not complied with statutory provisions. Additionally, the completeness and accuracy of the overall county property records is questionable. These problems increase the possibility of undetected theft and inadequate insurance coverage.

Section 49.093, RSMo requires counties to account for personal property costing \$1,000 or

more, assigns responsibilities to each county department officer, and describes details to be provided in the inventory records.

Adequate county property records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Physical inventories and proper tagging of county property items are necessary to evaluate the accuracy of the records, and deter and detect theft.

Similar conditions were noted in our prior report.

WE AGAIN RECOMMEND the County Clerk work with other county departments to ensure physical inventories are conducted and reports submitted, implement a procedure for tagging and tracking property purchases throughout the year, and follow up on discrepancies identified during the annual physical inventory process.

AUDITEE'S RESPONSE

The County Clerk indicated he will work with other officials to implement the recommendation.

12. Monitoring Vehicle/Equipment Usage and Operating Costs

Vehicle usage logs are not maintained for county vehicles and records of fuel usage for county vehicles and road and bridge equipment are not adequately monitored. According to the county's insurance records, the county owns 39 vehicles utilized by the Sheriff's office, Road and Bridge Department, Assessor's office, and Coroner.

- A. While information is maintained to support the fuel usage of county owned vehicles (see part B), the county does not require mileage logs to be prepared.

Without adequate usage logs, the county cannot effectively monitor that vehicles are used for official business only, that maintenance costs for vehicles are reasonable, and that maintenance billings to the county represent legitimate and appropriate charges. In addition, without details regarding overall mileage and costs incurred for the various county vehicles, the county cannot evaluate 1) whether alternative methods for providing transportation (such as reimbursing mileage for use of a personal vehicle) might result in lower costs, 2) the optimal number of county vehicles needed, 3) when vehicles need to be replaced, etc.

Vehicle usage logs should include trip information (i.e., employee, dates used, beginning and ending odometer readings, destination, and purpose) and operating costs information. These logs should be reviewed by a supervisor to ensure vehicles are used only for county business and evaluate operating costs.

This condition was noted in our prior report.

- B. Records of fuel usage for county vehicles and road and bridge equipment are not adequately monitored. During the two years ended December 31, 2005, the county disbursed approximately \$133,000 and \$313,000 for "lubes and fuel" for the Sheriff's office and the Road and Bridge Department, respectively. The Sheriff's office has one bulk fuel pump and the Road and Bridge Department has four bulk fuel pumps which are used to dispense the fuel into the vehicles and equipment.

When fuel is obtained by Sheriff's office employees, the employees calls the 911 dispatch center and the mileage of the vehicle and number of gallons pumped are recorded. According to an Associate Commissioner, employees are required to record fuel usage for the road and bridge vehicles and equipment on a log sheet maintained at the fuel pumps. The county receives periodic billings when the bulk fuel tanks are refilled. However, the fuel usage records are not routinely reviewed by the Sheriff, road and bridge supervisors, or County Commission, and gallons purchased per the fuel billings are not reconciled to the gallons dispensed as recorded in the usage records.

The failure to compare usage records to vendor billings and analyze vehicle mileage as compared to gas usage, increases the possibility the county may pay improper billing amounts and theft or misuse of fuel could occur and not be detected.

WE RECOMMEND the County Commission:

- A. Require the preparation of usage logs for all county vehicles, and ensure proper reviews are performed.
- B. Ensure fuel usage logs are periodically reviewed for completeness and reasonableness of usage and reconciled to fuel purchased.

AUDITEE'S RESPONSE

A&B. The County Commission indicated they will implement the recommendations and will do a better job of reviewing fuel logs.

13. County Treasurer's Accounting Controls and Procedures

Receipt slips issued by the County Treasurer do not always indicate method of payment and the numerical sequence of receipt slips is not accounted for. In addition, monies in the Unclaimed Fees Fund have not been remitted to the state.

- A. The method of payment (i.e., cash, check, and money order) is not consistently indicated on receipt slips and no procedures are performed to account for the numerical sequence of receipt slips. To ensure receipts are accounted for properly,

the method of payment should be recorded on the receipt slips, the numerical sequence of receipt slips should be accounted for, and the composition of monies received and recorded should be reconciled to the composition of monies deposits.

- B. At December 31, 2005, the balance of the county's Unclaimed Fees Fund totaled \$13,480 and an additional \$5,702 in unclaimed monies was received through May 2006. No distributions of unclaimed fees have been made from this fund since February 2004 at which time \$434 was paid to the General Revenue Fund. In addition to unclaimed monies turned over to the County Treasurer from other county officials, monthly interest earnings are also allocated to the Unclaimed Fees Fund.

Sections 447.500 through 447.595, RSMo, requires unidentified and unclaimed monies be turned over to the state Unclaimed Property Section. The County Commission and County Treasurer should review these sections of state law and take appropriate action to routinely monitor and distribute the monies in the Unclaimed Fees Fund.

WE RECOMMEND the County Treasurer:

- A. Record the method of payment on each receipt slip issued, account for the numerical sequence of receipt slips, and reconcile the composition of receipts to the composition of bank deposits.
- B. Consult with legal counsel as to the proper procedure for disposing of unclaimed and unidentified monies and ensure applicable state laws are followed.

AUDITEE'S RESPONSE

The County Treasurer indicated:

- A. *The recommendation has been implemented.*
- B. *Some of these unclaimed monies have been resolved and she will try to resolve the remaining balance in this fund.*

14. Assessor's Accounting Controls and Procedures

Controls over monies received by the Assessor are in need of improvement. Rediform receipt slips rather than official prenumbered receipt slips are issued for monies received by the Assessor's office. In addition, the Chief Deputy Assessor indicated receipt slips are generally not issued for checks received through the mail and restrictive endorsements are not applied to checks until the transmittal to the County Treasurer is prepared usually on a monthly basis. Approximately \$4,000 and \$8,000 was transmitted to the County Treasurer during the years ended December 31, 2005 and 2004, respectively, from the sale of maps,

information requests, and photocopies.

To ensure proper accountability of all monies received, official prenumbered receipt slips should be issued as payments are received. In addition, to adequately safeguard receipts, all checks should be restrictively endorsed immediately upon receipt.

WE RECOMMEND the Assessor issue official prenumbered receipt slips immediately upon receipt for all monies received. In addition, all checks should be restrictively endorsed immediately upon receipt.

AUDITEE'S RESPONSE

The Assessor indicated he has implemented the recommendation.

15. Health Center's Accounting Controls and Procedures

Decisions made by the Health Center Board in closed meetings are not always documented during open meetings, and the board does not review and approve a listing of all disbursements. In addition, improper expenditures were noted, and inadequate records and procedures exist regarding capital assets.

- A. Although closed session minutes are prepared to document matters discussed in closed session, some decisions made and votes taken in closed session were not subsequently disclosed in open session as required. In addition, open session minutes generally included comments that the session was closed to discuss real estate and personnel. However, this statement was included in the open session minutes even when closed sessions were not held.

The Sunshine Law, Chapter 610, RSMo, requires certain votes taken in closed session to be disclosed in open session.

- B. The board does not review and approve invoices or a listing of all disbursements; however, the board does review monthly financial statements. In addition, although the Health Center Administrator does approve all invoices prior to the disbursement checks being prepared, neither she nor the Board Chairman consistently review supporting documentation when signing checks.

Expenditures made from Health Center funds should be reviewed and approved by the board to ensure all disbursements represent valid operating costs of the Health Center. To adequately document the board's review and approval of all disbursements, a listing of disbursements approved by the board should be signed or initialed by the board to denote their approval and attached to the board minutes. As an additional control, disbursement checks should be compared to invoices to ensure amounts agree and the items purchased are legitimate.

- C. The Health Center paid \$546 and \$673 for Christmas dinners for board members, spouses, and employees in December 2005 and 2004, respectively. In 2005, the Health Center paid for this expense with public funds while in 2004, a specific donation was received for the cost of the dinner. Such expenditures do not appear necessary for the operation of the Health Center and do not appear to be a prudent use of public monies.
- D. Capital asset records and procedures need improvement. The following problems regarding various capital asset records were noted:
- A physical inventory was conducted in June 2005; however, in February 2006, the Health Center moved into a new facility. The property records have not been updated to reflect the new facility and the new location for many of the assets.
 - Additions are not properly tagged and recorded in the property records as they occur. The new assets purchased for the new facility have not yet been tagged and recorded in the property records. The Health Center has started updating the property records for the new purchases during July 2006. The Health Center Administrator indicated this would be completed by year end.
 - Capital asset records do not always include complete information applicable to each item. Information such as serial number, purchase price, and purchase date were not recorded for numerous items.

Based on the recordkeeping problems noted above, it is clear that the Health Center has not complied with statutory provisions. Additionally, the completeness and accuracy of the Health Center's property records is questionable. These problems increase the possibility of undetected theft and inadequate insurance coverage.

Section 49.093, RSMo, requires counties to account for personal property costing \$1,000 or more and describes details to be provided in the inventory records. Adequate county property records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Physical inventories and proper tagging of county property items are necessary to evaluate the accuracy of the records, and deter and detect theft.

WE RECOMMEND the Health Center Board:

- A. Ensure only topics allowed by state law are discussed in closed session and decisions made in closed session are properly reported in the open minutes when required.
- B. Review and approve all expenditures of Health Center funds. In addition, the approval of disbursements should be adequately documented. Checks should also be compared to invoices for propriety.

- C. Ensure all expenditures are reasonable, necessary, and a prudent use of public funds.
- D. Implement a procedure for tagging and tracking property purchases throughout the year. In addition, property records should include detailed and complete information for all items.

AUDITEE'S RESPONSE

The Health Center Administrator and Board Chair indicated:

A&D. These recommendations have been implemented.

B&C. These recommendations will be implemented.

Follow-Up on Prior Audit Findings

MILLER COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Miller County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2001, and the Miller County, Missouri County Collector audit report, issued August 2004. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Published Financial Statements

The annual published financial statements did not include all information required by state law.

Recommendation:

The County Commission and the Health Center Board of Trustees ensure financial information for all county funds is properly reported in the annual financial statements.

Status:

Not implemented. See MAR finding number 7.

2. Officials' Salaries

The Associate County Commissioners' salaries were each increased approximately \$7,390 in 1999 according to information from the salary commission minutes. Based upon a Missouri Supreme Court Decision, the raises given to each of the two Associate County Commissioners, totaling approximately \$14,780, for the years ended December 31, 2000 and 1999, should have been repaid.

Recommendation:

The County Commission and the salary commission review the impact of the Supreme Court decision and develop a plan for obtaining repayment of the salary overpayments.

Status:

Not implemented. The County Commission and salary commission responded in our prior audit that these raises were approved in good faith and they would not seek reimbursement of the overpayments until a statewide remedy was developed. As a result, no further action was taken. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Personnel and Payroll Procedures

- A. The Sheriff's department and jail supervisors were not signing off on time sheets submitted. In addition, time sheets were not always turned in timely to the County Commission and contained errors in the manual calculations of leave balances.
- B.
 - 1) The Sheriff's department was not following the county's policy for awarding compensatory time to emergency service employees.
 - 2) The County Commission had not implemented adequate controls to ensure compensatory time balances were reviewed for accuracy, unusual activity, and excessive balances.
 - 3) Some employees were allowed to carry over more vacation days than allowed by the county's policy without any documentation of the reasons.

Recommendation:

The County Commission:

- A. Require time sheets to be submitted in a timely manner for all employees and ensure the time sheets are appropriately approved by the employees' supervisors. Ensure that leave balances recorded on time sheets are reviewed for accuracy and that they represent actual balances owed to employees.

In addition, the County Commission and the County Clerk should develop payroll procedures (such as lagged payroll payments or other appropriate procedures) which require all county employees to be paid based on actual hours worked.

- B.
 - 1) Ensure that compensatory time earnings are calculated in accordance with county policy.
 - 2) Develop controls and procedures to review compensatory time balances for reasonableness and compliance with county policy. Such controls should provide for the timely detection of compensatory balances which are large and the management of balances which are becoming excessive.
 - 3) Ensure that the vacation leave balances carried over from year to year are in compliance with county policy.

Status:

- A. Partially implemented. Time sheets are approved by the employees' supervisors, and one exception was noted in which leave balances did not represent actual balances owed to employees. Although the county still distributes payroll before time sheets covering the payroll period are submitted, adjustments are made in the next pay

period as necessary. However, time sheets are not always submitted in a timely manner. See MAR finding number 6.

- B. Partially implemented. The county has developed controls and procedures to review compensatory time balances for reasonableness; however, the Sheriff's office is not following the county's policy for awarding compensatory time and vacation leave balances are not in compliance with county policy. See MAR finding number 6.

4. County Clerk's Account Book

The County Clerk did not maintain a complete account book with the County Collector.

Recommendation:

The County Clerk maintain a complete account book with the County Collector. The County Commission should use the account book to verify the County Collector's annual settlements.

Status:

Not implemented. See MAR finding number 9.

5. General Fixed Assets

- A. Procedures were not adequate to ensure fixed asset purchases were included in the general fixed asset records. Additions were not always recorded in the property records as they occurred and fixed asset purchases per the expenditure records were not reconciled to additions to the property records. Some fixed assets purchased during the years ended December 31, 2001 and 2000, were not included on the fixed asset records. In addition, some new assets were not consistently numbered, tagged, or otherwise identified as county property. Property inventories had not been performed during the years ended December 31, 2001 and 2000.

- B. Mileage logs were not maintained for county owned vehicles.

Recommendation:

The County Commission:

- A. Establish a written policy regarding the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for handling of asset disposition, and any other concerns associated with county property.
- B. Require mileage logs to be maintained for county vehicles that reflect the purpose

and destination of each trip and review the logs periodically for reasonableness.

Status:

- A. Not implemented. State law provides policies related to accounting for general fixed assets. Although not repeated in the current MAR, our recommendation remains as stated above. See MAR finding number 11 for related comments.
- B. Not implemented. See MAR finding number 12.

6. Miller County Health Center Controls and Procedures

- A. Receipts, disbursements, and year end cash balances reported on the Health Center's annual budget did not agree to the Health Center's internal accounting records.
- B. The Health Center did not have adequate controls in place. Monies received were not deposited timely and intact. The composition of receipts was not reconciled to the composition of deposits. Checks were not restrictively endorsed immediately upon receipts. Monies were not always recorded on receipt slips immediately upon receipt.
- C. Health Center personnel did not adequately monitor amounts expended on Comprehensive Family Planning (CFP) services during the audit period. The average cost per client of providing such services was not periodically calculated as required.

Recommendation:

The Health Center Board of Trustees:

- A. Ensure all receipts, disbursements and ending cash balances are properly reflected in the annual budget document.
- B. Ensure all monies are receipted and deposited intact daily or when accumulated receipts exceed \$100, checks and money orders are restrictively endorsed immediately upon receipt, and the composition of receipt slips issued is reconciled to the composition of deposits made.
- C. Monitor the amounts expended on CFP services and periodically calculate the average cost per client as required by the contract with the Missouri Department of Health.

Status:

- A. Not implemented. See finding number 05-1.

- B. Partially implemented. Checks and money orders are not restrictively endorsed immediately upon receipt; however, daily deposits are being made. In addition, we noted one receipt for which a receipt slip had not been issued. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. State funding for the CFP Program was discontinued in May 2003.

7. Prosecuting Attorney Controls and Procedures

- A. Receipt slips were not always issued for monies received, monies received were not always remitted to the County Treasurer or deposited in the law library bank account on a timely basis, and checks and money orders received were not restrictively endorsed immediately upon receipt.
- B.
 - 1) A log or other record was not maintained to account for all bad check complaints filed with the Prosecuting Attorney and their ultimate disposition. In addition, the Prosecuting Attorney did not have any evidence in the official records to ensure that money orders for bad check restitution payments due to victims were actually forwarded to the victim.
 - 2) Receipt slips were not issued for all monies received.
 - 3) The monthly reconciliation between the official bank account and the records of bad check restitution received but not yet distributed did not indicate accurate records of outstanding checks or restitution held in the account.
 - 4) Money orders received that the Prosecuting Attorney planned to deposit in the official bank account were not restrictively endorsed immediately upon receipt.

Recommendation:

The Prosecuting Attorney:

- A. Issue pre-numbered receipt slips for all monies received and account for the numerical sequence of receipt slips, deposit or remit receipts daily or when accumulated receipts exceed \$100, and restrictively endorse all checks immediately upon receipt.
- B.
 - 1) Maintain a log to account for all bad check complaints filed with the Prosecuting Attorney's office. In addition, the Prosecuting Attorney should obtain receipts from victims for money orders forwarded to the victim or issue restitution payment to victims by official check to account for the ultimate disposition of all restitution receipts received.
 - 2) Issue pre-numbered receipt slips for all monies received and account for the

numerical sequence of receipt slips.

- 3) Research and correct errors and unusual entries on the monthly account reconciliation and ensure that old outstanding checks are reissued or disposed of in accordance with state law.
- 4) Restrictively endorse all restitution and bad check fee money orders, when applicable, immediately upon receipt.

Status:

A&

B.2. Partially implemented. All bad check restitution receipts are entered into a computer system which assigns a computer generated sequential receipt number for each transaction. Receipt slips are not issued for law library receipts; however, these monies are only collected once per month and are recorded in the checkbook register. Checks and money orders are not restrictively endorsed until the deposit is prepared or until the monies are remitted to the County Treasurer; however, deposits are made daily and monies are remitted to the County Treasurer on a timely basis. Although not repeated in the current MAR, our recommendation remains as stated above.

B.1. Partially implemented. All bad check complaints and their ultimate disposition are recorded in the Prosecuting Attorney's computer system. The Prosecuting Attorney's office continues to forward money orders made payable to the victim; however, receipts are not obtained from the victims. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Partially implemented. Accurate monthly account reconciliations are prepared. Procedures do exist for resolving these monies in accordance with state law and unclaimed monies are disbursed to the State Treasurer's office approximately once a year; however, at December 31, 2005, 20 checks totaling \$2,935 were over one year old. Although not repeated in the current MAR, our recommendation remains as stated above.

4. Not implemented. Money orders are not restrictively endorsed until the deposit is prepared; however, deposits are made daily. Although not repeated in the current MAR, our recommendation remains as stated above.

8. Sheriff's Accounting Controls and Procedures

A. The Sheriff had not adequately segregated the duty of reconciling monies received to monies deposited, including the comparison of the composition of receipt slips to the composition of deposits, from other accounting duties.

- B. The Sheriff maintained a bank account which was used to hold monies received each month until receipts were remitted to the County Treasurer. However, the Sheriff sometimes expended these monies for various fund raising activities, training and other miscellaneous activities.
- C. The Sheriff maintained one petty cash fund and two cash investigation funds. Our review of these cash funds revealed the following concerns:
 - 1) The petty cash fund and the investigation funds were not maintained at set amounts. In addition, invoices or purchase receipts were not submitted to the county to support or document the amount being requested to replenish the fund.
 - 2) The petty cash fund was used to pay for items which should have been purchased through the county's normal disbursement process.
 - 3) The Sheriff's office did not require deputies obtaining money from the petty cash or investigation funds to sign for monies received. In addition, deputies were not required to document the use of monies through summary reports of investigative information or through return receipts for items purchased (as applicable when items are obtained through a retail vendor).
 - 4) Although the office manager submitted periodic reports of petty cash and investigation fund receipts, disbursements, and balances to the Sheriff and the Captain for review, neither the Sheriff nor the Captain verified that the cash on hand in the funds reconciled to the balances on the reports.
- D. The Sheriff's Adult Detention Center inmate commissary bank account balance had not been reconciled to the individual inmate account balances.
- E. Bond forms were not prenumbered and a \$500 bond appeared to have been received but not deposited.
- F. The Sheriff received donations for the maintenance of the county's canine (K-9) patrol officer which were deposited in a bank account maintained by the Sheriff rather than remitted to the County Treasurer.

Recommendation:

The Sheriff:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible, or ensure periodic supervisory reviews are performed and documented.

- B. Remit all fees collected to the County Treasurer monthly and make all purchases through the county expenditure process.
- C.
 - 1) Maintain the petty cash fund and investigation funds on an imprest basis.
 - 2) Ensure the petty cash and investigation funds are used only for supplies and purchases that cannot be obtained through the normal county expenditure process.
 - 3) Require deputies to sign for monies received and reconcile that documentation to documentation of change and purchase receipts returned.
 - 4) Ensure a supervisor reconciles cash on hand to periodic reports of cash balances.
- D. Reconcile the individual prisoner and commissary balances to the total of the monies in the bank account on a monthly basis. In addition, the Sheriff should research and verify the accuracy of inmate balances by reconciling transactions on older inmate records to receipt and disbursement information as well as manual records maintained for each inmate.
- E. Issue prenumbered bond forms for all bond receipts, account for the numerical sequence of bond forms, and reconcile bond forms issued to bond monies deposited.
- F. Turn over custody of the K-9 bank account and all future revenues to the County Treasurer.

Status:

- A. Not implemented. See MAR finding numbers 2 and 3.
- B. Not implemented. See MAR finding number 3.
- C. Not implemented. See MAR finding number 1.
- D. Not implemented. See MAR finding number 2.
- E. Partially implemented. Prenumbered bond forms are issued for all bond receipts and the numerical sequence of bond forms is accounted for. However, the bond monies collected are not reconciled to the bond records and inconsistencies were noted in other bond records maintained. See MAR finding number 3.
- F. All monies were expended and the K-9 bank account was closed in 2004.

MILLER COUNTY, MISSOURI
COUNTY COLLECTOR

Property Tax and Annual Settlement Procedures

- A. There was not adequate documentation of why changes were made by the County Clerk to utility billings, or documented approval of these changes by the County Commission.
- B. Property tax charges reported on the annual settlement did not always agree to the aggregate abstracts prepared by the County Clerk or to the total credits reported on the prior year's annual settlement.
- C. There was no evidence of review of the County Collector's annual settlement by the County Clerk or the County Commission. The charges and subsequent credits reported on the annual settlement were not reconciled to the County Clerk's records to verify the accuracy of these amounts.

Recommendation:

- A. The County Clerk document the reasons for and approval of changes made to the taxes charged to the Collector for collection.
- B. The County Collector prepare and file accurate annual settlements that ensure all amounts charged have been accounted for.
- C. The County Clerk ensure the annual settlement is correct and in balance prior to approval by the County Commission.

Status:

- A. Implemented. No instances of changes made to taxes charged to the County Collector for collection were noted other than additions and abatements initiated by the Assessor.
- B&C. Not implemented. See MAR finding number 9.

STATISTICAL SECTION

History, Organization, and
Statistical Information

MILLER COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1837, the county of Miller was named after John Miller, a Governor of Missouri. Miller County is a county-organized, third-class county and is part of the 26th Judicial Circuit. The county seat is Tuscumbia.

Miller County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 700 miles of county roads and 65 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 18,532 in 1980 and 23,564 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2005	2004	2003	2002	1985*	1980**
		(in millions)					
Real estate	\$	234.2	205.5	205.0	190.1	85.1	26.6
Personal property		57.8	54.1	54.6	53.2	19.7	9.8
Railroad and utilities		31.6	30.9	36.3	39.9	40.7	30.7
Total	\$	323.6	290.5	295.9	283.2	145.5	67.1

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Miller County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2005	2004	2003	2002
General Revenue Fund	\$	0.0192	0.0341	0.0341	0.0385
Special Road and Bridge - Road					
District #1 Fund *		0.2513	0.2513	0.2297	0.2297
Health Center Fund		0.1471	0.1500	0.1500	0.1500
Senior Citizens Services Fund		0.0490	0.0500	0.0500	0.0500
Miller County Board for Services for the Developmentally Disabled					
Fund		0.0844	0.0861	0.0839	0.0835

- * The county retains all tax proceeds from areas not within road districts. The county has three road districts and one special road sub-district that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge – Road District #1 Fund retains one-fifth.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),			
		2006	2005	2004	2003
State of Missouri	\$	91,461	84,248	84,362	80,610
General Revenue Fund		81,456	102,160	108,490	114,289
Road funds		668,450	631,710	623,011	575,451
Assessment Fund		175,208	161,098	129,149	124,114
Health Center Fund		442,546	415,867	417,019	394,923
Miller County Board for Services for the Developmentally Disabled Fund		254,239	238,032	233,260	221,614
School districts		9,308,932	8,134,258	8,183,366	7,773,851
Library district		384,373	359,837	353,645	336,233
Ambulance district		25,062	233,344	374,372	291,631
Fire protection districts		1,129,963	1,076,318	1,002,516	959,494
Nursing Home District Fund		349,374	327,041	320,323	304,242
Nursing Home Bond Fund		179,440	164,231	161,972	111,745
Senior Citizens Services Fund		147,783	138,720	139,194	132,999
Surtax		112,203	112,178	113,227	115,358
Cities		21,692	22,234	21,544	20,416
County Clerk		590	406	514	436
County Employees' Retirement		84,899	86,035	74,832	74,299
Tri-County Lodging Association		185,973	178,342	194,869	193,656
Tax Increment Financing Funds		553,557	490,992	428,748	197,651
Tax Maintenance Fund		31,785	30,989	30,551	12,688
Commissions and fees:					
General Revenue Fund		238,427	236,882	220,319	201,793
Total	\$	14,467,413	13,224,922	13,215,283	12,237,493

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2006	2005	2004	2003	
Real estate	88	91	91	90	%
Personal property	91	85	89	87	
Railroad and utilities	94	100	100	98	
Tax Increment Financing – Payments in Lieu of Taxes *		96	91	74	

* For 2006, collections for Tax Increment Financing – Payments in Lieu of Taxes were included with Real estate collections.

Miller County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Capital improvements	.0050	10/01/2016	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2006	2005	2004	2003	2002
County-Paid Officials:	\$				
Tom Wright, Presiding Commissioner		30,380	30,380	30,380	
Dan Gier, Presiding Commissioner					29,390
John Klindt, Associate Commissioner		28,380	28,380	28,380	27,390
David Whittle, Associate Commissioner		28,380	28,380	28,380	27,390
Clayton E. Jenkins, County Clerk		43,000	43,000	43,000	41,500
Robert J. Seek, Prosecuting Attorney		53,000	53,000	53,000	51,000
William Abbott, Sheriff		48,000	48,000	48,000	46,000
Judy Prince, County Treasurer (1)		43,000	6,615		
Bridget Higbie, County Treasurer (2)			3,308		
Danny Sloan, County Treasurer			33,077	43,000	30,710
Rick Callahan, County Coroner		15,000	15,000	15,000	14,000
Janet Whittle, Public Administrator		25,000	25,000	25,000	25,000
Larry Sullivan, County Collector, year ended February 28 (29),	43,000				
Marvin Urfer, County Collector, year ended February 28 (29), (3)		42,504			
Roger Bond, County Collector, year ended February 28 (29),			43,000	41,199	
Don Steen, County Assessor (3), year ended August 31,		43,688	43,765	42,849	42,400
Gerald J. Harms, Sr., County Surveyor (4)					

- (1) Appointed by the Governor to complete the term of Danny Sloan.
- (2) Appointed by the County Commission to replace Danny Sloan.
- (3) Appointed to replace Roger Bond.
- (3) Includes \$688, \$765, \$900, and \$900, respectively, in annual compensation received from the state.
- (4) Compensation on a fee basis.

State-Paid Officials:

Genise Buechter, Circuit Clerk and Ex Officio Recorder of Deeds	48,500	47,900	47,300	
Linda Duncan, Circuit Clerk and Ex Officio Recorder of Deeds				47,300
Kenneth Oswald, Associate Circuit Judge	96,000	96,000	96,000	96,000

The county has established three neighborhood improvement districts. General obligation bonds which were issued to finance the projects had remaining principal due at December 31, 2005, of \$363,145. Interest due at December 31, 2005, for the bonds of two districts totaled \$139,592, and interest due on the third district's bonds was not available. Although these are general obligation bonds of the county, special assessments will be levied on the property located in the districts to pay the debt principal and interest.

The county entered into an amended lease purchase agreement with Central Trust Bank on August 1, 2001. The terms of the agreement call for the county to lease the new justice center (which includes the courthouse and adjoining law enforcement center) to Central Trust Bank, then the bank leases the justice center back to the county with lease payments equal to the amount due to retire the indebtedness. Certificates of Participation totaling \$9,215,000 were issued by Central Trust Bank on behalf of the county and the proceeds of those certificates were used to construct a new justice center and to refund the outstanding Series 1996 Certificates of Participation which were issued to construct a new jail. The lease is scheduled to be paid off in 2016. The remaining principal and interest due on the lease at December 31, 2005, was \$7,330,000 and \$2,135,744 respectively. A one-half cent capital improvement sales tax was extended by the voters to provide funding for these obligations.

On December 17, 2003, special revenue bonds totaling \$6,000,000 (\$500,000 Series A, \$2.5 million Series B, and \$3 million Series C) were authorized to finance the cost of improvements associated with the county tax increment financing district. The bonds are issued as needed and as of December 31, 2005, \$4,500,000 in bonds had been issued. Bond principal is due annually on October 1 and interest is due semi annually on April 1 and October 1. Interest rates of 5.5 percent apply to the series A bonds and 1 percent apply to the Series B and C bonds. Payments are remitted to the trustee bank to be applied to the bond payments and other costs associated with the tax increment financing district. The bonds are scheduled to be paid off in 2014. As of December 31, 2005, principal and interest payments totaled \$500,000 and \$62,550, respectively.

The county obtained a line of credit of up to \$750,000 for the Special Road and Bridge - Road District #1 Fund on March 7, 2003, with a one year maturity date, to consolidate existing equipment debt. The agreement was extended in February 2004, March 2005, and March 2006. The line of credit had a principal balance due at December 31, 2005, of \$205,509. Principal

payments are due annually and interest payments are due semi-annually. The March 2006 extension provides for a line of credit up to \$300,000 with an interest rate of 5.5 percent.

In 2005 the health center began construction on a new health center facility. As of July 10, 2006, project costs totaled \$1,405,340. On December 15, 2005, the health center entered into a lease purchase agreement for a maximum of \$700,000 with Central Trust Bank to help finance the new facility. The remaining portion of construction costs was funded by the health center. As of July 10, 2006, \$623,789 had been advanced to the health center for the lease purchase agreement. Principal and interest payments are due annually on March 15 and the lease purchase agreement carries an interest rate of 5.25 percent. The lease purchase agreement is to be paid in full by 2016. Total interest due was not available.



Claire McCaskill

Missouri State Auditor

December 2006

Greene County
Fire Protection Districts

Years Ended December 31, 2005,
2004 and 2003



Office Of
Missouri State Auditor
Claire McCaskill

December 2006

IMPORTANT: This review of audits of fire protection districts in Greene County has been completed. This review covered reports for the year(s) ended December 31, 2005, 2004, and 2003 that were required to be submitted to the State Auditor's office within six months after the year end.

State law requires Greene County fire protection districts with revenues in excess of \$50,000 annually to cause an audit to be performed on a biennial basis. For those districts with annual revenues of less than \$50,000, the State Auditor may exempt the district from the audit requirement if the appropriate reports are filed.

For those districts for which an audit is required, the district must file a copy of the completed audit report and management letter with the State Auditor within six months after the close of the fiscal year.

Six of the twelve fire protection districts have failed to comply with the statutory deadline. The Ash Grove and Bois D'Arc Fire Protection Districts have not submitted an audit report to the State Auditor's Office since the year(s) ended December 31, 2003. Four other districts submitted audit reports after the statutory deadline.

The State Auditor's Office accepted all audit reports that were received for the year(s) ended December 31, 2005, 2004, and 2003. However, instances of non-compliance including the lack of district responses to recommendations, the lack of follow-up to previous recommendations, and the lack of required report schedules were noted.

This report includes information about the districts' revenues, expenditures, and balances, and summarizes comments made by the various districts' independent auditors including recommendations for improving accountability and management of finances.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION
DISTRICTS IN GREENE COUNTY

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the General Assembly
and
Boards of Directors of Fire Protection
Districts in Greene County

Fire protection districts in Greene County are required by Section 321.690, RSMo, to be audited. We have conducted a review of these independent audits of the fire protection districts in Greene County. The objectives of this review were to:

1. Evaluate the impact of, and the districts' compliance with, statutory audit requirements and State Auditor's regulations on the effectiveness of financial reporting and auditing for fire protection districts in Greene County.
2. Notify the various fire protection districts and independent auditors of any specifically identifiable reporting deficiencies that should be considered and corrected in future audit reports.
3. Summarize and evaluate the financial data presented for the various fire districts, and any comments for improvements made by the independent auditors.

Our review was limited to the specific matters described above and was based on selective procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The State Auditor's office has reviewed fire protection districts' audit reports for several years and noted many improvements. It appears that the fire protection districts, on the whole, are working to improve the quality of their financial reporting. The format of this report includes an executive summary and a scope and methodology section describing what work was

EXECUTIVE SUMMARY

performed. We solicit from the readers of this report any suggestions for changes or requests for other new information that may benefit those involved with the Greene County fire protection districts.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire C. McCaskill
State Auditor

October 19, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	April McHaffie-Lathrom, CPA
	Ted Fugitt, CPA
	Monte Davault

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION
DISTRICTS IN GREENE COUNTY
EXECUTIVE SUMMARY

Section 321.690, RSMo, requires all fire protection districts in Greene County with revenues in excess of \$50,000 annually to cause an audit to be performed on a biennial basis. For those districts with annual revenues of less than \$50,000, the State Auditor may exempt the district from the audit requirement, if the appropriate reports are filed. Based upon financial statements filed, the West Republic Fire Protection District had annual revenues of less than \$50,000 during the year ended December 31, 2005, therefore they were exempted from the audit requirement. Financial statements filed for the West Republic Fire Protection District for the years ended December 31, 2004 and 2003 reflected annual revenues in excess of \$50,000; however, the district's total revenues included loan proceeds and other miscellaneous revenues. The West Republic Fire Protection District should monitor revenues to ensure compliance with state law.

For those districts for which an audit is required, the district must file a copy of the completed audit report and management letter with the State Auditor within six months after the close of the audit report. The audit reports and management letters are reviewed to determine that they are prepared according to guidelines contained within the Code of State Regulations (CSR) (Section 15 CSR 40-4). Any weaknesses noted during the review are communicated to the districts by letter. Should the weaknesses be of a serious enough nature to require the report to be amended, the district is granted a ninety-day period from the date of notification by the State Auditor to correct the report. The State Auditor accepted all the audit reports that were received for the year(s) ending December 31, 2005, 2004, and 2003. However, instances of non-compliance including the lack of district responses to recommendations, the lack of follow up to previous recommendations, and the lack of required report schedules were still noted. These problems were communicated to the applicable fire protection district auditors. In addition, nine districts did not submit copies of engagement letters to the state auditor as required by 15 CSR40-4.010.

Six fire districts failed to comply with the statutory deadline for at least one of the year(s) ended December 31, 2005, 2004 and 2003. The following table shows the districts that failed to meet the statutory deadline for each of the three years reviewed:

District	2005 Report Received	2004 Report Received	2003 Report Received
Ash Grove	**	No report received	
Bois D'Arc	**	No report received	
Ebenezer	**	August 9, 2006	
Fair Grove	**	December 27, 2005*	
Walnut Grove	**	August 15, 2006	December 14, 2004*
Willard	**	July 3, 2006	

* Two Year Audit

** Districts planning to obtain an audit for the two years ended December 31, 2006 will be required to submit a report to the State Auditor by June 30, 2007. The Ebenezer and Fair Grove Fire Protection Districts have provided written confirmation to the State Auditor's Office of their plans to obtain an audit for the two years ended December 31, 2006. The Ash Grove and Bois D" Arc Fire Protection Districts have engaged an auditor to audit the two years ended December 31, 2005; however, those audit reports have not been submitted to the State Auditor's Office. The Walnut Grove and Willard Fire Protection Districts have not provided written confirmation of their plans.

The Ash Grove and Bois D'Arc Fire Protection Districts have not submitted an audit report to the State Auditor's Office since the report ended December 31, 2003. While not only required by statute, timely audits also provide information to the board and district taxpayers on the financial status of the district and ways to improve the management of the district. The fire district board members should ensure audits are completed and submitted by statutory deadline.

We reviewed the relationship of the General Fund balance at year end to the year's expenditures for the districts receiving an audit for each of the year(s) ended December 31, 2005, 2004, and 2003. Two districts, Battlefield and Willard, have maintained fund balances greater than one year's cost of operations. Districts accumulating funds for the purchase of capital assets or debt reduction should evaluate the need to disclose this information in their annual budget. Additionally, the fire districts must continue to evaluate the propriety of their tax levies to ensure that excess revenues are not being received and accumulated.

Independent auditors made specific recommendations to improve the overall management of the fire districts. Recommendations included concerns regarding nepotism, expenditures, budgets, segregation of duties, accounting records and various other policies and procedures. Each fire district should review all recommendations and the applicability to their individual district. Consideration should be given by individual districts to have their independent auditor review any areas where risk and citizen concern may be evident. In addition, the State Auditor was petitioned under Section 29.230, RSMo to audit the Ebenezer Fire Protection District. The petition audit is still in process and additional findings and recommendations will be included in a subsequent report regarding that district.

SCOPE AND METHODOLOGY

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION
DISTRICTS IN GREENE COUNTY
SCOPE AND METHODOLOGY

Scope

At December 31, 2005, there were twelve fire protection districts in Greene County. Audit reports and financial statements have been received as follows:

1. The Battlefield, Pleasant View, and Strafford Fire Protection Districts obtained annual audits for each of the years ended December 31, 2005, 2004 and 2003.
2. The Brookline and Fair Grove Fire Protection Districts obtained biennial audits for the two years ended December 31, 2004. The Ebenezer, Logan-Rogersville, and Willard Fire Protection Districts obtained annual audits for each of the years ended December 31, 2004 and 2003. The Walnut Grove Fire Protection District obtained a biennial audit for the two years ended December 31, 2003 and an annual audit for the year ended December 31, 2004. The Ebenezer, Fair Grove, and Logan-Rogersville Fire Protection Districts have provided written confirmation to the State Auditor of their plans to obtain an audit for the two years ended December 31, 2006. The Brookline, Walnut Grove, and Willard Fire Protection Districts have not provided written confirmation of their plans. No information is presented in this report for the year ended December 31, 2005 for these districts.
3. The Ash Grove and Bois D' Arc Fire Protection Districts have failed to comply with Section 321.690, RSMo. The Ash Grove Fire Protection District obtained a biennial audit for the two years ended December 31, 2003, and the Bois D' Arc Fire Protection District obtained an annual audit for the year ended December 31, 2003. These audit reports have been submitted; however, audit reports for the year(s) ended December 31, 2005 and 2004 have not been submitted for these two districts. As a result, information is not presented in this report for these years.
4. Based upon financial statements filed, the West Republic Fire Protection District had annual revenues of less than \$50,000 during the year ending December 31, 2005, therefore they were exempted from the audit requirement. Financial statements filed for the West Republic Fire Protection District for the years ending December 31, 2004 and 2003 reflected annual revenues in excess of \$50,000; however, the district's total revenues included loan proceeds and other miscellaneous revenues. The West Republic Fire Protection District should monitor annual revenues to ensure compliance with state law. Information presented in this report was obtained from unaudited information provided by this district.

During our review we: 1) considered Section 321.690, RSMo (Appendix A), 15 CSR 40-4 (Appendix B), and audit reports submitted to the State Auditor by the various fire districts for the year(s) ended December 31, 2005, 2004, and 2003, 2) reviewed the supporting working papers of various independent auditors' reports for the year(s) ended December 31, 2005, 2004, and 2003,

3) reviewed unaudited financial information provided by the West Republic Fire Protection District and 4) made inquiries of district officials and independent auditors as necessary to follow up on other specific issues brought to our attention.

Methodology

We compiled the following schedules to accomplish the objectives of this report:

- Schedule 1 presents revenues, expenditures, and fund balance for the General Funds in a combined format. The General Fund is the general operating fund of the district and is used to account for all operating resources. In analyzing this schedule, some disparity will result due to the different methods of presenting essentially the same information. Reasons for some problems in comparison are as follows. The financial statements of the Ash Grove, Battlefield, Brookline, Ebenezer, Fair Grove, Logan-Rogersville, Strafford, Willard and Pleasant View Fire Protection Districts are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements of the Bois D'Arc Fire Protection District are presented on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements of the Walnut Grove and West Republic Fire Protection District are presented on a cash basis of accounting. The audit report footnotes of these various districts describe the basis of accounting used to present the financial statement information. The financial statements of the Pleasant View and Walnut Grove Fire Protection Districts include the general fixed asset balance in the general operating fund of the district. Additionally, revenues and expenditures of some districts include the proceeds and subsequent disbursements of loan or capital lease obligations causing revenues and expenditures to be inflated by the amount of the loan or lease.
- Schedule 2 presents the capital asset balances of the districts at December 31, 2005, 2004, and 2003. The schedule represents capital assets acquired or constructed for general governmental purposes that are reported as expenditures in the fund that financed the acquisition or construction and capitalized at historical cost or estimated historical cost if actual historical cost is not available.
- Schedule 3 presents the assessed valuations of the individual fire protection districts as well as tax levies as submitted by the districts to the State Auditor's office.
- Schedule 4 is a listing of total compensation and expense reimbursement paid to directors by each district audited. The districts' independent audit reports included the names of the principal officeholders during the year and the compensation and expense reimbursement received by each official in the performance of his or her duty as established by Section 321.190, RSMo. The districts have three-member boards of directors, except for the Brookline, Logan-Rogersville and Willard Fire Protection Districts which have five-member boards. When more than three or five names were listed, it was due to a change in the officials serving on the board.

- Schedule 5 is a summary of the various comments contained in the independent auditor's reports on compliance and internal control and in the management letters received by the State Auditor. These comments apply to individual fire protection districts unless otherwise noted. The comments extracted from the reports and management letters were not verified by the State Auditor's office via additional audit procedures for accuracy, validity, or completeness.

Limitations

Some data presented in the schedules was compiled from information submitted by the various fire districts and their independent auditors and were not verified by us via additional audit procedures. In analyzing these schedules, some disparity will result due to the different methods of presenting essentially the same information.

SCHEDULES

Schedule 1

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN GREENE COUNTY
COMPARATIVE SCHEDULE OF REVENUE, EXPENDITURES, AND FUND BALANCES - GENERAL FUNDS

District	Year Ended December 31,									
	2003				2004			2005		
	Beginning Balance	Revenues	Expenditures	Ending Balance	Revenues	Expenditures	Ending Balance	Revenues	Expenditures	Ending Balance
Ash Grove	\$ 175,205	86,678	53,455	208,428		*			*	
Battlefield	857,237	1,162,364	696,728	1,322,873	1,362,493	887,599	1,797,767	1,485,061	1,176,604	2,106,224
Bois D'Arc	860	110,787	47,152	64,495		*			*	
Brookline	237,496	723,435	682,065	278,866	239,636	243,214	275,288		**	
Ebenezer	194,724	262,293	267,044	189,973	474,812	483,193	181,592		***	
Fair Grove	99,298	80,624	100,177	79,745	192,747	202,573	69,919		***	
Logan-Rogersville	572,194	826,712	779,431	619,475	895,247	847,314	667,408		***	
Pleasant View	234,225	120,980	63,591	291,614	167,367	87,188	371,793	107,032	95,410	383,415
Strafford	223,962	253,489	248,956	228,495	347,409	320,769	255,135	296,596	298,120	253,611
Walnut Grove	146,896	84,285	55,017	176,164	82,101	54,182	204,083		**	
West Republic	37,934	80,788	115,972	2,750	56,011	48,501	10,260	49,418	58,372	1,306
Willard	400,978	256,867	281,439	376,406	297,294	248,966	424,734		**	
	\$ 3,181,009	4,049,302	3,391,027	3,839,284	4,115,117	3,423,499	4,530,902	1,938,107	1,628,506	4,840,503

* District has engaged auditor to audit the two years ending December 31, 2005; however, the audit has not been completed and submitted to the State Auditor's Office.

** District has not provided written confirmation to the State Auditor's Office of their plans to obtain an audit for 2005.

*** District provided written confirmation to the State Auditor's Office of their plans to obtain an audit for the two years ended December 31, 2006.

Schedule 2

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN GREENE COUNTY
COMPARATIVE SCHEDULE OF CAPITAL ASSETS

District	December 31, 2003				December 31, 2004				December 31, 2005			
	Land and Buildings	Furniture and Equipment	Less Accumulated Depreciation	Total	Land and Buildings	Furniture and Equipment	Less Accumulated Depreciation	Total	Land and Buildings	Furniture and Equipment	Less Accumulated Depreciation	Total
Ash Grove	\$ 86,808	233,954	79,970	240,792				*				*
Battlefield	2,937,875	1,951,293	611,661	4,277,507	3,140,411	1,981,284	752,937	4,368,758	3,172,755	2,017,687	900,638	4,289,804
Bois D'Arc	77,883	150,498	77,052	151,329				*				*
Brookline	201,735	808,581	282,750	727,566	201,735	888,197	329,136	760,796				**
Ebenezer	188,607	363,149	0	551,756	329,578	436,483	333,213	432,848				***
Fair Grove	181,856	307,162	208,238	280,780	181,856	422,947	230,235	374,568				***
Logan-Rogersville	996,432	1,557,092	1,365,127	1,188,397	997,282	1,775,963	1,543,184	1,230,061				***
Pleasant View	85,719	250,805	46,933	289,591	85,719	361,688	94,440	352,967	85,719	489,572	154,188	421,103
Strafford	280,083	612,033	0	892,116	280,083	741,802	497,951	523,934	349,405	783,284	603,368	529,321
Walnut Grove	98,508	198,133	175,232	121,409	208,831	213,570	196,714	225,687				**
Willard	317,590	1,030,640	0	1,348,230	317,590	1,067,426	988,545	396,471				**
	<u>\$ 3,607,879</u>	<u>3,290,543</u>	<u>1,658,194</u>	<u>5,240,228</u>	<u>5,743,085</u>	<u>7,889,360</u>	<u>4,966,355</u>	<u>8,666,090</u>	<u>5,453,096</u>	<u>7,463,340</u>	<u>2,846,963</u>	<u>10,069,473</u>

* District has engaged auditor to audit the two years ending December 31, 2005; however, the audit has not been completed and submitted to the State Auditor's Office.

** District has not provided written confirmation to the State Auditor's Office of their plans to obtain an audit for 2005.

*** District provided written confirmation to the State Auditor's Office of their plans to obtain an audit for the two years ended December 31, 2006.

Schedule 3

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN GREENE COUNTY
 COMPARATIVE SCHEDULE OF ASSESSED VALUATIONS AND TAX LEVIES
 THREE YEARS ENDED DECEMBER 31, 2005

District				Tax Levy per \$100 of Assessed Valuation		
	Assessed Valuations			General		
	2005	2004	2003	2005	2004	2003
Ash Grove	\$ 21,719,181	20,115,598	19,312,326	0.2568	0.2586 *	0.2586
Battlefield	411,446,469	357,689,322	334,479,724	0.3390	0.3611	0.2611
Bois D'arc	20,095,789	17,733,614	16,462,224	0.3783	0.3853	0.3853
Brookline	80,926,033	82,003,627	74,772,719	0.2535	0.2593	0.2593
Ebenezer	90,622,148	79,935,888	75,592,300	0.2783	0.2933	0.2933
Fair Grove	53,950,580	47,931,077	45,800,402	0.1753	0.1825	0.1825
Logan-Rogersville	301,527,815	276,361,071	258,288,831	0.2466	0.2529	0.2539
Pleasant View	27,123,700	25,732,540	24,203,780	0.3000	0.3000	0.3000
Strafford	100,837,748	86,283,602	86,610,028	0.2448	0.2624	0.2498
Walnut Grove	32,099,457	30,136,827	28,261,874	0.2924	0.2925	0.2929
West Republic	21,797,773	19,163,412	17,881,015	0.2518	0.2657	0.2657
Willard	112,414,933	98,259,549	92,459,190	0.2502	0.2641	0.2641

* Ash Grove Fire Protection District also had a debt service levy of .0671.

Schedule 4

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS OF GREENE COUNTY
SCHEDULE OF DIRECTOR COMPENSATION BY DISTRICT

District	2003	2004	2005
Ash Grove	0	*	*
Battlefield	6,600	7,100	5,750
Bois D'Arc (1)	808	*	*
Brookline	0	22	**
Ebenezer (1)	0	1,327	***
Fair Grove	****	****	***
Logan-Rogersville	4,350	4,425	***
Pleasant View (1)	696	639	188
Strafford (1)	4,250	4,700	5,012
Walnut Grove (1)	1,480	480	**
Willard	0	0	**

* District has engaged auditor to audit the two years ending December 31, 2005; however, the audit has not been completed and submitted to the State Auditor's Office.

** District has not provided written confirmation to the State Auditor's Office of their plans to obtain an audit for 2005

*** District provided written confirmation to the State Auditor's Office of their plans to obtain an audit for the two years ended December 31, 2006.

**** This audit report did not include a schedule of compensation and expense reimbursement to directors.

(1) Includes expense reimbursements.

Schedule 5

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN GREENE COUNTY SUMMARY OF MANAGEMENT LETTER COMMENTS ISSUED BY AUDITORS IN CONNECTION WITH THE AUDITS OF THE THREE YEARS ENDED DECEMBER 31, 2005

Nepotism/Related Party Transactions

- One district report had a concern regarding nepotism.
- One district did not adequately document related party transactions.

Expenditures/Purchasing

- Some expenditures from one district represented a use of taxpayer funds for purposes outside the normal course of fire protection.
- Weaknesses were identified in one district's policy regarding fuel allowances.
- Fuel and vehicle allowances were not properly reported according to IRS regulations in two districts.
- Adequate supporting documentation for expenditures was not retained in one district.
- Expenditures in one district included the payment of sales tax.
- One district failed to properly document payment of invoices.
- Board approval of financial activity not documented by one district.

Budgets

- Three districts had actual expenditures which exceeded budgeted expenditures.
- Two district's boards failed to document their approval of the budget in the board minutes.
- Two district's budgets did not contain all the required components as specified by Chapter 67 RSMo.

Accounting Records and Procedures

- There was a lack of segregation of duties in five districts.
- Inadequate recordkeeping and financial reporting was noted for four districts.
- In one district, the board's approval for yearly increases in retirement plan matching funds was not documented in minutes.
- Two districts failed to implement GASB 34 by the implementation deadline.
- One district's treasurer was not bonded as required by statute.
- One district's titles for donated equipment had not been transferred to the district's name.
- One district's financial activity was not adequately reconciled to the cash balance.

APPENDICES

Missouri Revised Statutes

**Chapter 321
Fire Protection Districts
Section 321.690**

Audits to be performed, when--rules established by state auditor (Christian County fire protection districts exempt from audits).

321.690. 1. In counties of the first classification having a charter form of government and having more than nine hundred thousand inhabitants and in counties of the first classification which contain a city with a population of one hundred thousand or more inhabitants which adjoins no other county of the first classification, the governing body of each fire protection district shall cause an audit to be performed consistent with rules and regulations promulgated by the state auditor.

2. (1) All such districts shall cause an audit to be performed biennially. Each such audit shall cover the period of the two previous fiscal years.

(2) Any fire protection district with less than fifty thousand dollars in annual revenues may, with the approval of the state auditor, be exempted from the audit requirement of this section if it files appropriate reports on its affairs with the state auditor within five months after the close of each fiscal year and if these reports comply with the provisions of section 105.145, RSMo. These reports shall be reviewed, approved and signed by a majority of the members of the governing body of the fire protection district seeking exemption.

3. Copies of each audit report must be completed and submitted to the fire protection district and the state auditor within six months after the close of the audit period. One copy of the audit report and accompanying comments shall be maintained by the governing body of the fire protection district for public inspection at reasonable times in the principal office of the district. The state auditor shall also maintain a copy of the audit report and comment. If any audit report fails to comply with the rules promulgated by the state auditor, that official shall notify the fire protection district and specify the defects. If the defects specified are not corrected within ninety days from the date of the state auditor's notice to the district, or if a copy of the required audit report and accompanying comments have not been received by the state auditor within six months after the end of the audit period, the state auditor shall make, or cause to be made, the required audit at the expense of the fire protection district.

4. The provisions of this section shall not apply to any fire protection district based and substantially located in a county of the third classification with a population of at least thirty-one thousand five hundred but not greater than thirty-three thousand.

(L. 1977 H.B. 216, A.L. 1981 S.B. 200, A.L. 1986 H.B. 877, A.L. 1991 S.B. 34, A.L. 1993 H.B. 177 and S.B. 346, A.L. 1998 H.B. 1847)

**Rules of
Elected Officials
Division 40—State Auditor
Chapter 4—Audits of Fire Protection Districts
in St. Louis and Greene Counties**

Title	Page
15 CSR 40-4.010 Requirements for Districts	3
15 CSR 40-4.020 Standards for Auditing and Financial Reporting	3
15 CSR 40-4.030 Contents of Audit Reports	3
15 CSR 40-4.040 Scope of Audit	4

Title 15—ELECTED OFFICIALS**Division 40—State Auditor
Chapter 4—Audits of Fire Protection
Districts in St. Louis and Greene
Counties****15 CSR 40-4.010 Requirements for Districts**

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth requirements to be met directly by the district.

(1) The district is responsible for preparing and providing financial information to be included in the audit report. The district shall maintain adequate accounting records for that purpose. These records may be maintained on the bases of accounting deemed appropriate by the district but the records shall provide adequate information to allow the district to report in accordance with generally accepted accounting principles.

(2) The district shall engage an independent auditor to conduct the audit. The state auditor does not recommend, select or approve the district's auditor or the auditor's fee, except as provided in 15 CSR 40-4.010(4). The district is responsible for fulfilling all contractual obligations with the auditor, including payment of all earned fees.

(3) The district shall require from the independent auditor an engagement letter which sets out all essential particulars. A copy of the engagement letter shall be submitted to the state auditor for his/her review before commencement of audit fieldwork. The purpose of this review is to provide reasonable assurance that the district has contractually committed an auditor to provide services to satisfy requirements of 15 CSR 40-4. The contents of this letter should include, but are not limited to:

(A) Period for which the financial statements are audited;

(B) Purpose of the audit;

(C) Scope of the audit, including consideration of the internal control structure and tests of compliance with applicable laws and regulations;

(D) Provisions that the auditor will communicate, in writing, to the district material weaknesses or reportable conditions in the internal control structure, instances of non-compliance with applicable laws and regulations and other areas of possible improvement;

(E) Provision that all workpapers, etc., will be made available to the state auditor for his/her review upon his/her request;

(F) Provision that the auditor will comply with applicable rules issued by the state auditor under 15 CSR 40;

(G) Provision that the auditor will discuss with the district any factors s/he may discover which would prevent him/her from issuing an unqualified opinion on the financial statements and allow the district and the auditor the opportunity to arrive at a resolution acceptable to both;

(H) Statement of the auditor's responsibility for detection of errors, irregularities and illegal acts; and

(I) The estimated cost of the audit and the rates which are the basis for that estimate.

(4) The district must file a copy of the completed audit report with the state auditor within six (6) months after the close of the audit period. If any audit report fails to comply with promulgated rules, the state auditor will notify the district and specify the defects. If the specified defects are not corrected within ninety (90) days from the date of the state auditor's notice to the district, or if a copy of the required audit report has not been received by the state auditor within the specified time, the state auditor will make, or cause to be made, the required audit at the expense of the district.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

15 CSR 40-4.020 Standards for Auditing and Financial Reporting

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth standards for the auditing and financial reporting of the district.

(1) The independent auditor shall meet all requirements of Chapter 326, RSMo. The auditor must be able to demonstrate that s/he meets the independence criteria contained in the code of professional ethics and rules of conduct promulgated by the Missouri State Board of Accountancy.

(2) The independent auditor shall provide to the state auditor reasonable notification of any entrance or exit conferences held with the district. This notification shall be sufficiently

in advance to allow the state auditor to attend the entrance or exit conference at his/her discretion. Upon request, the independent auditor shall provide a draft copy of the audit report and management letter to the state auditor prior to the exit conference.

(3) The audit shall conform to the standards for auditing of governmental organizations, programs, activities and functions as established by the comptroller general of the United States.

(4) The financial statements, supplementary data and accompanying notes shall be presented in conformity with generally accepted accounting principles.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

15 CSR 40-4.030 Contents of Audit Reports

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule describes required and suggested information to be included in the audit reports.

(1) Standards for auditing and financial reporting of fire protection districts are given in 15 CSR 40-4.020.

(2) All audit reports shall contain:

(A) A table of contents;

(B) A report on the financial statements;

(C) Combined financial statements and appropriate note disclosures;

(D) Other financial information which includes, but is not limited to, the following:

1. Supplemental schedule of expenditures/expenses by object, if not included in the financial statements;

2. Tax rates and assessed valuation;

3. Schedule of insurance in force which shall include, in addition to other information, the agent for each policy; and

4. Principal officeholders who held office during the period under audit, compensation received by each official in performance of his/her duty and all other compensation or reimbursement of expenses made by the district to each officeholder; and

(E) A report on the consideration of the internal control structure, a report on the tests of compliance with applicable laws and regulations and a management letter communicating areas of possible improvement not otherwise reported. The required scope of audit for the reports and management letter is set forth in 15 CSR 40-4.040(3). The reports and management letter shall include the findings and recommendations, if any, which the auditor developed during his/her audit and the district's responses to those findings and recommendations. The reports and management letter shall also indicate the nature of previous recommendations and the extent to which the district has implemented those recommendations.

(3) If the district or the auditor deems it appropriate, audit reports may contain or utilize the following:

- (A) A history and organization section prepared by the district (unaudited);
- (B) Comparative financial data for one(1) or more years; and
- (C) Other statements, exhibits, schedules or analyses as deemed necessary or appropriate by the district or the auditor.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). *Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

15 CSR 40-4.040 Scope of Audit

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth the scope of the audit.

(1) Nothing in the rules promulgated for audits of fire protection districts shall be construed as restricting, limiting or relieving the independent auditor of his/her professional judgment or responsibility.

(2) The audit shall include those tests of the accounting records and other auditing procedures which the independent auditor considers necessary in the circumstances to conform to the standards for auditing of governmental organizations, programs, activities and functions as established by the comptroller general of the United States.

(3) As part of the audit described in section (2), the auditor will obtain an understanding of the internal control structure, assess control risk and report any material weaknesses or reportable conditions. The auditor will also test compliance with applicable laws and regulations and report all material instances of noncompliance. As a part of, or in addition to, audit tests or procedures which may be necessary for the audit, the auditor shall—

(A) Review systems, procedures and management practices, including:

1. Review cash management practices to the extent necessary to determine whether significant improvements appear practicable and economically justifiable;
2. Evaluate the purchasing function to the extent necessary to determine that the district generally receives fair value, for example, bidding of significant purchases; that purchases generally represent items consistent with the function of the district; and that there is not significant likelihood of misuse or misappropriation of the district's resources through the purchasing process;
3. Review fixed asset records and procedures to the extent necessary to determine that fixed assets are properly recorded, physically controlled and in the possession of the district;
4. Review fidelity bond coverages to determine that all persons with access to assets of the district appear covered in sufficient amounts;
5. Evaluate the budgeting practices to the extent necessary to determine whether significant improvements appear practicable and economically justifiable;
6. Review related party transactions;
7. Review evaluate other areas as required by the district; and
8. Review significant areas or matters which come to the attention of the auditor;

(B) The auditor will note areas of possible improvement in the district's systems, procedures and management practices. In evaluating district systems, procedures and management practices, the auditor should consider whether improvements appear practicable and economically justifiable.

(C) Test compliance with applicable laws and regulations, including:

1. Design the audit to provide reasonable assurance of detecting errors, irregularities and illegal acts that could have a direct and material effect on the financial statements;
2. Be aware of the possibility of illegal acts that could have an indirect and material effect on the financial statements; and
3. Test compliance with other legal provisions as s/he deems necessary or appropriate in the circumstances.

(D) Legal provisions which the auditor should consider in his/her audit include, but are not limited to, the following:

1. Article III, Sections 38(a) and 39(3) and Article VI, Section 25, *Constitution of Missouri* limitations on use of funds and credit;
2. Article VI, Section 26, *Constitution of Missouri* limitations on indebtedness without popular vote;
3. Article VI, Section 29, *Constitution of Missouri* application of funds derived from public debts;
4. Article VII, Section 6, *Constitution of Missouri* penalty for nepotism;
5. Chapter 67, RSMo budgetary requirements;
6. Sections 70.210 to 70.230 and Section 432.070, RSMo contracts;
7. Section 105.145, RSMo annual report;
8. Chapter 105, RSMo conflict of interest;
9. Chapter 108, RSMo bond issues;
10. Chapter 321, RSMo fire protection districts;
11. Other applicable portions of the *Constitution of Missouri* and the *Missouri Revised Statutes*;
12. Applicable sections of *Code of State Regulations*; and
13. Other applicable legal provisions.

(4) The auditor shall report on the reviews and examinations required by this rule in a management letter as set forth in 15 CSR 40-4.030 (2)(E).

*Auth: section 321.690, RSMo (Cum. Supp. 1993). *Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*



Claire McCaskill

Missouri State Auditor

November 2006

HEALTH AND SENIOR SERVICES

Home and Community-Based Services



Additional efforts are needed to identify and collect overpayments and opportunities exist to further standardize authorized services

The state spent approximately \$233 million during fiscal year 2005 for home and community-based personal care services provided to Medicaid eligible elderly and disabled individuals. We focused audit efforts on determining (1) whether improvements are needed in the Department of Health and Senior Services' (DHSS) ability to detect and recoup improper program payments to providers, and (2) the status of recommendations addressed in our 2004 report titled "Medicaid Personal Care Services Program" (Report No. 2004-02).

Recoupment of overpayments limited	During fiscal year 2005, Department of Social Services, Division of Medical Services (DMS) personnel initiated recoupment of approximately \$503,000 in program funds, primarily as the result of quality assurance (QA) provider reviews. However, recoupment of Medicaid funds amounted to only .2 percent of \$233 million in program expenditures for fiscal year 2005. In 2001, the U.S. Government Accountability Office reported Illinois, Texas, and Kansas identified improper payment error rates of 4.7 percent, 7.2 percent, and 24 percent, respectively. An assumed error rate of 1 percent would equal \$2.3 million in improper program payments. (See pages 9 and 18)
Efforts to detect overbilling limited and not timely	DHSS has relied on its QA process and hotline complaints to detect provider overbilling. However, QA's review process provided less assurance overbilling would be detected because QA's responsibilities to detect overbilling had not been clearly defined, and reviews of provider client files and aides had been limited. In addition, QA's goal of reviewing each of the 380 providers every 2 years had not been met. (See page 10)
RCF billings not reviewed on regular basis	Residential care facilities (RCF) also provided personal care services to approximately 8,700 home and community-based services clients during fiscal year 2005. However, until December 2005, QA personnel had not reviewed RCFs to ensure billed personal care services had been provided. QA's review of 6 RCFs revealed \$241,000 in overbilling at those facilities. (See page 13)
No review of Mental Health's employee disqualification registry	Review of DHSS's efforts to detect disqualified provider employees disclosed 16 disqualified individuals on Mental Health's employee disqualification registry that may have worked with clients from July 2000 through May 2006. Thirteen of these employees worked in the home and community-based services program, while three additional individuals worked as aides in the consumer directed care program. (See page 14)
Excluded providers not reviewed	DHSS personnel did not review RCFs to determine whether those providers had been included on the U.S. Department of Health and Human Services' OIG exclusion listing. According to state law, the department is required to investigate whether or not principals in the operation are excluded from Medicaid, because it cannot issue a license to an RCF if any principals involved in the operation are excluded from participation in Medicaid. (See page 16)

Adequate oversight of providers lacking

DHSS lacked oversight of provider billings and other deficiencies because it did not establish an adequate management reporting system capable of providing useful information on providers. QA is transitioning to an automated reporting system, but it will be approximately a year before it is fully implemented. (See page 17)

DMS efforts limited

DMS initiated recoupment of approximately \$503,000 in program funds during fiscal year 2005. However, potential recoupments have been minimal because DMS audits of home and community-based providers have been limited. DMS did not dedicate adequate staff resources to review program providers for possible overbilling and/or fraud. Recoupments have also been minimal because of limited referrals from QA to DMS personnel. (See page 18)

Opportunities may exist to further standardize authorized services

In 2004, we reported DHSS had not established criteria to determine and control the number of personal care service hours Medicaid clients could be authorized on a statewide basis. DHSS implemented one of two recommendations related to that situation. Follow-up efforts disclosed DHSS has made some progress in achieving more uniform allocation of personal care services. However, the St. Louis region continued to exceed other regions in terms of authorized services and, although officials had conducted some analyses of why it occurred, these analyses were not adequate to determine why the differences existed. Officials implemented our recommendation to improve the timeliness of violation notifications to providers. (See pages 6 and 25)

All reports are available on our website: auditor.mo.gov

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Abbreviations

CSR	Code of State Regulations
DHSS	Department of Health and Senior Services
DMS	Division of Medical Services
EDR	Employee Disqualification Registry

FCSR	Family Care Safety Registry
GAO	U.S. Government Accountability Office
OIG	Office of Inspector General
QA	Quality Assurance
RCF	Residential Care Facility
RSMo	Missouri Revised Statutes
SAO	State Auditor's Office



CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Jane Drummond, Director
Department of Health and Senior Services
and
Deborah Scott, Director
Department of Social Services
Jefferson City, MO 65102

The state spent approximately \$233 million during fiscal year 2005 for home and community-based services provided to Medicaid eligible elderly and disabled individuals. We focused our audit efforts on determining (1) whether improvements are needed in the state's ability to detect and recoup improper program payments to providers, and (2) the status of recommendations addressed in our 2004 report titled "Medicaid Personal Care Services Program" (Report No. 2004-02).

We found improvements are needed in the Department of Health and Senior Services' (DHSS) ability to detect and recoup overpayments to providers. The department's efforts to identify overbilling by providers has been limited because its role in identifying overpayments has not been clearly defined and because of limited reviews of provider client files, limited efforts to detect aides not providing services, and untimely reviews of providers. In addition, reviews of residential care facilities have not been conducted, reviews of employee disqualification listings have been limited, and reviews of federal exclusion listings have not occurred. We also found the department's efforts to monitor providers have been hampered by its limited management reporting system. The department is implementing computer software which, within the next year, should enhance its ability to monitor providers. Also, efforts to recoup improper overpayments by the Department of Social Services, Division of Medical Services (DMS) have been hampered by its limited audits of providers and by the lack of case referrals to it by DHSS.

We also found the department implemented two of three recommendations made in our prior report. The department did not implement one recommendation relating to standardizing the level of services provided to clients in the state. Although actions taken by the department have resulted in some progress in this area, additional efforts are needed to determine why the level of home and community-based services provided to clients in the St. Louis region continue to exceed the level of services provided in other regions of the state. We have made recommendations to improve the oversight of the program.

We conducted our audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. This report was prepared under the direction of John Blattell and key contributors to this report included Robert Spence, Anissa Falconer, and Michael Reeves.

Claire McCaskill
State Auditor

Introduction

The Department of Health and Senior Services (DHSS), Division of Senior and Disability Services (the division), authorized services resulting in approximately \$233 million in personal care expenditures during fiscal year 2005 for home and community-based personal care services provided to Medicaid¹ eligible elderly and disabled individuals. Medicaid funds the majority of these expenditures.

Program Provides Options

The General Assembly established the Missouri Care Options program (program) in 1992 and the Department of Social Services, Division of Aging implemented it in October of that year. In January 2001, the governor issued an executive order that moved the Division of Aging, including the program, to DHSS effective August 2001. One objective of the program is to give adults facing long-term care decisions access to information necessary to make informed choices about their care. Another is to moderate avoidable growth in Medicaid payments to nursing facilities through increased funding for home and community-based services for older adults.

Home and community-based services are offered to adults, 18 years and older, who are Medicaid eligible, or potentially Medicaid eligible, and in need of assistance. The division uses a screening process to inform persons considering nursing facility care of their options for care and the care settings best for them. Options are also offered to screened nursing facility residents for home and community-based services. Through the program, persons are identified that need state funded long-term care, and

- have low-level maintenance health care needs, but are medically eligible for nursing facility care,
- are considering long-term care and need to know all available care options,
- could reasonably have needs met outside a nursing facility, and
- prefer to remain in a home or community-based care setting.

Home and community services include personal care, general and heavy household activities, nursing, respite, adult day health care, and counseling. The primary funding sources for home and community-based services include general revenue, Medicaid, Social Services Block Grants, and the Older Americans Act. Through these programs, approximately 66,000 elderly, and persons with disabilities, are served each year.

¹ Medicaid is a federal/state entitlement program that pays for medical assistance for certain individuals and families with low income and resources.

The Division of Medical Services² (DMS) manages the operations of the Medicaid program. DHSS is responsible for providing direct administrative functions required to provide personal care services. DHSS and the Department of Social Services have entered into an agreement to define each agency's duties. DHSS has agreed to monitor operations of contracted in-home providers, and to report instances of noncompliance to DMS. In turn, DMS agrees to review reports of provider noncompliance submitted by the division and to pursue sanctions or other necessary actions. The agreement does not assign responsibility for conducting reviews of approximately 600 residential care facilities (RCFs).

The division's quality assurance (QA) unit conducts reviews of about 380 program providers to determine whether the providers are operating in compliance with state statutes, state regulations, and contractual requirements. The QA unit conducts on-site reviews of the providers looking for compliance in 40 areas, including conducting proper Family Care Safety Registry (FCSR) screenings, properly reviewing the DHSS Employee Disqualification Listing, verifying that policies are in place to ensure that employees are not servicing immediate family members,³ and ensuring that timesheets are completed according to guidelines.

State law⁴ established the FCSR to protect children, the elderly, and disabled individuals in Missouri, and to promote family and community safety by providing information concerning caregivers. All personal care workers are required to register with the FCSR. When employers conduct an FCSR screening of potential employees, they will be notified if the individual is included on any of the lists reviewed, which include:

- The Highway Patrol's criminal record check system.
- Probable cause findings of abuse and neglect of children.
- DHSS's employee disqualification list.
- Mental Health's Employee Disqualification Registry (EDR).
- Foster parent licensure denials, revocations, and involuntary suspensions.
- Child-care facility license denials, revocations and suspensions.
- Residential living facility and nursing home license denials, revocations, suspensions and probationary status.
- The Highway Patrol's uniform law enforcement system for sexual offender registrations.

² Medical services is located within the Department of Social Services.

³ Immediate family is defined as a parent; sibling; and child by blood, adoption, or marriage; grandparents; or grandchild.

⁴ Sections 210.900 to 210.936, RSMo.

	State law ⁵ disqualifies persons who refuse to register with the FCSR, or who are listed on any of the background check lists in the FCSR, from providing in-home services to clients, unless a good cause waiver is granted. Providers are required to request a FCSR screening on all prospective employees, according to DHSS regulations. ⁶
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Consumer directed care services added	In fiscal year 2006, the division began administering consumer directed care services. This program had previously been known as the Personal Care Attendant Services program, and had been administered by the Department of Elementary and Secondary Education. At the time the program transferred, approximately 6,000 consumers had been authorized to receive services.
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Consumer directed care services are provided by a personal care attendant to persons with disabilities who are at least 18 years old and can direct their own care by hiring, training, and supervising an attendant. The services allow persons with disabilities to accomplish tasks they would normally do for themselves if they didn't have a disability, such as routine tasks and activities of daily living that allow them to reside in their own homes rather than in nursing facilities. The General Assembly made statutory changes to the program when it moved to DHSS. For example, Section 208.909.4, RSMo states that no state or federal financial assistance shall be paid for services provided by a personal care attendant who is listed on any of the background check lists in the FCSR unless a good cause waiver is first obtained from the department.

Status of Prior Recommendations

In our 2004 report,⁷ we found DHSS had not established criteria to determine and control the number of personal care service hours Medicaid clients could be authorized on a statewide basis. Auditors discovered substantial differences in hours authorized among regions with no identified or documented factors justifying the variances. The department implemented one of two recommendations relating to this situation, and officials believe steps have been taken to achieve assignment of more uniform personal care services in the state. Follow-up efforts disclosed some improvements have been achieved in this area; however, Medicaid clients in the St. Louis region continue to have more personal care hours authorized than other regions.

DHSS agreed with our recommendation to establish additional guidelines to address the lack of timely notification of compliance violations found

⁵ Section 660.317 (7) RSMo.

⁶ 19 CSR 30-82.060 (18).

⁷ "Medicaid Personal Care Services Program," January 13, 2004 (Report No. 2004-02).

during QA reviews of providers. We reported the department took up to 4 months after completing QA reviews to notify personal care service providers they were in noncompliance with state regulations. This situation allowed providers to continue to operate in violation of state regulations and created a risk of injury or harm to the provider's clients. See Chapter 3 for additional information.

Scope and Methodology

We conducted work at DHSS and the Departments of Mental Health and Social Services. We interviewed knowledgeable officials and personnel at those departments and reviewed program documentation needed to accomplish objectives. We also reviewed the cooperative agreement between DHSS and DMS.

We also searched for background information on home and community-based care programs in the eight surrounding states. We also reviewed U.S. Government Accountability Office (GAO) reports to determine the extent of improper Medicaid payments in other states and efforts made to recoup overpayments to determine what Missouri could possibly achieve in recoupments.

To determine whether additional oversight is needed to detect overpayments and potential fraud, we interviewed QA officials in Jefferson City and QA specialists in St. Louis and Kansas City. We reviewed the QA manual, various reports, including those used to monitor providers, and examined results of reviews done by QA. We interviewed an official in DHSS's Office of Special Investigations regarding cases referred for criminal investigation. We also interviewed officials from the DMS Program Integrity Unit and reviewed documentation regarding recoupments initiated. To determine the amount of overpayments and recoupments, we reviewed information on referrals to DMS, and recoupment information from DMS personnel and determined percentages recouped. We also obtained information on recoupments by the Attorney General's Office.

To determine whether owners and/or key officials of providers had been included on the U.S. Department of Health and Human Services' Office of Inspector General (OIG) exclusion list, we interviewed officials at the OIG and reviewed the OIG exclusion list. We also interviewed officials from DHSS, Mental Health, and DMS regarding procedures for checking the OIG exclusion list.

To determine if provider employees had been included on the Department of Mental Health's EDR, we compared the Mental Health EDR as of April 3, 2006, to employment data and contacted providers to obtain additional

information about possible EDR problems. We also reviewed DHSS FCSR and Good Cause Waiver information for possible disqualified employees.

To follow-up on prior recommendations and determine whether additional standardization of authorized personal care services is needed, we interviewed field staff in Buffalo, Jefferson City, Springfield, and St. Louis to determine how they assessed and rated clients. We analyzed division screening data to determine average units of services authorized in each region. We also conducted a statistical random sample of unit authorization worksheets to determine what could cause higher levels of authorized hours in one area of the state. We also reviewed the results of DHSS's analysis of statewide unit authorizations. We also reviewed the QA letter tracking reports to determine timeliness.

We performed data reliability tests on the division's client screening data and found the data to be sufficiently reliable for report purposes.

We requested comments on a draft of our report from the Directors of the Departments of Health and Senior Services, and Social Services. We conducted our work between August 2005 and June 2006.

Additional Efforts Needed to Identify and Collect Overpayments

Improvements are needed in the state's efforts to identify and recoup overpayments of Medicaid funds authorized by the division. Recoupment of program funds has been minimal because division officials have not maximized efforts to identify overbilling by providers. This situation occurred because the division's role in identifying overpayments has not been clearly defined, and because its reviews of providers have been limited, reviews of providers have not been timely, and RCFs have not been reviewed on a regular basis. In addition, DHSS has not established adequate procedures to ensure persons on the Mental Health EDR are not working with clients, and excluded providers have not been reviewed. The division also has not established a management reporting system that provides officials with an adequate overview of problem providers.

Recoupments by DMS have been minimal because of limited audits by DMS and by few referrals to DMS. As a result, improper billings, or possible fraud, may have gone undetected.

Recoupment of Overpayments Limited

During fiscal year 2005, DMS initiated recoupment of approximately \$503,000 in program funds,⁸ primarily as the result of QA provider reviews. Therefore, recoupment of Medicaid funds amounted to only .2 percent of \$233 million in program expenditures for fiscal year 2005. (See page 18 for additional information on recoupment process.)

In 2001, GAO reported⁹ on states' efforts to detect improper Medicaid fee-for-services payments. In that report, GAO discussed efforts by Illinois, Texas, and Kansas to identify the extent of improper payments. These states reported error rates of 4.7 percent, 7.2 percent, and 24 percent, respectively. For illustrative purposes, an error rate of 4.7 percent would equal approximately \$11 million in potential improper payments based on fiscal year 2005 home and community-based services expenditures. If the error rate represented 1 percent, it would equal \$2.3 million in improper program payments.

In February 2006, DMS's Director testified before the General Assembly's special committee to investigate Medicaid fraud that savings could be achieved by increasing program integrity unit staff. During that testimony the director stated that each program integrity reviewer can identify and avoid up to \$500,000 per year in waste, fraud, and abuse.

⁸ Does not include \$21,000 in program funds recouped by the Attorney General's Office.

⁹ "Medicaid: State Efforts to Control Improper Payments Vary" (GAO-01-662, June 2001).

Complaints sometimes identify overbilling

Hotline complaints provide information that sometimes leads to recoupments, according to a QA official. DHSS data for fiscal year 2005 disclosed DMS identified approximately \$2,600 as the result of complaint calls.

Clients sometimes notify the department when services have not been provided. Other times, complaints come in from family members of the client or from disgruntled employees, according to the official. Hotline complaints will be investigated by field staff. If it appears to be a systemic problem involving the provider, field staff will complete a provider complaint form which will cause QA to become involved, according to the official. According to the official, QA personnel conduct a review based on the complaints and if additional problems are found, the review is expanded. Any instances of possible overbilling are turned over to DMS for recoupment. If, at any time, it appears that the situation is criminal in nature, it is referred to the DHSS Office of Special Investigations, according to QA officials.

Efforts to Detect Overbilling Limited and Not Timely

The division has relied on its QA process and hotline complaints to detect provider overbilling. However, QA's review process provides less assurance overbilling will be detected because QA's (1) responsibilities to detect overbilling have not been clearly defined, (2) reviews of provider client files and aides have been limited, and (3) goal of reviewing each of the 380 providers every two years has not been met.

DHSS's role not clearly defined

Effective August 2001, DHSS entered into a cooperative agreement with DMS that states division personnel are to review provider operations. However, the agreement did not clearly define QA's responsibilities to detect overbilling and/or fraud. The agreement states, in part, the following.

DHSS will provide qualified staff to monitor the operations of contracted in-home providers. The monitoring will include a sample comparison of the plan of care to applicable documentation and remittance records to ascertain whether or not the provider delivered the services in accordance with the standards and care plan and as reimbursed by the Department of Social Services. DHSS will coordinate with DMS to provide technical assistance at the request of in-home services providers. DHSS will report instances of provider noncompliance to the Department of Social Services and jointly pursue sanctions or any other remedy including termination when necessary to remedy noncompliance.

According to a QA official, QA provides program oversight to find out if providers are in agreement with state statutes and provider agreements (contracts). They sometimes detect fraud while reviewing providers, however, abuse, neglect, fraudulent timesheets, and fraudulent billing practices are usually uncovered through hotline calls, according to the official. QA uses a monitoring tool which specifies the review should ensure providers are in conformance with statutes, regulations, and provider agreements, but it does not address overbilling.

If deficiencies are found involving billing by providers, QA personnel turn findings over to DMS for further investigation and possible recoupment, according to QA personnel. DMS is also responsible for identifying overbilling in the program, because they have oversight of all Medicaid programs. However, it is a partnership between DMS and QA, according to the official. (See page 18 for additional information on DMS' role.)

QA limits number of client files reviewed

QA reviews of providers include reviewing provider client files on a sample basis, according to a QA official. However, the review is usually limited to between 5 and 15 client case files, depending on the number of clients served by the provider, for a one-month sample time period.¹⁰ According to DHSS provider data, the number of clients served by providers ranges from 1 to 2,851 for an average of 127. Using QA sampling criteria, QA would sample 5 cases (4 percent) of 127 cases.

QA policy stated for providers with 1 to 500 clients, 5 client files are to be tested which results in a 100 percent sample for 5 clients and a 1 percent sample for 500 clients. For 500 to 1,000 clients, 10 client files are to be sampled which results in a sample of 2 percent for 500 and 1 percent for 1,000 clients. For providers with over 1,000 clients, 15 client files (1.5 percent or less) are to be tested. If the provider has less than 5 clients, all are to be tested. The guidance also stated the sample may be expanded based on findings during QA reviews or based on the history of the provider. However, the policy did not provide any guidance on how much to expand the test of client files.

According to a QA official, if personnel find a problem when reviewing client files, the sample size would be expanded to determine whether the problem continued. The timeframe reviewed would also be expanded beyond a month, if compliance issues are found, and it would be up to the QA reviewer to determine how much to expand the timeframe. According to

¹⁰ One month is to be selected from the previous 6 to 12 months.

three QA specialists, reviews have been expanded, but the extent has been left up to QA personnel.

QA file review limited

A QA official told us department procedures allow detection of potential provider overbilling. However, procedures are limited to reviewing provider visit reports in sampled provider client files to determine whether the reports have been filled out properly. For example, department policy requires QA personnel verify whether all required elements such as time in, time out, tasks done, aide's signature, and supervisor's signature have been included on the report. If any of these elements are missing, QA copies the information and submits it to DMS for possible recoupment, according to the official. QA also relies on DMS to determine whether the provider billed Medicaid for the visit.

QA personnel also review for provider compliance by determining whether aides have been included on the department's employee disqualification listing, and whether services have been provided by an aide doing advanced personal care tasks without proper training. If these situations are found it is also basis for recoupment, according to a QA official. During provider reviews the name and social security numbers for all staff are obtained. QA then selects a separate sample to cross-check provider aides against the disqualification listing. In addition, aides working for clients selected during the client review are reviewed to ensure provider background checks have been done, the FCSR has been checked, necessary training has occurred, and evaluations completed, according to the official. If found, non-compliance cases are also turned over to DMS personnel for possible recoupment of program funds.

Efforts to detect aides not providing services limited

When reviewing providers, QA personnel also conduct client interviews which could detect aides that have not provided authorized services for clients. However, personnel limited client interviews to two interviews for every provider reviewed, in accordance with QA policy. The policy includes questions for clients such as the name of the aide, the number of days during the week the aide works, the time the aide arrives and leaves, how long the aide stays, and what the aide does for the client.

According to a QA official, field staff are in constant contact with the clients and problems are usually brought up with the provider complaint form so they only need to interview two clients. In addition, interviews are normally conducted in clients' homes, and therefore, QA staff can assess home conditions and the client, according to the official. If the aide should have been at the home shortly before the interview, but the home is a "wreck", QA staff know to question the client more carefully, and to look more closely into that aide's work, according to the official.

	<p>The official also told us QA personnel rarely get complaints from client interviews because the clients are worried about losing an aide or the provider. The official plans to supplement the client interviews with telephone satisfaction surveys in the first quarter of fiscal year 2007.</p>
QA provider review goal not met	<p>During fiscal year 2005, QA personnel conducted quality reviews for 108 (28 percent) of 380 providers, according to documentation provided by a QA official. However, the department's goal requires providers be reviewed by QA personnel every 2 years to determine whether providers are following department and federal guidance. Since approximately 380 providers existed during fiscal year 2005, approximately 190 should have been reviewed for that year.</p>
QA not staffed adequately	<p>As of June 30, 2006, QA has 10 field staff,¹¹ plus 2 support staff in Jefferson City that help out as needed. These staff must conduct reviews of 296 in-home service providers, 58 adult day care providers, 4 counseling providers, and 22 independent living centers.¹² According to a QA official, if QA had more staff, providers could be reviewed more frequently. In addition, the QA staff could concentrate on problem providers, either helping to correct problems, or eliminating them as providers. Having more staff would eventually allow DHSS to have a better pool of providers, according to the official.</p> <p>The official also stated more staff time is spent with problem providers, due to hotline calls and complaints. According to the official, the better providers would actually like QA staff to come more frequently so that problems could be corrected more timely.</p>
RCF Billings Not Reviewed on Regular Basis	<p>RCFs also provided personal care services to approximately 8,700 home and community-based services clients as of June 2005. However, until December 2005, QA personnel had not reviewed RCFs to ensure that billed personal care services had been provided.¹³</p> <p>According to QA personnel, they have not reviewed RCFs because department officials have never assigned RCF reviews to QA. According to a DMS official, DMS personnel have reviewed RCFs on occasion, when</p>

¹¹ Four of the ten staff had not been expected to conduct reviews until July 2006, according to a QA official.

¹² The 22 centers came under QA's jurisdiction in 2005, when the consumer directed care program became a part of the program. QA does not anticipate starting to review these facilities until July 2006.

¹³ Chapter 198, RSMo and 19 CSR 30-86.042 explain that DHSS's Division of Regulation and Licensure, Section for Long-Term Care, issues RCF licenses and monitors RCFs.

referrals or complaints have been received. However, DMS has not conducted reviews on a regular basis. Our review of DMS recoupment data disclosed DMS reviews of RCFs resulted in recoupments. For example, during fiscal year 2005, DMS reviewed six RCFs and recouped approximately \$403,000.¹⁴

Since DHSS has overall responsibility for authorizing personal care services at RCFs, sound business practices dictate the department ensure that services authorized are actually provided.

Limited review of RCFs revealed overbilling

In December 2005 and February 2006, QA personnel reviewed six RCFs, to determine what reviewing RCFs would entail, according to QA personnel. QA's review of the six RCFs revealed \$241,000 in overbilling at these facilities. QA personnel referred the cases to DMS personnel for recoupment. For example, DMS personnel have initiated the recoupment process on two cases of approximately \$140,000 (94 percent of the amount billed) and \$88,000 (100 percent of the amount billed) as of March 31, 2006, for fiscal year 2005 activity reviewed.

QA began reviewing RCFs on a regular basis in June 2006 and plans on reviewing six each month. However, as discussed on page 13, QA has not met its goal of reviewing all providers every 2 years.

No review of Mental Health's EDR

Review of the department's efforts to detect disqualified provider employees disclosed 16 disqualified individuals¹⁵ on Mental Health's EDR that may have worked with clients from July 2000 through May 2006. Thirteen of these employees worked in the home and community-based services program, while three additional individuals worked as aides in the consumer directed care program. Approximately \$7,000 had been paid to the three disqualified consumer directed care aides from October to December 2005 for services.¹⁶ This situation occurred because DHSS had not compared Mental Health's EDR to provider employment information. In addition, the division had not established procedures to notify providers of additions to Mental Health's EDR. We also found providers had not always conducted required screenings for new employees.

State law disqualifies persons on Mental Health's EDR from working with clients in the home and community-based program. Additionally, state law

¹⁴ Of this amount, one RCF is appealing its case for approximately \$156,000.

¹⁵ One individual worked for two different providers while disqualified.

¹⁶ The amount paid to the 13 disqualified individuals through the home and community-based care program was not readily available in DHSS data.

does not allow state or federal monies to be paid to persons on the Mental Health EDR for aide services provided in the consumer directed care program. Therefore, services performed by disqualified employees would not be eligible for reimbursement through the home and community-based services program, unless a waiver is granted based on prior work history and other factors.

Division officials had not been aware of these disqualified persons working with clients until we brought it to their attention. The officials could not provide rationale for why comparisons of the Mental Health EDR to provider employment information had not been made.

Providers not notified of additions to Mental Health's EDR

Although DHSS personnel have established procedures to notify providers of additions to the DHSS employee disqualification list, they had not established procedures to notify providers of additions to the Mental Health's EDR. For example, a review of DHSS information showed providers conducted proper FCSR screenings on four employees. When providers conducted the FCSR screening, the employees had not been added to Mental Health's EDR. After the providers hired the employees, Mental Health added the employees to its EDR. However, because DHSS does not notify providers of additions to the Mental Health's EDR, the providers had no way of knowing the employees had been disqualified. As a result, these employees continued to be employed by providers between 4 and 18 months after being added to the Mental Health's EDR.

A program official was aware of Mental Health's EDR, but could not provide an explanation as to why program personnel had not notified providers of EDR information.

Providers not always conducting required screenings

Provider administrators have not always conducted FCSR screenings for new employees as required by DHSS regulations.¹⁷ For example, DHSS information disclosed providers did not perform FCSR screenings for 5 of the 13 disqualified individuals.¹⁸ DHSS policies require FCSR screenings to be completed for all employees working with DHSS clients.

When we contacted provider personnel, they confirmed those employees had been working with DHSS clients during the timeframe in question. Providers had employed these disqualified persons from 2 months to more than 4 years.

¹⁷ The FCSR includes a review of Mental Health's EDR.

¹⁸ Employees working in the home and community-based services program discussed on page 14.

QA not always aware of situation

QA's normal means of becoming aware of the situation discussed above is through its reviews of providers. However, QA's review of providers has been limited to about once every three years and its review of employee files has been limited to five during each provider review. See pages 11 and 13, for additional discussion.

Excluded RCFs Not Reviewed

DHSS personnel have not reviewed RCFs to determine whether those entities¹⁹ have been included on the U.S. Department of Health and Human Services' OIG exclusion listing. According to state law,²⁰ during the application process DHSS is required to investigate whether or not principals in the operation are excluded from Medicaid, and cannot issue a license to an RCF if any principals involved in the operation are excluded from participation in Medicaid.

The OIG included approximately 37,000 individuals and businesses on its list of excluded providers as of May 2006. According to an OIG general counsel official, if an excluded person worked for a provider, i.e., a nursing home, a RCF, or a pharmacy, then related billings would be considered overbillings and the Medicaid payments would be improper payments. Medicaid moneys should not be paid to businesses that employ or are owned by excluded individuals, according to the OIG official.

DHSS not determining whether RCFs are on excluded listing

According to DHSS long-term care personnel,²¹ they have responsibility to not license excluded RCFs. However, long-term care division personnel told us they do not normally determine whether RCF operators or employees have been listed on the excluded list. Instead, they have relied on a notarized statement affirming that neither the operator nor any principals in the operation of the facility are on the exclusion listing. Personnel also stated in cases where the OIG investigated an operator, or employee, of a long-term care facility, the OIG notified long-term care personnel about the investigation and informed them if the operator or an employee had been added to the exclusion list.

¹⁹ Includes RCF officials also.

²⁰ Section 198.022.1 (5), RSMo.

²¹ The Division of Regulation and Licensure, Section for Long-Term Care.

No assurance by other agencies that RCFs owners and/or principals are not on excluded listing

DMS is the Medicaid agency for the state. As such, RCF claims for personal care services are submitted to DMS and payment is made through its system. However, as of March 22, 2006, provider enrollment personnel had not compared new Medicaid provider applicants to the OIG exclusion list on a regular basis, according to DMS personnel.²² In regard to RCFs, provider enrollment personnel assumed DHSS reviewed this information, if it needed to be reviewed, because the department's long-term care division is the primary licenser of RCFs. In discussing this matter in early June 2006, provider enrollment personnel advised us that personnel began comparing new providers to the listing. However, they are not determining whether owners and/or principals are on the listing because they do not have the necessary information.

Adequate Visibility of Providers Lacking

DHSS lacks visibility of provider overbilling and other deficiencies. This situation has occurred because the department has not established an adequate management reporting system to provide QA and department officials with useful summary information on providers. QA is transitioning to an automated reporting system, but it will be approximately a year before it is fully implemented.

Sound business practices dictate the department have effective oversight of providers. One technique used by organizations to assist oversight is the establishment of a management reporting system. For example, an effective reporting system could provide officials with summary and/or trend information on providers repeatedly cited for deficiencies and/or overbilling Medicaid.

Current QA reporting limited

As of June 2006, QA had no overall report, or annual summary report, showing providers deficient in given areas or providers and/or aides that had overbilled DHSS for services, according to a QA official. Instead, anytime a question of this type has been raised, QA personnel prepared a report manually, according to the official. For example, if department officials wanted specific information on deficiencies found at providers for fiscal year 2005, individual reports would have to be pulled showing this information and summarized manually.

QA staff prepare monthly review activity reports addressing activities such as the number of surveys completed and number of deficiencies noted at providers. However, until December 2005, QA had no overall report showing monthly activity. In December 2005, a QA official began preparing

²² After providers are approved to participate in the Medicaid program, DMS's Program Integrity Unit staff checks the OIG monthly exclusion list for continued eligibility.

QA implementing
automated reporting system

a monthly report summarizing QA's monthly activity using reports from staff. According to the official, no other reports have been prepared on a regular basis. Also, see Chapter 3 for information regarding QA efforts to track timeliness of compliance violation notices to providers.

In March 2006, QA implemented computer software that will allow division personnel to generate reports showing statewide statistics for providers reviewed, according to a QA official. The software will allow personnel to maintain a history of reviews by provider. The official anticipates that it will be approximately a year before QA will have sufficient data to analyze in order to produce reports for use by the unit. Officials stated that the new software will allow them to review deficiencies statewide or by region. They plan to use the software when selecting topics for training staff and providers.

DMS Efforts Limited

During fiscal year 2005, DMS recouped approximately \$503,000 on behalf of the program. However, potential recoupments have been minimal because DMS audits of home and community-based providers have been limited. This situation has occurred because DMS has not had adequate staff dedicated to reviewing program providers for possible overbilling and/or fraud. Recoupments have also been limited because of limited referrals from QA to Program Integrity Unit (unit) personnel.

The unit is responsible for conducting post-payment audits/reviews and researching recipient complaints for all Medicaid providers, including home and community-based personal care services. In regard to identifying overpayments, a DMS official told us DHSS and DMS are jointly responsible for detecting overpayments and fraud. (See page 10 for discussion on cooperative agreement.) The two units work together and meet quarterly to discuss pending cases, cases that are closing, and actions taken, according to the official.

Limited audits and
referrals hamper effort

During fiscal year 2005, three DMS staff conducted in-home provider audits. However, as of July 2005, unit staff assigned this responsibility had decreased to one person, according to a unit official. After the reduction in unit staff, only cases referred by QA personnel were reviewed. According to unit personnel, the unit has no plans to audit all providers, which totaled approximately 380. Instead the unit focuses its efforts on problem providers referred by QA staff. Beginning in February 2006, three additional staff began working on QA referrals on a part-time basis.

According to unit personnel, the unit did not receive many QA case referrals until June 2005. At that time, and in early fiscal year 2006, referrals increased. Because unit staff had not received many referrals from QA

personnel in fiscal year 2005, staff used unit generated reports to select providers for review. These reports would flag providers based on various problems. Unit staff would then conduct on-site audits for providers located in St. Louis. For selected providers not located in St. Louis, personnel would conduct "desk" audits, according to unit personnel. During fiscal year 2006, unit personnel no longer conducted self-initiated audits.

QA personnel turn over review information with potential overpayments to DMS personnel. Unit personnel then limit their review of the case by reviewing only those allegations received, comparing copied timesheets, and reviewing a DMS report showing payment history for the client. Unit personnel review the payment history to determine whether or not an overpayment occurred. If overpayment occurred, unit personnel notify the provider and initiate the recoupment process, according to unit personnel.

Suspected fraud referred to
Attorney General's Office

If unit personnel suspect fraud, the case is turned over to the Attorney General's Office for further investigation, according to DMS officials. In fiscal year 2005, DMS referred two cases to the Attorney General's Office which were still in process as of June 30, 2006. DMS personnel may also pursue collection of overpayments on cases referred to the Attorney General's Office.

Conclusions

Additional efforts are needed to identify and collect overpayments. Clarifying its role in identifying overbilling and increasing the number of client files reviewed by QA personnel would enhance DHSS's opportunities to find potential overbilling by providers. Additional guidance is also needed to assist personnel in determining how much to increase testing of client files when overbilling is suspected. Client file reviews have also been limited to determining whether all required elements have been filled out on appropriate forms. Increasing the number of interviews with clients could also increase opportunities to identify overbilling and/or fraud. The department should also determine the number of staff needed to meet its 2-year review goal and increase staff assigned to this task to meet that goal.

Based on results achieved through limited review of RCFs, QA should continue to review RCFs. DHSS should institute review procedures and increase staff to accomplish these reviews. In addition, DHSS should review Mental Health's EDR and notify providers of additions to that registry. Doing so would enhance opportunities to identify overbilling by providers that have disqualified personnel providing services. The department should also ensure providers conduct required screenings of providers.

DHSS personnel have not reviewed RCFs to determine whether those facilities have been included on the OIG's exclusion listing. DHSS long-

term care personnel should perform this function to identify potential overbilling and fully comply with state law.

In March 2006, QA implemented computer software that should provide officials with information on providers that have been reviewed. However, it will be about a year before QA will have sufficient data to analyze. Once fully functional, the department should undertake an in-depth evaluation of its management reporting requirements in order to ensure the new system meets its needs.

Recoupment of program funds has also been limited because DMS has limited its audits of program providers and because of limited referrals to it by QA staff. The Department of Social Services has not dedicated an adequate number of staff that would allow DMS to initiate audits of program providers and/or expand on referrals by DHSS. Social Services should determine DMS staffing needs and meet those needs. By increasing staff assigned to this task, recoupments of overbilling and/or fraud should increase significantly.

Recommendations

We recommend the Director of the Department of Health and Senior Services increase efforts to minimize, identify and recoup overbilling by:

- 2.1 Clarifying the department's role in identifying provider overpayments. This clarification should include clarifying whether the department or DMS will take the lead in identifying overpayments.
- 2.2 Increasing the number of sampled client files. Establishing uniform guidance for reviewers to follow when overbilling is suspected, and increasing the number of client interviews for each provider reviewed.
- 2.3 Increasing staff assigned to QA to increase coverage and meet the department's 2-year goal of reviewing providers.
- 2.4 Increasing staff assigned to QA and establishing procedures to review RCFs on a regular basis.
- 2.5 Determining the amount of potential overbilling by providers identified through SAO's review of Mental Health's EDR and refer results to DMS for recoupment.
- 2.6 Comparing employment information to Mental Health's EDR to identify disqualified employees in the home and community-based program and the consumer directed care program.

-
- 2.7 Requiring staff to notify providers of additions to Mental Health's EDR.
 - 2.8 Ensuring provider staff are conducting FCSR screenings.
 - 2.9 Ensuring RCF owners and principals are not on the OIG exclusion list before issuing licenses.
 - 2.10 Assessing the management reporting system once fully operational to ensure it meets the department's needs.

We also recommend the Director of the Department of Social Services enhance efforts to recoup home and community-based services funds by:

- 2.11 Increasing program integrity unit staff to allow DMS personnel to initiate provider audits as well as expand audit efforts on referrals by DHSS.

Agency Comments

Department of Health and Senior Services Comments

- 2.1 *Although the DSS and the Office of the Attorney General have primary statutory authority for Medicaid fraud activities, DHSS contributes to these efforts by identifying billing errors and documentation problems discovered during quality reviews of home care entities. When overpayments are suspected, information is referred to DSS, Division of Medical Services (DMS) as part of DHSS' role of ensuring quality oversight of home care entities. The two departments hold quarterly meetings to promote this shared responsibility. DHSS will clarify directives for Quality Assurance (QA) specialists regarding the responsibility for identifying and the process for referring billing errors to DSS/DMS. Additionally, DHSS will review the Cooperative Agreement between DSS and DHSS to clarify language related to overpayments and Medicaid fraud.*
- 2.2 *DHSS believes that the current sample criterion has been effective in identifying deficient practices, sanctioning providers and terminating contracts. Although DHSS will continue to review staff allocations, the impact of increased sample sizes must be weighed against goals for conducting annual on-site visits and responding to complaints. DHSS will provide QA specialists with written directives regarding the additional activities that must be completed when overbilling is suspected and continue to review staff allocation.*

-
- 2.3 Four FTE have been allocated by the state legislature to the department for conducting quality oversight activities. DHSS has temporarily assigned several staff positions to the Bureau of Quality Assurance (BQA) in an effort to maximize home care oversight. DHSS will continue to evaluate staffing resources, and provide oversight within current staffing levels—using staff assigned to BQA (from the Bureau of Home and Community Services). Additionally, DHSS will continue to explore alternative processes to strengthen quality oversight.
- 2.4 DHSS has implemented a review tool for assessing the quality of care delivered in Residential Care Facilities. Although not required by statute or regulation, DHSS anticipates conducting quality reviews of fifty RCFs in the current fiscal year – however, this plan is subject to adjustment based on workload variables.
- 2.5 DHSS has identified and made referrals to DMS based on information provided by SAO.
- 2.6 The statutory authority to access the Department of Mental Health's EDR is part of the Family Care Safety Registry (FCSR) screening requirements. Although statutes require providers to ensure potential employees are not on the EDR, the method and frequency that providers can and must access updated EDR information is unclear. DHSS will review statutes and/or regulations and consult with DMH to determine if amended language could strengthen protection of home care recipients. DHSS will also continue to identify and cite deficient practices, initiate provider sanctions and proceed with terminations when it is determined that clients are at risk due to non-compliance with FCSR and EDL screening mandates.
- 2.7 DHSS does not have statewide access to the EDR – nor does DHSS have continuous access to information regarding provider employees. DHSS will review statutes and/or regulations and coordinate with DMH to determine if amended language could strengthen protection of home care recipients.
- 2.8 The BQA identifies non-compliance with FCSR requirements as part of the Quality Assurance focus review. BQA identifies, cites and requires corrective action plans when providers are non-compliant. Providers violating the FCSR and/or Employee Disqualification List (EDL) requirements that place clients at risk remain on sanctions until BQA verifies operations to be in compliance. Based on the seriousness of

the violations, providers found to be out of compliance with F CSR requirements have been denied participation agreements.

- 2.9 Division of Medical Services (DMS) issues provider participation agreements to RCFs based on compliance with licensing statutes of DHSS. As indicated in the audit report, DHSS requires RCF applicants to provide a sworn statement regarding federal exclusions as part of the licensure process. Additionally, the application for licensure requires the applicant to respond to the following direct statement regarding exclusion:*

“12b. Is the operator or any principal in the operation of the facility under exclusion from participation in the Title XVIII (Medicare) or Title XIX (Medicaid) program of any state or territory? Yes No”

DHSS has authority during the application process to request additional information, expand the background investigation, and take any action deemed appropriate when there is reason to believe an owner/operator/principal has withheld information – including that related to the OIG exclusion list. Although DHS is not aware of any instance of an owner/operator being granted a license to operate a long-term care facility that was on the OIG exclusion list, the Section for Long Term Care began requiring social security numbers of RCF owners/operators/principals as part of the application process effective August 2006. The Social Security Number, once obtained, will be used to compare the owner/operator/principal against the OIG exclusion list.

- 2.10 DHSS will continue to assess and refine the management reporting systems. The reporting system being implemented (ASPEN) provides the state the opportunity to trend and track cited deficiencies statewide and is available to DMS – enhancing communication regarding provider performance.*

Department of Social Services Comments

- 2.11 DSS is cognizant of the cost of adding staff and has maximized its existing resources to prioritize its reviews by recovery potential. DSS has 25 program integrity staff to review approximately 22,000 enrolled providers and approximately 850,000 enrolled recipients. DMS has fourteen staff conducting provider reviews (ratio of 1:157.1 providers), three staff conducting recipient reviews (ratio of 1:283,333 recipients), with the other eight conducting critical supporting functions. Among the available resources, DSS has a Fraud Abuse*

Detection System that uses computer-based algorithms to analyze literally millions of claims for identification of potential overpayments or misconduct by providers or recipients. In this way, DMS can target its review activities to those cases that have been systematically identified with a potential problem rather than reviewing all providers/recipients to weed out those with no problems. DSS has increased its avoidance of costs and identification of cost recoveries by almost five-fold from \$5.5 million in SFY 2004 to \$23.4 million in SFY 2006 by using these targeting techniques. DSS does not believe adding additional staff for the sole purpose of reviewing only home and community providers is a wise investment of staff resources. If staff were added to program integrity, assignments would be based on global program integrity needs rather than limiting activities to a single type of provider.

Opportunities May Exist to Further Standardize Authorized Services

DHSS has made some progress in achieving more uniform allocation of personal care services. The improvement in allocation of services occurred because the department required personnel to use a unit authorization worksheet. However, the St. Louis region continued to exceed other regions in terms of authorized services and, although officials have conducted some analyses of why it occurred, additional analyses are needed to determine more fully why the differences exist. Department officials implemented our recommendation to improve the timeliness of violation notifications to providers.

Changes Contribute to Improved Uniformity

Department officials believe changes made to the program have achieved more uniform services statewide. However, hours authorized for personal services for the St. Louis region still exceed other regions.

In October 2003, DHSS began requiring the use of a uniform unit authorization worksheet by all field staff to assist personnel in determining the appropriate number of units of each service to be authorized for all clients who receive in-home services. Guidance issued required personnel to complete the worksheet when initially assessing the client and any time changes are made in the number of units or type of services authorized. According to the guidance, the worksheet is intended to promote more consistent authorization of services.

Although program analysis and management actions have resulted in more consistent authorization of hours statewide, hours authorized in the St. Louis region continue to be higher than those authorized in other regions. Good business practices dictate that management conduct more comprehensive analyses to determine whether field staff in the St. Louis area have been justified in authorizing more personal care services hours than authorized by field staff in other regions.

Service hours lowered, but still higher than other regions

Our analysis of department data²³ for fiscal year 2005 showed the department had made some progress in reducing the difference between the number of authorized service hours for the St. Louis region and the remainder of the state. For example, our analysis of personal care hours²⁴ disclosed personal care service hours authorized for that region averaged about 56 hours, or 87 percent higher than the lowest region's average

²³ Auditor analysis of initial referrals for fiscal year 2005.

²⁴ Includes personal care, advanced personal care, nurse visits, homemaker chore services, adult day health care, and respite services.

hours.²⁵ Although this is significantly higher than the lowest region, it is an improvement over what we found during our prior audit. Our analysis of service hours for the Kansas City Metro region²⁶ averaged about 37 hours, or 23 percent higher than the lowest region.

During our prior audit, we compared average care scores to hours of services for five regions and found all five regions to be consistent in level of care scores for clients. However, we found inconsistencies in personal care services hours authorized for three of the five regions. For example, we found hours authorized for the St. Louis City and Kansas City Metro regions exceeded other regional areas. We found field staff authorized 63 hours for clients in the St. Louis City region compared to 29 hours for the Columbia region. The difference of 34 hours represented a variance of 117 percent. St. Joseph field staff authorized 24 hours of services for clients while Kansas City Metro region field staff authorized 59 hours for clients. The difference of 35 hours represented a 146 percent variance in hours.

More authorized hours
increases cost of program

We also found increasing the personal care hours increased the cost of the program. For example, we previously found the average monthly cost for St. Louis City²⁷ was about twice the average monthly cost for St. Joseph and Columbia during fiscal year 2002 and about 57 percent higher than Kansas City during fiscal year 2003. Our analysis of Medicaid data for fiscal year 2003 showed the St. Louis City region had the highest cost average of \$529 a month and the Kansas City Metro region averaged \$337 a month. These amounts represented significantly higher average costs when compared to the average monthly cost of \$289 and \$265 for Columbia and St. Joseph regions, respectively.

Current analysis of fiscal year 2005 data showed the average monthly cost of authorized services for new clients in the St. Louis region to be about 60 percent higher than for new clients in the Springfield and Central Missouri regions, and 30 to 40 percent higher than the remainder of the state. Services authorized for new clients in the St. Louis region averaged \$743 a month, while the Southeast Missouri region, Northeast Missouri region, and the Kansas City region averaged \$571, \$537, and \$533 respectively. The lowest monthly costs averaged \$461 and \$455 in the Springfield and Central Missouri areas respectively. Using the average cost for new clients for the

²⁵ Region 6, which includes the central Missouri area, had the lowest average hours—30 hours.

²⁶ Also includes the northwest part of the state.

²⁷ At the time of the prior audit, St. Louis City and St. Louis County regions existed. These two regions were combined in February 2004.

Further analysis of St. Louis
region services needed

St. Louis region and comparing that to the average cost of new clients in the other regions, we found the St. Louis region incurred \$20 million in additional authorized services for fiscal year 2005.²⁸

According to officials, program personnel have analyzed some reasons for increased services for the St. Louis region. For example, they found the St. Louis area has a higher percentage of clients under the age of 63 than the rest of the state. Clients under the age of 63 are not eligible for home delivered meals, which may result in clients receiving meals prepared in their homes by an aide, which is a higher cost service. Additionally, according to program officials, clients in the St. Louis area appeal negative decisions more often than clients in other regions.

Our test work showed that even among those clients eligible to receive home delivered meals, staff authorized more meal assistance²⁹ for clients in the St. Louis region than in the Central Missouri region. For example, the sample populations for both regions included 14 clients who could not prepare their own meals, but had someone to regularly prepare meals for them. In the central region, 5 (36 percent) of these clients received meal assistance, compared to 11 (79 percent) in the St. Louis region. In the central region, the average monthly cost of services for these clients represented \$26, compared to \$78 in the St. Louis region.

For illustrative purposes, we compared the percentage and costs of St. Louis region clients that received meal assistance during fiscal year 2005 with those in the central region. We randomly selected 47 of 867 new clients³⁰ in the St. Louis region and based on sample results, we estimate 738 (85 percent) of those clients received meal assistance. Using the same methodology, we estimate 50 percent of the clients in the central region had been receiving meal assistance. For comparison purposes, we assumed these percentages would be reflective of the total universe of clients for both regions. Therefore, based on the average cost of prepared meals for St. Louis region clients, the St. Louis region incurred approximately \$1.5 million³¹ more in costs than the central region. An official stated DHSS had not been aware personnel in the St. Louis region had been authorizing more

²⁸ For illustrative purposes, using the \$743 as representative for all clients in the St. Louis region would equal total authorizations of \$63 million for fiscal year 2005. This compares to \$43 million, which represents the average cost for authorized services for the other regions.

²⁹ Meal assistance includes both home delivered meals and meals prepared in the home by an aide.

³⁰ New clients receiving services through the aged and disabled Medicaid waiver.

³¹ See Appendix I for calculations.

meals than personnel in others regions and did not know why this had been occurring.

QA Improved Timeliness of Notices to Providers

In response to our prior audit recommendation to enhance the timeliness of compliance violation notices to providers, QA personnel revised informal guidelines in January and June 2004 to improve the timeliness of notices of violations to providers. According to QA documentation, QA revised guidance to expedite the review process, so notifications would be mailed out within 30 days of the review. Beginning in March 2006, QA again revised guidance, requiring letters to be mailed within 10 calendar days after the review.

QA database tracks providers

QA personnel created a database in July 2004 that tracks providers reviewed, when personnel send notification letters to providers notifying providers of review results (deficiencies or no deficiencies), and whether the provider had been sanctioned, according to a QA official. Monthly activity reports prepared by personnel are used to input the information in this database, according to the official.

Department data showed improved timeliness

Our analysis of department data showed the department issued notification letters three times faster during fiscal year 2005 than we found during our prior audit³² and five times faster for fiscal year 2006.³³ For example, our analysis showed that for fiscal year 2005 the department experienced an average delay of 14 days with about 8 percent taking more than 30 days. For fiscal year 2006, the department experienced an average delay of 9 days with none taking more than 30 days.

Conclusions

DHSS has made some progress achieving more uniform allocation of personal care services. Although personnel have conducted some analyses of services provided to St. Louis region clients, more comprehensive analyses are needed to determine whether field staff in the St. Louis area have been justified in authorizing more personal care services hours than authorized by field staff in other regions. These analyses could assist officials in making further adjustments in the screening process or perhaps increase training efforts to ensure screening efforts are more uniform in the state.

Department officials have made changes to improve the timeliness of notices to providers. Guidelines issued have proven to be effective in reducing delays found in our previous review.

³² During the prior audit, the department averaged a delay of 49 days.

³³ Through January 2006.

Recommendation

We recommend the Director of the Department of Health and Senior Services:

- 3.1 Conduct additional analyses of personal care services authorized for St. Louis region clients to determine if the proper level of services is being provided for those clients.

Agency Comments

- 3.1 *Care plans, although individualized in accordance with unmet needs of the client, are developed in consultation with the client (or family/caregiver) and the provider. Although there is a presumption that care plans should generally reflect standard authorizations for comparable needs, the desires of the client and willingness to accept assistance is an integral component of the care planning process. DHSS has taken action to maximize the ability to ensure care planning policies are standardized – including worksheets for standard unit determination, initiated reports for evaluating service authorizations, and adding a quality review component to the authorization process. Managers analyze monthly authorization reports, identifying areas where additional efforts may be necessary to ensure training and care plan development oversight is adequate. DHSS also maintains ongoing evaluation of forms and policies to maximize statewide consistency in care planning. Additionally, as a safeguard against inadequate authorizations, recipients of Personal Care are entitled to administrative hearings if authorization levels are believed to be inadequate. The state, however, seeks to authorize care based on the needs of the client – in conjunction with the independent supports available and the degree of willingness to accept care into the home. If at any time clients are dissatisfied with services, workers assist the client in accessing due process through the administrative hearings process.*

Sample Methodology And Results

This appendix describes how we identified study populations and our sampling methodologies for two probability samples.

St. Louis region

To determine the percentage of clients receiving meal assistance in the St. Louis region, we conducted testing on a probability sample of 47 clients from a study population of 867 new waiver clients who received an initial assessment in fiscal year 2005. We based sample size on a 90 percent confidence level with 7 percent precision and an expected error rate of 10 percent.

Based on sample results, we estimate 85 percent of the study population, or 738 clients in the St. Louis region with initial assessments in fiscal year 2005, received assistance with meals. Table I.1 displays sample results.

Table I.1: St. Louis Region Clients Receiving Meal Assistance

Category	Result
Sample size	47
Clients receiving meal assistance	40
Point estimate receiving meals	85%
Point estimate quantity	738
Upper limit receiving meals	93%
Upper limit quantity	803
Lower limit receiving meals	74%
Lower limit quantity	643

Central region

To determine the percentage of clients receiving meal assistance in the Central region, we conducted testing on a probability sample of 46 clients from a study population of 512 waiver clients who received an initial assessment in fiscal year 2005. We based sample size on a 90 percent confidence level with 7 percent precision and an expected error rate of 10 percent.

Based on sample results, we estimate 50 percent of the study population, or 256 clients in the Central region with initial assessments in fiscal year 2005, received assistance with meals. Table I.2 displays sample results.

Appendix I

Sample Methodology and Results

Table I.2: Central Region Clients Receiving Meal Assistance

Category	Result
Sample size	46
Clients receiving meal assistance	23
Point estimate receiving meals	50%
Point estimate quantity	256
Upper limit receiving meals	62%
Upper limit quantity	319
Lower limit receiving meals	38%
Lower limit quantity	193

Cost Difference Calculation

We calculated the difference between the St. Louis and Central Missouri regions for authorized meal assistance services as follows.

Total number of St. Louis waiver clients as of June 2005	3,466
Multiplied by current rate of meal assistance in St. Louis	<u>85%</u>
Equals approximate number receiving meal assistance	2,946
Multiplied by average cost for meal assistance in St. Louis	<u>\$108</u>
Equals total monthly costs for St. Louis meal assistance	\$318,168
Total number of St. Louis waiver clients as of June 2005	3,466
Multiplied by current rate of meal assistance in central region	<u>50%</u>
Equals approximate number to receive meal assistance	1,733
Multiplied by average cost for meal assistance in St. Louis	<u>\$108</u>
Equals total monthly costs for St. Louis meal assistance	\$187,164
Estimated amount currently spent monthly on St. Louis meals	\$318,168
Less estimated amount to be spent based on central region rate	<u>187,164</u>
Equals monthly difference	131,004
Multiplied by 12 months	<u>12</u>
Equals estimated annual difference	\$1,572,048



Claire McCaskill

Missouri State Auditor

November 2006

Washington County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

November 2006

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Washington, that do not have a county auditor. In addition to a financial audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

- The County Clerk does not maintain an account book for several of the funds held by the County Treasurer. As a result, the County Clerk and County Treasurer are unable to reconcile the receipts, disbursements, and cash balances for these funds. The county also does not have procedures in place to ensure its budget documents accurately present financial activities of the county. In addition, actual disbursements exceeded budgeted amounts for several funds.
- The county did not solicit bids or perform other price comparison procedures for some major purchases. In addition, the county did not enter into contracts for some services when appropriate and its accounts payable process does not provide adequate controls to prevent duplicate payments.
- The County Commission has not requested bids or funding proposals for economic development services and its agreement for economic development services is not adequately detailed.
- The County Clerk's procedures to account for county property are not sufficient and county property records are not complete. Records and monitoring procedures for county vehicles used by various officials also need improvement. In addition, records of fuel usage for road and bridge vehicles and equipment are not adequately reviewed.
- The County Commission minutes do not always include sufficient detail of matters discussed or actions taken. In addition, meeting notices and agendas were either not posted or not maintained for some meetings held by the County Commission.
- The County Commission or Revolving Loan Board has not taken action regarding a \$19,000 outstanding loan. The loan was renegotiated in 2002. However, a new loan agreement was not obtained. In addition, the County Treasurer did not maintain amortization schedules for some of the loans outstanding.

(over)

YELLOW SHEET

- The Senior Citizen's Service Board does not develop formal agreements with the not-for-profit (NFP) organizations and has not developed an effective method of monitoring the services provided by several of the NFP service providers.
- The Health Department's controls and procedures for board meeting minutes need improvement. The Health Department also does not have procedures in place to ensure its budget documents accurately present its financial activities. In addition, controls and procedures over expenditures, payroll, and property need improvement.
- The Handicapped Board (Senate Bill 40 Board) has not developed an effective method of monitoring the services provided by several of the NFP service providers, and has not entered into a written agreement with its depository bank. In addition, the Handicapped Board's procedures to account for Handicapped Board property are not sufficient and the property records are not complete.
- The Sheriff's procedures for processing receipts and disbursements and segregating accounting duties for the commissary account are in need of improvement. In addition, monthly bank reconciliations and open items listings are not prepared. As a result of the various problems with the Sheriff's commissary, the Sheriff's Department is unable to account for all monies received or determine the amount of monies that should be in the Sheriff's commissary account.

Also, Sheriff's Department procedures related to bond receipts, segregation of accounting duties for the general account, commissary profits, and seized property are in need of improvement.

- In the Circuit Clerk's office, the numerical sequence of manual receipt slips is not accounted for and there is no reconciliation between monies recorded on manual receipt slips and amounts deposited. In addition, procedures for monitoring accrued costs and open items need to be improved.
- In the Associate Court, cash custody and accounting duties have not been adequately segregated, the numerical sequence of manual receipt slips is not accounted for and there is no reconciliation between monies recorded on manual receipt slips and amounts deposited. In addition, controls and procedures related to receipts, accrued costs, and bank reconciliations need improvements.
- In the Prosecuting Attorney's office, cash custody and accounting duties have not been adequately segregated, and controls and procedures for processing receipts need improvement.

The audit also included recommendations related to the schedule of expenditures of federal awards and the property tax system.

All reports are available on our Web site: www.auditor.mo.gov

WASHINGTON COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Washington County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Washington County, Missouri, as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Washington County, Missouri, as of December 31, 2005 and 2004, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Washington County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2005 and 2004, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 19, 2006, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Washington County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

July 19, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Julie Vollmer
Audit Staff:	Steven Re', CPA
	Jonathan P. Edwards
	Emily Hehmeyer



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Washington County, Missouri

We have audited the financial statements of various funds of Washington County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 19, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Washington County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 05-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial

statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Washington County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain additional matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Washington County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

July 19, 2006 (fieldwork completion date)

Financial Statements

Exhibit A-1

WASHINGTON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2005

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 55,132	2,321,348	2,289,041	87,439
Special Road and Bridge	111,751	1,997,578	2,016,300	93,029
Assessment	166	246,946	246,612	500
Sheriff's Law Enforcement	6,154	1,258,722	1,263,876	1,000
Law Enforcement Training	9,053	4,667	6,864	6,856
Prosecuting Attorney Delinquent Tax	11,321	1,044	5,539	6,826
Prosecuting Attorney Training	6,651	957	1,546	6,062
Prosecuting Attorney Bad Check	63,732	23,148	14,138	72,742
Sheriff Civil Fees	86	36,596	36,601	81
Recorder's User Fee	68,030	14,240	5,067	77,203
Revolving Loan	432,759	11,359	410,095	34,023
DARE	1,682	35	313	1,404
Election Services	2,052	856	1,519	1,389
Recorder's Technical	13,806	10,031	5,519	18,318
Domestic Violence Shelter	1,575	2,064	2,338	1,301
Economic Development Tax	1,319,854	738,535	690,568	1,367,821
County Building	25,436	127,818	0	153,254
HAVA	15,042	9,980	10,810	14,212
Sheriff's Revolving	370	2,448	806	2,012
Assessor Technical	2,152	21,539	6,526	17,165
Senior Citizens' Service	72,584	92,841	83,474	81,951
Associate Circuit Division Interest	83	194	0	277
Collector Tax Maintenance	41,788	34,489	18,114	58,163
Circuit Division Interest	883	707	550	1,040
Health Center	405,928	633,027	641,590	397,365
Handicapped Board	149,038	327,670	325,735	150,973
Sheriff's Commissary Profit	938	1,609	1,869	678
Associate's Time Payment Fee	3,006	3,165	436	5,735
Belgrade Water District #2	0	1,000	1,000	0
Total	\$ 2,821,052	7,924,613	8,086,846	2,658,819

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

WASHINGTON COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 91,421	2,221,155	2,257,444	55,132
Special Road and Bridge	151,876	2,251,926	2,292,051	111,751
Assessment	213	237,879	237,926	166
Sheriff's Law Enforcement	1,205	1,185,508	1,180,559	6,154
Law Enforcement Training	7,574	4,852	3,373	9,053
Prosecuting Attorney Delinquent Tax	9,602	1,719	0	11,321
Prosecuting Attorney Training	5,869	782	0	6,651
Prosecuting Attorney Bad Check	50,594	21,130	7,992	63,732
Sheriff Civil Fees	869	50,291	51,074	86
Recorder's User Fee	57,980	12,518	2,468	68,030
Revolving Loan	527,681	64,114	159,036	432,759
DARE	1,249	433	0	1,682
Election Services	3,110	2,090	3,148	2,052
Recorder's Technical	12,843	9,645	8,682	13,806
Domestic Violence Shelter	2,046	2,894	3,365	1,575
Economic Development Tax	872,772	683,369	236,287	1,319,854
County Building	0	25,436	0	25,436
HAVA	0	15,042	0	15,042
Sheriff's Revolving	0	5,712	5,342	370
Assessor Technical	0	2,152	0	2,152
Senior Citizens' Service	68,037	85,275	80,728	72,584
Associate Circuit Division Interest	123	95	135	83
Collector Tax Maintenance	15,352	32,075	5,639	41,788
Circuit Division Interest	822	1,244	1,183	883
Health Center	443,020	581,423	618,515	405,928
Handicapped Board	72,574	317,329	240,865	149,038
Sheriff's Commissary Profit	733	1,235	1,030	938
Associate's Time Payment Fee	0	3,006	0	3,006
Total	\$ 2,397,565	7,820,329	7,396,842	2,821,052

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

WASHINGTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 8,200,495	7,918,839	(281,656)	7,804,381	7,767,746	(36,635)
DISBURSEMENTS	9,780,598	8,083,541	1,697,057	8,647,278	7,390,470	1,256,808
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,580,103)	(164,702)	1,415,401	(842,897)	377,276	1,220,173
CASH, JANUARY 1	2,779,987	2,817,108	37,121	2,363,769	2,396,832	33,063
CASH, DECEMBER 31	1,199,884	2,652,406	1,452,522	1,520,872	2,774,108	1,253,236
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	420,075	449,713	29,638	325,101	229,870	(95,231)
Sales taxes	882,814	882,814	0	860,000	832,068	(27,932)
Intergovernmental	617,694	262,872	(354,822)	286,956	224,586	(62,370)
Charges for services	389,650	388,618	(1,032)	387,782	380,535	(7,247)
Interest	4,800	4,773	(27)	500	709	209
Other	157,725	205,198	47,473	269,712	213,459	(56,253)
Transfers in	203,097	127,360	(75,737)	154,195	139,928	(14,267)
Tax anticipation note	0	0	0	200,000	200,000	0
Total Receipts	2,675,855	2,321,348	(354,507)	2,484,246	2,221,155	(263,091)
DISBURSEMENTS						
County Commissioner	123,644	122,522	1,122	132,303	133,178	(875)
County Clerk	151,941	134,121	17,820	156,027	155,144	883
Elections	51,400	42,681	8,719	108,895	108,307	588
Buildings and grounds	91,452	131,877	(40,425)	130,479	157,990	(27,511)
County Treasurer	70,562	67,292	3,270	65,220	63,592	1,628
County Collector	147,622	134,221	13,401	148,379	125,261	23,118
Recorder of Deeds	112,807	111,900	907	111,367	109,332	2,035
Circuit Clerk	56,206	54,388	1,818	49,943	47,396	2,547
Associate Circuit Court	47,948	41,160	6,788	47,912	37,410	10,502
Court administration	15,225	36,875	(21,650)	29,247	16,965	12,282
Public Administrator	64,249	69,165	(4,916)	73,858	75,739	(1,881)
Prosecuting Attorney	406,512	385,235	21,277	389,845	363,505	26,340
Juvenile Officer	82,951	82,951	0	82,951	82,951	0
County Coroner	34,679	45,083	(10,404)	32,271	30,664	1,607
Sheriff Auxiliary	1,800	1,800	0	2,600	2,600	0
Landfill	34,275	32,162	2,113	34,324	33,958	366
Airport	412,537	63,432	349,105	130,963	66,310	64,653
County Industrial Development Authority	111,651	28,904	82,747	76,186	55,840	20,346
University Extension	40,000	39,999	1	38,000	39,592	(1,592)
Debt service	58,000	201,200	(143,200)	116,010	112,310	3,700
Other	180,255	132,566	47,689	137,075	157,222	(20,147)
Transfers out	338,373	329,507	8,866	149,487	282,178	(132,691)
Emergency Fund	75,881	0	75,881	66,316	0	66,316
Total Disbursements	2,709,970	2,289,041	420,929	2,309,658	2,257,444	52,214
RECEIPTS OVER (UNDER) DISBURSEMENTS	(34,115)	32,307	66,422	174,588	(36,289)	(210,877)
CASH, JANUARY 1	55,132	55,132	0	91,421	91,421	0
CASH, DECEMBER 31	21,017	87,439	66,422	266,009	55,132	(210,877)

Exhibit B

WASHINGTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	468,305	475,799	7,494	417,193	383,309	(33,884)
Sales taxes	700,000	711,390	11,390	660,000	679,124	19,124
Intergovernmental	702,285	617,515	(84,770)	1,097,372	1,169,392	72,020
Interest	800	4,646	3,846	1,100	1,111	11
Other	168,500	188,228	19,728	52,000	18,990	(33,010)
Total Receipts	2,039,890	1,997,578	(42,312)	2,227,665	2,251,926	24,261
DISBURSEMENTS						
Salaries	757,615	730,612	27,003	700,190	693,389	6,801
Employee fringe benefit	256,429	252,622	3,807	255,890	240,679	15,211
Supplies	167,850	220,801	(52,951)	150,500	152,278	(1,778)
Insurance	28,141	0	28,141	27,000	45,055	(18,055)
Road and bridge materials	410,777	443,212	(32,435)	346,185	366,361	(20,176)
Equipment repairs	104,000	97,851	6,149	105,000	106,699	(1,699)
Rentals	1,850	292	1,558	5,500	1,387	4,113
Equipment purchases	183,541	130,933	52,608	110,000	101,781	8,219
Construction, repair, and maintenance	30,489	21,187	9,302	446,000	459,425	(13,425)
Other	58,200	40,463	17,737	55,400	52,977	2,423
Transfers out	61,388	78,327	(16,939)	55,000	72,020	(17,020)
Total Disbursements	2,060,280	2,016,300	43,980	2,256,665	2,292,051	(35,386)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(20,390)	(18,722)	1,668	(29,000)	(40,125)	(11,125)
CASH, JANUARY 1	111,751	111,751	0	151,876	151,876	0
CASH, DECEMBER 31	91,361	93,029	1,668	122,876	111,751	(11,125)
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	142,364	121,860	(20,504)	138,500	113,232	(25,268)
Charges for services	115,000	104,610	(10,390)	105,000	94,266	(10,734)
Interest	0	356	356	0	68	68
Other	0	1,622	1,622	0	0	0
Transfers in	27,364	18,498	(8,866)	13,205	30,313	17,108
Total Receipts	284,728	246,946	(37,782)	256,705	237,879	(18,826)
DISBURSEMENTS						
Assessor	284,728	246,612	38,116	257,038	237,926	19,112
Total Disbursements	284,728	246,612	38,116	257,038	237,926	19,112
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	334	334	(333)	(47)	286
CASH, JANUARY 1	166	166	0	213	213	0
CASH, DECEMBER 31	166	500	334	(120)	166	286

Exhibit B

WASHINGTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF'S LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Sales taxes	710,000	711,391	1,391	660,000	679,128	19,128
Intergovernmental	255,891	188,308	(67,583)	190,650	191,503	853
Charges for services	13,500	3,261	(10,239)	2,450	4,009	1,559
Interest	50	0	(50)	0	35	35
Other	39,100	16,853	(22,247)	32,600	14,511	(18,089)
Transfers in	371,009	338,909	(32,100)	176,982	296,322	119,340
Total Receipts	1,389,550	1,258,722	(130,828)	1,062,682	1,185,508	122,826
DISBURSEMENTS						
Salaries	933,193	912,242	20,951	797,015	810,926	(13,911)
Office expenditure:	47,000	48,327	(1,327)	43,200	47,211	(4,011)
Equipment	80,400	83,955	(3,555)	41,600	42,159	(559)
Mileage and training	1,700	2,039	(339)	1,500	2,100	(600)
Other	189,811	217,313	(27,502)	179,668	278,163	(98,495)
Total Disbursements	1,252,104	1,263,876	(11,772)	1,062,983	1,180,559	(117,576)
RECEIPTS OVER (UNDER) DISBURSEMENTS	137,446	(5,154)	(142,600)	(301)	4,949	5,250
CASH, JANUARY 1	6,154	6,154	0	1,205	1,205	0
CASH, DECEMBER 31	143,600	1,000	(142,600)	904	6,154	5,250
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	0	1,395	1,395	0	0	0
Charges for services	5,000	3,095	(1,905)	2,300	4,804	2,504
Interest	50	177	127	15	48	33
Total Receipts	5,050	4,667	(383)	2,315	4,852	2,537
DISBURSEMENTS						
Sheriff	5,000	6,864	(1,864)	2,000	3,373	(1,373)
Total Disbursements	5,000	6,864	(1,864)	2,000	3,373	(1,373)
RECEIPTS OVER (UNDER) DISBURSEMENTS	50	(2,197)	(2,247)	315	1,479	1,164
CASH, JANUARY 1	9,053	9,053	0	7,219	7,574	355
CASH, DECEMBER 31	9,103	6,856	(2,247)	7,534	9,053	1,519
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	1,700	812	(888)	1,800	1,657	(143)
Interest	70	232	162	30	62	32
Total Receipts	1,770	1,044	(726)	1,830	1,719	(111)
DISBURSEMENTS						
Prosecuting Attorney	3,000	5,539	(2,539)	5,000	0	5,000
Total Disbursements	3,000	5,539	(2,539)	5,000	0	5,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,230)	(4,495)	(3,265)	(3,170)	1,719	4,889
CASH, JANUARY 1	11,321	11,321	0	9,602	9,602	0
CASH, DECEMBER 31	10,091	6,826	(3,265)	6,432	11,321	4,889

Exhibit B

WASHINGTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	750	819	69	700	745	45
Interest	20	138	118	13	37	24
Total Receipts	770	957	187	713	782	69
DISBURSEMENTS						
Prosecuting Attorney	3,500	1,546	1,954	3,500	0	3,500
Total Disbursements	3,500	1,546	1,954	3,500	0	3,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,730)	(589)	2,141	(2,787)	782	3,569
CASH, JANUARY 1	6,651	6,651	0	5,869	5,869	0
CASH, DECEMBER 31	3,921	6,062	2,141	3,082	6,651	3,569
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	21,000	21,440	440	18,000	20,789	2,789
Interest	350	1,708	1,358	200	341	141
Total Receipts	21,350	23,148	1,798	18,200	21,130	2,930
DISBURSEMENTS						
Prosecuting Attorney	5,968	3,964	2,004	19,500	4,538	14,962
Transfers out	5,500	10,174	(4,674)	5,500	3,454	2,046
Total Disbursements	11,468	14,138	(2,670)	25,000	7,992	17,008
RECEIPTS OVER (UNDER) DISBURSEMENTS	9,882	9,010	(872)	(6,800)	13,138	19,938
CASH, JANUARY 1	63,732	63,732	0	50,594	50,594	0
CASH, DECEMBER 31	73,614	72,742	(872)	43,794	63,732	19,938
<u>SHERIFF CIVIL FEES FUND</u>						
RECEIPTS						
Charges for service:	65,000	36,468	(28,532)	33,000	50,262	17,262
Interest	30	128	98	11	29	18
Total Receipts	65,030	36,596	(28,434)	33,011	50,291	17,280
DISBURSEMENTS						
Sheriff	0	201	(201)	0	17	(17)
Transfers out	60,000	36,400	23,600	33,000	51,057	(18,057)
Total Disbursements	60,000	36,601	23,399	33,000	51,074	(18,074)
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,030	(5)	(5,035)	11	(783)	(794)
CASH, JANUARY 1	86	86	0	869	869	0
CASH, DECEMBER 31	5,116	81	(5,035)	880	86	(794)

Exhibit B

WASHINGTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER'S USER FEE FUND</u>						
RECEIPTS						
Charges for service:	11,000	12,502	1,502	13,000	12,144	(856)
Interest	450	1,738	1,288	170	374	204
Total Receipts	11,450	14,240	2,790	13,170	12,518	(652)
DISBURSEMENTS						
Recorder of Deeds	5,000	5,067	(67)	15,000	2,468	12,532
Total Disbursements	5,000	5,067	(67)	15,000	2,468	12,532
RECEIPTS OVER (UNDER) DISBURSEMENTS	6,450	9,173	2,723	(1,830)	10,050	11,880
CASH, JANUARY 1	68,030	68,030	0	57,980	57,980	0
CASH, DECEMBER 31	74,480	77,203	2,723	56,150	68,030	11,880
<u>REVOLVING LOAN FUND</u>						
RECEIPTS						
Interest	2,000	7,775	5,775	3,000	5,073	2,073
Other	8,337	3,584	(4,753)	20,337	59,041	38,704
Transfers in	7,190	0	(7,190)	0	0	0
Total Receipts	17,527	11,359	(6,168)	23,337	64,114	40,777
DISBURSEMENTS						
Revolving loans	390,000	409,999	(19,999)	400,000	159,000	241,000
Other	0	96	(96)	0	36	(36)
Total Disbursements	390,000	410,095	(20,095)	400,000	159,036	240,964
RECEIPTS OVER (UNDER) DISBURSEMENTS	(372,473)	(398,736)	(26,263)	(376,663)	(94,922)	281,741
CASH, JANUARY 1	395,569	432,759	37,190	492,027	527,681	35,654
CASH, DECEMBER 31	23,096	34,023	10,927	115,364	432,759	317,395
<u>DARE FUND</u>						
RECEIPTS						
Interest	10	35	25	5	8	3
Other	425	0	(425)	150	425	275
Total Receipts	435	35	(400)	155	433	278
DISBURSEMENTS						
Sheriff	0	313	(313)	1,200	0	1,200
Total Disbursements	0	313	(313)	1,200	0	1,200
RECEIPTS OVER (UNDER) DISBURSEMENTS	435	(278)	(713)	(1,045)	433	1,478
CASH, JANUARY 1	1,682	1,682	0	1,249	1,249	0
CASH, DECEMBER 31	2,117	1,404	(713)	204	1,682	1,478

Exhibit B

WASHINGTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	1,200	829	(371)	1,700	2,080	380
Interest	10	27	17	0	10	10
Total Receipts	1,210	856	(354)	1,700	2,090	390
DISBURSEMENTS						
County Clerk	2,000	1,519	481	3,500	3,148	352
Total Disbursements	2,000	1,519	481	3,500	3,148	352
RECEIPTS OVER (UNDER) DISBURSEMENTS	(790)	(663)	127	(1,800)	(1,058)	742
CASH, JANUARY 1	2,052	2,052	0	3,659	3,110	(549)
CASH, DECEMBER 31	1,262	1,389	127	1,859	2,052	193
<u>RECORDER'S TECHNICAL FUND</u>						
RECEIPTS						
Charges for service:	9,000	9,633	633	8,000	9,106	1,106
Interest	50	398	348	20	89	69
Other	0	0	0	0	450	450
Total Receipts	9,050	10,031	981	8,020	9,645	1,625
DISBURSEMENTS						
Recorder of Deeds	3,500	5,519	(2,019)	2,000	8,682	(6,682)
Total Disbursements	3,500	5,519	(2,019)	2,000	8,682	(6,682)
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,550	4,512	(1,038)	6,020	963	(5,057)
CASH, JANUARY 1	13,806	13,806	0	12,843	12,843	0
CASH, DECEMBER 31	19,356	18,318	(1,038)	18,863	13,806	(5,057)
<u>DOMESTIC VIOLENCE SHELTER FUND</u>						
RECEIPTS						
Charges for service:	3,100	2,050	(1,050)	3,500	2,888	(612)
Interest	8	14	6	4	6	2
Total Receipts	3,108	2,064	(1,044)	3,504	2,894	(610)
DISBURSEMENTS						
Domestic violence shelte	4,000	2,338	1,662	5,000	3,365	1,635
Total Disbursements	4,000	2,338	1,662	5,000	3,365	1,635
RECEIPTS OVER (UNDER) DISBURSEMENTS	(892)	(274)	618	(1,496)	(471)	1,025
CASH, JANUARY 1	1,575	1,575	0	2,046	2,046	0
CASH, DECEMBER 31	683	1,301	618	550	1,575	1,025

Exhibit B

WASHINGTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ECONOMIC DEVELOPMENT TAX FUND</u>						
RECEIPTS						
Sales taxes	509,344	711,390	202,046	660,000	679,125	19,125
Interest	3,183	27,145	23,962	1,800	4,244	2,444
Total Receipts	512,527	738,535	226,008	661,800	683,369	21,569
DISBURSEMENTS						
County Industrial Development Authority	1,830,000	662,000	1,168,000	1,200,000	180,000	1,020,000
Transfers out	0	28,568	(28,568)	0	56,287	(56,287)
Total Disbursements	1,830,000	690,568	1,139,432	1,200,000	236,287	963,713
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,317,473)	47,967	1,365,440	(538,200)	447,082	985,282
CASH, JANUARY 1	1,319,854	1,319,854	0	872,772	872,772	0
CASH, DECEMBER 31	2,381	1,367,821	1,365,440	334,572	1,319,854	985,282
<u>COUNTY BUILDING FUND</u>						
RECEIPTS						
Interest	150	2,108	1,958			
Other	100,000	125,710	25,710			
Total Receipts	100,150	127,818	27,668			
DISBURSEMENTS						
Building	0	0	0			
Total Disbursements	0	0	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	100,150	127,818	27,668			
CASH, JANUARY 1	25,436	25,436	0			
CASH, DECEMBER 31	125,586	153,254	27,668			
<u>HAVA FUND</u>						
RECEIPTS						
Intergovernmental	8,125	9,631	1,506			
Interest	70	349	279			
Total Receipts	8,195	9,980	1,785			
DISBURSEMENTS						
County Clerk	21,125	10,810	10,315			
Total Disbursements	21,125	10,810	10,315			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,930)	(830)	12,100			
CASH, JANUARY 1	15,042	15,042	0			
CASH, DECEMBER 31	2,112	14,212	12,100			

Exhibit B

WASHINGTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF'S REVOLVING FUND</u>						
RECEIPTS						
Charges for service:	5,700	2,414	(3,286)			
Interest	15	34	19			
Total Receipts	5,715	2,448	(3,267)			
DISBURSEMENTS						
Sheriff	3,000	806	2,194			
Total Disbursements	3,000	806	2,194			
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,715	1,642	(1,073)			
CASH, JANUARY 1	370	370	0			
CASH, DECEMBER 31	3,085	2,012	(1,073)			
<u>ASSESSOR TECHNICAL FUND</u>						
RECEIPTS						
Charges for service:	20,000	21,490	1,490			
Interest	100	49	(51)			
Total Receipts	20,100	21,539	1,439			
DISBURSEMENTS						
Assessor	10,000	6,526	3,474			
Total Disbursements	10,000	6,526	3,474			
RECEIPTS OVER (UNDER) DISBURSEMENTS	10,100	15,013	4,913			
CASH, JANUARY 1	2,152	2,152	0			
CASH, DECEMBER 31	12,252	17,165	4,913			
<u>SENIOR CITIZENS' SERVICE FUND</u>						
RECEIPTS						
Property taxes	83,903	85,124	1,221	79,826	80,422	596
Intergovernmental	0	5,329	5,329	0	4,380	4,380
Interest	500	2,388	1,888	410	473	63
Total Receipts	84,403	92,841	8,438	80,236	85,275	5,039
DISBURSEMENTS						
Contractual services	78,000	83,220	(5,220)	96,000	80,380	15,620
Other	340	254	86	439	348	91
Total Disbursements	78,340	83,474	(5,134)	96,439	80,728	15,711
RECEIPTS OVER (UNDER) DISBURSEMENTS	6,063	9,367	3,304	(16,203)	4,547	20,750
CASH, JANUARY 1	72,584	72,584	0	68,037	68,037	0
CASH, DECEMBER 31	78,647	81,951	3,304	51,834	72,584	20,750

Exhibit B

WASHINGTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	300	194	(106)	300	95	(205)
Total Receipts	300	194	(106)	300	95	(205)
DISBURSEMENTS						
Associate Circuit Divisor	300	0	300	300	135	165
Total Disbursements	300	0	300	300	135	165
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	194	194	0	(40)	(40)
CASH, JANUARY 1	83	83	0	2,169	123	(2,046)
CASH, DECEMBER 31	83	277	194	2,169	83	(2,086)
<u>COLLECTOR TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	33,000	32,870	(130)	34,000	31,919	(2,081)
Interest	0	1,619	1,619	0	156	156
Total Receipts	33,000	34,489	1,489	34,000	32,075	(1,925)
DISBURSEMENTS						
County Collector	17,200	16,323	877	18,000	4,072	13,928
Transfers out	2,000	1,791	209	2,000	1,567	433
Total Disbursements	19,200	18,114	1,086	20,000	5,639	14,361
RECEIPTS OVER (UNDER) DISBURSEMENTS	13,800	16,375	2,575	14,000	26,436	12,436
CASH, JANUARY 1	41,857	41,788	(69)	15,352	15,352	0
CASH, DECEMBER 31	55,657	58,163	2,506	29,352	41,788	12,436
<u>CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	1	1	0	1,450	0	(1,450)
Other	1,250	706	(544)	0	1,244	1,244
Total Receipts	1,251	707	(544)	1,450	1,244	(206)
DISBURSEMENTS						
Circuit Clerk	1,000	550	450	2,000	1,183	817
Total Disbursements	1,000	550	450	2,000	1,183	817
RECEIPTS OVER (UNDER) DISBURSEMENTS	251	157	(94)	(550)	61	611
CASH, JANUARY 1	883	883	0	1,173	822	(351)
CASH, DECEMBER 31	1,134	1,040	(94)	623	883	260

Exhibit B

WASHINGTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	244,392	259,016	14,624	230,463	244,328	13,865
Intergovernmental	14,500	236,059	221,559	31,000	240,455	209,455
Charges for Services	295,000	92,380	(202,620)	295,754	53,925	(241,829)
Interest	6,200	10,635	4,435	6,975	5,291	(1,684)
Other	33,150	34,937	1,787	43,650	37,424	(6,226)
Total Receipts	593,242	633,027	39,785	607,842	581,423	(26,419)
DISBURSEMENTS						
Salaries	473,191	460,227	12,964	487,038	454,114	32,924
Occupancy costs	18,750	14,028	4,722	22,004	20,539	1,465
Office expenditure:	29,090	27,139	1,951	30,065	27,837	2,228
Equipment	16,749	17,660	(911)	18,155	5,067	13,088
Mileage and training	9,000	7,589	1,411	14,000	10,886	3,114
Other	110,250	114,947	(4,697)	105,035	100,072	4,963
Total Disbursements	657,030	641,590	15,440	676,297	618,515	57,782
RECEIPTS OVER (UNDER) DISBURSEMENTS	(63,788)	(8,563)	55,225	(68,455)	(37,092)	31,363
CASH, JANUARY 1	405,928	405,928	0	443,020	443,020	0
CASH, DECEMBER 31	342,140	397,365	55,225	374,565	405,928	31,363
<u>HANDICAPPED BOARD FUND</u>						
RECEIPTS						
Property taxes	307,339	314,854	7,515	265,000	307,508	42,508
Intergovernmental	6,000	5,783	(217)	8,000	7,247	(753)
Interest	1,500	6,988	5,488	1,500	2,574	1,074
Other	0	45	45	7,000	0	(7,000)
Total Receipts	314,839	327,670	12,831	281,500	317,329	35,829
DISBURSEMENTS						
Administrative service:	18,000	18,000	0	18,950	18,642	308
Legal and professional service	1,550	1,580	(30)	1,550	2,873	(1,323)
Insurance	10,436	10,628	(192)	11,215	8,231	2,984
Vehicle and building expenditure	29,000	10,507	18,493	21,000	3,298	17,702
Contractual services	191,547	180,349	11,198	109,677	107,363	2,314
Mental Health Trust Fund	115,520	104,671	10,849	108,306	100,458	7,848
Total Disbursements	366,053	325,735	40,318	270,698	240,865	29,833
RECEIPTS OVER (UNDER) DISBURSEMENTS	(51,214)	1,935	53,149	10,802	76,464	65,662
CASH, JANUARY 1	149,038	149,038	0	72,574	72,574	0
CASH, DECEMBER 31	97,824	150,973	53,149	83,376	149,038	65,662

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

WASHINGTON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Washington County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Department Board, Handicapped Board, Senior Citizen's Service Board, or the Revolving Loan Fund Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
County Building Fund	2004
HAVA Fund	2004
Sheriff's Revolving Fund	2004
Assessor Technical Fund	2004
Sheriff's Commissary Profit Fund	2005 and 2004
Associate's Time Payment Fee Fund	2005 and 2004
Belgrade Water District #2	2005

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Road and Bridge Fund	2004
Sheriff's Law Enforcement Fund	2005 and 2004
Law Enforcement Training Fund	2005 and 2004
Prosecuting Attorney Delinquent Tax Fund	2005
Prosecuting Attorney Bad Check Fund	2005
Sheriff Civil Fees Fund	2004
Recorder's User Fee Fund	2005
Revolving Loan Fund	2005
DARE Fund	2005
Recorder's Technical Fund	2005 and 2004
Senior Citizens' Service Fund	2005

Although Section 50.740, RSMo, requires a balanced budget, a deficit balance was budgeted in the Assessment Fund for the year ended December 31, 2004.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
County Building Fund	2004
Associate Circuit Division Interest Fund	2005 and 2004
Collector Tax Maintenance Fund	2005 and 2004
Circuit Division Interest Fund	2005 and 2004
Sheriff's Commissary Profit Fund	2005 and 2004
Associate's Time Payment Fee Fund	2005 and 2004
Belgrade Water District #2	2005

In addition, the Health Department Board and Handicapped Board published their financial statements separately from the county's statements and did not disclose disbursement detail by vendor.

2. Cash

Disclosures are provided below to comply with Statement No. 40 of the Governmental Accounting Standards Board, *Deposit and Investment Risk Disclosures*. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit. To protect the safety of county deposits, Section 110.020, RSMo, requires depositaries to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities must be of the types specified by Section 30.270, RSMo, for the collateralization of state funds and held by either the county or a financial institution other than the depository bank. Section 67.085, RSMo, also requires certificates of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depository bank fails, Washington County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The county's and the Health Department Board's deposits at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name.

The Handicapped Board's deposits at December 31, 2005, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance or by collateral securities held by the board's custodial bank in the board's name. Of the Handicapped Board's bank balance at December 31, 2004, \$27,507 was exposed to custodial credit risk because that amount was uninsured and uncollateralized.

Investments

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. At December 31, 2005 and 2004, the county had no such investments. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political

subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

3. Contingent Liability

As of December 31, 2005, the county's legal counsel indicated the county may suffer financial loss as a result of litigation related to an alleged false arrest. The potential liability to the county cannot be determined at this time.

4. Prior Period Adjustments

The General Revenue Fund's cash balance at January 1, 2004, as previously stated has been decreased by \$4,991 to reflect the cash balance shown in the county's records.

The Revolving Loan Fund's and Sheriff's Commissary Profit Fund's cash balances of \$527,681 and \$733, respectively, at January 1, 2004, were not previously reported but have been added.

The Associate Circuit Division Interest Fund's cash balance at January 1, 2004, as previously stated has been decreased by \$1,795 to reflect the cash balance shown in the county's records.

Supplementary Schedule

Schedule

WASHINGTON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
U. S. DEPARTMENT OF AGRICULTURE				
Direct program:				
10	Cooperative Law Enforcement and Cannabis Agreemer	N/A	\$ 6,000	0
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Childre	ERS045-4211 ERS045-5211 ERS045-6211	95,133	93,023
10.559	Summer Food Service Program for Childre	ERS146-4211I ERS146-52111	420	260
Office of Administration				
10.665	Schools and Roads - Grants to States	N/A	22,407	341,745
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Economic Developmen				
14.228	Community Development Block Grants/State' Program	2005-PF-24	1,000	0
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety				
16.523	Juvenile Accountability Incentive Block Grant	2002-JAIBG-LG-31	0	5,836
16.579	Byrne Formula Grant Program	NCD28-035 NCD28-039	42,406	49,223
16.588	Violence Against Women Formula Grant	2002-VAWA-0056	0	1,103
16.592	Local Law Enforcement Block Grants Program	2004-LBG-094	8,586	9,587
Missouri Sheriffs' Association -				
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,500	1,889

Schedule

WASHINGTON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state Highway and Transportation Commissior			
20.205	Highway Planning and Constructor	BRO-110 (5)	17,352	413,835
20.600	State and Community Highway Safety	06-PT-02-119	7,121	0
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administrator			
39.003	Donation of Federal Surplus Personal Property	N/A	4,477	3,986
ELECTIONS ASSISTANCE COMMISSION				
	Passed through state Office of Secretary of State			
90.401	Help America Vote Act Requirements Payments	95-1650-0-1-808	10,809	4,860
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state Department of Health and Senior Services			
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-6211L	1,500	0
93.268	Immunization Grants	N/A PGA064-3211A	58,127 0	68,618 1,100
			58,127	69,718
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	DHO-60001004 DHO-40021008 DHO-50032012 DHO-40022067	10,100	7,533
93.575	Child Care and Development Block Grant	P6A067-4211C P6A067-52115 P6A067-22115	1,305	2,265
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	ERS161-40016 ERS161-50001 ERS161-60055	11,702	12,200
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-421 ERS-146-5211M DH650008001	41,586	25,661

Schedule

WASHINGTON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
U.S. DEPARTMENT OF HOMELAND SECURITY				
	Passed through state Department of Public Safety			
83.562	State and Local All Hazards Emergency Operations Plannin	EMK-2003-GR-2540	0	5,700
97.004	State Domestic Preparedness Equipment Support Progran	2004-GE-T4-0049 2003-MU-T3-0003	102,258	0
97.036	Public Assistance Grants	1463-DR-MO	0	2,051
	Total Expenditures of Federal Award:		\$ <u>443,789</u>	<u>1,050,475</u>

* These expenditures include awards made under CFDA 39.011

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

WASHINGTON COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Washington County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt. Amounts for the Immunization Grants (CFDA number 93.268) represent the original acquisition cost of vaccines obtained by the Health Center through the state

Department of Health and Senior Services. Amounts for the Immunization Grants include both cash disbursements and the original acquisition cost of vaccines.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2005 and 2004.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Washington County, Missouri

Compliance

We have audited the compliance of Washington County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Washington County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004.

Internal Control Over Compliance

The management of Washington County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of Washington County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 19, 2006 (fieldwork completion date)

Schedule

WASHINGTON COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2005 AND 2004

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes x no
- Reportable condition identified that is not considered to be a material weakness? x yes none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? yes x no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? yes x no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.665	Schools and Roads – Grants to States
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

05-1.

County Financial Records

Several weaknesses were noted with the county financial records including the County Clerk not maintaining an account book for all county funds and inadequate procedures to ensure the county's budget is accurate. Also, actual disbursements exceeded budgeted amounts for several funds.

- A. The County Clerk does not maintain an account book for several of the funds held by the County Treasurer. The County Clerk only processes disbursements and maintains an account book with the County Treasurer for the General Revenue Fund, the Special Road and Bridge Fund, the Assessment Fund, the Sheriff's Law Enforcement Fund, and the Law Enforcement Training Fund. As a result of not maintaining an account book for the remaining county funds, the County Clerk and County Treasurer are unable to reconcile the receipts, disbursements, and cash balances for these funds. The County Treasurer disburses monies for the remaining county funds when a request is received from the applicable official. By allowing the County Treasurer to handle these monies in this manner, the County Commission is approving expenditures to be made outside the normal county review process.

Section 51.150.1, RSMo, requires the County Clerk to keep regular accounts with the County Treasurer. To provide an effective check-and-balance system, increase the likelihood of timely detection of errors and omissions, and improve financial reporting, the County Clerk and the County Treasurer should reconcile their records monthly and resolve any discrepancies. To ensure an adequate review of expenditures is performed, the County Commission should consider requiring disbursements of these other funds to be made through the normal county review process.

- B. The county does not have procedures in place to ensure the county's budget documents accurately present financial activities of the county. The county budget documents contained incorrect actual amounts and numerous misclassifications. The County Clerk uses her account book to obtain the actual receipt and

disbursement amounts for the five funds that she keeps an account book for (see A above). Because the County Clerk does not maintain records for the remaining funds, she obtains the actual receipt and disbursement amounts by category from the County Treasurer. During our review of the County Treasurer's and County Clerk's records, the following concerns were noted:

- The actual receipt and disbursement amounts obtained from the County Treasurer for the county budgets included both purchases and redemptions of certificates of deposit (CDs). As a result, receipts and disbursements were both overstated. Because purchases and redemptions of CDs were not always in the same year, the actual ending cash balances shown on the budget did not agree with the fund balances on the County Treasurer's Semi-Annual Settlement (SAS).
- The County Treasurer recorded accrued interest for the Revolving Loan Fund on CDs in the accounting records as an adjustment to the CDs balance instead of as a receipt. As a result, the actual receipts reported on the county's budget and County Treasurer's SAS were understated by approximately \$1,500 for 2004. The actual ending cash balance on the budget for the Revolving Loan Fund in 2004 did not agree with the cash balance on the County Treasurer's SAS.
- The actual and budgeted receipts and disbursements for 2004 and 2005 reported in the county budgets differed between years for several funds. The County Clerk indicated she did not ensure the amounts on the previous year's budget were brought forward correctly. For example, the Collector Tax Maintenance Fund actual charges for services receipts for 2004 shown in the 2006 budget were understated by approximately \$31,600.
- The county budgets contained numerous misclassifications for both budgeted and actual receipts amounts, such as transfers classified as intergovernmental receipts and charges for services receipts classified as other receipts. The budgeted and actual disbursement amounts on the county budgets also included numerous misclassifications because transfers were not reported separately.

These errors may have been detected had the County Clerk ensured the cash balances on the budgets agreed to the County Treasurer's SAS or had the County Commission or County Treasurer adequately reviewed the county budgets. As a result of the errors, it was necessary to make numerous adjustments and reclassifications to the amounts presented in the financial statements. The adjustments and reclassifications were discussed with and agreed to by county officials. Considering the various problems noted, the approved budgets did not provide county citizens with reliable information about the county's finances and are a less effective management tool for the county.

To be of maximum assistance to the county and to adequately inform citizens of the county's operations and financial position, budget documents need to be accurate and include proper classifications of receipts and disbursements. This is also necessary so that the county can prepare useful and accurate financial statements. A thorough review process needs to be implemented to ensure budget documents are accurate and complete prior to approval.

C. Actual disbursements exceeded budgeted amounts for several funds, as follows:

Fund	Year Ended December 31,	
	2005	2004
Special Road and Bridge Fund	\$ N/A	35,386
Sheriff's Law Enforcement Fund	11,772	117,576
Law Enforcement Training Fund	1,864	1,373
Prosecuting Attorney Delinquent Tax Fund	2,539	N/A
Prosecuting Attorney Bad Check Fund	2,670	N/A
Sheriff's Civil Fees Fund	N/A	18,074
Recorder's User Fee Fund	67	N/A
Revolving Loan Fund	20,095	N/A
DARE Fund	313	N/A
Recorder's Technical Fund	2,019	6,682
Senior Citizens' Service Fund	5,134	N/A

The County Commission and other officials receive budget to actual comparison reports monthly from the County Clerk for the five funds that she keeps an account book for (see A above). For the remaining funds, the County Treasurer provides the other county officials with the actual receipt and disbursement information upon request. There were no notations on the report copies or evidence in the commission meeting minutes of discussion regarding the budget status.

Case law provides that strict compliance with county budget laws is required by county officials. If there are valid reasons which require excess disbursements (i.e., emergencies, unforeseen occurrences, and statutorily required obligations), amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. To improve the effectiveness of the budgets as a planning tool and ensure compliance with state law, budget to actual comparison reports need to be reviewed and used when making spending decisions throughout the year.

Conditions similar to B. and C. were noted in our prior report.

WE RECOMMEND:

- A. The County Clerk maintain an account book for all county funds. The County Clerk and County Treasurer should also reconcile their accounting records monthly and resolve any discrepancies. In addition, the County Commission should consider requiring disbursements of these other funds to be made through the normal county review process.
- B. The County Commission ensure that budget documents contain complete and accurate information about the county's finances, agree to the County Treasurer's records, and have adequate descriptions. In addition, the County Commission and County Clerk should thoroughly review the budget document before it is finalized and made public.
- C. The County Commission and other county officials review budget to actual reports carefully and refrain from approving disbursements which exceed budgeted amounts.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission, County Clerk, and County Treasurer provided the following responses:

- A. *We will look into which funds' disbursements are to be made through the normal county review process. The County Clerk will maintain an account book for those funds processed through the normal county process.*
- B. *The County Commission will ensure the actual cash balances shown on the budget agree with the County Treasurer's settlements. The County Clerk will ensure adequate descriptions are used on budget documents.*
- C. *This will be implemented immediately.*

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

WASHINGTON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2003, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

WASHINGTON COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2003, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

WASHINGTON COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Washington County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 19, 2006. We also have audited the compliance of Washington County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 19, 2006.

Because the Washington County Memorial Hospital is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed those audit reports and other applicable information for the two years ended August 31, 2005. Because the Central Dispatch 911 is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed those audit reports and other applicable information.

In addition, to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years, we have audited the operations of elected officials with funds other than those presented in the financial statements. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and the county boards referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Washington County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Sheriff's Commissary Account

The Sheriff's procedures for processing receipts and disbursements and segregating accounting duties for the commissary account are in need of improvement. In addition, monthly bank reconciliations and open items listings are not prepared. As a result of the various problems with the Sheriff's commissary, the Sheriff's Department is unable to account for all monies received or determine the amount of monies that should be in the Sheriff's commissary account.

The Sheriff's commissary account is used for personal monies of inmates and commissary purchases made by the inmates. The Sheriff's Department records the inmate commissary receipts for each inmate in the commissary computer program provided by the independent vendor. The independent vendor is then contacted by the inmates to make commissary purchases which are recorded in the commissary computer program. The Sheriff's commissary account processes approximately \$12,000 annually in monies received from inmates for the commissary.

- A. Cash custody and accounting duties have not been adequately segregated for the Sheriff's commissary account. One deputy collects monies, records transactions, prepares deposits, and prepares bank reconciliations. There are no documented reviews of the accounting records performed by any of the other employees in the Sheriff's Department.

Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

B.1. A reconciliation between receipt slips issued and deposits was not performed. After a receipt slip has been issued for the Sheriff's commissary account, these actual monies are sometimes returned to the inmate if released the same day that the monies were received or cash monies are transmitted to be processed with the Sheriff's general receipts instead of being deposited in the Sheriff's commissary account. The method of payment is not always noted or not correctly noted on the receipt slip. Also, the Sheriff's Department does not issue receipt slips for all commissary monies and sometimes issues a bond receipt slip for commissary monies. As a result of these various problems, unexplained differences exist between the amounts recorded on the receipt slips and the deposit. The following discrepancies were noted between the amounts recorded on the receipt slips and the deposit:

- It appears receipts totaling \$347 were recorded on receipt slips but were not deposited or returned to the inmate. Although the Sheriff's Department is unable to account for these monies, these receipts were posted to the inmates' commissary accounts.
- Monies totaling \$496 were recorded on receipt slips, but were not deposited into the bank account. Sheriff's department personnel indicated these monies would have been returned to the inmates since they were released within 24 hours of booking. However, the inmates' signature was not obtained to document the receipt of monies due to them. These receipts were not posted to these inmates' commissary accounts.
- One commissary receipt slip was issued for a \$43 money order which included \$33 for the commissary and \$10 for Sheriff's general receipts. Because \$10 of cash commissary receipts was transmitted to be processed with the Sheriff's general receipts, this receipt was not deposited intact.
- For three deposits made during May 2005 and June 2004, the receipt slips totaled \$263 less than the deposits. It appears receipt slips were not issued for all monies received.

To adequately account for collections and reduce the risk of loss or misuse of funds, prenumbered commissary receipt slips should be issued for all monies received immediately upon receipt and deposited intact. If monies are returned to the inmate, the inmate's signature should be obtained for documentation to indicate the inmate received the monies due to them. Reconciliations of the receipt slips and deposit should also be performed to ensure all monies received are deposited.

- B.2. The Sheriff's Department was unable to locate 104 commissary receipt slips which appear to have been issued from September 2004 to December 2004. There is no assurance all monies have been properly recorded and transmitted. To adequately account for all receipts, copies of receipt slips should be retained and reconciled to amounts deposited.

Record retention is necessary to ensure the validity of transactions and provide an audit trail. In addition, Section 109.270, RSMo, states that all records made or received by an official in the course of their public duties are public property and are not to be disposed of except as provided by law.

- C. The Sheriff's controls and procedures for commissary account disbursements need improvement.

1. The Sheriff's Department did not have adequate documentation to support checks written for refunds to inmates. A refund check for \$81 did not agree with the inmate's commissary account balance. Sheriff's Department personnel indicated this refund check was based on a receipt slip. However, they were unable to locate this receipt slip. As a result, the refund to the inmate may not have been proper.

To adequately protect monies from loss or misuse, an accurate commissary account record should be maintained documenting each inmate's balance, receipts, and disbursements.

2. The Sheriff's Department did not issue checks in numerical sequence. The checks issued are also not always recorded in any of the Sheriff's records. As a result, the Sheriff cannot properly account for the numerical sequence of checks.

- D. Commissary monies received and disbursed were not receipted or recorded in a cash control ledger or check register during the audit period. As a result, monthly bank reconciliations could not be performed to ensure that the bank balances reconciled to monies held in trust. At our request, the Sheriff's Department prepared a cash control ledger during May 2006 and reconciled it to the reconciled bank balance of \$2,949.

The Sheriff's Department should maintain an accurate cash control ledger or other record of all receipts, disbursements, and periodic cash balances. A cash control ledger is necessary to provide summary financial information, more readily account for numerical sequence of receipt slips and checks issued, and facilitate reconciliation with bank account balances. Because the Sheriff did not maintain a cash control ledger during the audit period, the Sheriff could not determine the amount of commissary monies received by the Sheriff's Department and was not able to determine if the monies received were properly handled.

E. An open-items (liabilities) listing is not prepared. Because the Sheriff's Department did not maintain a cash control ledger (see part D. above), an open items listing could not be reconciled to the cash balance. At our request, the Sheriff's Department prepared an open items listing for May 31, 2006. The reconciled bank balance was \$541 less than the open items listing. However, this open items listing does not appear to be accurate. The following problems would affect the difference between the reconciled bank balance and open items listing:

- The inmate commissary account balances on the open items listing included receipts which were not deposited in the commissary account (also see part B.1. above).
- Inmate commissary monies totaling \$267 were disbursed from the Sheriff Commissary Profit Fund instead of the Sheriff's commissary account.
- The commissary account was charged a \$20 overdraft charge in November 2005. This overdraft charge was not included on the open items listing.
- The open items listing did not include five receipts totaling \$105 which were deposited in the Sheriff's commissary account.

An accurate listing of liabilities should be prepared and reconciled to the cash balance on a monthly basis to ensure accounting records are in balance and all monies in the account are properly identified. Differences between outstanding items and cash balances should be investigated and resolved.

Conditions similar to A., B.1., D., and E. were noted in our prior report. Several of these recommendations were made to help ensure the proper accounting for future receipts. While the prior Sheriff responded that those recommendations had been or would be implemented, the prior Sheriff and current Sheriff have not implemented most of these recommendations which has resulted in monies being unaccounted for.

WE RECOMMEND the Sheriff:

- A. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- B.1. Require prenumbered receipt slips be issued for all monies received and monies should be deposited intact. If monies are not deposited, the Sheriff should ensure inmate signatures are obtained for these distributions. In addition, the Sheriff should ensure the composition of receipt slips is reconciled to deposits.
- B.2. Retain financial records in a secure location to prevent misplacement or loss.

- C.1. Maintain an accurate commissary account record indicating balances, receipts, and disbursements by inmate. This ledger should be used to determine the amount of refund checks to inmates.
- C.2. Issue checks in numerical sequence and account for the numerical sequence. When checks are written, these checks should be recorded in the Sheriff's records.
- D. Record all receipts, disbursements, and cash balances on a cash control ledger. The Sheriff should ensure monthly bank balances are reconciled to the cash balance on the cash control ledger.
- E. Prepare an open items listing on a monthly basis and reconcile it to the reconciled cash balance.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A. *The accounting duties have been segregated. In addition, an independent review is performed and documented.*
- B.1. *Policies have been implemented to account for inmates' cash being retained as personal property. Prenumbered receipt slips are also issued for all monies received which are deposited intact. In addition, an internal investigation will be conducted for unaccounted monies.*
- B.2. *The misplaced or lost receipt slips are from the previous administration. The current administration has been unable to locate these receipt slips. All financial records are now being retained in a secure location.*
- C.1. *An account record for transactions and balances is now being maintained. A new computer system will be used to track inmate balances beginning in January 2007.*
- C.2. *This has been implemented.*
- D. *This has been implemented as stated above.*
- E. *Before the end of the year, we will reconcile the open items on the old system to the cash balance. The new system's open items will also be reconciled to the cash balance.*

2.**Sheriff Controls and Procedures**

The Sheriff's Department procedures related to bond receipts, segregation of duties, commissary profits, and seized property are in need of improvement. The Sheriff's Department processes approximately \$80,000 annually in the Sheriff's general account which includes summon fees, gun permits, and other general receipts and processes bond monies of approximately \$70,000 annually.

- A. The jail initially receives bond monies and transmits these monies to the Sheriff's office manager for deposit to the Sheriff's bond account.
 - 1. A reconciliation between the jail receipt slips issued and transmittals was not performed. As a result, there is no assurance all of the bond monies received were transmitted to the Sheriff's office manager. The receipt slips issued should be reconciled to the transmittal to ensure all monies received are properly transmitted.
 - 2. Receipt slips are not issued for some of the bond monies received. The jail personnel indicated they did not always remember to issue a receipt slip for the bond monies. In addition, the method of payment is not always noted on the receipt slip and the composition of receipt slips issued is not reconciled to the composition of the transmittal. Without issuing and accounting for prenumbered receipt slips for all monies collected, including the method of payment, the jail cannot ensure all bond monies collected are ultimately transmitted to the Sheriff's office manager.
- B. Cash custody and accounting duties have not been adequately segregated for the Sheriff's general account. The Sheriff's office manager collects monies, records transactions, prepares deposits, prepares checks, and prepares bank reconciliations. Although the Sheriff usually documents his review of the transaction register, he does not compare the transaction register to any other records to ensure its accuracy.

Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- C. The controls and procedures regarding disbursements of the Sheriff's Commissary Profit Fund need improvement.
 - The Sheriff's Department receives a commission based on the amount of commissary purchases made by prisoners. As of December 31, 2005, commissary profits totaling \$678 were maintained in the Sheriff's

Commissary Profit Fund. These monies should be deposited into the county treasury and handled like other county funds.

- Monies received and disbursed were not receipted or recorded in a cash control ledger or check register. As a result, monthly bank reconciliations could not be performed to ensure that the bank balances reconciled to the Sheriff's Department records. At our request, the Sheriff's Department prepared a cash control ledger during May 2006 and reconciled it to the bank balance.
- Invoices for some expenditures could not be located by Sheriff's Department personnel. At our request, the Sheriff's Department contacted these vendors to obtain a copy of these invoices. Paid receipts or vendor provided invoices are necessary to ensure purchases are valid expenditures of county funds.
- Bills are not being paid in a timely manner and finance charges have been incurred on these expenditures. As of June 22, 2006, the Sheriff's Department had not paid a \$156 bill from July 2005 and a \$145 bill from November 2005. Failure to pay bills promptly exposes the county to unnecessary costs.

Section 50.370, RSMo, requires every county official who receives any fees or other remuneration for official services to pay such money to the county treasury.

D. Seized property records and procedures need improvement. The following problems regarding seized property were noted:

1. A complete inventory listing of seized property was not maintained for the two years ended December 31, 2005. The Sheriff's Department maintains a binder containing the forms describing seized property for each case. Although the forms indicate the case number, the numerical sequence cannot be accounted for because some cases do not have seized property. As a result, the Sheriff's Department is unable to ensure all of the seized property forms are in the binder. In addition, periodic inventories of the property on hand are not conducted.

The Sheriff's Department was unable to locate one of the seized property items on a seized property form. Two items in the seized property room did not have case numbers and one of these items also did not have a seized property form.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. All seized property items and the applicable case numbers should be properly recorded on evidence property forms.

2. Procedures have not been implemented to periodically review cases and dispose of related seized property items. As a result, numerous items for which the related cases have been disposed in court are being stored. Property is on hand dating back to the late 1990s.

Section 542.301, RSMo, states seized property may be ordered sold or destroyed by a judge if not claimed within one year from the date of seizure.

Conditions similar to B., D.1., and D.2., were noted in our prior report.

WE RECOMMEND the Sheriff:

- A.1. Ensure the composition of receipt slips is reconciled to the transmittal of these monies.
2. Require receipt slips be issued for all monies received. In addition, the Sheriff should ensure the method of payment is recorded on the receipt slips and the composition of receipt slips is reconciled to deposits.
- B. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- C. Discontinue the practice of maintaining commissary profits outside the county treasury. These monies should be turned over to the county treasury on a periodic basis.
- D.1. Maintain a complete inventory record of all seized property including information such as a description, persons involved, current location, case number, and disposition of such property. In addition, a periodic inventory should be performed and compared to the inventory listing and any differences investigated.
2. Adopt procedures to periodically follow up on seized property items and obtain written authorization to dispose of the items upon final disposition of the cases.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

A.1

&2. I will review the procedures for bond receipts.

B. This has been implemented.

C. This fund will be turned over to the County Treasurer on January 1, 2007. After these monies are turned over, these monies will be transmitted monthly.

D.1. The current administration has been inventorying property into evidence that was received by the previous administration. In addition, a new system will be used to track seized property beginning in November, 2006.

D.2. The current administration is working to identify case information or dispose of unidentified seized property from the previous administration. I plan to have disposed of applicable seized property by the end of 2007.

3. Circuit Clerk Accounting Controls and Procedures

Circuit Court procedures related to manual receipt slips, accrued costs, and open items are in need of improvement. The Circuit Court processes approximately \$600,000 annually in civil and criminal case fees, fines, and bonds.

A. Manual receipt slips are issued when the Justice Information System (JIS) is not available. Manual receipt slips are recorded in JIS before being deposited. The following issues were noted with manual receipt slips:

- The Circuit Clerk does not account for the numerical sequence of manual receipt slips. For a year and a half, the Circuit Clerk's office issued two-part unofficial manual receipt slips. The duplicate copy of the receipt slip was sometimes attached to the monies and then thrown away after the receipt was entered into the JIS. Because copies of the receipt slips were not always retained, the numerical sequence could not be accounted for. The Circuit Clerk was unable to account for 69 of the 200 receipt slips in one of the receipt books.
- A reconciliation between manual receipt slips issued and JIS receipt slips was not performed. As a result, there is no assurance the monies that were recorded on manual receipt slips were deposited.

- Manual receipt slips were not issued for some of the monies received. Instead of issuing a manual receipt slip, the receipt was manually indicated on a case fee sheet printed from JIS. The Circuit Clerk indicated she did not know why this would have occurred.

To adequately account for collections and reduce the risk of loss or misuse of funds, official prenumbered receipt slips should be issued for all monies received immediately upon receipt. The receipt slip numbers should be accounted for and the composition should be reconciled to the JIS receipt slips.

B. The Circuit Clerk's controls and procedures for accrued costs need improvement.

1. The Circuit Clerk is not adequately monitoring accrued costs owed to the court. A listing of accrued costs is maintained in the Circuit Court's computer system, (JIS); however, the Circuit Clerk was not aware this information was available or that a report could be generated. At our request, the Circuit Clerk contacted the Office of State Courts Administrator to find out how to generate the report. As of April 13, 2006, the Circuit Court's accrued cost balance which was over 60 days overdue was approximately \$630,000. The Circuit Clerk should periodically generate a list of accrued costs and review for accuracy and completeness.

A complete and accurate listing of accrued costs would allow the Circuit Clerk to more easily review the amounts due to the court and to take appropriate steps to ensure amounts owed are collected or to determine if amounts are uncollectible. Establishing procedures to ensure cases are updated or removed from the accrued cost list as appropriate would help ensure the list is complete and accurate.

2. Monitoring procedures related to accrued civil costs are not adequate. The Circuit Clerk's office prepares and sends a cost bill to the individual who owes court costs. If payment is not received, the Circuit Clerk does not initiate any further collection procedures. In addition, the Circuit Court has not taken advantage of the various statutory provisions intended to improve debt collections.

Appropriate follow-up action is not being taken on cases with accrued costs that are owed by individuals on probation. The Circuit Clerk's office notifies Probation and Parole of the accrued costs on these cases. The Circuit Clerk indicated that she expects Probation and Parole to monitor the payment of court costs and notify the Circuit Judge of accrued costs.

Accrued costs could remain uncollected because of inadequate monitoring procedures which might eventually result in lost revenue. Without the active

and timely pursuit of unpaid fines, costs, and restitution, revenues to the state, county, and others could be lost.

A similar condition was noted in our prior report.

- C. The court does not make adequate efforts to review the status of open items. As a result, the overall open items volume and related balance has grown significantly. The December 31, 2005 open items listing included approximately 470 cases and totaled over \$77,090. Approximately 75 of these cases were received prior to 2002 with some cases dating as far back as 2000. Of six cases reviewed, we found five which had monies, totaling approximately \$490, that should have been disbursed to the state, county, or refunded to the defendant. In another instance, a bond was refunded even though court costs were still unpaid.

The failure to routinely review open items and apply available monies when appropriate increases the volume of cases which must be monitored and deprives the state, county or others the use of those monies. A procedure to routinely review case open items and make more timely disbursements should be implemented. If disbursement is possible but proper payees cannot be located, the monies should be disposed of in accordance with state law. In addition, the court needs to perform a comprehensive review of old open items and dispose of monies as appropriate.

WE RECOMMEND the Circuit Clerk:

- A. Require official prenumbered receipt slips be issued for all monies received and the numerical sequence of manual receipt slips be accounted for properly. In addition, the Circuit Clerk should ensure the composition of manual receipt slips is reconciled to JIS receipt slips.
- B. Establish procedures to monitor and collect accrued costs.
- C. Routinely review open items and disburse or dispose of monies as appropriate.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following responses:

- A. *This has been implemented.*
- B. *Some of the accrued costs have been passed on from the previous administration. I am working on taking advantage of various statutory provisions to collect accrued costs. The accrued cost list will also be printed and reviewed periodically.*

- C. *Some of the open items have been passed on from the previous administration. In the last two months, I have reduced the open items to approximately \$40,000.*

4. Associate Court Accounting Controls and Procedures

The Associate Court's procedures for processing monies received and segregating accounting duties are in need of improvement. In addition, bank reconciliations are not consistently performed and accrued costs are not adequately monitored. The Associate Court processes approximately \$440,000 annually in civil and criminal case fees, fines, and bonds.

- A. Cash custody and accounting duties have not been adequately segregated in the Associate Court. The Associate Clerk and deputy clerks collect monies and record transactions. However, the Associate Clerk also prepares deposits and bank reconciliations. There are no documented reviews of the accounting records by someone independent of receipting and depositing duties.

Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

A similar condition was noted in our prior report.

- B. Manual receipt slips are issued when the Justice Information System (JIS) is not available. Manual receipt slips are recorded in JIS before being deposited. The following issues were noted with manual receipt slips:

- The Associate Court does not account for the numerical sequence of manual receipt slips.

During 2004, 82 manual receipt numbers were not accounted for in the one-write receipt ledger. In addition, the receipt ledger included 31 receipt numbers that were recorded in the ledger more than once. The Associate Clerk indicated the receipt numbers were not recorded as the one-write receipt slip was written. After the one-write receipt slips were issued, the Associate Clerk and deputy clerks would review the applicable case files to attempt to identify the one-write receipt number. The Associate Clerk also indicated some of the missing receipt slips could be blank one-write receipt system pages which were misplaced.

During 2005, the Associate Court issued two-part unofficial manual receipt slips. One copy was given to the customer and the other copy was filed in the case file. Because copies of the receipt slips were not maintained in numerical order, they could not be accounted for.

- A reconciliation between manual receipt slips issued and JIS receipt slips was not performed. As a result, there is no assurance the monies that were recorded on manual receipt slips were deposited.
- The method of payment is not always noted or not correctly noted on the manual receipt slip.

To adequately account for collections and reduce the risk of loss or misuse of funds, prenumbered receipt slips should indicate the method of payment (i.e. cash, checks, or money orders), the receipt slip numbers should be accounted for, and the composition should be reconciled to the JIS receipt slips.

C. The Associate Court's controls and procedures for receipts need improvement.

1. Monies received are not always recorded in JIS in a timely manner. The Associate Clerk indicated receipts are not recorded in JIS until a case number has been assigned. A cash count performed on June 6, 2006 included two checks totaling \$78 which were not recorded in JIS as of June 29, 2006.
2. Monies received are not always deposited in a timely manner. Monies are normally collected each business day, but deposits are normally made only five times per month. For example, a deposit made on May 13, 2005 included four working days collections, totaling approximately \$5,600 and including approximately \$760 in cash. Also, checks and money orders are not restrictively endorsed immediately upon receipt.

To adequately account for collections and reduce the risk of loss or misuse of funds, receipts should be recorded in JIS in a timely manner, checks and money orders should be restrictively endorsed immediately upon receipt and deposits should be made on a timely basis. Deposits should be more frequent if significant amounts of cash are collected.

D. The Associate Court's controls and procedures for accrued costs need improvement.

1. The Associate Clerk is not adequately monitoring accrued costs owed to the court. A listing of accrued costs owed to the court is maintained in the Associate Circuit Court's computer system, (JIS); however, the Associate Clerk was not aware this information was available or that a report could be generated. At our request, the Associate Clerk contacted the Office of State

Courts Administrator to find out how to generate the report. As of June 14, 2006, the Associate Court's accrued cost balance which was over 60 days overdue was approximately \$75,000. Four cases reviewed, totaling \$488, should have been removed from the accrued costs list because these cases were filed by the Prosecuting Attorney or a state agency. In addition, in one case reviewed, the Associate Clerk had incorrectly assessed a charge which was not actually due on the case. The Associate Clerk should periodically generate a list of accrued costs and review for accuracy and completeness.

A complete and accurate listing of accrued costs would allow the Associate Clerk to more easily review the amounts due to the court and to take appropriate steps to ensure amounts owed are collected or to determine if amounts are uncollectible. Establishing procedures to ensure cases are updated or removed from the accrued cost list as appropriate would help ensure the list is complete and accurate.

2. Monitoring procedures related to accrued civil costs are not adequate. The Associate Court prepares and sends a cost bill to the individual who owes court costs. However, several individuals indicated they were unaware of the court costs owed on court cases. If payment is not received, the Associate Clerk does not initiate any further collection procedures. In addition, the Associate Court has not taken advantage of the various statutory provisions intended to improve debt collections.

Accrued costs could remain uncollected because of inadequate monitoring procedures which might eventually result in lost revenue. Without the active and timely pursuit of unpaid fines, costs, and restitution, revenues to the state, county, and others could be lost.

- E. Bank reconciliations for the Associate account are not consistently performed. For example, we noted bank reconciliations were not performed from December 2004 until May 31, 2005. In addition, the bank reconciliations reflected numerous old outstanding checks. The December 2005 bank reconciliation included 35 checks totaling \$1,725 which had been outstanding for more than one year.

Monthly bank reconciliations are necessary to ensure bank activity and accounting records are in agreement, to detect and correct errors timely, and to allow old outstanding checks to be resolved more timely.

WE RECOMMEND the Associate Circuit Court:

- A. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.

- B. Ensure the numerical sequence of official manual receipt slips is properly accounted for. In addition, the Associate Circuit Court should ensure the composition of manual receipt slips is reconciled to JIS receipt slips.
- C.1. Deposit all monies on a timely basis and restrictively endorse checks and money orders immediately upon receipt.
- 2. Record all manual receipt slips into JIS on a timely basis.
- D. Establish procedures to monitor and collect accrued costs.
- E. Ensure bank reconciliations are prepared on a monthly basis for each account. The Associate Court should investigate any old outstanding checks.

AUDITEE'S RESPONSE

The Associate Circuit Judge provided the following responses:

- A. *Customized segregated accounting duties between the various clerks will be implemented.*
- B. *Employing three-part receipt slips provides a hard copy receipt for the defendant, the case file, and the receipt book. Upon availability of JIS, all manual receipt slips are timely entered into the program.*
- C.1. *The Associate Court has implemented a procedure to record deposits without initiating a case.*
- C.2. *&E. Implemented.*
- D. *By improving the communication between the Associate Court and the Washington County Sheriff's Department, the collection of accrued civil costs should improve. The Associate Court believes some of the accrued costs were possibly paid through the Washington County Sheriff's Department instead of the Associate Court.*

5. Prosecuting Attorney Accounting Controls and Procedures

The Prosecuting Attorney's procedures for segregating accounting duties and processing monies received are in need of improvement. The Prosecuting Attorney's office processes approximately \$150,000 annually for bad check fees and bad check restitution.

- A. Cash custody and accounting duties for bad checks and restitution have not been adequately segregated in the Prosecuting Attorney's office. One clerk collects

monies, records transactions, and prepares transmittals. The following problems were noted with segregation of duties:

- Although the Prosecuting Attorney or Assistant Prosecuting Attorney performs documented reviews of the accounting records for bad check fees, these reviews are not adequate. The Prosecuting Attorney or Assistant Prosecuting Attorney compares monies to be transmitted with the transmittal to the County Treasurer, but does not compare the amounts transmitted to the recorded transactions.
- Neither the Prosecuting Attorney nor Assistant Prosecuting Attorney perform documented reviews of the accounting records related to court-ordered restitution or bad check restitution received by the office and distributed to victims.

Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

A similar condition was noted in our prior report.

B. The following issues were noted with bad check fees and bad check restitution:

- Computer receipts issued for bad check fees are not reconciled to the transmittals made to the County Treasurer. When money orders are received for bad check fees, they are recorded in a manual log. Bad check fee receipts are posted to the computer system daily and a receipt number is assigned. The clerk prepares a transmittal form using the manual log and the money orders.
- Monies received for bad check fees are not always transmitted in a timely manner. Monies are normally collected each business day, but transmittals to the County Treasurer are normally made only two times per month. For example, a transmittal on September 24, 2004 included nineteen working days collections, totaling approximately \$2,000.
- Money orders for bad check fees are not restrictively endorsed immediately upon receipt.
- Money orders received for bad check restitution were not always transmitted to merchants in a timely manner. One money order was received September 13, 2005 and the case file indicated the money order was sent to the merchant on October 13, 2005.

Without issuing and accounting for prenumbered receipt slips for all monies collected, the Prosecuting Attorney's office cannot ensure all monies collected are ultimately recorded and transmitted to the county or merchants. The receipt slip numbers should be accounted for, and receipt slips issued should be reconciled to the transmittals made. In addition, money orders should be restrictively endorsed immediately upon receipt and transmittals should be made on a timely basis.

- C. Prenumbered receipt slips are not issued for restitution monies received. The restitution monies are recorded in a manual log when they are received. These monies are transmitted directly to the appropriate individual. Without issuing and accounting for prenumbered receipt slips for all monies collected, the Prosecuting Attorney's office cannot ensure all monies collected are ultimately recorded and properly distributed.

WE RECOMMEND the Prosecuting Attorney:

- A. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- B. Ensure the money orders for bad check fees are restrictively endorsed immediately upon receipt, reconciled to the computer receipts, and transmitted to the County Treasurer intact on a timely basis. In addition, money orders received for bad check restitution should be transmitted to merchants in a timely manner.
- C. Require prenumbered receipt slips be issued for all restitution monies received and the numerical sequence of those receipt slips be accounted for properly. In addition, the Prosecuting Attorney should ensure the receipt slips are reconciled to transmittals.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *A documented test of receipts and transmittals will be conducted quarterly. Due to time constraints, a more detailed review cannot be done.*
- B. *We agree and corrective measures will be taken.*
- C. *A receipt book will be used instead of a manual log.*

6. Expenditures

The county does not have adequate procedures regarding the procurement of major purchases and professional services. In addition, the county's expenditure documentation, review, and reporting procedures are lax and the county could not provide documentation regarding the accuracy of the Public Administrator's salary.

- A. A review of the commission meeting minutes and bid files indicates the county does not place emphasis on bidding procedures or documentation. Numerous major purchases were made for which bids were not taken and/or documentation of bid procedures was lacking. The county did not solicit bids or perform other price comparison procedures for some major purchases. In addition, neither the county commission minutes nor the expenditure records contained adequate documentation of the county's efforts to compare prices (i.e., phone contacts, inquiries) or reasons to support sole source purchase determinations.

We had concerns related to the following purchases:

Printing services	\$ 13,815
Radios	9,540
Demolition services	7,800
Trailer	7,360

The County Clerk indicated the printing services were a sole source procurement; however, this was not documented in the minutes. For the other purchases, the County Clerk indicated she was unable to follow the bidding procedures because she was not notified of the purchase until she received the invoice. In addition to the above items, we noted other instances in which the county is not adequately bidding and/or documenting factors related to purchases:

- The county did not bid lease purchases. Examples of the items lease purchased included dump trucks for approximately \$134,700 and vehicles for approximately \$62,700. The County Commission indicated they thought bidding was not applicable for these purchases.
- Fuel purchases made by the Sheriff's Department totaled approximately \$41,500 and \$51,300, during 2004 and 2005, respectively. Although the Sheriff indicated he solicits prices via phone calls; documentation of these calls is not retained.

Section 50.660, RSMo, requires the advertisement for bids on all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days.

Routine use of a competitive procurement process (advertisement for bids, phone solicitations, written requests for proposals, etc.) for major purchases ensures the county has made every effort to receive the best and lowest price and all interested parties are given an equal opportunity to participate in county business. Documentation of the various proposals received, and the county's selection process and criteria should be retained to demonstrate compliance with the law and support decisions made.

- B. The county did not enter into contracts for some services when appropriate. For example, during 2004 and 2005, the county paid for mailing services costing \$17,800 and printing services costing \$13,800 without benefit of written agreements. The County Clerk indicated she was familiar with the vendors printing the ballots and did not believe a written agreement was necessary.

Section 432.070, RSMo, requires contracts of political subdivisions to be in writing. Written contracts, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings.

- C. The county's accounts payable process does not provide adequate controls to prevent duplicate payments. Bills are sometimes paid based on a statement, rather than an original invoice. Also, there is no review of the expenditure system to ensure payment had not already been made. As a result, duplicate payments over a two month period were made on several invoices totaling approximately \$12,500. While the vendor refunded the overpayments noted, there is no assurance that all duplicate payments have been identified. To ensure against duplicate payment of bills, payments should be based on original invoices which are marked paid when a check has been issued by the county and the expenditure system should be reviewed for previous payments.
- D. The county has inadequate procedures in place to ensure Forms 1099 are filed with the Internal Revenue Service (IRS) when required. Forms were not filed for payments in 2004 totaling \$12,790 for surveying services and \$7,800 for demolition services. Sections 6041 through 6051 of the Internal Revenue Code require payments of \$600 or more for professional services or for services performed as a trade or business by non employees (other than corporations) be reported to the federal government on Forms 1099.
- E. Section 473.742, RSMo, enacted in 2000, required public administrators to make a determination within thirty days after taking office whether to receive a salary from the county or to receive fees as may be allowed by law to executors, administrators, or personal representatives. The county has no documentation indicating what the Public Administrator decided.

The Public Administrator has received fees and a \$10,000 annual salary since her term started in January 2001. Although the Salary Commission minutes had not specifically mentioned the Public Administrator's salary since 1995, the County Clerk indicated her salary was based on Section 473.739. Section 473.739, RSMo, which authorized the annual compensation from the county, was amended in 2000 and this statute only applies to first-class counties (Washington County is a third-class county).

WE RECOMMEND the County Commission:

- A. Perform a competitive procurement process for all major purchases and maintain documentation of decisions made.
- B. Enter into contracts when appropriate and ensure that contracts contain adequate details and protections for the county.
- C. Establish effective expenditure review procedures to prevent duplicate payments.
- D. Develop adequate procedures to ensure Forms 1099 are filed as required.
- E. Obtain a legal opinion from the Prosecuting Attorney regarding the compensation paid to the Public Administrator during her term beginning in 2001, and take appropriate action.

AUDITEE'S RESPONSE

The County Commission and County Clerk provided the following responses:

- A. *This will be implemented January 1, 2007.*
- B. *This will be implemented. A written agreement was entered into for printing services in 2006.*
- C. *The County Clerk will only pay from original invoices not statements.*
- D. *This will be implemented for 2006.*
- E. *The County Commission will consult with the Prosecuting Attorney regarding this matter.*

The County Commission procedures relating to the Economic Development Sales Tax Fund, the Revolving Loan Fund, and the road and bridge maintenance plan are in need of improvement.

A. The County Commission procedures for the Economic Development Sales Tax Fund need improvement. The Washington County Industrial Development Authority (IDA) was paid \$180,000 and \$662,000 for infrastructure in 2004 and 2005, respectively, from the Economic Development Sales Tax Fund. The following problems regarding the Economic Development Sales Tax monies were noted:

1. The County Commission has not requested bids or funding proposals for economic development services. The County Commission has signed an agreement which indicates the county will utilize the Washington County IDA for activities financed by the Economic Development Sales Tax monies. By requesting bids or funding proposals for economic development services, the county would be able to make a better-informed decision to ensure necessary services are obtained from the best qualified organization at the lowest and best costs.

The County Commission should consider requesting bids or funding proposals for economic development services, and establishing a policy which defines the requirements for approving requests for funds to ensure fair and equitable treatment is extended to all organizations.

2. The County Commission's agreement with the Washington County IDA is not adequately detailed. Although not required by the agreement, an annual budget request and financial information is submitted to the County Commission. The Washington County IDA expends the Economic Development Sales Tax monies for operating expenses and infrastructure; however, the court order approved by the County Commission indicates the expenditure is for infrastructure. The County Commission has not developed an effective method of monitoring the services. The following conditions each contribute to the difficulty the County Commission experiences in accomplishing appropriate monitoring:

- The County Commission receives an annual budget submitted by the Washington County IDA for the year. However, the budget does not provide sufficient detail regarding the specific types or levels of service to be provided, or other measurable methods for determining if the funding requested is reasonable in relationship to the proposed services and is not an adequate basis for a formal agreement.

- The Washington County IDA does not submit monthly or quarterly reports that detail the types or levels of service provided.
- The County Commission makes payments to the Washington County IDA when monies are requested. These payments are not based on reimbursement for actual services provided and documentation is not required to be eligible for additional payments.

The lack of formal agreements, inadequate monitoring efforts, and informal payment methods used by the County Commission do not provide adequate assurance as to how Economic Development Sales Tax monies are being spent. At a minimum, formal written agreements should be prepared documenting the provision of specific services to be provided in exchange for funding provided by the County Commission.

- B. The County Commission appoints the members of the Revolving Loan Board which is to oversee the Revolving Loan Fund. The Revolving Loan Board issues loans to companies and individuals as part of an economic development program. The County Treasurer receives and disburses the Revolving Loan Fund monies. The County Treasurer indicated the Revolving Loan Fund monies were initially received from a grant for job enhancement business loans. As the loans are repaid, the monies are used to make additional loans. The following problems were noted regarding the Revolving Loan Fund monies:

1. A new loan agreement was not obtained after the Revolving Loan Board renegotiated a loan in June 2002. This loan was renegotiated because the company was having difficulties making payment. Payments have not been made on this loan since May 2005. As of December 31, 2005, this company has approximately \$19,000 in principal outstanding on this loan. The County Commission or Revolving Loan Board has not taken any action regarding this loan. Because these monies have not been repaid, the county has less money available for additional economic development loans.

Section 432.070, RSMo, requires contracts of political subdivisions to be in writing. Contracts which fully stipulate the terms of the agreements, rights, and responsibilities of the parties are necessary to ensure the county is able to determine if loan payments meet their expectations. To maintain the program and to treat all companies equitably, the County Commission and Revolving Loan Board should ensure all companies comply with the loan terms and collect on unpaid loans. The County Commission and Revolving Loan Board should investigate any unpaid loans and, in consultation with legal counsel, take appropriate action.

2. The County Treasurer did not maintain the amortization schedules for some of the loans as payments were received. At our request, the County Treasurer updated the amortization schedules for these loans. Failure to maintain an accurate record of transactions related to the loans could result in the loss of monies due to the Revolving Loan Fund.
- C. A formal maintenance plan for county roads and bridges has not been prepared. A maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the roads and bridges to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be referred to in the budget message and approved by the County Commission. In addition, the County Commission should consider holding a public hearing to obtain input from county residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. A plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of roads and bridges throughout the year.

Conditions similar to A.2. and B.1. were noted in our prior report.

WE RECOMMEND the County Commission:

- A.1. Request bids or funding proposals for economic development services.
 2. Enter into written agreements which specify the amounts to be paid, the services to be provided, and ensure payments are made in relationship to the levels of services provided.
- B.1. And Revolving Loan Board enter into contracts when appropriate and ensure that contracts contain adequate details and protections for the county. The County Commission and Revolving Loan Board should also require all companies and individuals comply with the loan agreements. In addition, the County Commission and Revolving Loan Board should take appropriate action on any outstanding loans.
2. Require the County Treasurer to prepare up-to-date amortization schedules which include all loan activity.
- C. Prepare and document a road and bridge maintenance plan at the beginning of the calendar year and periodically update the plan throughout the year. In addition, the County Commission should review the progress made in the repair and maintenance of roads and bridges to make appropriate decisions on future projects.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A.1. We will consider whether to solicit proposals for economic development services.*
- A.2. We will review the agreement with the Washington County IDA.*
- B.1. We will perform more oversight of the Revolving Loan Board.*
- B.2. We will request the County Treasurer to prepare an up-to-date amortization schedule.*
- C. We will attempt to do this at the beginning of each year.*

The Revolving Loan Board provided the following response:

- B.1. Written loan agreements will be obtained for modified loans in the future. Outstanding loan notices will be sent notifying borrowers when payments are due. Delinquent loan notices will also be sent. In addition, we will consider other action to be taken on delinquent loans.*

The County Treasurer provided the following response:

- B.2. I will prepare an up-to-date amortization schedule.*

8. County Commission Minutes

The County Commission minutes do not always include sufficient detail and meeting notices and agendas were not posted or not maintained for some meetings.

- A. The commission minutes do not always include sufficient detail of matters discussed or actions taken.
 - The minutes do not always include detail of bids received. As a result, the vendor who submitted the bid and bid amounts are sometimes not documented in the minutes.
 - The minutes do not always include the details of agreements approved by the commission. When lease purchase agreements were approved, the length or amount of the lease purchase was not included in the minutes.

The Sunshine Law, Chapter 610, RSMo, requires governmental bodies to prepare and maintain minutes of open and closed meetings, and specifies details that must be recorded. Minutes are required to include, but not limited to, the date, time, place,

members present, members absent, and a record of votes taken. In addition, the minutes should provide details regarding discussions that take place during meetings. Complete and accurate minutes are necessary to retain a record of the business conducted and actions taken by the commission.

B. Meeting notices and agendas were either not posted or not maintained for some meetings held by the County Commission. The County Commission meets every Monday and other days as necessary.

- Meeting notices and agendas were not available for three weeks of the commission meetings. The County Clerk indicated that she regularly posts notices and agendas for each week's meetings and she must have just failed to maintain all of them for her file.
- Some of the meeting notices and agendas indicated they were posted on the same day as the first meeting on the notice. The County Clerk indicated that she posted these as required by state law and had indicated the incorrect date of posting.

The Sunshine Law, Chapter 610, RSMo, requires a posting of the time, date and place of each meeting along with a tentative agenda of the matters to be discussed. When it is necessary to hold a meeting on less than twenty-four hours' notice, the reason justifying the departure from the normal requirements should be stated in the minutes. Maintaining a complete file of the meeting notices and tentative agendas would allow the county to demonstrate compliance with the law.

WE RECOMMEND the County Commission:

- A. Ensure complete and accurate minutes of the commission's meetings are maintained; including, but not limited to, a record of any votes taken, and other information required by state law.
- B. Ensure meeting notices and agendas are posted and maintained.

AUDITEE'S RESPONSE

The County Commission and County Clerk provided the following responses:

- A. *We will try to include more detailed information in the minutes.*
- B. *Although agendas were prepared for these meetings, they were not retained. In the future, we will attempt to ensure agendas are retained which document when they were posted.*

9.**County Property Records and Procedures**

Procedures and records to account for county property are not adequate. Records and monitoring procedures for county vehicles used by various officials are not sufficient. Records of fuel usage for road and bridge vehicles and equipment are not adequately reviewed. The county does not have written policies and effective monitoring procedures regarding vehicle usage.

- A. The County Clerk's procedures to account for county property are not sufficient and county property records are not complete. The County Clerk requests the various county departments prepare an annual inventory listing at the end of the year. As of the end of 2005, the county property not including vehicles and buildings was valued at approximately \$3.3 million on the county insurance policy.
- The County Clerk has no procedure to identify property purchases and dispositions throughout the year. The overall county property record is updated once a year using information from the various county departments. The County Clerk indicated she relies on the various county departments for information on property purchases and dispositions because they are responsible for performing inventories.
 - Property purchases are not reconciled to additions per the property records. For example, a phone system (\$27,600) and generator (\$15,200) were not recorded in the overall county property record. The County Clerk indicated she does not know what property is purchased from some funds because she does not maintain an account book for these funds. See Finding Number 05-1.
 - Annual physical inventories of county property are not adequate. The various county departments submit a listing of county property at the end of the year. During our review of county property, we were unable to locate an item on the Associate Court's property listing. Although a different copier had been obtained through a lease purchase, the property listing was not updated by the Associate Court during the annual physical inventory.
 - The overall county property record does not include the acquisition/disposition dates, purchase value, and serial numbers for some property. The County Clerk indicated she updates the county property records using only the information on the inventories from the various county departments.
 - Although some department inventory reports showed property items were disposed of since the previous reporting period, no explanation was attached

to identify pertinent details, such as reasons for disposal, authorization for disposal, method of disposal, to whom disposed, and amount received. For example, the department inventory records indicated an air compressor (\$800) and a truck (\$6,800) were removed from service. County property is disposed of by either throwing it away or selling it.

This lack of monitoring or involvement by the County Clerk diminishes the benefit of periodic reporting by the various other county departments, and increases the possibility of theft occurring without detection. In addition, property items could be purchased or disposed of without proper modifications to the county's insurance coverage.

Adequate property records and monitoring procedures by the County Clerk are necessary to ensure compliance with Section 49.093, RSMo and provide adequate internal controls over county property. The comparison of periodic inventories to overall county property records could potentially identify unrecorded additions and dispositions, identify obsolete assets, and deter and detect theft of assets. Procedures to promptly identify, tag, and insure new property items are necessary to properly protect county assets.

A similar condition was noted in our prior report.

- B. Records and monitoring procedures for county vehicles used by various officials are not sufficient. The county owns twenty-nine vehicles utilized by the Road and Bridge Department, Airport, Coroner, and Sheriff's Department. These vehicles are used for various county duties. The county does not require vehicle usage logs to be prepared for the vehicles used by the Road and Bridge Department, Airport, and Coroner. The Sheriff's Department records beginning and ending mileage on a daily activity log maintained by officer. However, there is not a complete log accounting for all miles traveled in each vehicle.

County officials indicated they believe the use of the vehicles is proper. However, without adequate usage logs, the county cannot effectively monitor that vehicles are used for official business only, that maintenance and fuel costs for vehicles are reasonable, and that fuel and maintenance billings to the county represent legitimate and appropriate charges. In addition, without details regarding overall mileage and costs incurred for the various county vehicles, the county cannot evaluate when vehicles need to be replaced.

Vehicle usage logs should include trip information (i.e., employee, dates used, beginning and ending odometer readings, destination, and purpose) and operating

costs information (fuel and maintenance). These logs should be reviewed by a supervisor to ensure vehicles are used only for county business and evaluate operating costs. In addition, information on the logs should be reconciled to fuel and maintenance billings received by the county.

- C. Records of fuel usage for road and bridge vehicles and equipment are not adequately reviewed. The bulk fuel tanks are used for approximately ten vehicles and a number of dump trucks, graders, tractors, and loaders used by the Road and Bridge Department. The bulk fuel purchases totaled approximately \$81,300 and \$121,500 in 2004 and 2005, respectively. Road and Bridge Department employees dispense fuel into the equipment and vehicles from fuel tanks maintained for each department. Road and Bridge Department employees record the date, vehicle description, and gallons pumped on logs maintained at the sites. The county receives periodic billings when the vendor fills the bulk fuel tanks. However, a complete inventory record of bulk fuel showing purchases, usage, and fuel on hand is not maintained.

The fuel usage logs are not routinely reviewed by the road and bridge supervisor or County Commission. Gallons purchased per the fuel billings are also not reconciled to the gallons dispensed as recorded in the logs. Periodic reconciliations of the fuel usages and purchases to the calculated fuel on hand are not performed. In addition, the Road and Bridge Department logs contain no information regarding odometer or operating hour readings. This information is needed to evaluate the reasonableness of fuel usage for the various trucks or equipment items.

Because the fuel inventory records and usage log information are not complete, the county lacks the details needed to perform effective reconciliation procedures and evaluate reasonableness of fuel usage in various vehicles and equipment. The failure to perform proper reconciliations increases the possibility that improper billing amounts will be paid and the risk that theft or misuse of fuel could occur and not be detected.

- D. The county does not have written policies and effective monitoring procedures regarding vehicle usage. Some county vehicles are used for commuting to and from work.

The county owns two vehicles which are utilized by the road and bridge supervisors. These vehicles are housed at the employee's home rather than a county facility such as the courthouse or road and bridge shed. The road and bridge supervisors regularly use county vehicles to commute to and from work. The County Commission indicated several reasons for assigning vehicles in this manner, including: 1) less response time is needed if emergencies arise, 2) supervisors are considered on call, and 3) supervisors work day begins and ends at their house. Vehicle logs are not

maintained for these vehicles (see B above). As a result, the business and personal (commuting) mileage cannot be determined. In addition, the amount of personal (commuting) mileage is not included on employee W-2 forms as a fringe benefit.

The Internal Revenue Service (IRS) reporting guidelines indicate personal commuting mileage is a reportable fringe benefit. The county may be subject to penalties and/or fines for failure to report all taxable benefits. A formal written county vehicle policy is needed to inform county officials and employees of the proper use of county vehicles, outline vehicle usage log documentation requirements, address and define personal use of vehicles, and identify applicable IRS guidelines and reporting requirements.

WE RECOMMEND:

- A. The County Clerk implement a procedure for tracking new property items throughout the year, modify insurance coverage promptly, and follow up on discrepancies identified during the annual physical inventory process. The County Clerk should also ensure the county property records include all applicable information. In addition, the County Commission should approve all dispositions of county property.
- B. The County Commission require the preparation of usage logs for all county vehicles, and ensure proper reviews and reconciliations are performed.
- C. The County Commission ensure the Road and Bridge Department maintains complete fuel inventory records, and that fuel usage logs are periodically reviewed for completeness and reasonableness of usage and reconciled to fuel purchased and on hand.
- D. The County Commission adopt a written policy regarding proper and allowable use of county vehicles. In addition, the County Commission should ensure the county complies with IRS reporting requirements related to personal commuting mileage.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The County Clerk has implemented a procedure to track county property when it is purchased. The County Clerk has added all applicable information to the county property list. We will approve dispositions in the future.*
- B. *We will develop usage logs for vehicles used by the Road and Bridge Department, Airport and Coroner.*
- C. *We will document a fuel reconciliation.*

D. *We will consult with the Prosecuting Attorney regarding this.*

10. Schedule of Expenditures of Federal Awards

The county does not have adequate procedures in place to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA), and as a result, the county's SEFA contained several errors and omissions. Expenditures were understated by \$50,500 and overstated by \$950 for the years ended December 31, 2005 and 2004, respectively.

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the county to prepare a SEFA for the period covered by the county's financial statements. The county is required to submit the SEFA to the State Auditor's office as a part of the annual budget.

Expenditures relating to several federal grants were reported incorrectly or not included on the schedule. Some programs were understated and other programs were overstated each year. For example, in 2005 the County Clerk failed to include federal monies of \$17,352 for the Highway Planning and Construction Program. In 2004, expenditures of the Help America Vote Act Requirements Payments Program were overstated by \$15,000. The County Clerk was unable to provide supporting documentation for the amounts originally shown on the SEFA. Several of the programs were also reported with the incorrect federal CFDA number. The County Clerk also failed to include the required pass-through grantor's number on most of the programs that were reported. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The County Commission should take steps to ensure all departments and/or officials properly track federal awards to ensure all federal awards are properly accounted for on the SEFA.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

A similar condition was noted in our prior report. Although some improvement has been made by the County Commission and County Clerk, the SEFA is still not complete and accurate.

WE AGAIN RECOMMEND the County Commission and County Clerk work to ensure the SEFA is complete and accurate.

AUDITEE'S RESPONSE

The County Commission and County Clerk provided the following response:

We will try to do better on preparing an accurate and complete SEFA.

11. Property Tax System

Property tax system procedures and controls are not sufficient. The County Clerk does not prepare or verify the back tax books by maintaining an account book with the County Collector. Neither the County Clerk nor the County Commission verify the County Collector's settlements.

- A. The County Clerk does not prepare or verify the accuracy of the delinquent tax books. During the audit period, personnel in the County Collector's office printed the delinquent tax books and tax statements. Because the County Collector is responsible for collecting property tax monies, good internal controls require that someone independent of that process be responsible for generating and testing the accuracy of the property tax books.

Sections 137.290 and 140.050, RSMo, require the County Clerk to extend the back tax books and charge the County Collector with the amount of taxes to be collected. If it is not feasible for the County Clerk to prepare the tax books, at a minimum, he/she should verify the accuracy of the tax books and document approval of the tax book amounts to be charged to the County Collector. Failure to do so could result in errors or irregularities going undetected.

- B. Neither the County Commission nor the County Clerk provide a review of the activities of the County Collector. The County Clerk does not maintain an account book or other records summarizing property tax transactions and changes, and no evidence was provided to indicate procedures are performed by the County Clerk or the County Commission to verify the County Collector's monthly or annual settlements. As a result, neither the County Clerk nor the County Commission ensure the accuracy of the information reported in the County Collector's settlements.

Section 51.150(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury.

An account book or other records which summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts should be maintained by the County Clerk. Such records would help the County Clerk ensure that the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the

County Clerk and County Commission to verify the County Collector's monthly and annual settlements. Such procedures are intended to establish some checks and balances related to the collection of property taxes.

A similar condition was noted in our prior report.

WE RECOMMEND:

- A. The County Clerk prepare the delinquent tax books or, at a minimum, verify the accuracy of the tax books prior to charging the County Collector with the property tax amounts.
- B. The County Commission and County Clerk monitor property tax system activities and perform a thorough review of the County Collector's annual settlements.

AUDITEE'S RESPONSE

The County Commission and County Clerk provided the following responses:

- A. This has been implemented by verifying the accuracy of the tax books.*
- B. The County Clerk will review the County Collector's annual settlements.*

12. Senior Citizen's Service Board

The Senior Citizen's Service Board does not develop formal agreements with the not-for-profit (NFP) organizations. Instead, the NFPs submit annual funding requests to the Board which are then approved based on the information provided in the requests and information from the NFP staff. During 2005 and 2004, the Board paid the NFPs \$151,500 for these funding requests for transportation services and meals for senior citizens. The Board also has not developed an effective method of monitoring the services provided by several of the NFP service providers. The NFP service providers attend the Board's meetings and provide financial information regarding their operations. However, the minutes of these meetings do not document details regarding the reports provided. The following conditions each contribute to the difficulty the Board experiences in accomplishing appropriate monitoring:

- The Board considers the approved annual funding requests submitted by the NFP organizations to be the NFPs' agreements for the year. However, the requests do not always provide sufficient detail regarding the specific types or levels of service to be provided, the number of clients to be served, or other measurable methods for determining if the funding requested is reasonable in relationship to the services the NFP plans to provide and are not an adequate basis for a formal agreement.

- The Board makes quarterly payments to each NFP based on the funding amount approved for the year. These payments are not based on reimbursement for actual services provided and the NFPs are not required to provide such documentation to be eligible for additional payments.

The lack of formal agreements, inadequate monitoring efforts, and informal payment methods used by the Senior Citizen's Service Board do not provide adequate assurance as to how monies are being spent. At a minimum, formal written agreements should be prepared documenting the provision of specific services to county residents or the number of clients to be served in exchange for funding provided by the Senior Citizen's Service Board.

WE RECOMMEND the Senior Citizen's Service Board enter into written agreements which specify the amounts to be paid, the services to be provided, and ensure payments made to NFPs are made in relationship to the levels of services provided and/or the number of clients served.

AUDITEE'S RESPONSE

The Senior Citizen's Service Board provided the following response:

We have met with the Prosecuting Attorney to discuss this matter. At the January 19, 2007 meeting, the board will discuss entering into contracts with the NFPs. Contracts will be signed before any monies are distributed. We will ask the Prosecuting Attorney what documents we should require from the NFPs.

13.	Health Department Controls and Procedures
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Several weaknesses were noted with Health Department controls and procedures related to minutes, financial records, rental property, expenditures, payroll, and capital assets.

- A. The Health Department's controls and procedures for minutes need improvement.
1. Reasons for closing meetings and the corresponding vote to close the meeting are not always documented. The Health Department Board held numerous closed sessions over the past several years. Open session minutes typically will indicate that the meeting is being closed, but the specific reason and a vote to close the meeting are not documented.

The Sunshine Law, Chapter 610, RSMo, states the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session and requires minutes be kept for all closed meetings. In addition, the Sunshine Law provides that public governmental bodies shall

not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote.

2. Some decisions made in closed session were not subsequently disclosed in open session as required. For example, the decision to hire and promote employees was not disclosed in open session as required.

The Sunshine Law, Chapter 610, RSMo, provides for topics that are allowed to be discussed in closed meetings. Discussions in closed meetings should relate to the specific topics used to justify the meeting closure. In addition, the law requires certain votes taken in closed session to be disclosed in open session.

3. The Health Department did not document when notice was given for the Health Department meetings. The Health Department Administrator indicated an agenda is posted before every meeting. As a result of not documenting when the agenda is posted, the Health Department does not have documentation of compliance with the Sunshine Law.

The Sunshine Law, Chapter 610, RSMo, requires a posting of the time, date and place of each meeting along with a tentative agenda of the matters to be discussed. When it is necessary to hold a meeting on less than twenty-four hours' notice, the reason justifying the departure from the normal requirements should be stated in the minutes. Maintaining a complete file of the meeting notices and tentative agendas would allow the Health Department to demonstrate compliance with the law.

- B. The Health Department does not have procedures in place to ensure their budget documents accurately present their financial activities. The budgeted and actual receipt amounts were not always reported separately by program on the Health Department budgets. At our request, the Health Department Administrator used other financial records to separate the actual receipt amounts by program. The Health Department Administrator did not have documentation of the combined budgeted receipt amounts by program. In addition, the Health Department budget documents contained numerous misclassifications for both budgeted and actual receipts amounts, such as intergovernmental receipts classified as charges for services receipts and other receipts.

These errors could have been detected had an adequate review of the amounts presented in the budget been performed by the Health Department Administrator or Health Department Board. As a result of the errors, it was necessary to make numerous reclassifications to the amounts presented in the financial statements. The reclassifications were discussed with and agreed to by the Health Department Administrator. Considering the various problems noted, the approved budgets did

not provide county citizens with reliable information about the Health Department's finances and are a less effective management tool for the Health Department.

To be of maximum assistance to the Health Department and to adequately inform citizens of the Health Department's operations and financial position, budget documents need to be accurate and include proper classifications of receipts and disbursements. This is also necessary so that the Health Department can prepare useful and accurate financial statements. A thorough review process needs to be implemented to ensure budget documents are accurate and complete prior to approval.

- C. The Health Department did not solicit bids for rental property. A company contacted the Health Department to rent the building for \$1,300 a month. The Health Department signed an agreement with this company in November 2005.

The Health Department should evaluate the need for this building. If the building is kept, the Health Department should rent it through a competitive bid process to ensure a fair value is received.

- D. The Health Department's controls and procedures for expenditures need improvement.

1. A review of the Health Department meeting minutes and bid files indicates the Health Department does not place emphasis on bidding procedures or documentation. A review of expenditures identified numerous major purchases for which bids were not taken and/or documentation of bid procedures was lacking. A discussion of some of these purchases follows.

The Health Department did not solicit bids or perform other price comparison procedures for some major purchases. In addition, neither the Health Department minutes nor the expenditure records contained adequate documentation of the Health Department's efforts to compare prices (i.e., phone contacts, inquiries) or reasons to support sole source purchase determinations.

- The Health Department did not advertise for vaccine purchases which totaled approximately \$34,200 in 2004 and 2005. Rather, the Health Department Administrator indicated she calls vendors that handle vaccines each time a purchase is made. However, documentation of these calls and the prices obtained are not retained.
- The Health Department spent approximately \$20,300 in 2004 for nurse practitioner services. The Health Department Administrator indicated she determined the local vendors available to provide the

nurse practitioner services, but this determination was not documented.

Section 50.660, RSMo, requires the advertisement for bids on all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days.

Routine use of a competitive procurement process (advertisement for bids, phone solicitations, written requests for proposals, etc.) for major purchases ensures the Health Department has made every effort to receive the best and lowest price and all interested parties are given an equal opportunity to participate in Health Department business. Documentation of the various proposals received, and the Health Department's selection process and criteria should be retained to demonstrate compliance with the law and support decisions made.

2. Supporting documentation related to some expenditures was insufficient. For example, detailed credit card receipts are not retained by the Health Department Administrator and there is no evidence that these receipts were compared to the periodic billings. The Health Department also paid \$20,300 for nurse practitioner services based on billings prepared by the Health Department.

The Health Department monies represent public funds and officials have a fiduciary responsibility to ensure expenditures are appropriate and reasonable, and supported with adequate documentation. Without obtaining and properly reviewing adequate documentation, the Health Department Board cannot determine the validity and propriety of the expenditures.

3. The Health Department's accounts payable process does not provide adequate controls to ensure that goods and services have been received prior to payment. Acknowledgment of receipt of goods or services is not required prior to paying invoices. For example, the Health Department paid approximately \$3,800 for surveillance system installation and \$547 for a hotel bill without acknowledging receipt of goods or services.

Proper reviews of billings by employees most knowledgeable of the transactions, comparison of receipts or records of individual transactions to overall month-end billings, and verification of receipt, are necessary to ensure the Health Department is paying for legitimate goods or services.

- E. The Health Department's controls and procedures for payroll need improvement.

1. The Health Department compensatory leave records are not always accurate. The Health Department Administrator maintains two records of compensatory time which did not agree in some instances. Instances were also noted where hours of leave earned per the time sheets did not agree to the compensatory records.

The activity reflected on employee time sheets and leave records should be carefully reviewed for consistency and mathematical accuracy to ensure that employee leave balances are correct. Accurate records of leave and compensatory time are also necessary to ensure compliance with the Fair Labor Standards Act (FLSA) and to ensure employees are properly compensated for accumulated leave.

2. The Health Department is not following procedures as stated in the current personnel policy for personal leave time. According to the Health Department Administrator, all employees are entitled to two days of personal leave a year. However, personal leave is not included in the Health Department's personnel policy. Records are also not maintained for personal leave earned and/or taken.

Adherence to the Health Department's personnel policy regarding personal leave is necessary to ensure the equitable treatment of all employees. Accurate and properly maintained leave records are also necessary to provide assurance that leave policies are being followed.

- F. The Health Department's procedures to account for Health Department property are not sufficient and Health Department property records are not complete. As of the end of 2005, the Health Department property not including vehicles and buildings was valued at approximately \$150,000 on the Health Department insurance policy.

- The Health Department Administrator records the estimated value of the purchased property. As a result, property purchases can not be reconciled to additions per the property records. For example, a generator (\$8,400 paid by the Health Department and the remainder of the purchase paid for by a grant received by county) was not recorded in the Health Department's property record.
- The Health Department did not conduct an annual physical inventory of Health Department property. As a result, several tag numbers on Health Department property did not agree with the Health Department property records.
- Although the property records showed property items were disposed of since the previous reporting period, no explanation was attached to identify

pertinent details, such as disposal date, authorization for disposal, method of disposal, to whom disposed, and amount received. For example, the property records indicated a copier (\$2,000) and a computer (\$1,000) were broken. Health Department property is disposed of by either donating it or throwing it away.

Adequate property records and monitoring procedures by the Health Department Administrator are necessary to ensure compliance with Section 49.093, RSMo and provide adequate internal controls over Health Department property. The comparison of periodic inventories to overall Health Department property records could potentially identify unrecorded additions and dispositions, identify obsolete assets, and deter and detect theft of assets. Procedures to promptly identify, tag, and insure new property items are necessary to properly protect Health Department assets.

A similar condition was noted in our prior report.

WE RECOMMEND the Health Department Board of Trustees:

- A.1. Ensure the vote to close a session is documented in open minutes, along with the reason for closing the session.
2. Ensure decisions made in closed session are properly reported in the open minutes when required.
3. Ensure meeting notices and agendas are posted and maintained.
- B. Ensure that budget documents contain complete and accurate information about the Health Department's finances and have adequate descriptions. In addition, the Health Department Board should thoroughly review the budget document before it is finalized and made public.
- C. Evaluate the need for the rental property. If the building is kept, the Health Department should request bids for its rental.
- D.1. Perform a competitive procurement process for all major purchases and maintain documentation of decisions made.
2. Ensure there is adequate documentation to support all expenditures.
3. Establish effective expenditure review procedures to ensure payments are only made for legitimate goods and services.
- E.1. Maintain leave records in a manner that provides a complete record of the amount of leave earned, taken, and any accumulated balances.

2. Ensure the Health Department's personnel policy is followed when determining personal time. If personal time is included in the Health Department's personnel policy, records should be maintained for the personal leave earned, taken, and the accumulated balance.
- F. Implement a procedure for tracking new property items throughout the year, modify insurance coverage promptly, and follow up on discrepancies identified during the annual physical inventory process. The Health Department Board should also approve all dispositions of Health Department property.

AUDITEE'S RESPONSE

The Health Department Board of Trustees provided the following responses:

A.1, A.2.

&E. These have been implemented.

A.3. This will be implemented starting with the meeting in November 2006.

B. This will be implemented with the 2007 budget.

C. We are in the process of selling the building.

D.1. We will better document the bidding procedures.

D.2. We are now obtaining adequate supporting documentation for expenditures.

D.3. We are working on a process to establish procedures for the approval of receipt of goods and services.

E.2. The current health department policy for personal leave time will be discussed before the end of the year.

F. We are working on implementing procedures to account for property.

14. Handicapped Board (Senate Bill 40 Board) Controls and Procedures

Several weaknesses were noted with Handicapped Board controls and procedures related to a lack of monitoring for expenditures made to not for profit service providers, the board's depository bank, and capital asset records.

- A. The Board has not developed an effective method of monitoring the services provided by several of the not-for-profit (NFP) service providers. Although the

agreements with the NFP service providers require quarterly reports of the progress of the project, the NFP service providers have not provided the Handicapped Board with these quarterly reports. The Handicapped Board reimbursed some of the NFP service providers for actual payroll costs which do not always agree with the payroll summaries from the NFPs. In addition, the Handicapped Board reimbursed NFP service providers for other expenditures without retaining adequate documentation for these expenditures. During 2005 and 2004, the Board paid the NFPs \$331,400 for these funding requests for various services and expenditure reimbursements.

The inadequate monitoring efforts and informal payment methods used by the Handicapped Board do not provide adequate assurance as to how monies are being spent. At a minimum, the Handicapped Board should ensure documentation is received regarding the specific services to county residents or the number of clients to be served in exchange for funding provided by the Handicapped Board.

- B. The Handicapped Board has not entered into a written agreement with its depository bank. Collateral securities were also not pledged for deposits at this bank in excess of the Federal Depository Insurance Corporation (FDIC) coverage leaving the Handicapped Board unsecured by \$27,507 at December 31, 2004. In 2005, collateral securities were pledged for Handicapped Board deposits.

The Handicapped Board should enter into a written agreement with its depository bank. Section 110.020, RSMo, requires the value of securities pledged to be at all times not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave funds unsecured and subject to loss in the event of bank failure. Also, written agreements should require that deposits in excess of FDIC limits be secured by bank assets pledged to the Handicapped Board. In addition, the bank service agreement provisions should include, but not be limited to, any bank fees for check printing, checking account services, and interest rate for invested funds. A written depository agreement helps the Handicapped Board and bank understand and comply with the requirements of any banking arrangement.

- C. The Handicapped Board's procedures to account for Handicapped Board property are not sufficient and the Handicapped Board property records are not complete. As of the end of 2005, the Handicapped Board property not including buildings was valued at approximately \$102,000 on the Handicapped Board insurance policy.

- Property purchases are not reconciled to additions per the property records.
- One of the vehicles leased to NFPs was not included on the Handicapped Board property record.

- The Handicapped Board did not conduct an annual physical inventory of Handicapped Board property.
- The overall Handicapped Board property record does not include the acquisition/disposition dates, purchase value, and serial numbers for some of the property. The Handicapped Board indicated the records with this information were missing when the property record was prepared.
- Although a memo indicated a computer desk was to be disposed of in 2005, no explanation was attached to identify authorization for disposal. The property listing did not show this item being removed from the listing. Handicapped Board property is disposed of by throwing it away.

Adequate property records and monitoring procedures by the Handicapped Board are necessary to ensure compliance with Section 49.093, RSMo and provide adequate internal controls over Handicapped Board property. The comparison of periodic inventories to overall Handicapped Board property records could potentially identify unrecorded additions and dispositions, identify obsolete assets, and deter and detect theft of assets. Procedures to promptly identify, tag, and insure new property items are necessary to properly protect Handicapped Board assets.

Conditions similar to A., B., and C. were noted in our prior report.

WE RECOMMEND the Handicapped Board:

- A. Ensure payments made to NFPs are made in relationship to the levels of services provided and/or the number of clients served.
- B. Ensure all deposits are adequately secured and enter into a written agreement with the depository bank.
- C. Implement a procedure for tracking new property items throughout the year, modify insurance coverage promptly, and follow up on discrepancies identified during the annual physical inventory process. The Handicapped Board should also approve all dispositions of Handicapped Board property.

AUDITEE'S RESPONSE

The Handicapped Board provided the following responses:

- A. *Since July 2006, the NFPs have provided information regarding the number of clients served.*
- B. *This has been implemented.*

- C. *The Handicapped Board approved items with a value of less than \$1,000 to be donated to the Handicapped Center. Complete property records are now being maintained.*

Follow-Up on Prior Audit Findings

WASHINGTON COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Washington County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2001. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices and Published Financial Statements

- A. Actual expenditures were in excess of approved budgeted expenditures for several funds.
- B. Budgets were not prepared for various county funds.
- C. The County Commission amended the budgets for several funds which caused projected deficit cash balances. However, the county made no provisions for these deficits.
- D. Several budgets did not have adequate descriptions for receipts or expenditures.
- E. The administrative service fee was limited to a maximum of three percent of the budget of the Special Road and Bridge Fund. However, budgeted expenditures significantly exceeded actual expenditures of the Special Road and Bridge Fund. There was no documentation of how the County Clerk calculated the administrative service fee.
- F. The annual published financial statements of the county did not include all of the financial activity of some county funds. The county's annual published financial statements also did not indicate disbursements by vendor for all of the funds presented. In addition, several funds did not include beginning and ending cash balances.

Recommendation:

The County Commission:

- A. Refrain from incurring expenditures in excess of budgeted amounts. If the county receives additional funds, which could not be estimated when the budget was adopted, the county should amend its budget by following the procedures required by state law.
- B. Ensure budgets are obtained or prepared for all county funds.

- C. Refrain from deficit budgeting.
- D. Ensure revenues and expenditures have adequate descriptions on the budgets.
- E. Ensure administrative transfer amounts from the Special Road and Bridge Fund are adequately documented and that they do not exceed three percent of reasonable budget amounts from the fund.
- F. Ensure complete financial information for all county funds is properly reported in the annual published financial statements.

Status:

A&D. Not implemented. See finding number 05-1.

- B. Partially implemented. Budgets were not obtained or prepared for the first year after a new fund was established. Budgets were also not obtained for new funds held by other officials. Although not repeated in the current MAR, the recommendation remains as stated above.
- C. Partially implemented. A small deficit balance was budgeted for the Assessment Fund for the year ended December 31, 2004. No deficit balances were budgeted for the year ended December 31, 2005. Although not repeated in the current MAR, the recommendation remains as stated above.
- E. Implemented.
- F. Partially implemented. Financial information was not published for funds held by other officials. Financial information also was not always published for the first year after a new fund was established. Although not repeated in the current MAR, the recommendation remains as stated above.

2. County Commission Procedures

- A. In prior years, the County Commission issued several loans to companies and individuals as part of an economic development program. Several companies did not make monthly payments as required by written agreements.
- B. The county had a written agreement with the Industrial Development Authority (IDA) for economic development sales tax monies; however, it did not require the IDA to itemize their costs in their budget and financial reporting.

Recommendation:

The County Commission:

- A. Require all companies and individuals comply with the original loan agreements. In addition, the County Commission should take appropriate action on any outstanding loans.
- B. Require as part of their agreement that the IDA itemize their costs in their budget and financial reporting.

Status:

A&B. Not implemented. See MAR finding number 7.

3. Officials' Salaries and Payroll

- A. Section 50.333.13 RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. Based on this statute, Washington County's Associate County Commissioners each received salary increases of approximately \$6,650 yearly in 1998, according to information from the County Clerk. On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute.
- B. The Prosecuting Attorney received \$57,400 in compensation in 2001, 2000, and 1999. The 1997 salary commission minutes indicated officials were to be paid at 100 percent of their statutory salary or \$47,000 for the Prosecuting Attorney. The Prosecuting Attorney received an additional \$10,000 because a state correctional facility was located in the county. It appears the extra \$400 in compensation was carried over from his previous term when he was paid \$37,400 or 110 percent of his statutory salary.
- C. Although time records were prepared by employees and filed with the County Clerk, she did not review the annual and sick leave, or compensatory time on the employee time record to ensure the amount was correct.

Recommendation:

The County Commission:

- A. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

- B. Review the Prosecuting Attorney's salary and related statutory provisions, and seek repayment of any excess salary payments.
- C. Require the County Clerk review the employee time records for accuracy and completeness.

Status:

- A. Not implemented. During our prior audit, the County Commission responded they believed they complied with the applicable state laws at the time of the raises and relied on the verbal advice of their attorney. The County Commission also indicated they did not plan to request the Associate County Commissioners to repay the raises. This decision was not documented in the County Commission minutes or elsewhere. Although not repeated in the current MAR, the recommendation remains as stated above.
- B. Partially implemented. The Prosecuting Attorney received the same salary in 2002. However, when the county made an adjustment in 2003, only \$1,200 was withheld from the Prosecuting Attorney's salary. Although not repeated in the current MAR, the recommendation remains as stated above.
- C. Implemented.

4. Tax Anticipation Notes

Although the county had reduced the tax anticipation notes payable, \$267,000 was still outstanding at December 31, 2001 for the General Revenue Fund. The county had not had the funds to completely pay back the tax anticipation notes in one year, rather, the tax anticipation notes had been renewed annually.

Recommendation:

The County Commission refrain from issuing tax anticipation notes that cannot be paid in one year or less from current county revenues and continue to pay off the outstanding notes payable.

Status:

Partially implemented. The \$267,000 of tax anticipation notes payable outstanding at December 31, 2001 were completely repaid in August 2004. Subsequent tax anticipation notes were repaid in less than one year.

5. General Fixed Assets

Individual offices and the County Clerk had not reconciled additions or deletions to the annual fixed asset listing and fixed assets purchases were not reconciled to the general fixed asset records maintained by the County Clerk. The County Clerk maintained a file for each individual official containing a computer printout of their fixed asset listing; however these records were not complete.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

Status:

Not implemented. See MAR finding number 9.

6. Property Tax Controls and Procedures

- A. The County Collector provided the County Clerk with information regarding taxes charged, monthly collections, delinquent credits, and protested amounts. However, the information was not verified by the County Clerk from aggregate abstracts, monthly statements of collections and the tax books.
- B. The County Collector did not always indicate the method of payment on the paid tax receipts. As a result, the composition of the paid tax receipts could not be reconciled to the composition of monies deposited.

Recommendation:

- A. The County Clerk verify the information provided by the County Collector and use this information to verify the County Collector's annual settlement.
- B. The County Collector reconcile the composition of receipts slips to the composition of deposits.

Status:

- A. Not implemented. See MAR finding number 11.
- B. Implemented.

7. Sheriff's Controls and Procedures

- A.1. Formal bank reconciliations were not performed on the commissary account.
- 2. Inmate monies were not deposited on a timely basis. Receipt slips also had not been issued for all monies received from inmates.
- 3. The total of the prisoners' monies in the Sheriff's commissary checking account was not reconciled to the total of the individual prisoner balances. Inmate balances were maintained on computer files but the balances could not be reconciled to the total in the account.
- 4. Accounting and bookkeeping duties for the commissary account were not adequately segregated. There was no documentation that an independent review of deposits and accounting records was performed.
- B.1. Accounting and bookkeeping duties for the Sheriff's fee monies were not adequately segregated. There was no documentation that an independent review of deposits and accounting records was performed.
- 2. Receipts were not deposited to the Sheriff's fee account on a timely basis.
- C. The Sheriff's Department boarded prisoners for other political subdivisions and provided meals to the City of Potosi jail. The county did not bill the boarding costs and did not have written agreements with these entities stating the cost and responsibilities of each party.
- D.1. A complete inventory listing of seized property was not maintained. In addition, the Sheriff's Department was unable to locate two items of seized property. A periodic inventory of the evidence room was not performed for comparison with the inventory listing of seized property.
- 2. Procedures had not been implemented to periodically review cases and dispose of related seized property items. As a result, numerous items for which the related cases had been disposed in court were being stored unnecessarily.

Recommendation:

The Sheriff:

- A.1. Prepare monthly bank reconciliations for the commissary account.
- 2. Deposit receipts daily or when accumulated receipts exceed \$100. In addition, the Sheriff should issue prenumbered receipt slips immediately upon receipt for all monies received.

3. Reconcile the individual prisoner and commissary balances to the total of the monies in the account on a monthly basis.
4. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.
- B.1. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.
2. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- C. And the County Commission bill other political subdivisions an amount that is sufficient to recover the costs of housing prisoners in the Washington County jail. In addition, the county should enter into written agreements for boarding prisoners and providing meals.
- D.1. Ensure an accurate and up-to-date inventory record is maintained of all seized and confiscated property. In addition, a periodic inventory should be performed and compared to the inventory listing and any differences investigated.
2. Adopt procedures to periodically follow up on seized property items and obtain written authorization to dispose of the items upon final disposition of the cases.

Status:

A1, A3,

&A4. Not implemented. See MAR finding number 1.

A.2. Not implemented. Receipt slips were not issued for all commissary monies received. See MAR finding number 1. Deposits of approximately \$500 continue to be made approximately once a week. Although not repeated in the current MAR, the recommendation remains as stated above.

B1,

D1,

&D2. Not implemented. See MAR finding number 2.

B.2. Not implemented. Deposits continue to be made approximately once a week. Although not repeated in the current MAR, the recommendation remains as stated above.

C. Not implemented. The county sometimes boards prisoners for the City of Potosi on the weekends. The county does not bill the city and does not have a written agreement with the city. Although not repeated in the current MAR, the recommendation remains as stated above.

8. County Assessor's Controls and Procedures

- A. Receipt slips were only issued upon request.
- B. The County Assessor did not transmit collections intact to the County Treasurer on a timely basis. In addition, cashiers' checks and money orders received were not restrictively endorsed immediately upon receipt.
- C. Accounting and bookkeeping duties were not adequately segregated. An independent review of transmittals and accounting records was not documented as performed.

Recommendation:

The County Assessor:

- A. Issue prenumbered receipt slips for all monies received, and periodically account for the numerical sequence of the receipt slips issued. In addition, the County Assessor should ensure that the composition of receipt slips issued is reconciled to the composition of transmittals.
- B. Transmit monies to the County Treasurer daily or when accumulated receipts exceed \$100, and restrictively endorse cashier checks and money orders immediately upon receipt.
- C. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

Status:

A&C. Implemented.

- B. Partially implemented. Monies are transmitted to the County Treasurer when receipts exceed \$100. However, checks and money orders are not restrictively endorsed immediately upon receipt. Although not repeated in the current MAR, the recommendation remains as stated above.

9. Circuit Clerk's Controls and Procedures

- A. A listing of accrued costs owed to the court was not maintained by the Circuit Clerk and monitoring procedures related to accrued costs was not adequate.
- B. The Circuit Clerk had several old bank accounts that were no longer active including an old fee account and two old child support accounts.

Recommendation:

The Circuit Clerk:

- A. Maintain a complete listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.
- B. Investigate the unidentified monies and old outstanding checks and disburse any unclaimed monies in accordance with state statute.

Status:

- A. Partially implemented. Although a listing of accrued costs is maintained by the Justice Information System (JIS), the Circuit Clerk was not aware this information was available or that a report could be generated. See MAR finding number 3.
- B. Implemented.

10. Prosecuting Attorney's Controls and Procedures

- A. Payments received from delinquent taxpayers were not sent to the Department of Revenue (DOR) timely.
- B. Accounting and bookkeeping duties were not adequately segregated. An independent review of transmittals and accounting records was not performed.

Recommendation:

The Prosecuting Attorney:

- A. Transmit monies daily or when accumulated collections exceed \$100.
- B. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

Status:

- A. Partially implemented. Although improvement was noted regarding delinquent tax payments, bad check fees and bad check restitution receipts were not transmitted timely. See MAR finding number 5.
- B. Not implemented. See MAR finding number 5.

11. Associate Division Controls and Procedures

Accounting duties were not adequately segregated. There was no documentation that an independent review of deposits and accounting records was performed.

Recommendation:

The Associate Circuit Judge adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.

Status:

Not implemented. See MAR finding number 4.

12. Ex Officio Recorder of Deeds' Controls and Procedures

The Ex Officio Recorder of Deeds did not deposit receipts intact or on a timely basis. In addition, refunds of overpayments were made from cash on hand. The Recorder's office utilized a change fund for cash paying customers although the change fund was not maintained at a constant amount.

Recommendation:

The Ex Officio Recorder of Deeds deposit receipts intact daily or when accumulated receipts exceed \$100. If necessary, a change fund should be established and maintained at a constant amount.

Status:

Partially implemented. The Recorder of Deeds deposits receipts daily. Although the Recorder of Deeds issues refunds from cash receipts, the individual is required to sign for these monies. The Recorder of Deeds no longer has a change fund.

13. Washington County Handicapped Board (Senate Bill 40 Board)

- A. The SB 40 was unable to provide support for the actual revenues reported in the budget. In addition, the 2002 budget was not submitted to the State Auditor's office timely.
- B. Various financial records for the SB 40 Board could not be found.
- C.1. The SB 40 Board did not adequately document the former executive director's salary increase. While the Board members signed the checks, the salary increase was not documented as approved by the Board in any minutes of the SB 40 Board.

2. Accurate leave records were not maintained by the former executive director and the Board did not adequately review the leave records to ensure the final payment for unpaid leave was correct. Upon the former executive director's leaving, she was paid for more unused annual leave than the amount shown on time records.
- D.1. The SB 40 Board was unable to locate all of the closed meeting minutes.
2. The regular board meeting minutes did not always document the specific reasons for closing the meeting and actions taken by the Board in closed meetings.
 3. The former Executive Director conducted telephone polls of board members. No minutes were taken of these polls or meetings and the Board did not provide public access to these meetings.
- E.1. The SB 40 Board entered into a contract to provide start-up funding for a program. This money was to be repaid to the SB 40 Board; however, the contract did not include a set repayment date. The only indication of when the SB 40 Board would be repaid was when the program ends; which appears to be when the client discontinued receiving 24-hour care.
2. The SB 40 Board paid a NFP more for van repair costs than the minutes indicated the Board had approved. In addition, the expenditure was not supported by an itemized invoice.
 3. The SB 40 Board was unable to provide adequate supporting documentation for a credit card payment for travel expenses of the former executive director. The supporting documentation did not appear proper.
 4. Invoices were not always marked paid.
- F. The SB 40 did not maintain records accounting for all Board property. The property listing did not include inventory values and beginning and ending balances with additions and deletions. Periodic inventories were not performed to ensure the list was accurate.
- G.1. The SB 40 Board did not have written agreements with some NFPs providing services to the Board. In addition, the SB 40 did not require the NFPs to submit financial reports as required by board policy.
2. The SB 40 had maintained the services of an accounting firm on a monthly basis without a contract indicating the services to be provided and the costs for services.
- H. The SB 40 Board had contracted with a NFP to provide administrative services. The invoices submitted by the NFP did not indicate the hours spent. In addition, no documentation was submitted for training, supplies, and travel.

- I. The SB 40 Board did not have adequate procedures to monitor and ensure monies in their various bank accounts were sufficiently collateralized.

Recommendation:

The Senate Bill 40 Board:

- A. Ensure budgets are complete, timely, and accurate.
- B. Retain financial records in a secure location to prevent misplacement or loss.
- C.1. Approve all salary changes and retain documentation in the board's minutes.
 2. Require correct accrued leave balances be maintained to prevent employees from receiving unearned leave time or overpayment of the accrued leave after termination. In addition, the SB 40 Board should consider requesting the return of the overpayment from the former executive director.
- D.1. Ensure minutes are prepared, approved, and retained for all closed meetings.
 2. Ensure closed meetings are conducted according to state law. In addition, the Board should ensure the final disposition of applicable matters discussed in closed session is recorded in the regular public meeting minutes.
 3. Allow access to and maintain minutes for all meetings as required by state law.
- E.1. Ensure all contracts are written for a predetermined period with no open payment or repayment dates.
- 2&3. Require supporting documentation and invoices for all expenditures to ensure they are a valid use of taxpayer's monies. All expenditures should be approved by the Board.
 4. Indicate on invoices that they are paid to avoid duplicate payments.
- F. Establish property records for fixed assets that record all pertinent information. Periodic inventories of the fixed assets should be performed.
- G. Enter into written agreements for all services. The written agreement should detail all duties to be performed and the compensation to be paid under the agreement. In addition, the agreement should require financial reports from NFPs as required by policy.
- H. Request invoices for administrative services indicating time worked and include supporting documentation for training, supplies, and travel.

- I. Develop procedures to monitor and ensure adequate collateral securities are pledged by the depository banks for all funds on deposit in excess of FDIC coverage. Documentation of these efforts should be maintained.

Status:

A, B,
D1, D2,
D3, E1,
&E4. Implemented.

C1&

C2. No longer applicable. The SB 40 Board has not had employees since May 2001.

E2&

E3. Partially implemented. The SB 40 Board no longer has a credit card. However, invoices were not obtained to support reimbursement requests from the NFPs. See MAR finding number 14.

F&H. Not implemented. See MAR finding number 14.

G. Partially implemented. Although the SB 40 Board has entered into written agreements with the NFPs, the SB 40 Board has not received financial reports from the NFPs as required by the written agreements. See MAR finding number 14.

I. Partially implemented. The SB 40 Board did not have any collateral security coverage for December 2004 and January 2005. However, the SB 40 Board did have collateral security coverage for December 2005 and January 2006. See MAR finding number 14.

14. Health Center's Controls and Procedures

- A. Receipt slips were altered or missing and all monies received may not have been deposited. The Health Center did not determine a total amount of possible missing monies because of numerous receipt slips missing from the receipt slip book. No independent reviews were performed comparing the monies received and deposited.
- B. The administrator used an endorsement stamp of the Board Treasurer to affix the second authorized signature to the checks.
- C. Monies received were not deposited on a timely basis.
- D. The Health Center paid for Christmas dinners for board members and their families.

- E. The Health Center advanced the Farmer's Market the monies until they could be repaid by the state.
- F. The Health Center expended WIC funds for a computer and related equipment without prior approval from the Missouri Department of Health. Approval was obtained at a later date for the purchase. In addition, several of the WIC client's files were not filled out completely.
- G. The property listing did not include inventory values and beginning and ending balances with additions and deletions. In addition, not all items were included on the property listing and periodic inventories were not performed to ensure the list was accurate.
- H. It was questionable whether the Board complied with the provisions of the Sunshine Law when discussing some items in closed session.
- I. The Health Center did not have adequate procedures to monitor and ensure monies in their various bank accounts were sufficiently collateralized.

Recommendation:

The Health Center Board of Trustees:

- A. Ensure all receipt slips are accounted for properly and that the composition of the receipt slips is reconciled to the deposits. The Board should disallow the practice of altering receipt slips.
- B. Discontinue the practice of allowing one person to sign checks and also use an endorsement stamp of the other authorized check signer.
- C. Require monies be deposited intact daily or when accumulated receipts exceed \$100.
- D. Ensure all expenditures are reasonable, necessary, and a prudent use of public funds.
- E. Discontinue the practice of loaning public funds.
- F. Ensure they receive proper approval from the Missouri Department of Health before expending monies on equipment for WIC. In addition, the Board should require all WIC applicants fill out all required forms and ensure that both the applicant and the Health Center staff sign the forms.
- G. Establish property records for fixed assets that record all pertinent information. Periodic inventories of the fixed assets should be performed.
- H. Ensure closed meetings are conducted according to state law.

- I. Develop procedures to monitor and ensure adequate collateral securities are pledged by the depository banks for all funds on deposit in excess of FDIC coverage. Documentation of these efforts should be maintained.

Status:

A, B,
E, F,
H&I. Implemented.

- C. Not implemented. Deposits which include small amounts of cash continue to be made approximately once a week. Although not repeated in the current MAR, the recommendation remains as stated above.
- D. Partially implemented. The Health Center purchased flowers for a board member's hospital stay and the funeral of a former board member. Although not repeated in the current report, our recommendation remains as stated above.
- G. Partially implemented. Although the property records included property values, the property values were not always accurate. In addition, an annual physical inventory was not performed. See MAR finding number 13.

15. Central Dispatch 911 Board

- A. It was questionable whether the Board complied with the provisions of the Sunshine Law when discussing some items in closed session. In addition, the open meeting minutes did not always adequately document the specific reasons for closing the meeting and the actions taken by the Board in closed meetings.
- B. The 911 Board contracted with a company to provide communication consulting services and did not obtain bids as required by state law.
- C. The Board did not obtain an independent appraisal or an appropriate legal description of the land prior to the purchase.
- D. The 911 Board did not receive detailed invoices from the communications consulting company. Although there was a contract for these services, it did not require detailed invoices documenting the services performed.
- E.1. The 911 Board paid the County Prosecuting Attorney for legal services. Because the 911 Board is a part of the county, it was unclear why these services should not be provided by the Prosecuting Attorney at no cost to the Board.
- 2. The 911 Board had not entered into written contracts for legal services or administrative services.

- F. The 911 Board did not have adequate procedures to monitor and ensure monies in their various bank accounts were sufficiently collateralized.

Recommendation:

The 911 Board:

- A. Ensure closed meetings are conducted according to state law.
- B. Solicit bids for purchases in accordance with state law and retain documentation of these bids and justification for bid awards. If bids cannot be obtained or sole source procurement is necessary, the circumstances should be documented.
- C. Obtain independent appraisals and appropriate legal descriptions for all real estate purchases. The Board should adequately document actions taken and comparisons made to ensure reasonable prices are paid for real estate purchases.
- D. Require as a part of the contract that all invoices contain sufficient detail of services performed.
- E.1. Request the County Prosecuting Attorney to provide legal services at no cost.
 - 2. Enter into written agreements for all services which specify all duties to be performed and the compensation to be paid.
- F. Develop procedures to monitor and ensure adequate collateral securities are pledged by the depository banks for all funds on deposit in excess of FDIC coverage. Documentation of these efforts should be maintained.

Status:

- A. Not implemented. The 911 Board discussed some items in closed session including personnel policies such as sick leave earned by full time employees which do not appear to be allowable discussions in closed session. In addition, the open meeting minutes did not always adequately document the specific reasons for closing the meeting and the actions taken by the Board in closed meetings. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Not implemented. Bids were not solicited for software (\$39,985) and sign materials (\$5,200). Although not repeated in the current MAR, our recommendation remains as stated above.
- C. The 911 Board has not purchased any land during the two years ended December 31, 2005.

D&F. Implemented.

E.1. Because the 911 Board did not have any legal services provided by the County Prosecuting Attorney, this is no longer applicable.

E.2. Not implemented. A written agreement was not entered into for legal services (\$7,560) and landscaping services (\$4,000). Although not repeated in the current MAR, our recommendation remains as stated above.

Although several concerns from our previous audit report were not implemented, they were not repeated in the current MAR because the 911 Board was separately audited by an independent auditor for the two years ended December 31, 2005.

STATISTICAL SECTION

History, Organization, and
Statistical Information

WASHINGTON COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1813, the county of Washington was named after George Washington, the nation's first President. Washington County is a county-organized, third-class county and is part of the Twenty-Fourth Judicial Circuit. The county seat is Potosi.

Washington County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 418 miles of county roads and 58 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 17,983 in 1980 and 23,344 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2005	2004	2003	2002	1985*	1980**
		(in millions)					
Real estate	\$	91.8	82.8	79.7	76.2	53.6	32.2
Personal property		38.3	34.9	34.8	33.2	11.7	10.7
Railroad and utilities		51.7	49.6	45.6	46.7	14.3	11.1
Total	\$	181.8	167.3	160.1	156.1	79.6	54.0

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Washington County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2005	2004	2003	2002
General Revenue Fund	\$	.1900	.1900	.1900	.1800
Special Road and Bridge Fund		.2718	.2741	.2741	.2685
Health Center Fund		.1487	.1500	.1500	.1500
Handicapped Board Fund		.1983	.2000	.1700	.1700
Senior Citizens' Service Fund		.0496	.0500	.0500	.0500

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),			
		2006	2005	2004	2003
State of Missouri	\$	54,489	51,700	48,342	46,704
General Revenue Fund		359,742	346,331	319,748	296,698
Special Road and Bridge Fund		487,506	465,763	435,294	412,044
Assessment Fund		127,729	119,878	90,511	84,292
Health Center Fund		266,796	255,232	239,185	231,143
Handicapped Board Fund		354,121	333,963	272,031	264,730
Senior Citizens' Service Fund		88,990	85,140	79,776	77,075
Collector Tax Maintenance Fund		33,003	35,370	30,906	16,484
School districts		6,533,519	6,205,476	5,769,736	5,467,235
Junior colleges		90,986	84,635	84,462	77,973
Library district		355,684	339,940	317,890	303,268
Ambulance district		444,691	425,192	397,957	383,146
Fire protection districts		427,063	454,719	421,574	392,128
Hospital		355,675	339,848	317,666	301,097
Surtax		187,471	182,939	165,548	163,969
Land Redemption		172,627	286,990	36,153	20,367
Overplus Fund		232,568	288,449	81,296	46,194
Publication Fees		39,273	45,797	40,173	25,010
Other		4,408	2,450	5,298	8,804
Cities		14,691	15,876	14,093	12,972
County Employees' Retirement		79,449	96,206	98,105	101,780
Commissions and fees:					
General Revenue Fund		165,439	162,443	148,693	142,300
Total	\$	10,875,920	10,624,337	9,414,437	8,875,413

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),			
		2006	2005	2004	2003
Real estate		87	86	83	83 %
Personal property		85	86	83	83
Railroad and utilities		100	100	100	99

Washington County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.005	None	50	%
Special Road and Bridge	.005	2010	None	
Sheriff's Law Enforcement	.005	None	None	
Economic Development Tax	.005	2011	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2006	2005	2004	2003	2002
County-Paid Officials:	\$				
Robert E. Reed, Presiding Commissioner		29,060	29,060	28,400	0
Robert L. Simpson, Presiding Commissioner		0	0	0	28,400
Todd Moyers, Associate Commissioner		27,060	0	0	0
Gary L. Yount, Associate Commissioner		0	27,060	26,400	26,400
Randy O'Neil, Associate Commissioner		27,060	0	0	0
Kevin Isgrig, Associate Commissioner		0	27,060	26,400	26,400
Judy Moyers, Recorder of Deeds (1)		41,000	41,000	40,000	0
Janet Adams, County Clerk		41,000	41,000	40,000	40,000
John Rupp, Prosecuting Attorney (2)		96,000	96,000	94,800	57,400
Kevin Schroeder, Sheriff		45,000	0	0	0
Gary W. Yount, Sheriff		0	45,000	44,000	44,000
Betty Abbey, County Treasurer		41,000	41,000	40,000	29,600
Brian DeClue, County Coroner		13,000	13,000	12,000	12,000
Janet Drummond, Public Administrator (3)		54,720	60,781	50,808	41,726
Michael P. McGirl, County Collector, year ended February 28 (29),	41,000	41,000	40,000	40,000	
Charlotte Boyer, County Assessor (4), year ended August 31,		41,688	40,727	40,833	40,900
R. Timothy Daugherty, County Surveyor (5)		13,935	12,790	22,660	18,800

(1) Recorder of Deeds became a separate office in 2003.

(2) The Prosecuting Attorney became a full-time position on January 1, 2003. In 2003, \$1,200 was withheld from the Prosecuting Attorney's salary due to previous overpayments.

(3) Includes salary of \$10,000 and fees received from probate cases.

(4) Includes \$900 annual compensation received from the state in 2002. Includes \$688, \$727, and \$833 of compensation received from the state in 2005, 2004, and 2003, respectively.

(5) Compensation on a fee basis.

State-Paid Officials:

Patricia Boyer, Circuit Clerk	48,500	47,850	47,300	0
Phyllis Ann Fryman, Circuit Clerk and Ex Officio Recorder of Deeds	0	0	0	47,300
Troy K. Hyde, Associate Circuit Judge	96,000	96,000	96,000	96,000



Claire McCaskill

Missouri State Auditor

November 2006

Gasconade County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

November 2006

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Gasconade, that do not have a county auditor. In addition to a financial audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

Significant problems were noted in the controls over collections of the Sheriff's office, and as a result, the Sheriff's office did not detect \$974 of receipts which were not deposited and appear to be missing. These missing funds occurred during the terms of both the current Sheriff, who took office on January 1, 2005, and the former Sheriff. The Sheriff should follow up on this matter and reimburse his official account for any amounts remaining missing. These missing funds were not detected by the Sheriff's office due to several record keeping deficiencies and internal control weaknesses, including a lack of reconciliations between receipts and deposits and a lack of segregation of duties or supervisory reviews. Other problems include receipt slips not issued for some collections, receipts not deposited intact in a timely manner, and no reconciliations between liabilities and cash balances. In addition, Sheriff's sales fees were not properly distributed from the Sheriff's fee account to the county.

Improvements are needed in the controls and procedures over the 911 Board's expenditures and payroll. Board approval of invoices for payment is not adequately documented, supporting documentation such as vendor invoices was not retained for some disbursements, employee timesheets do not always include documentation of supervisory approval, and the board has not adopted written policies for overtime and compensatory time. Records of capital assets are not maintained, actual disbursements exceeded budgeted amounts, and annual financial statements are not published. Reasons and votes taken to close board meetings are not documented in the regular board minutes.

The county has not prepared an annual maintenance plan for county roads and bridges, and does not report commuting mileage to the IRS for Road and Bridge supervisors. In addition, procedures to account for county property should be improved, and county property records are not complete.

The audit also included findings regarding controls and procedures of the Prosecuting Attorney, Associate Circuit and Probate Court, and Ex Officio Recorder of Deeds.

All reports are available on our Web site: auditor.mo.gov

YELLOW SHEET

GASCONADE COUNTY, MISSOURI

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GASCONADE COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

To the County Commission
and
Officeholders of Gasconade County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Gasconade County, Missouri, as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Gasconade County, Missouri, as of December 31, 2005 and 2004, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Gasconade County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2005 and 2004, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 22, 2006, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Gasconade County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 22, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Susan Cessac
Audit Staff:	Liang Xu
	Michelle Franken



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Gasconade County, Missouri

We have audited the financial statements of various funds of Gasconade County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 22, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Gasconade County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Gasconade County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Gasconade County, Missouri, and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

June 22, 2006 (fieldwork completion date)

Financial Statements

Exhibit A-1

GASCONADE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2005

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 455,381	1,809,826	1,830,573	434,634
Special Road and Bridge	600,543	1,944,129	2,135,871	408,801
Assessment	71,528	198,366	145,048	124,846
Union Electric	53,886	62,125	53,651	62,360
Law Enforcement Training	3,641	3,704	4,620	2,725
Prosecuting Attorney Training	1,317	630	1,580	367
Prosecuting Attorney Bad Check	12,778	10,724	9,699	13,803
Sheriff Department Law Enforcement	15,617	30,839	29,902	16,554
Recorder Records Retention	22,645	14,383	13,678	23,350
Recorder Technology	13,268	6,053	0	19,321
Family Service and Justice	27,712	6,454	1,435	32,731
Election Services	4,891	1,426	1,673	4,644
Election Technology	0	93,710	78,352	15,358
Domestic Violence	285	592	500	377
Sheriff Revolving Conceal and Carry Weapon Fee	4,208	2,180	836	5,552
Tax Maintenance	25,331	19,340	9,288	35,383
Law Library	22,869	7,175	1,389	28,655
Circuit Clerk Interest	10,953	430	343	11,040
Associate Division Interest	1,104	76	0	1,180
Local Records Grant	0	2,011	535	1,476
Health Center	60,290	424,534	440,537	44,287
County Health Building	53,137	11,619	0	64,756
Community Mental Health	43,357	166,411	161,513	48,255
911 Board	9,036	475,299	425,849	58,486
Total	\$ 1,513,777	5,292,036	5,346,872	1,458,941

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

GASCONADE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 518,156	1,770,917	1,833,692	455,381
Special Road and Bridge	913,501	1,725,647	2,038,605	600,543
Assessment	49,198	164,035	141,705	71,528
Union Electric	41,570	60,723	48,407	53,886
Law Enforcement Training	3,369	4,916	4,644	3,641
Prosecuting Attorney Training	1,493	839	1,015	1,317
Prosecuting Attorney Bad Check	16,919	7,203	11,344	12,778
Sheriff Department Law Enforcement	13,294	28,423	26,100	15,617
Recorder Records Retention	24,175	14,210	15,740	22,645
Recorder Technology	7,054	6,214	0	13,268
Family Service and Justice	23,542	6,295	2,125	27,712
Election Services	1,278	5,313	1,700	4,891
Domestic Violence	50	585	350	285
Sheriff Revolving Conceal and Carry Weapon Fee	0	6,868	2,660	4,208
Tax Maintenance	18,615	20,077	13,361	25,331
Law Library	16,150	6,885	166	22,869
Circuit Clerk Interest	11,166	250	463	10,953
Associate Division Interest	6,222	82	5,200	1,104
Local Records Grant	2,936	4,518	7,454	0
Health Center	65,972	423,793	429,475	60,290
County Health Building	48,449	4,949	261	53,137
Community Mental Health	38,271	169,440	164,354	43,357
911 Board	12,490	324,952	328,406	9,036
Total	\$ 1,833,870	4,757,134	5,077,227	1,513,777

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

GASCONADE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 5,048,772	5,292,036	243,264	4,754,867	4,750,266	(4,601)
DISBURSEMENTS	5,931,985	5,346,872	585,113	5,854,359	5,074,567	779,792
RECEIPTS OVER (UNDER) DISBURSEMENTS	(883,213)	(54,836)	828,377	(1,099,492)	(324,301)	775,191
CASH, JANUARY 1	1,513,933	1,513,777	(156)	1,835,180	1,833,870	(1,310)
CASH, DECEMBER 31	630,720	1,458,941	828,221	735,688	1,509,569	773,881
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	268,800	277,252	8,452	263,410	288,671	25,261
Sales taxes	900,000	941,369	41,369	928,000	890,548	(37,452)
Intergovernmental	82,092	104,670	22,578	110,831	101,834	(8,997)
Charges for services	367,725	370,081	2,356	364,000	368,256	4,256
Interest	18,100	15,579	(2,521)	18,140	19,632	1,492
Other	31,115	19,648	(11,467)	23,750	33,840	10,090
Transfers in	89,850	81,227	(8,623)	77,620	68,136	(9,484)
Total Receipts	1,757,682	1,809,826	52,144	1,785,751	1,770,917	(14,834)
DISBURSEMENTS						
County Commissior	128,272	123,903	4,369	130,596	124,159	6,437
County Clerk	74,431	70,317	4,114	74,144	71,318	2,826
Elections	45,793	42,572	3,221	108,141	102,539	5,602
Buildings and grounds	79,562	62,865	16,697	105,615	89,010	16,605
County Treasurer	41,440	40,588	852	41,408	39,972	1,436
County Collector	134,138	118,188	15,950	133,909	128,874	5,035
Circuit Clerk and Ex Officio Recorder of Deeds	53,248	44,999	8,249	53,860	47,208	6,652
Associate Circuit Court	43,813	16,822	26,991	39,248	17,507	21,741
Court administration	3,100	1,268	1,832	3,100	1,064	2,036
Public Administrator	40,568	37,603	2,965	33,758	32,009	1,749
Sheriff	478,968	471,124	7,844	481,785	461,242	20,543
Jail	241,067	244,010	(2,943)	233,054	213,039	20,015
Prosecuting Attorney	163,377	147,314	16,063	172,202	157,251	14,951
Juvenile Offices	41,350	45,150	(3,800)	48,021	39,669	8,352
County Coroner	23,152	21,644	1,508	18,641	15,543	3,098
Surveyor	17,025	15,366	1,659	9,175	3,856	5,319
E911 dispatch services	138,000	138,000	0	138,000	138,000	0
Other	207,744	188,840	18,904	187,244	151,432	35,812
Transfers out	44,115	0	44,115	3,400	0	3,400
Emergency Fund	52,731	0	52,731	53,573	0	53,573
Total Disbursements	2,051,894	1,830,573	221,321	2,068,874	1,833,692	235,182
RECEIPTS OVER (UNDER) DISBURSEMENTS	(294,212)	(20,747)	273,465	(283,123)	(62,775)	220,348
CASH, JANUARY 1	455,381	455,381	0	518,156	518,156	0
CASH, DECEMBER 31	161,169	434,634	273,465	235,033	455,381	220,348

Exhibit B

GASCONADE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	431,500	449,707	18,207	426,500	456,439	29,939
Sales taxes	540,000	564,823	24,823	550,000	534,330	(15,670)
Intergovernmental	678,600	766,037	87,437	647,450	606,468	(40,982)
Interest	18,000	15,575	(2,425)	18,000	19,645	1,645
Other	155,000	147,987	(7,013)	107,000	108,765	1,765
Total Receipts	1,823,100	1,944,129	121,029	1,748,950	1,725,647	(23,303)
DISBURSEMENTS						
Salaries	571,470	567,506	3,964	591,847	543,212	48,635
Supplies	198,500	205,462	(6,962)	166,500	173,612	(7,112)
Insurance	65,000	72,115	(7,115)	65,000	42,675	22,325
Road and bridge materials	608,500	615,131	(6,631)	561,500	504,840	56,660
Equipment repairs	113,000	80,869	32,131	86,000	103,558	(17,558)
Rentals	1,000	1,300	(300)	1,000	400	600
Equipment purchases	328,000	244,413	83,587	289,500	258,592	30,908
Construction, repair, and maintenance	234,500	206,809	27,691	524,000	282,442	241,558
Other	89,300	70,039	19,261	100,400	69,988	30,412
Transfers out	77,000	72,227	4,773	63,000	59,286	3,714
Total Disbursements	2,286,270	2,135,871	150,399	2,448,747	2,038,605	410,142
RECEIPTS OVER (UNDER) DISBURSEMENTS	(463,170)	(191,742)	271,428	(699,797)	(312,958)	386,839
CASH, JANUARY 1	600,543	600,543	0	913,501	913,501	0
CASH, DECEMBER 31	137,373	408,801	271,428	213,704	600,543	386,839
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	210,846	194,565	(16,281)	166,041	160,440	(5,601)
Interest	400	682	282	300	372	72
Other	2,000	3,119	1,119	2,200	3,223	1,023
Transfers in	9,115	0	(9,115)	3,400	0	(3,400)
Total Receipts	222,361	198,366	(23,995)	171,941	164,035	(7,906)
DISBURSEMENTS						
Assessor	222,361	145,048	77,313	171,531	141,705	29,826
Total Disbursements	222,361	145,048	77,313	171,531	141,705	29,826
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	53,318	53,318	410	22,330	21,920
CASH, JANUARY 1	71,528	71,528	0	49,198	49,198	0
CASH, DECEMBER 31	71,528	124,846	53,318	49,608	71,528	21,920

Exhibit B

GASCONADE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>UNION ELECTRIC FUND</u>						
RECEIPTS						
Intergovernmental	12,000	17,694	5,694	12,000	21,372	9,372
Charges for service:	38,500	43,000	4,500	38,500	38,500	0
Interest	125	209	84	170	124	(46)
Other	16,743	1,222	(15,521)	0	727	727
Total Receipts	67,368	62,125	(5,243)	50,670	60,723	10,053
DISBURSEMENTS						
Emergency operations cente	70,872	53,651	17,221	50,670	48,407	2,263
Total Disbursements	70,872	53,651	17,221	50,670	48,407	2,263
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,504)	8,474	11,978	0	12,316	12,316
CASH, JANUARY 1	53,886	53,886	0	41,570	41,570	0
CASH, DECEMBER 31	50,382	62,360	11,978	41,570	53,886	12,316
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	2,400	1,229	(1,171)	1,100	1,071	(29)
Charges for service:	2,525	2,457	(68)	2,570	2,547	(23)
Interest	15	18	3	15	12	(3)
Other	0	0	0	0	1,286	1,286
Total Receipts	4,940	3,704	(1,236)	3,685	4,916	1,231
DISBURSEMENTS						
Sheriff	7,200	4,620	2,580	4,800	4,644	156
Total Disbursements	7,200	4,620	2,580	4,800	4,644	156
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,260)	(916)	1,344	(1,115)	272	1,387
CASH, JANUARY 1	3,641	3,641	0	3,369	3,369	0
CASH, DECEMBER 31	1,381	2,725	1,344	2,254	3,641	1,387
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	530	626	96	535	628	93
Interest	5	4	(1)	5	5	0
Other	0	0	0	0	206	206
Total Receipts	535	630	95	540	839	299
DISBURSEMENTS						
Prosecuting Attorney	1,800	1,580	220	1,500	1,015	485
Total Disbursements	1,800	1,580	220	1,500	1,015	485
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,265)	(950)	315	(960)	(176)	784
CASH, JANUARY 1	1,317	1,317	0	1,493	1,493	0
CASH, DECEMBER 31	52	367	315	533	1,317	784

Exhibit B

GASCONADE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	7,000	10,640	3,640	7,000	7,128	128
Interest	75	84	9	85	75	(10)
Total Receipts	7,075	10,724	3,649	7,085	7,203	118
DISBURSEMENTS						
Prosecuting Attorney	2,900	1,199	1,701	2,900	2,844	56
Transfers out	8,500	8,500	0	8,500	8,500	0
Total Disbursements	11,400	9,699	1,701	11,400	11,344	56
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,325)	1,025	5,350	(4,315)	(4,141)	174
CASH, JANUARY 1	12,778	12,778	0	16,919	16,919	0
CASH, DECEMBER 31	8,453	13,803	5,350	12,604	12,778	174
<u>SHERIFF DEPARTMENT LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Charges for service:	24,975	30,757	5,782	26,265	28,393	2,128
Interest	25	82	57	35	30	(5)
Total Receipts	25,000	30,839	5,839	26,300	28,423	2,123
DISBURSEMENTS						
Sheriff	35,000	29,902	5,098	30,660	26,100	4,560
Total Disbursements	35,000	29,902	5,098	30,660	26,100	4,560
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,000)	937	10,937	(4,360)	2,323	6,683
CASH, JANUARY 1	15,617	15,617	0	13,294	13,294	0
CASH, DECEMBER 31	5,617	16,554	10,937	8,934	15,617	6,683
<u>RECORDER RECORDS RETENTION FUND</u>						
RECEIPTS						
Charges for service:	14,000	14,211	211	14,747	14,053	(694)
Interest	0	172	172	253	157	(96)
Total Receipts	14,000	14,383	383	15,000	14,210	(790)
DISBURSEMENTS						
Ex Officio Recorder of Deed	16,000	13,678	2,322	17,000	15,740	1,260
Total Disbursements	16,000	13,678	2,322	17,000	15,740	1,260
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,000)	705	2,705	(2,000)	(1,530)	470
CASH, JANUARY 1	22,645	22,645	0	24,175	24,175	0
CASH, DECEMBER 31	20,645	23,350	2,705	22,175	22,645	470

Exhibit B

GASCONADE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for services	6,337	5,937	(400)	6,934	6,152	(782)
Interest	63	116	53	66	62	(4)
Total Receipts	6,400	6,053	(347)	7,000	6,214	(786)
DISBURSEMENTS						
Ex Officio Recorder of Deed	5,000	0	5,000	6,000	0	6,000
Total Disbursements	5,000	0	5,000	6,000	0	6,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,400	6,053	4,653	1,000	6,214	5,214
CASH, JANUARY 1	13,268	13,268	0	7,054	7,054	0
CASH, DECEMBER 31	14,668	19,321	4,653	8,054	13,268	5,214
<u>FAMILY SERVICE AND JUSTICE FUND</u>						
RECEIPTS						
Charges for services	6,500	6,306	(194)	7,133	6,201	(932)
Interest	0	148	148	67	94	27
Total Receipts	6,500	6,454	(46)	7,200	6,295	(905)
DISBURSEMENTS						
Family Court	2,200	1,435	765	5,000	2,125	2,875
Total Disbursements	2,200	1,435	765	5,000	2,125	2,875
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,300	5,019	719	2,200	4,170	1,970
CASH, JANUARY 1	27,712	27,712	0	23,542	23,542	0
CASH, DECEMBER 31	32,012	32,731	719	25,742	27,712	1,970
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Charges for services	2,200	1,398	(802)	5,770	5,305	(465)
Interest	0	28	28	10	8	(2)
Total Receipts	2,200	1,426	(774)	5,780	5,313	(467)
DISBURSEMENTS						
Elections	7,000	1,673	5,327	4,950	1,700	3,250
Total Disbursements	7,000	1,673	5,327	4,950	1,700	3,250
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,800)	(247)	4,553	830	3,613	2,783
CASH, JANUARY 1	4,891	4,891	0	1,278	1,278	0
CASH, DECEMBER 31	91	4,644	4,553	2,108	4,891	2,783

Exhibit B

GASCONADE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION TECHNOLOGY FUND</u>						
RECEIPTS						
Intergovernmental	92,037	93,635	1,598			
Transfers in	35,000	0	(35,000)			
Interest	0	75	75			
Total Receipts	127,037	93,710	(33,327)			
DISBURSEMENTS						
Election equipment and supplies:	127,037	78,352	48,685			
Total Disbursements	127,037	78,352	48,685			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	15,358	15,358			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	15,358	15,358			
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services:	650	590	(60)	530	585	55
Interest	1	2	1	3	0	(3)
Total Receipts	651	592	(59)	533	585	52
DISBURSEMENTS						
Transfers out	350	500	(150)	500	350	150
Total Disbursements	350	500	(150)	500	350	150
RECEIPTS OVER (UNDER) DISBURSEMENTS	301	92	(209)	33	235	202
CASH, JANUARY 1	285	285	0	50	50	0
CASH, DECEMBER 31	586	377	(209)	83	285	202
<u>SHERIFF REVOLVING CONCEAL AND CARRY</u>						
<u>WEAPON FEE FUND</u>						
RECEIPTS						
Charges for services:	7,980	2,156	(5,824)			
Interest	20	24	4			
Total Receipts	8,000	2,180	(5,820)			
DISBURSEMENTS						
Sheriff	2,400	836	1,564			
Total Disbursements	2,400	836	1,564			
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,600	1,344	(4,256)			
CASH, JANUARY 1	4,208	4,208	0			
CASH, DECEMBER 31	9,808	5,552	(4,256)			

Exhibit B

GASCONADE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	17,650	19,176	1,526	11,000	19,971	8,971
Interest	85	164	79	36	106	70
Total Receipts	17,735	19,340	1,605	11,036	20,077	9,041
DISBURSEMENTS						
County Collector	22,600	9,288	13,312	15,080	13,361	1,719
Total Disbursements	22,600	9,288	13,312	15,080	13,361	1,719
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,865)	10,052	14,917	(4,044)	6,716	10,760
CASH, JANUARY 1	25,331	25,331	0	18,221	18,615	394
CASH, DECEMBER 31	20,466	35,383	14,917	14,177	25,331	11,154
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	6,900	7,175	275	6,900	6,885	(15)
Total Receipts	6,900	7,175	275	6,900	6,885	(15)
DISBURSEMENTS						
Law Library	15,000	1,389	13,611	500	166	334
Total Disbursements	15,000	1,389	13,611	500	166	334
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,100)	5,786	13,886	6,400	6,719	319
CASH, JANUARY 1	22,869	22,869	0	16,150	16,150	0
CASH, DECEMBER 31	14,769	28,655	13,886	22,550	22,869	319
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	300	430	130	350	250	(100)
Total Receipts	300	430	130	350	250	(100)
DISBURSEMENTS						
Circuit Clerk	1,200	343	857	2,000	463	1,537
Total Disbursements	1,200	343	857	2,000	463	1,537
RECEIPTS OVER (UNDER) DISBURSEMENTS	(900)	87	987	(1,650)	(213)	1,437
CASH, JANUARY 1	10,953	10,953	0	11,166	11,166	0
CASH, DECEMBER 31	10,053	11,040	987	9,516	10,953	1,437
<u>ASSOCIATE DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	20	76	56	150	82	(68)
Total Receipts	20	76	56	150	82	(68)
DISBURSEMENTS						
Associate Circuit Court	800	0	800	0	5,200	(5,200)
Total Disbursements	800	0	800	0	5,200	(5,200)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(780)	76	856	150	(5,118)	(5,268)
CASH, JANUARY 1	1,129	1,104	(25)	6,247	6,222	(25)
CASH, DECEMBER 31	349	1,180	831	6,397	1,104	(5,293)

Exhibit B

GASCONADE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LOCAL RECORDS GRANT FUND</u>						
RECEIPTS						
Intergovernmental	3,000	2,011	(989)	9,977	4,504	(5,473)
Interest	0	0	0	30	14	(16)
Total Receipts	3,000	2,011	(989)	10,007	4,518	(5,489)
DISBURSEMENTS						
Equipment	3,000	535	2,465	10,007	7,454	2,553
Total Disbursements	3,000	535	2,465	10,007	7,454	2,553
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,476	1,476	0	(2,936)	(2,936)
CASH, JANUARY 1	0	0	0	2,936	2,936	0
CASH, DECEMBER 31	0	1,476	1,476	2,936	0	(2,936)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	160,000	166,916	6,916	155,000	169,886	14,886
Intergovernmental	229,233	228,820	(413)	209,872	223,929	14,057
Charges for services	14,000	22,469	8,469	13,500	15,402	1,902
Interest	1,000	1,445	445	1,600	875	(725)
Other	800	4,884	4,084	0	13,450	13,450
Transfers in	30,000	0	(30,000)	28,000	251	(27,749)
Total Receipts	435,033	424,534	(10,499)	407,972	423,793	15,821
DISBURSEMENTS						
Salaries	337,345	307,692	29,653	323,033	308,849	14,184
Office expenditure:	69,330	69,060	270	67,600	61,188	6,412
Equipment	7,500	5,432	2,068	7,000	5,973	1,027
Mileage and training	19,000	19,325	(325)	20,750	16,522	4,228
Other	54,850	39,028	15,822	48,500	36,943	11,557
Total Disbursements	488,025	440,537	47,488	466,883	429,475	37,408
RECEIPTS OVER (UNDER) DISBURSEMENTS	(52,992)	(16,003)	36,989	(58,911)	(5,682)	53,229
CASH, JANUARY 1	61,968	60,290	(1,678)	67,651	65,972	(1,679)
CASH, DECEMBER 31	8,976	44,287	35,311	8,740	60,290	51,550
<u>COUNTY HEALTH BUILDING FUND</u>						
RECEIPTS						
Charges for services	5,000	11,229	6,229	5,000	4,616	(384)
Interest	300	390	90	400	333	(67)
Total Receipts	5,300	11,619	6,319	5,400	4,949	(451)
DISBURSEMENTS						
Other	0	0	0	0	10	(10)
Transfers out	30,000	0	30,000	28,000	251	27,749
Total Disbursements	30,000	0	30,000	28,000	261	27,739
RECEIPTS OVER (UNDER) DISBURSEMENTS	(24,700)	11,619	36,319	(22,600)	4,688	27,288
CASH, JANUARY 1	53,137	53,137	0	48,449	48,449	0
CASH, DECEMBER 31	28,437	64,756	36,319	25,849	53,137	27,288

Exhibit B

GASCONADE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
COMMUNITY MENTAL HEALTH FUND						
RECEIPTS						
Property taxes	160,000	164,937	4,937	160,000	167,943	7,943
Intergovernmental	400	284	(116)	490	448	(42)
Interest	1,050	1,190	140	1,000	1,049	49
Total Receipts	161,450	166,411	4,961	161,490	169,440	7,950
DISBURSEMENTS						
Office expenditures	1,100	1,513	(413)	6,950	4,443	2,507
Mileage and training	5,000	0	5,000	150	0	150
Contract payments	160,000	160,000	0	160,000	159,911	89
Contingency reserve	10,000	0	10,000	10,000	0	10,000
Total Disbursements	176,100	161,513	14,587	177,100	164,354	12,746
RECEIPTS OVER (UNDER) DISBURSEMENTS	(14,650)	4,898	19,548	(15,610)	5,086	20,696
CASH, JANUARY 1	43,357	43,357	0	38,271	38,271	0
CASH, DECEMBER 31	28,707	48,255	19,548	22,661	43,357	20,696
911 BOARD FUND						
RECEIPTS						
Sales taxes	0	42,104	42,104	0	0	0
Intergovernmental	0	28,625	28,625	0	5,116	5,116
Charges for services	162,550	154,799	(7,751)	157,111	158,593	1,482
Phone tax	182,935	189,110	6,175	163,016	160,125	(2,891)
Other	700	60,661	59,961	1,000	1,118	118
Total Receipts	346,185	475,299	129,114	321,127	324,952	3,825
DISBURSEMENTS						
Salaries	254,534	258,172	(3,638)	257,996	253,620	4,376
Phone system	25,501	26,477	(976)	29,520	22,166	7,354
Equipment	3,000	62,975	(59,975)	5,600	12,853	(7,253)
Office expenditures	3,850	6,915	(3,065)	3,350	3,452	(102)
Mileage and training	8,000	8,599	(599)	2,600	2,897	(297)
Rentals	14,650	15,650	(1,000)	14,650	12,750	1,900
Insurance	10,834	17,175	(6,341)	10,834	11,231	(397)
Other	28,107	29,886	(1,779)	8,607	9,437	(830)
Total Disbursements	348,476	425,849	(77,373)	333,157	328,406	4,751
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,291)	49,450	51,741	(12,030)	(3,454)	8,576
CASH, JANUARY 1	7,489	9,036	1,547	12,490	12,490	0
CASH, DECEMBER 31	\$ 5,198	58,486	53,288	460	9,036	8,576

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

GASCONADE COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Gasconade County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the 911 Board, Health Center Board, or Community Mental Health Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the Sheriff Revolving Conceal and Carry Weapon Fee Fund for the year ended December 31, 2004.

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the Domestic Violence Fund and 911 Board Fund for the year ended December 31, 2005, and the Associate Division Interest Fund for the year ended December 31, 2004.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund. However, the county's published financial statements for the years ended December 31, 2005 and 2004, did not include the 911 Board Fund.

2. Cash

Disclosures are provided below to comply with Statement No. 40 of the Governmental Accounting Standards Board, *Deposit and Investment Risk Disclosures*. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit. To protect the safety of county deposits, Section 110.020, RSMo, requires depositaries to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities must be of the types specified by Section 30.270, RSMo, for the collateralization of state funds and held by either the county or a financial institution other than the depository bank. Section 67.085, RSMo, also requires certificates of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depository bank fails, Gasconade County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The county's deposits (which includes the Health Center funds) at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

The Community Mental Health Board's and 911 Board's deposits at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance.

Investments

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. At December 31, 2005 and 2004, the county had no such

investments. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

Schedule

GASCONADE COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEARS ENDED DECEMBER 31, 2005 AND 2004

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

GASCONADE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

GASCONADE COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Gasconade County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 22, 2006.

Because the Senate Bill 40 Board Fund is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed that audit report and other applicable information.

In addition, to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years, we have audited the operations of elected officials with funds other than those presented in the financial statements. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and the county board referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Responses. These MAR findings resulted from our audit of the financial statements of Gasconade County but do not meet the criteria for inclusion in the written report on internal control over financial reporting

and on compliance and other matters that is required for an audit performed in accordance with *Government Auditing Standards*.

1. County Controls and Procedures

The county has not prepared an annual maintenance plan for county roads and bridges, and does not report commuting mileage to the IRS for Road and Bridge supervisors.

- A. An annual maintenance plan has not been prepared to document expected work on the county's roads and bridges. Approximately \$2 million in receipts and disbursements are processed through the county's Special Road and Bridge Fund during a typical year. However, the budget document presents proposed activities in general categories which contain significant dollar amounts and do not provide details regarding specific projects or plans. The County Commission and road foreman indicated the county typically spreads rock on county roads on an as-needed basis, and prioritizes maintenance work on bridges based on safety concerns; however, specifics are not documented in a plan, the commission minutes, or the budget message and made available to the public.

A maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the roads and bridges to be worked on, the type of work to be performed, cost estimates, the dates such work could begin, and other relevant information. The plan should be referred to in the budget message and approved by the County Commission. In addition, the County Commission should consider holding a public hearing to obtain input from residents. Such a plan would serve as a useful management tool, encourage greater input into the overall budgeting process, and provide a means to continually and more effectively monitor and evaluate the repair and maintenance projects throughout the year.

- B. Two Road and Bridge supervisors are allowed to use county-owned vehicles to commute to and from work. The County Commission indicated these employees are on 24-hour call for emergency situations and have documented this policy in the employee manual. However, the county does not keep records of mileage incurred on the county vehicles for commuting purposes. The County Commission estimated that one of the employees commutes approximately 2 miles per day and the other employee commutes approximately 18 miles per day.

Internal Revenue Service (IRS) reporting guidelines indicate personal commuting mileage is a reportable fringe benefit and require the full value of the provided vehicle to be reported if the employer does not require the submission of detailed logs which distinguish between business and personal usage. Such logs are not maintained for these county vehicles and are not required by the county. Because procedures have not been established to ensure that IRS regulations are followed, the

county may be subject to penalties and/or fines for failure to report all taxable benefits.

A similar condition was noted in a prior report.

WE RECOMMEND the County Commission:

- A. Develop a road and bridge maintenance plan in conjunction with the annual fiscal budgets.
- B. Comply with IRS guidelines for reporting fringe benefits related to county-owned vehicles.

AUDITEE'S RESPONSE

- A. *We will consider adding more detail to the budget regarding proposed maintenance projects and include in the budget message and commission minutes that these projects will be performed if funds are available.*
- B. *We will contact the IRS or a CPA with expertise on these types of issues and take action deemed necessary.*

2. County Property Records

Procedures to account for county property should be improved, and county property records are not complete. The County Clerk obtains all county departments' inventory reports documenting their physical inventories, and uses those reports to calculate total assets for modifications to county insurance coverage; however, the County Clerk does not maintain perpetual inventory records and does not record additions and deletions of county property as they occur.

Our review of equipment purchases noted a truck with a snow plow (\$47,592) and a duplexer (\$1,750) were not recorded on the road and bridge department's inventory report. In addition, the County Clerk did not submit the annual requests for physical inventory reports on a timely basis. Section 49.093, RSMo, requires each county department to submit annual inventory reports by October 10 of each year; however, the County Clerk did not send requests for the physical inventories to the departments until March 2006 and all of the reports were not received until April 2006.

Adequate property records and monitoring procedures by the County Clerk are necessary to ensure compliance with Section 49.093, RSMo, and provide adequate internal controls over county property. The preparation of overall county property records and comparison to annual physical inventories could potentially identify unrecorded additions and dispositions,

identify obsolete assets, and deter and detect theft of assets. Procedures to insure new property items are necessary to properly protect county assets.

WE RECOMMEND the County Clerk implement procedures for preparing overall county property records and tracking new property items throughout the year, modify insurance coverage promptly, and follow up on discrepancies identified during the annual physical inventory process. In addition, the annual physical inventories should be performed and turned into the County Clerk on a timely basis as required by state law.

AUDITEE'S RESPONSE

I concur with the finding and have properly and timely completed current inventory reports by October 10, 2006. The asset valuation has been updated as of that date from the last inventory reports collected in April 2006. In the year 2005, when the county's insurance company did not request an updated list of inventory, I did not request inventories from the other officials and department heads and realize this was an error. I have also asked the officials and department heads for better documentation of the acquisition and disposition of items.

3. Sheriff's Controls and Procedures

Significant problems were noted in the controls over collections of the Sheriff's office, and as a result, the Sheriff's office did not detect \$974 receipts which were not deposited and appear to be missing. Problems include a lack of segregation of duties or supervisory reviews, lack of reconciliations between receipts and deposits, receipt slips not issued for some collections, receipts not deposited intact in a timely manner, and no reconciliations between liabilities and cash balances. In addition, Sheriff's sales fees were not properly distributed to the county.

The Sheriff's Department handled receipts of approximately \$54,000 and \$111,000 during the years ended December 31, 2005 and 2004, respectively.

- A. Cash receipts totaling \$974 collected by the Sheriff's office from January 2004 through December 2005 could not be traced to deposits into the Sheriff's bank accounts. We detected this problem while reconciling the Sheriff's receipt records to deposits. The majority of these receipts appear to be gun permit fees received in cash which were recorded on the cash control ledger but were not deposited.

These missing funds occurred during the terms of both the current Sheriff, who took office on January 1, 2005, and the former Sheriff. The current Sheriff indicated he would investigate this matter and attempt to resolve the discrepancies between receipts and deposits.

These missing funds were not detected by the Sheriff's office due to several record keeping deficiencies and internal control weaknesses, including a lack of

reconciliation between receipts and deposits, as discussed below. In addition, due to the problems and weaknesses, additional monies may have been received and not deposited that were not discovered, in particular for periods prior to January 2004.

- B. Cash custody and recordkeeping duties are not adequately segregated. The Sheriff's office manager is responsible for receiving, recording, depositing, and disbursing all monies, as well as reconciling the bank accounts. While the County Treasurer performs an independent review of the monthly bank reconciliations, there is no supervisory review or comparison of the Sheriff's accounting records to the bank records.

Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the accounting records should be performed and documented.

A similar condition was noted in a prior report.

- C. Receipt slips are not issued for some monies received and receipts are not reconciled to deposits. In addition, the method of payment is not always noted on receipt slips. To adequately account for collections and reduce the risk of loss or misuse of funds, pre-numbered receipt slips, which indicate the method of payment received, should be issued for all monies received immediately upon receipt. Receipts should also be reconciled to bank deposits, including the composition of monies received (i.e. cash, checks, or money orders). The lack of reconciliations between receipts and deposits appears to have allowed the shortage noted in Part A above to go undetected by the Sheriff's office.
- D. Monies are not always deposited intact or in a timely manner. For example, a \$222 cash bond received on October 12, 2005 was not deposited until October 24, 2005. In addition, as noted in Part A above, some cash receipts could not be traced to any deposits, and some cash receipts were withheld and included in subsequent deposits. For example, \$120 cash received between December 21, 2004 and January 4, 2005, was withheld from the January 4, 2005 deposit and subsequently deposited with other receipts on January 20, 2005. Our review noted deposits are generally made three to four times a month and the average deposit during October through December 2005, was \$1,380.

To adequately account for collections and reduce the risk of loss or misuse of funds, deposits should be made intact on a timely basis. Deposits should be more frequent if significant amounts of cash are collected.

- E. The Sheriff does not have procedures to ensure all monies received are disbursed. All monies received by the Sheriff, which includes cash bonds and accountable fees, are normally disbursed by the end of each month and the Sheriff's bank account should zero out at the end of each month. However, on December 31, 2005, the

account had a balance of \$1,343 which was unidentified. This amount fluctuates from month to month because of receipts that were not deposited and the overall lack of reconciliations.

The Sheriff should adopt procedures to reconcile all receipts and deposits to amounts disbursed to ensure the bank account zeroes out each month, or if any receipts cannot be disbursed at the end of the month, these amounts should be identified and reconciled to the bank balances. Any unidentified amounts in the bank account should be investigated and resolved. Various statutory provisions, including Sections 447.500 through 447.595, RSMo, provide for the disposition of unclaimed monies.

- F. Some Sheriff's sale fees were not properly disbursed. The Sheriff deposited proceeds from a partition sale held in May 2004 into the Sheriff's fee account and withheld \$463 in accountable fees; however, this amount was not disbursed to the county's General Revenue Fund and remains in the Sheriff's bank account. The Sheriff also withheld fees from another partition sale held in March 2005; however, the amount disbursed to the county was \$89 more than the accountable fee of \$150. The \$89 had already been disbursed to a vendor for towing fees, causing a shortage in the account. These errors were apparently not discovered because of the lack of reconciliations noted in Part E above.

Attorney General's Opinion No. 108, 1970 to Holman, provides that commissions on partition sales are accountable fees and should be paid into the county's General Revenue Fund. The Sheriff should ensure that all accountable fees withheld from partition sale proceeds are properly disbursed to the county.

WE RECOMMEND the Sheriff:

- A. Follow up on this matter and reimburse his official account for any amounts remaining that could not be traced to a deposit.
- B. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- C. Require receipt slips be issued for all monies received, and ensure the method of payment is recorded on the receipt slips and receipts are reconciled to deposits.
- D. Deposit all monies intact on a timely basis.
- E. Ensure all receipts are disbursed and the balance of the bank account zeroes out at the end of each month. Any receipts that cannot be disbursed by the end of the month should be documented and reconciled to the bank balance. Amounts which cannot be identified should be investigated, and any monies remaining unclaimed should be disposed of in accordance with state law.

- F. Correct the errors noted above in the distribution of partition sale fees and ensure all fees from future sales are properly disbursed.

AUDITEE'S RESPONSE

- A. *A follow up done by the Office Manager appears to have located \$199 of the \$974. In addition, another \$323.65 appears to have been deposited that was not recorded, but some of this may represent checks received for serving papers that was not recorded and may not be part of the \$974. Additional follow up on this matter will be considered, and upon the conclusion of our work, we will make a determination on how to reimburse the account for the remaining difference.*
- B. *All accounting procedures will be checked and double checked by the Office Manager and then checked by me personally periodically. Accounts will also continue to be checked by the County Treasurer.*
- C. *Receipt slips will be issued for all monies received to ensure proper accounting. Receipts will be reconciled to deposits.*
- D. *Daily deposits will be made.*
- E. *The bank account will be zeroed out at the end of each month. Recently, a new bank account was opened and the old one closed to help ensure the account zeroes out. I will check this periodically.*
- F. *All fee monies collected as a result of Sheriff's sales will be disbursed according to state law.*

4. Prosecuting Attorney's Controls and Procedures

Receipt slips are not issued for some monies received, monies are not always deposited timely, and the composition of receipts is not reconciled to deposits. Monthly listings of open items (liabilities) are not prepared, and partial payments received for bad check restitution could be distributed on a more timely basis. Some petty cash fund disbursements were not adequately supported.

The Prosecuting Attorney's office collects bad check and court-ordered restitution and fees which totaled approximately \$65,000 and \$63,000 for the years ended December 31, 2005 and 2004, respectively. Most bad check restitution and fees are transmitted directly to the victims and county, respectively, and court-ordered restitution and bad check restitution and fees made payable to the Prosecuting Attorney are deposited into the Prosecuting Attorney's official bank account.

- A. Receipt slips are not issued for some monies received. Receipt slips for court-ordered restitution are only issued for payments made in person. In addition, no sequential summary record (cash control ledger) of court-ordered restitution receipts

and disbursements is maintained. Money orders received are copied and filed in the applicable case file but are not otherwise recorded.

To adequately account for all receipts, pre-numbered receipt slips should be issued for all monies received and the numerical sequence accounted for properly. A cash control ledger, which lists each receipt slip in numerical order, would help account for all receipts slips issued and provide a summary of all receipts and disbursements.

- B. Monies received are not always deposited in a timely manner. For example, four receipts totaling \$223 received between October 18 and October 25, 2005 were not deposited until November 15, 2005. Additionally, the composition of receipts (cash and money orders) is not reconciled to deposits. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, deposits should be made intact on a timely basis. In addition, the composition of monies received should be reconciled to the composition of bank deposits.
- C. Monthly listings of open items (liabilities) are not prepared. The reconciled bank account balance at December 31, 2005, was \$6,321, and since that time, the Prosecuting Attorney's office has attempted to identify and dispose of this balance. As of June 30, 2006, approximately \$4,700 had been identified and disbursed. Most of this amount represented restitution partial payments which had not been disbursed to the victims, as it had been office policy to disburse no partial payments until full payment was received.

A complete and accurate listing of open items should be prepared monthly and reconciled to the cash balance to ensure records are in balance and sufficient funds are available for the payment of all liabilities. In addition, the Prosecuting Attorney should continue to investigate and resolve the unidentified balance in the account and disburse all restitution partial payments on a more timely basis.

A similar condition was noted in a prior report.

- D. The Prosecuting Attorney maintains a \$200 petty cash fund which is used to make small purchases and to pay for postage. Petty cash disbursements were \$466 in 2005.

Receipts or vendor invoices are not always retained to support disbursements, and a ledger to summarize disbursements and replenishments of the petty cash fund is not maintained. All petty cash disbursements should be supported by receipts or vendor invoices to ensure their propriety. In addition, a ledger which summarizes all petty cash transactions is necessary to ensure all monies are accounted for properly and the fund is maintained on an imprest basis.

WE RECOMMEND the Prosecuting Attorney:

- A. Require pre-numbered receipt slips be issued for all monies received and the numerical sequence of those receipt slips be accounted for properly. In addition, a cash control ledger should be maintained to record all restitution receipts and disbursements.
- B. Deposit all monies intact on a timely basis, and reconcile the composition of receipts to the composition of bank deposits.
- C. Prepare monthly listings of open items and reconcile to the cash balance, and continue to investigate and resolve the unidentified account balance. In addition, restitution partial payments should be disbursed to the victims on a more timely basis.
- D. Ensure receipts or vendor invoices are maintained for all petty cash disbursements. In addition, a log or ledger of all petty cash fund transactions should be maintained to properly document the financial activity of the fund.

AUDITEE'S RESPONSE

- A. *We agree and will implement this recommendati on. Receipts slips will be issued for all payments received by mail and in person.*
- B. *We agree and will attempt to make deposits at least 2-3 times per week.*
- C. *We agree and since December 2005, we have been working on reducing the balance of the account. Currently, the balance is down to about\$600. In the future, any amounts that are not disbursed by the end of the month will be identified on an open items list.*
- D. *We agree and will implement this recommendati on. A log will be established to record withdrawals and replenishments to the petty cash fund.*

5. Associate Circuit and Probate Divisions' Controls and Procedures

Receipts are not deposited in a timely manner, bank reconciliations are not performed in a timely manner, old outstanding checks need to be resolved, and an old bank account should be closed.

The Associate and Probate Divisions are responsible for processing receipts for criminal and civil cases, traffic tickets, bonds, and probate fees, which totaled approximately \$447,000 and \$425,000 for the years ended December 31, 2005 and 2004, respectively.

- A. Receipts are not always deposited on a timely basis. Monies are normally collected each business day. During the month of September 2005, deposits were generally made once a week and averaged approximately \$3,900 per deposit. A cash count performed on April 6, 2006, totaled \$4,141 including \$125 cash received on April 3, 2006, and \$467 cash received on April 5, 2006.

To adequately account for collections and reduce the risk of loss or misuse of funds, deposits should be made intact on a timely basis. Deposits should be more frequent if significant amounts of cash are collected.

- B. Bank reconciliations are not always prepared on a timely basis. The December 2005 through February 2006 bank reconciliations were completed in March 2006. Monthly bank reconciliations are necessary to ensure bank activity and accounting records are in agreement and to detect and correct errors timely.
- C. Procedures have not been established to routinely follow up on outstanding checks. At December 31, 2005, the Associate and Probate Divisions had 22 outstanding checks over one year old, totaling \$1,424. These old outstanding checks create additional and unnecessary record keeping responsibilities.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, amounts remaining unclaimed should be disposed of in accordance with state law.

- D. The Associate Circuit Division has one old bank account that is no longer active. At December 31, 2005, the account balance included 36 checks totaling \$870 which had been outstanding for over five years, accumulated interest totaling \$227, and unidentified monies totaling \$116.

The court should attempt to dispose of the monies which have remained unclaimed or unidentified and close the account. Various statutory provisions, including Sections 447.500 through 447.595, RSMo, provide for the disposition of unclaimed monies.

Conditions similar to Parts A-C were noted in a prior report.

WE RECOMMEND the Associate Circuit Judge ensure:

- A. All monies are deposited intact on a timely basis.
- B. Bank reconciliations are prepared on a monthly basis.
- C. All old outstanding checks are resolved and procedures are established to periodically investigate checks outstanding for a considerable time.

- D. The monies held in the old bank account are identified and disbursed so the account can be closed. Amounts which cannot be identified and remain unclaimed should be disposed of as provided by state law.

AUDITEE'S RESPONSE

My chief clerk advises me that the recommendations to terminate outstanding checks and/or accounts have been fully complied with. We shall do our reasonable best to meet the other recommendations on deposits and reconciliations, keeping in mind the many time standards thrown upon us today (to include having to report traffic dispositions within a few days no matter how heavy the docket might be).

6. Ex Officio Recorder of Deeds' Controls and Procedures

Some receipts are not recorded or deposited on a timely basis, and some checks and money orders are not endorsed immediately upon receipt. The Ex Officio Recorder of Deeds collects various fees for recording documents, such as deeds and marriage licenses, which totaled approximately \$192,000 for each of the years ended December 31, 2005 and 2004.

- A. Monies received are not always recorded in a timely manner. The Ex Officio Recorder of Deeds uses a computer system for recording payments and indexing recorded documents, and it is her policy to hold partial payments and not record the fees on the system until paid in full. In addition, checks and money orders for partial payments are not restrictively endorsed until the fees are paid in full and entered into the system.

Receipts should be recorded on the computer system or on pre-numbered receipt slips, and checks and money orders should be restrictively endorsed immediately upon receipt. An immediate record of receipts is necessary to properly document and account for all monies received.

- B. Receipts are not always deposited on a timely basis. Monies are normally collected each business day. Our review of deposits made during July and August 2005, indicated deposits are made approximately twice a week and averaged more than \$2,000 per deposit. A cash count performed on May 9, 2006, totaled \$1,760, which included \$1,735 in checks and \$25 in cash received on May 4 and 5, 2006.

To adequately account for collections and reduce the risk of loss or misuse of funds, deposits should be made intact on a timely basis. Deposits should be more frequent if significant amounts of cash are collected.

WE RECOMMEND the Ex Officio Recorder of Deeds:

- A. Ensure all receipts are promptly recorded and posted to the computer system, and all checks and money orders are restrictively endorsed immediately upon receipt.
- B. Deposit all monies intact and on a timely basis.

AUDITEE'S RESPONSE

- A. *We cannot record any document without payment in full. Our choices would be to return all documents that do not have enough money, causing unnecessary delays in recording documents that are time sensitive, or to call the party who mailed it to us (if we have a phone number), and ask them to send the additional money. Often times we only need \$1-3 more to pay in full. Sometimes we receive these documents by overnight mail, which is costly, and we will not spend county money to return them unrecorded by overnight mail. I feel that there is a greater risk of documents and money getting lost in the mail, than being lost in this office. When we have all the money with the document, we will then receipt and record same.*

I will restrictively endorse all checks and money orders immediately upon receipt.

- B. *We will make a concerted effort to make more timely deposits.*

AUDITOR'S COMMENT

- A. Even if documents cannot be recorded until full payment is received, partial payments should be recorded and properly safeguarded immediately upon receipt.

7. 911 Board's Controls and Procedures

Improvements are needed in the controls and procedures over the 911 Board's expenditures and payroll. Records of capital assets are not maintained, actual disbursements exceeded the budgeted amount, and annual financial statements are not published. Reasons and votes taken to close board meetings are not documented in the regular board minutes.

- A. The following concerns are related to the 911 Board's expenditures:
 - 1. The board's approval of invoices for payment is not adequately documented. The 911 Board President and Treasurer review the invoices and prepare the checks, and the 911 Treasurer submits monthly revenue and expense reports to the board; however, detailed listings of bills are not provided to the entire board for their review and approval. To adequately document the board's review and approval of all disbursements and to help ensure all disbursements represent valid operating costs, a complete and detailed listing

of bills should be prepared and approved by the board and retained with the official minutes.

2. Supporting documentation, such as receipts or vendor-provided invoices, was not retained for some disbursements. Supporting documentation was not available for 5 of 25 expenditures reviewed, as follows:

Description	Amount
Emergency system equipment	\$ 30,000
Power generators	5,400
Severe weather monitoring service	2,448
Equipment rental	250
Custodial supplies	155

All disbursements should be supported by paid receipts or vendor invoices to ensure the obligations were actually incurred and the disbursements represent appropriate uses of public funds.

3. The board does not require acknowledgment of receipt of goods or services to be noted on the invoices. Indication of receipt of goods or services is necessary to ensure that amounts presented for payment represent legitimate operating costs.

B. The following concerns are related to the 911 Board's payroll procedures:

1. Timesheets do not always include documentation of supervisory approval. The 911 Administrator indicated that timesheets are reviewed and approved, but this is not always documented. Supervisory approval is necessary to ensure time reported was actually worked.
2. The board has not adopted formal policies for overtime and compensatory time. The board's written policies should be expanded to address situations in which overtime may be necessary, document how overtime or compensatory time will be awarded, and ensure compliance with the Fair Labor Standards Act. Complete and detailed written policies are necessary to provide guidance to employees, provide a basis for proper compensation, ensure equitable treatment among employees, and avoid misunderstandings.

C. Records of capital assets are not maintained, and physical inventories of 911 property are not performed. Records of capital assets should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. The records should include a detailed description of the assets including the name, make and model numbers, and asset identification number, the physical location of the assets, and the date and method of disposition.

Complete and accurate capital asset records are necessary to ensure better internal control over board assets and provide a basis for determining proper insurance coverage. Physical inventories are necessary to ensure the property records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Pre-numbered tags when affixed to general fixed assets, allow for identification of the items in the records, and limit the potential for personal use of board assets.

- D. Actual disbursements exceeded the budgeted amount by \$77,373 for the year ended December 31, 2005. The overspending occurred mainly due to a purchase of equipment for \$60,000 which was not budgeted. While the board receives monthly comparisons of budget and actual disbursements, the board did not prepare budget amendments when it was apparent that the actual disbursements would exceed the budgeted amounts.

Case law provides strict compliance with county budget laws is required by county officials. If there are valid reasons which require excess disbursements, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. To improve the effectiveness of the budgets as a planning tool and ensure compliance with state law, budget to actual comparison reports need to be reviewed and used when making spending decisions throughout the year.

- E. The 911 Board does not publish annual financial statements.

Section 50.800, RSMo, provides details regarding the various information required to be provided in the annual published financial statements, and requires that receipts, disbursements, and beginning and ending balance information be presented for all county funds.

Complete published financial statements are needed to adequately inform the citizens of the board's financial activities and show compliance with statutory requirements.

- F. The board holds closed meetings. The open meeting minutes typically will indicate the meeting is being closed, but the specific reasons and votes to close the meetings are not always documented.

The Sunshine Law, Chapter 610, RSMo, states the question of holding a closed meeting and the reason for the closed meeting shall be voted on at an open session and requires minutes be kept for all closed meetings. In addition, the Sunshine Law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. The minutes should provide sufficient details of discussions to demonstrate compliance with statutory provisions and support important decisions made.

WE RECOMMEND the 911 Board:

- A.1. Review and approve all disbursements, and the approval of disbursements should be adequately documented by including a listing of all approved disbursements in the board minutes.
- 2. Ensure adequate supporting documentation is maintained for all disbursements.
- 3. Ensure all invoices contain indication of receipt of goods or services.
- B.1. Require supervisory approval be documented on all employee timesheets.
- 2. Establish written policies for employee overtime and compensatory time.
- C. Establish property records for all capital assets and require annual physical inventories be performed. In addition, pre-numbered inventory tags should be attached to board property and equipment.
- D. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's Office.
- E. Publish annual financial statements of the 911 Board Fund in accordance with state law.
- F. Ensure the vote to close a meeting is documented in open meeting minutes, along with the reasons for closing the session.

AUDITEE'S RESPONSE

We have already implemented recommendations A, B, C, and F. Regarding the budgets, we will file budget amendments as necessary. Regarding published financial statements, our legal counsel does not believe this is required by statute for the 911 Board, but we will consider publishing some type of financial information.

Follow-Up on Prior Audit Findings

GASCONADE COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Gasconade County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2001. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Procedures

- A. Approved budget documents for the General Revenue and the Special Road and Bridge Funds did not adequately project the anticipated financial condition for the two years ended December 31, 2001, mainly due to overestimates for disbursements.
- B. Assessment reimbursement claims were not reconciled to actual expenditures by the County Clerk, and therefore, the state reimbursed \$7,132 more than what the county was entitled.
- C. Salary increases of \$20,506 were given to each of the Associate County Commissioners in 1999 and 2000, which were determined to be unconstitutional.
- D. Mileage records were not kept by the two road and bridge employees that were allowed to use county vehicles to commute to and from work, and there was no written policy on the use of county vehicles. It appeared that the commuting mileage for the road and bridge employees should have been reported as a fringe benefit.

Recommendation:

The County Commission:

- A. Prepare reasonable estimates of receipts and disbursements so that projected reserves are more properly presented in the annual budgets. If the County Commission desires to build up reserves for future specific needs, this information should be communicated through the budget message.
- B. Contact the State Tax Commission regarding this situations and take appropriate action to correct this overpayment. In addition, the County Commission should ensure assessment reimbursement claims are reconciled to the expenditure records.
- C. Review the impact of the Supreme Court decision and develop a plan for obtaining repayment of the salary overpayments.

- D. Comply with IRS guidelines for reporting fringe benefits related to commuting in county owned vehicles. In addition, the county should establish a written policy for road and bridge employees regarding the appropriate use of county vehicles for commuting purposes and ensure records are kept which distinguish commuting and business mileage.

Status:

- A. Partially implemented. The county's budget estimates improved for 2004 and 2005; however, the projected ending balances of the General Revenue Fund and the Special Road and Bridge Fund were underestimated ranging from \$220,348 to \$386,839 during 2004 and 2005. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented. This amount was deducted from the county's reimbursement for the fourth quarter of 2002. We noted no concerns with the reimbursement claims for 2004 and 2005.
- C. Not implemented. The county's records were reviewed and no salaries had been repaid. The County Commission has taken no action on this matter. Although not repeated in the current MAR, our recommendation remains as stated above.
- D. Partially implemented. The county has established a written policy for the road and bridge employees regarding the use of the vehicles. However, the county has not complied with the IRS guidelines for reporting fringe benefits relating to commuting, and records are not kept which distinguish commuting and business mileage. See MAR finding number 1.

2. Circuit Clerk's Accrued Costs

The Circuit Clerk did not maintain a list of accrued costs or pursue collection of amounts due. In addition, the Circuit Clerk did not adequately monitor or write off amounts deemed uncollectible.

Recommendation:

The Circuit Clerk maintain a listing of accrued costs and pursue timely collection utilizing all available options. In addition, old inactive case balances should be written off in a more timely manner.

Status:

Implemented.

3. Associate Circuit / Probate Division's Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. Bank reconciliations for the Banner account were not prepared on a regular basis.
- C. Receipts were deposited approximately once per week.
- D. Fees collected were not disbursed to the state or County Treasurer on a timely basis.

Recommendation:

The Associate Circuit Judge:

- A. Segregate accounting and bookkeeping duties to the extent possible. At a minimum, there should be documented supervisory reviews of the accounting records.
- B. Prepare bank reconciliations for all accounts on a monthly basis.
- C. Ensure that deposits are made intact daily or when accumulated receipts exceed \$100.
- D. Remit fees on a monthly basis.

Status:

A&D. Implemented.

B&C. Not implemented. See MAR finding number 5.

4. Prosecuting Attorney's Controls and Procedures

- A. Partial payments were recorded on a manual receipt log but not entered into the computerized accounting system until full payment was received.
- B. All receipt slips indicated money orders were received even when cash was received.
- C. Open items listings were not prepared, and open items were not reconciled to cash balances.

Recommendation:

The Prosecuting Attorney:

- A. Ensure all receipts are entered into the computerized system when received.

- B. Ensure that the proper mode of payment is recorded on all receipt slips and that the composition of the receipts slips is reconciled to the composition of the bank deposits and other transmittals.
- C. Prepare complete and accurate listings of open items and reconcile the listings to the cash balance monthly.

Status:

- A. Implemented.
- B. Partially implemented. The proper mode of payment is recorded on receipt slips; however, the composition of the receipt slips is not reconciled to the composition of the bank deposits and other transmittals. See MAR finding number 4.
- C. Not implemented. See MAR finding number 4.

5. Sheriff's Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. Pre-numbered or sequentially numbered bond forms were not used, and pre-numbered receipt slips were not issued for bond monies received. A log listing the bond receipts and their disposition was not maintained.

Recommendation:

The Sheriff:

- A. Segregate accounting duties to the extent possible or ensure periodic independent or supervisory reviews of the accounting records are performed and documented.
- B. Require the use of pre-numbered bond forms and/or pre-numbered receipt slips, and establish a log of bonds received, including disposition information. In addition, cash bonds received should be reconciled to the Sheriff's receipt ledger, and the receipt ledger should be reconciled to subsequent deposits to ensure that all monies have been accounted for properly.

Status:

- A. Not implemented. See MAR finding number 3.
- B. Partially implemented. The Sheriff's office issues prenumbered receipt slips for bonds received. The manual bond receipt book is reconciled to the receipts ledger; however, the receipts ledger is not reconciled to bank deposits. See MAR finding number 3.

6. Health Center

- A. Accounting duties were not adequately segregated.
- B.1. Some fixed assets purchases were not recorded, and the results of physical inventories were not used to update the property control records.
- 2. Expenditures for fixed assets were not periodically reconciled to the property control records.
- 3. Written authorization was not obtained prior to the disposition of fixed assets.

Recommendation:

The Health Center:

- A. Segregate accounting duties to the extent possible. At a minimum, someone independent should periodically review and compare Health Center records of monies received with documentation of transmittal to the County Treasurer, as well as ensuring recorded transactions appear proper.
- B.1. Update the property control record to include all fixed asset items currently on hand and record purchases of fixed assets in the control record at the time of purchase.
- 2. Conduct periodic reconciliations of expenditures for fixed assets to the additions to the property control record.
- 3. Obtain written authorization prior to the disposition of fixed assets.

Status:

A&B. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

GASCONADE COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1820, the county of Gasconade was named after Gasconade River. Gasconade County is a county-organized, third-class county and is part of the Twentieth Judicial Circuit. The county seat is Hermann.

Gasconade County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 485 miles of county roads and 68 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 13,181 in 1980 and 15,342 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2005	2004	2003	2002	1985* 1980**
		(in millions)				
Real estate	\$	116.3	104.7	102.8	96.3	44.3 28.7
Personal property		45.3	43.7	46.7	43.3	13.1 7.0
Railroad and utilities		20.2	20.3	18.9	20.7	12.7 6.6
Total	\$	181.8	168.7	168.4	160.3	70.1 42.3

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Gasconade County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2005	2004	2003	2002
General Revenue Fund	\$	.1597	.1591	.1618	.1603
Special Road and Bridge Fund *		.2684	.2741	.2729	.2750
Health Center Fund		.0975	.0995	.0992	.1000
Community Mental Health Fund		.0975	.0995	.0992	.1000
Senate Bill 40 Board Fund		.0975	.0995	.0992	.1000

* The county retains all tax proceeds from areas not within road districts. The county has one road district that receives four-fifths of the tax collections from property within this district, and the Special Road and Bridge Fund retains one-fifth.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2006	2005	2004	2003
State of Missouri	\$ 54,752	50,856	50,522	47,897
General Revenue Fund	326,642	299,888	328,887	285,818
Special Road and Bridge Fund	486,472	460,455	457,038	435,923
Assessment Fund	123,667	116,722	92,782	88,009
Health Center Fund	175,982	166,569	165,474	158,031
Senate Bill 40 Board Fund	175,982	166,569	165,474	158,031
Community Mental Health Fund	173,772	164,546	163,485	156,147
School districts	6,778,450	6,266,079	6,256,092	5,871,402
Library district	175,980	166,561	165,319	158,031
Ambulance districts	546,264	515,748	511,221	486,535
Fire protection districts	77,739	72,649	70,308	62,988
Hospital district	519,210	481,388	479,149	454,411
Junior college	1,816	1,644	1,621	1,159
Tax Increment Financing District	49,057	45,936	45,992	45,443
Morrison Levee District	486	471	531	600
Tri-County Levee/Bond	7,249	7,249	7,301	7,249
A-1 Levee District	652	714	739	956
Cities	76,460	65,524	35,608	36,381
County Employees' Retirement	64,874	64,623	57,174	60,307
Tax Maintenance	19,004	18,240	18,168	8,792
Commissions and fees:				
General Revenue Fund	141,666	134,653	132,570	125,331
City Collection Fee	1,372	1,066	0	0
Total	\$ 9,977,547	9,268,149	9,205,456	8,649,439

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2006	2005	2004	2003	
Real estate	95	94	95	94	%
Personal property	91	91	90	91	
Railroad and utilities	100	100	100	98	

Gasconade County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.00500	None	50	%
General (1/4 general, 3/4 roads)	.00500	None	None	
Emergency 911 (approved in April 2005)	.00375	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2006	2005	2004	2003	2002
County-Paid Officials:	\$				
Ron Jost, Presiding Commissioner		29,060	29,060	28,400	
Charles Schlottach, Presiding Commissioner					28,400
Jerry D. Lairmore, Associate Commissioner		27,060	27,060	26,400	26,400
Max G. Aubuchon, Associate Commissioner		27,060	27,060	26,400	26,400
Lesa Lietzow, County Clerk		41,000	41,000	40,000	
Roger A. Prior, County Clerk					40,000
Ada Brehe-Krueger, Prosecuting Attorney		49,000	49,000	47,000	47,000
Randy Esphorst, Sheriff		45,000			
Glenn O. Ebker, Sheriff			45,000	44,000	44,000
Ralph Grannemann Jr., County Treasurer		30,340	30,340	29,600	29,600
Benjamin D. Grosse, County Coroner		13,000			
Landon Grosse, County Coroner			13,000	12,000	12,000
Fay Owsley, Public Administrator		25,000	22,000	22,000	22,000
Kathy Meyer, Public Administrator (1)					5,300
Shawn Schlottach, County Collector, year ended February 28 (29),	41,000	41,000	40,000	40,000	
Joseph M. Mundwiller, County Assessor (2), year ended August 31,		41,688	40,765	40,900	40,900
Paul Dopuch, County Surveyor (3)		900	900	900	900

(1) Includes fees received from probate cases.

(2) Includes \$688, \$765, \$900, and \$900 annual compensation received from the state for years ended August 31, 2005, 2004, 2003, and 2002, respectively.

(3) Compensation on a fee basis.

State-Paid Officials:

Judith A. Schulte, Circuit Clerk and Ex Officio Recorder of Deeds	48,500	47,850	47,300	47,300
John B. Berkemeyer, Associate Circuit Judge	96,000	96,000	96,000	96,000



Claire McCaskill

Missouri State Auditor

October 2006

STATEWIDE

Information
Technology
Procurement and
Management Practices



Improvements Are Needed in the Management and Oversight of Computers

Because of the important role computers play in state operations, we focused audit efforts on determining whether (1) state agencies have adequately accounted for stored computer equipment, (2) improvements are needed in the procurement of computers, and (3) agencies have addressed information technology (IT) strategic planning. We also reviewed the Office of Administration's (OA) efforts to consolidate IT operations.

Agencies did not always account for stored computers and records not always accurate

Our review of seven agencies disclosed none of the organizations could account for all spare/surplus computers where internal or SAM II records show a storeroom or warehouse location. In addition, inaccuracies existed on internal and SAM II records. This situation occurred because personnel either failed to (1) track and account for spare/surplus computers, or (2) update internal and SAM II records accurately, or in a timely fashion. (See page 6)

Improvements needed in procurement of computers

Improvements are needed in the procurement of computer equipment because not all agencies reviewed had formalized procurement guidance or policy. Some agencies also had not considered the cost-effectiveness of computer warranties, or of leasing computers in lieu of purchasing computers. In addition, some agencies lacked formal policies on how often to replace computers and for the removal of information from computers prior to disposal. (See page 14)

Most agencies developed IT strategic plans

Our review of seven agencies disclosed six—Transportation, Natural Resources, Mental Health, Corrections, Social Services, and the Public Defender's Office—had developed IT strategic plans. However, Health and Senior Services had not developed an IT strategic plan. (See page 17)

IT operations consolidated

With OA's consolidation of state IT resources, the state's Chief Information Officer is taking action to address IT strategic planning, standardization of procurement policy and procedures, and IT equipment ownership. OA's actions, if successfully implemented, should improve IT operations. (See page 18)

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Abbreviations

CIO	Chief Information Officer
CSR	Code of State Regulations
IT	Information Technology
ITSD	Information Technology Services Division
OA	Office of Administration
RSMo	Missouri Revised Statutes
SAM II	Statewide Advantage for Missouri II
SAO	State Auditor's Office



CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Michael Keathley, Commissioner
Office of Administration
and
Cathy Kelly, Acting Director
Missouri State Public Defender
and
Pete K. Rahn, Director
Department of Transportation
Jefferson City, MO 65102

State agencies purchased approximately \$59 million in computers and information technology (IT) related equipment during fiscal year 2005. Of that amount, approximately \$35 million related to personal computers, laptops and servers. Because of the important role computers play in state operations, we focused audit efforts on determining whether (1) state agencies have adequately accounted for stored computer equipment, (2) improvements are needed in the procurement of computers, and (3) agencies have addressed IT strategic planning. We also reviewed the Office of Administration's (OA) efforts to consolidate IT operations.

We found improvements are needed in the state's management and oversight of computers. Improvements are needed because agencies reviewed did not always account for computers stored at warehouse locations, and because inaccuracies exist on internal records and the state's financial record system. Improvements are also needed in the procurement of computer equipment because not all agencies have formalized procurement procedures. Some agencies also lack policies on computer replacement and the removal of information from computers prior to disposal. In addition, one agency had not adequately addressed IT strategic planning. OA officials are taking action to consolidate IT operations which, if successfully implemented, should improve procurement and strategic planning. We have made recommendations to improve the accountability and procurement of computer equipment.

We conducted our audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. This report was prepared under the direction of John Blattel. Key contributors to this report included Robert Spence, Brenda Gierke, and Nicki Russell.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire McCaskill
State Auditor

Introduction

In January 2005, Executive Order 05-07 initiated a statewide consolidation of information technology (IT) services by combining the Office of Administration's (OA) Office of Information Technology and the Division of Information Systems to create the Information Technology Services Division (ITSD) to avoid duplication of activities and administrative costs. The Governor appointed a new Chief Information Officer (CIO) in January 2005 to oversee the new organization and to direct consolidation efforts. On July 1, 2005, consolidation of information technology personnel and resources from 14 state agencies under the direction of the state CIO commenced. The Departments of Conservation and Transportation, as well as other entities, such as the Missouri State Public Defender's Office (Public Defender's Office), governed by commissions, are not included in the information technology consolidation. In addition, entities not under the Governor, such as elected officials and the state courts system, are not included in the consolidation.

Consolidation of IT services is being accomplished over a 2-year period. On June 16, 2006, IT personnel in the following 13 agencies became ITSD employees under the authority of the state CIO: Agriculture, Economic Development, Elementary and Secondary Education, Health and Senior Services, Labor and Industrial Relations, Natural Resources, Mental Health, Public Safety, Social Services, Corrections, Higher Education, Insurance, and the OA. In fiscal year 2007, the CIO received budget authority over IT related appropriations for these agencies, and the Department of Revenue's information technology personnel and IT related appropriations were consolidated into the ITSD.

Major initiatives include the consolidation of statewide networks, consolidation of email within the consolidated agencies, reduction of Missouri state government telecommunication costs and reduction of fixed and variable costs associated with the operation of the State Data Center. In addition, the consolidation transfers oversight of purchases, job vacancies, work schedules, dress codes, expense accounts, out-of-state travel requests, overtime, and compensatory time to the ITSD.

Prior to consolidation, state agencies independently made decisions on purchasing, tracking and disposing of IT equipment with each having individual IT personnel and budgets.¹ Expenditures by the state for

¹ OA had indirect authority over purchasing IT equipment prior to consolidation through approving and awarding statewide contracts for the procurement of computer equipment.

computers, laptops and servers in fiscal years 2004 and 2005 totaled approximately \$37 million and \$35 million, respectively.²

Scope and Methodology

We selected agencies for review based on the amount of expenditures for computers and the number of computers in storage in fiscal year 2004. We obtained records of computers in storage³ from SAM II fixed asset records (SAM II records), and computer expenditure amounts from SAM II expenditure records. We conducted work at the following state agencies: Corrections, Health and Senior Services, Natural Resources, Mental Health, Social Services, Transportation and the Public Defender's Office.

To determine whether agencies had properly accounted for stored computers, we reviewed internal controls for purchasing, recording, tracking and disposal of computer equipment. We also conducted tests on computers with a warehouse or storeroom location on internal and/or SAM II records, including (1) physically counting stored computers and comparing to internal and/or SAM II records, (2) determining whether all stored computers could be accounted for, and (3) determining the accuracy and completeness of internal and/or SAM II records.

Although all state agencies are required to record fixed assets costing more than \$1,000 on SAM II records, some agencies reviewed also maintained internal records to track and monitor the status and location of computer equipment. We conducted testing for stored computers using both SAM II and internal records for Social Services, Mental Health and the Public Defender's Office. For the other agencies, we tested using only SAM II records.

To determine the adequacy of the procurement and management of computer equipment, we reviewed agency policies, procedures, and control systems in place for the procurement, management and disposal of computer equipment. We also reviewed state regulations governing tracking and accounting for computer equipment.

To determine the adequacy of the strategic planning process related to computer equipment, we reviewed ITSD's IT Strategic Plan, service level agreements between ITSD and state agencies, and IT strategic plans developed by state agencies. We also reviewed guidance developed by the

² IT expenditures in SAM II records for fiscal years 2004 and 2005 totaled approximately \$58 million and \$59 million, respectively.

³ Stored computers refers to older desktops, laptops and servers kept in storage which are used to replace others that malfunction (spares), or computers ready to be sold (surplus).

IT Governance Institute which assists organizations in the development of clear policy and good practices for IT strategic planning.⁴

To determine whether OA's goals and strategies to consolidate IT operations address IT strategic planning, standardization of policies and equipment ownership, we interviewed ITSD personnel and reviewed records provided by the CIO.

We did not verify the reliability of data by testing SAM II records using source documents. However, we verified the accuracy and completeness of those records by testing computer equipment in warehouses and storerooms.

We requested comments on a draft of our report from the ITSD's CIO, Agency Directors, and the Acting Director of the Missouri State Public Defender's Office. We conducted audit work between March 2005 and February 2006.

⁴ Control Objectives for Information and related Technology, developed by the IT Governance Institute, is recognized internationally as standards for control over information, IT and related risks.

Opportunities Exist to Improve Management and Oversight of Stored Computers

Improvements are needed in the management and oversight of the state's computer equipment. Improvements are needed because state agencies have not always (1) accounted for all computer equipment in storerooms and warehouses, (2) formalized procurement policies and/or guidance, and (3) developed IT strategic plans. OA is taking steps to consolidate IT operations for 14 state agencies which, if successfully implemented, should address IT strategic planning, standardization of procurement policy and procedures, and IT equipment ownership.

Agencies Did Not Always Account for Stored Computers and Records Not Accurate

Our review of seven agencies disclosed none of the organizations could account for all spare/surplus computers where internal or SAM II records show a storeroom or warehouse location. In addition, our review disclosed inaccuracies in internal and SAM II records. This situation occurred because personnel either failed to (1) track and account for spare/surplus computers, or (2) update internal and SAM II records accurately, or in a timely fashion. Table 2.1 depicts the number of computers on hand at warehouses or other storage facilities at the agencies reviewed, the number of computers we tested, the number of missing computers officials could not account for, and the number of incorrect internal and SAM II records.

Table 2.1: Missing Computers and Incorrect Records

Agency	Computers on Hand	Computers Tested	Computers Missing	Incorrect Records
Corrections	177	96	14	18
Social Services ¹	1,292	110	0	43
Health and Senior Services	225	55	12	36
Transportation	264	53	1	28
Mental Health ²	230	253	29	41
Natural Resources	127	41	2	2
Public Defender	260	49	0	3
Total	2,575	657	58	171

¹ We tested for missing computers in one storage facility only. Officials had no records of computers in a second storage facility.

² See page 12, footnote 11, for additional information on quantity tested.

Source: SAO analysis

15 CSR 40-2.031 requires state agencies to maintain adequate fixed asset records which include the physical location in sufficient detail to readily locate the item, and the method and date of disposition for each fixed asset. The threshold for recording equipment on SAM II records is \$1,000.

Corrections

Tests of SAM II records and computers located at the warehouse disclosed missing computers and incorrect records. For example, SAM II records showed 96 agency computers with a warehouse location. However, we counted 177 computers at the warehouse, 81 more than recorded on SAM II

records. The property control officer researched the 96 computers and found:

- 14 computers (15 percent) could not be accounted for, and are considered missing. The original cost of the 14 computers totaled approximately \$33,500.
- 12 computers (12 percent) were at other locations within the agency, therefore, the SAM II location code was incorrect.
- 16 computers (17 percent) were in transit to surplus property to be sold.
- 6 computers (6 percent) had been sold, but the disposition date had not been recorded on SAM II records.
- 48 computers (50 percent) were located at the warehouse.

In total, SAM II had incorrect locations for 18 computers that had been accounted for—the 12 at other locations within the agency, and the 6 that had been sold. The agency's property control officer told us this situation likely occurred because information technology unit (unit) personnel did not prepare transfer documents when moving equipment to and from the warehouse, contrary to established policy. The official also said a former agency Assistant Director told him unit personnel should not have to complete transfer documents. This situation has caused most of the problems with accounting for items in the warehouse, and agency personnel do not know how many computers, new or old, are stored in the warehouse. In addition, SAM II records are not accurate, according to the official.

Additional problems at the warehouse

While testing computers at the warehouse on October 12, 2005, auditors observed the following:

- 10 new, boxed sound cards with a ship date of June 22, 2000.
- 56 new, boxed monitors received before June 2005.
- 20 new, boxed keyboards that had never been used due to incompatibility with existing equipment, according to the Assistant Director of Technical Services.
- 1 apparently new, boxed computer with an October 1996 manufacture date.
- 1 new, boxed monitor manufactured in 1997 in a pile of equipment ready to be sold as surplus property.

The Assistant Director of Technical Services told us his unit has not maintained a list of stored items and he has no idea what computer equipment is at the warehouse.

Social Services

The agency stores most of its spare computers in a storeroom and surplus computers for disposal at the Division of General Services Property Control Unit warehouse (General Services warehouse).⁵ Testing at the storeroom where spare computers are stored disclosed the agency had accounted for 510 spare computers on internal records, but had not recorded all spare computers on SAM II records. Other testing disclosed the agency had not recorded all of the 782 surplus computers stored at the General Services warehouse on SAM II records. The agency also did not have complete internal records of surplus computers in the General Services warehouse. In addition, the agency has not identified unrecorded assets because the agency has not conducted an annual inventory of fixed assets for 3 to 4 years, according to General Services warehouse personnel.

Spare computers accounted for internally, but not always recorded on SAM II records

We counted 510 spare computers in the storeroom, which agreed with the number of spare computers shown on internal records. In other testing, we selected a random sample of 54 computers with property tag numbers to determine whether officials could account for these computers. Officials accounted for all 54 sampled spare computers.

We also tested to determine whether spare computers had been recorded on SAM II records. Although Social Services does not have written policy on criteria for recording fixed assets onto SAM II records, according to the IT manager, warehouse personnel record sensitive items costing over \$450 on SAM II records. We found 29 of 54 sampled computers (54 percent) had not been recorded on SAM II records. Original cost for 15 of the 29 computers⁶ totaled approximately \$62,000, with each costing over the \$1,000 criteria for mandatory inclusion on SAM II records.

Surplus computers not always recorded on SAM II records

We counted 782 surplus computers intended for disposal at the General Services warehouse, most of which had been recorded on internal records. However, some had not been recorded on SAM II records. We selected a random sample of 56 computers with property tag numbers to determine whether these surplus computers had been recorded on SAM II records. We found 14 of 56 sampled computers (25 percent) had not been recorded on SAM II records. Original cost for 11 of the 14 totaled approximately \$20,000, with each costing over \$1,000.⁷

⁵Division of General Services Property Control Unit warehouse personnel are also responsible for recording all department purchases on SAM II records at acquisition and conducting annual inventory.

⁶Cost data not available for 14 of 29 computers.

⁷Cost data not available for 3 of 14 computers.

The agency has not documented procedures for recording new computer equipment or transfers on SAM II records, but officials told us the vendor applies property tag numbers to new computer equipment before it is shipped to the agency, and sends purchase information, including serial and tag numbers for each new computer, electronically, to the agency's IT unit. IT personnel record purchase information, including serial and tag numbers, and the location, on the agency's internal fixed asset record system. According to warehouse personnel, the IT unit provides this information to General Services warehouse personnel to record computer equipment costing more than \$450, including the location, on SAM II records. However, General Services warehouse personnel told us IT personnel had not always provided the purchase information, resulting in computers owned by the agency not being recorded on SAM II records.

According to the warehouse property control supervisor (supervisor), in the past, IT personnel sometimes 'tagged' new computers but did not notify General Services so the new computers could be recorded on SAM II. The supervisor told us procedures had recently changed so that all computers would be recorded on SAM II records. In discussing this issue with General Services warehouse personnel, some procedures changed in January 2006. However, as of June 2006, all new computers are still not being recorded on SAM II records because of a lack of procedural controls to ensure IT personnel send purchase information for new computers to General Services.

Surplus computers not
identified at the warehouse

We found the agency could not identify all surplus computers at the General Services warehouse because the supervisor does not maintain records of computer equipment coming into the warehouse. The supervisor told us he has not had the resources or manpower to log and record all equipment coming into or leaving the warehouse, but does not believe this limitation has been a problem because of the low dollar value associated with the surplus equipment.

When the agency is ready to dispose of computers, department offices transfer the equipment and an equipment return form (GS-2) listing the computers, and tag and serial numbers for each, to the General Services warehouse. When the computers arrive at the warehouse, the driver gives the IT personnel the GS-2, which is used to process the surplus computers and record the disposition on internal records. However, IT personnel do not provide a copy of the GS-2 to the supervisor. Therefore, until computers have been processed, which could take several days or possibly weeks, the GS-2 is the only record of unprocessed computers at this warehouse. For example, 261 of the 782 computers at the warehouse during our review, had arrived days before, but had not been processed. The supervisor had no

record or documentation of these computers at the warehouse, and no record of the computers' tag or serial numbers. The supervisor agreed that having a copy of the GS-2 until the computers are processed would provide a complete record of computers at this warehouse.

Once the computers are sold, surplus property forms showing the transfer of responsibility for the computers are returned to General Services warehouse personnel to record a disposal date on SAM II records. However, those surplus property forms have not been consistently returned, resulting in many computers that had been sold remaining on SAM II records, according to General Services warehouse personnel. In June 2006, the supervisor acknowledged this situation had been occurring, and told us the division is working on getting this problem resolved.

Inventory of computer equipment not conducted for years

The agency uses internal records to track and monitor the location of computer equipment, but SAM II records are used to conduct annual inventory, according to agency policy. However, General Services warehouse personnel responsible for conducting annual inventory and updating SAM II records, told us the agency has not inventoried computer equipment for 3 to 4 years because of a lack of time and resources. In addition, a reconciliation of computer equipment on internal records to SAM II records has not been done. Warehouse personnel told us not conducting inventory is one reason all agency computers had not been recorded on SAM II records and locations had not been updated.

When conducting an inventory, General Services warehouse personnel would send a list of non-expendable property recorded on SAM II records to each office inventory clerk, according to agency policy. Inventory clerks would conduct an inventory and notify General Services of new equipment not included on the list, and equipment on the list they no longer had because they transferred it or sold it. However, warehouse personnel told us there is not sufficient resources or time to locate purchase requests or other paperwork documenting the acquisitions, transfers or disposals in order to update SAM II records.

IT consolidation may not solve inventory problem

General Services warehouse personnel stated it will be a "mess" when the ITSD takes over and expects an accurate/proper inventory from the agency because a lot of new equipment, transfers and dispositions have not been recorded on SAM II records. An ITSD spokesperson told us ITSD plans to ask agencies to continue doing the annual inventory as the agencies had in the past. See page 19 for discussion on accountability and inventory procedures.

Health and Senior Services

SAM II records showed 640 computers at a Health and Senior Services warehouse. However, we counted 225 computers⁸ leaving 542 (85 percent) unaccounted for at the warehouse. We randomly selected 55 computers with property tag numbers from SAM II records to determine whether officials could account for computers on SAM II with a warehouse location. We found:

- 12 of 55 (22 percent) sampled computers could not be accounted for by the agency. Original cost of the 12 missing computers totaled approximately \$41,600.⁹
- 36 of 55 sampled computers had been sold as surplus property or transferred to a different location, but SAM II records had not been updated.
- 7 of 55 sampled computers were at the warehouse.

According to the Director of Administration, the 12 missing computers had probably been sold as surplus property due to their age (acquisition dates range from 1996-2001). However, required paperwork had not been completed to record disposition on SAM II records.

The Assistant Director of Administration told us the SAM II records for transferred or sold computers had not been updated because the fixed asset employees' primary focus is to get all new property recorded on the SAM II records, tagged properly, and to track equipment transfers from one location to another.

Transportation

SAM II records showed 461 computers with a warehouse location. However, 197 of the 461 computers (43 percent) could not be located at the warehouse.¹⁰ Further testing of 53 randomly selected computers with property tag numbers disclosed 29 computers could not be located at the warehouse. Officials subsequently verified the location of 28 of the 29 computers at other agency offices using utility software, but could not locate or account for 1 of the 53 (2 percent) sampled computers. Original cost for the missing computer was approximately \$1,450.

According to the procurement manager, 18 of the 29 missing computers had been moved from the warehouse to other locations, but the new location had not been updated on SAM II records. For another nine computers, personnel

⁸ Included 127 newly arrived computers that had not been recorded on SAM II yet.

⁹ Included one server costing \$25,000.

¹⁰ Of the 264 computers on hand, 152 had been recently sold and not picked up yet by the new owners.

incorrectly changed the location on SAM II records to the warehouse after the computers had been transferred to a different office. For one computer, personnel mistakenly changed the location code on SAM II records when personnel developed new policies and procedures in mid-2005.

The Controller told us this situation occurred because of a lack of training and communication with employees responsible for updating the location of transferred equipment on SAM II records when procedures changed in mid-2005. In discussing this issue on August 16, 2006, the Controller told us the revised policies and procedures for updating computer locations on SAM II records have been drafted, but have not been finalized.

Mental Health

Testing at three Mental Health facilities disclosed the agency could account for most stored computers. However, the agency could not account for 29 (11 percent) of 253¹¹ computers on local facility records¹² showing a warehouse location. The original cost for 24 of the 29 computers totaled approximately \$27,400, according to SAM II records.¹³

The IT Director at one facility told us personnel did not log or otherwise maintain records of computers coming into or leaving the storage room. IT personnel at another facility told us the local records had not been updated to reflect the current location of some computers, or computers had been sold, but records had not been updated. IT personnel in charge of storeroom computers at the third facility told us "there are days when equipment comes in faster than we can get it logged."

Internal and SAM II records not reliable

In other testing, we determined 63 of 230 computers (27 percent) in storerooms at the 3 facilities had not been recorded on internal records. In addition, of the 230 computers, 19 (8 percent) had not been recorded on SAM II records, and 22 (10 percent) had been recorded on SAM II, but showed disposal dates. The IT Director at one facility told us personnel had mistakenly recorded 15 of the 22 computers on SAM II records because they did not meet the criteria for mandatory recording. In an attempt to

¹¹Local facility records showed 253 computers with a warehouse location. Of the 253, personnel accounted for 57 at other locations and 29 could not be accounted for. In addition, 63 computers were on hand that were not listed on local facility records with a storeroom location, resulting in 230 Mental Health computers on hand, as shown in the table on page 6.

¹²At the time of our work, DMH was developing a department-wide IT tracking system. Because this tracking system was incomplete, we used local facility records as well as the new tracking system to conduct testing.

¹³Cost data was not available for five of the missing computers because the computers were not included on SAM II records of computers still owned by the agency.

correct the situation, personnel then recorded disposal dates for the 15 on SAM II records, even though the department still owned them and they were available for use. Seven of the 22 with disposal dates met criteria for recording on SAM II, and were also still owned and available for use. In discussions with ITSD personnel on August 17, 2006, one official told us the only way to remove a previously recorded asset from SAM II records is to record a disposal date. The official further stated this procedure is proper for items that have been disposed of, but when it is done to remove assets previously recorded in error, it creates inaccurate records on SAM II because the state still owns the asset.

Natural Resources

Testing at Natural Resources disclosed the agency could account for most computers. SAM II records showed 127 agency computers at the warehouse on the day of our site visit, and we counted 127 computers at the warehouse. Further testing of 41 randomly selected computers with property tag numbers disclosed 39 of the 41 computers were located at the warehouse. However, personnel could not account for 2 of 41 sampled computers.

One official told us he believes the missing computers have been sold, but the previous fixed asset record system had not been updated to reflect a disposal date. When records were transferred to the new SAM II system, the records remained incorrect on the new system. The agency acquired one of the missing computers in 1985 and the other in 1993.

Public Defender's Office

SAM II records showed 273 computers with a storeroom location, and internal inventory records showed 272 computers with a storeroom location. However, we counted 260 computers in the storeroom.

The Public Defender Office's practice is to record computer equipment costing more than \$1,000 on SAM II records at acquisition. However, personnel do not update the location on SAM II records when the equipment is moved to a different location, according to the Comptroller. Instead, the IT Director told us the Public Defender's Office tracks computers by recording all computer equipment on an agency database and updating the location on those records when equipment is moved from one location to another.

We randomly selected 49 computers with property tag numbers showing a storeroom location on SAM II records to determine whether officials could account for all 49 computers. We found Public Defender IT personnel accounted for all 49 sampled computers with a storeroom location on SAM II records. Of the 49 sampled computers, 21 were in the storeroom, but 28 were not. Using utility software, IT personnel accounted for the 28 computers by verifying locations at other Public Defender offices. The IT

Director told us SAM II records did not show the correct location for the 28 computers because the Public Defender's Office does not update locations on SAM II records.

Because the IT Director told us the Public Defender's Office tracked computers by updating internal records when equipment is moved from one location to another, we tested whether the location on internal records for the 49 sampled computers was correct on the day of our testing. Of the 49 sampled computers, the location on internal records was correct for 46 (94 percent) sampled computers. According to the IT Director, 3 of the 49 did not have the correct location because internal records had not been updated when those computers had been moved to other locations.

We also reviewed internal records maintained by the IT Director. Those records identified 9 computers as 'location unknown,' meaning personnel could not account for them. We located one of the missing computers in the storeroom, leaving 8 computers with an unknown location. The original cost of the 8 computers totaled approximately \$6,500.

Improvements Needed in Procurement of Computers

Improvements are needed in the procurement of computer equipment because not all agencies reviewed had formalized procurement guidance or policy. Some agencies also had not considered the cost-effectiveness of computer warranties, or of leasing computers in lieu of purchasing computers. In addition, some agencies lacked formal policies on how often to replace computers and for the removal of information from computers prior to disposal (sanitization).

Procurement guidance not always formalized

Our review of seven agencies disclosed Mental Health and the Public Defender's Office have not addressed the issue of IT procurement separately from general procurement policies. According to officials, Mental Health has not seen IT procurement policy as a priority needed to provide efficient and reliable IT services. The Public Defender's IT purchases would be covered under its regular procurement policy. The five other agencies formalized IT procurement policies, but we found those policies to be inconsistent and lacked common standards for the procurement of IT related hardware, software and services.

Standards for good IT security and control practices state: "Management should develop and implement a central procurement approach describing a common set of procedures and standards to be followed in the procurement of information technology related hardware, software and services."

As of May 2006, OA had not developed guidance, or required state agencies to develop standard formal policies for the procurement of IT equipment,

Cost-effectiveness of
shorter warranties and leasing
not always considered

even though state law¹⁴ gives authority to the OA to establish procurement procedures for electronic and automated data processing hardware, software, and support service. OA's only exercise of authority over IT procurement had been approving and awarding contracts for the procurement of IT equipment. An ITSD spokesperson told us ITSD had not developed a policy for IT procurement because the IT consolidation has not been completed. ITSD plans to standardize IT procurement procedures (see page 18 for additional discussion).

Transportation, Corrections, Natural Resources, Mental Health and Social Services had not formally considered the cost-effectiveness of shorter computer warranty periods. Although Transportation had not formally analyzed the cost-effectiveness of shorter warranties, the IT Director told us because of the failure rate of department computers and the expense of additional personnel to repair computers in a timely manner, officials believed the "no-questions asked" 3-year warranty would be the most cost-effective option. Therefore, officials decided to continue purchasing the 3-year warranty.

In addition, Transportation, Corrections and Natural Resources had not considered leasing versus purchasing IT equipment. However, several agencies had made these considerations:

- Health and Senior Services technical staff had explored a 90-day warranty, and found financial savings would not outweigh the cost. The agency currently leases all of its servers, with the exception of a production server, but prior research has not found leasing computers and laptops to be cost-effective, according to one agency official.
- In 2002 and 2004, Mental Health officials analyzed the cost effectiveness of leasing instead of purchasing computers. The agency's current purchasing costs have been considerably less than those for leasing, according to one agency official.
- The IT Director at the Public Defender's Office told us computers purchased through the state contract included a 3-year warranty period, and a shorter warranty period would not be less expensive. Also, the office had done a cost analysis on leasing versus purchasing and found the cost to be about equal. However, leasing presented ownership issues and maintenance

¹⁴ Section 37.005.9(5), RSMo.

situations that would be cumbersome and counter-productive to business, according to the IT Director.

- A Social Services official told us the agency had leased computers about 8 years ago, but discontinued leasing because it was more expensive than buying computers. The agency had not considered the cost-effectiveness of shorter warranty periods.

Standards for good IT security and control practices state: "IT management should ensure that hardware and software acquisition plans are established and reflect the needs identified in the technological infrastructure plan."

Some agencies lack formal computer replacement and sanitization policies

Our review of the seven state agencies disclosed three lacked computer replacement policies, and the Public Defender's Office had not developed a formal policy on sanitizing computers prior to disposal. Agencies reviewed replaced computers at different intervals, with most replacements occurring between 3 and 5 years. One agency purchased a 4-year warranty to delay replacement to every 4 years, and another agency did not replace computers until they quit functioning.

Mental Health, Transportation, and Corrections have not adopted a formal computer replacement schedule.

- Mental Health's IT Director stated the advantage of a regular replacement schedule is predictability for technology change rate and for budgeting. In the real world the agency finds unpredictable budgets, unexpected demand for other services, and technology changes that may require earlier replacement or allow longer use cycles, according to the Director. The agency has stretched the life cycle of the majority of its current personal computer inventory into its fourth and fifth year without impacting capability and productivity for customers, according to the Director.
- Transportation senior management instituted an informal plan to replace computers every 3 years, based on industry standards, and after paying approximately \$50,000 a month to repair computers over 5 years old, according to the IS supervisor.
- Corrections has not replaced computers until they quit functioning, but does attempt to repair the non-functioning computers before deciding to replace them, according to one agency official. Although over 50 percent of agency computers

are over 5 years old, the agency plans to limit the service of computers to 5 years.

The Public Defender's Office has not formalized sanitization policies

The Public Defender's Office has not formalized a policy for removing data from computers prior to disposal because officials believe the sanitization policy developed by the state's architecture committee, which they follow, is sufficient for the needs of that office, according to the IT Director.

The Missouri State Agency for Surplus Property requires information on computer hard drives be removed by an approved method of sanitization pursuant to Missouri's Adaptive Enterprise Architecture Compliance Component prior to disposal of computers through a public sale. In addition, the surplus property form listing computers to be sold requires the seller to certify sanitization has been done. Therefore, surplus computers must be sanitized if they are disposed of through the Missouri State Agency for Surplus Property. However, since the Public Defender's Office is not subject to the authority of OA, and not bound by OA's policies and procedures, it may sell surplus computers through other methods which would not require sanitization or statements that sanitization has been done.

Most Agencies Developed IT Strategic Plans

Our review of seven agencies disclosed that six—Transportation, Natural Resources, Mental Health, Corrections, Social Services, and the Public Defender's Office—had developed IT strategic plans. However, Health and Senior Services had not developed an IT strategic plan.

Officials with Health and Senior Services provided a report the department considers to be an IT strategic plan. The report, entitled "State of the State IT Report" enumerates the department's accomplishments since 2004, and not all were IT related. This report does not align the department's strategic business goals with its IT resources, nor does it include IT related long and short range goals, strategies, anticipated outcomes and ways to measure progress. Therefore, this report does not meet the criteria for an IT strategic plan.¹⁵

Health and Senior Services officials eventually addressed IT strategic planning when a service level agreement, which included IT strategic planning, was required by the state CIO as a part of the IT consolidation. Not until April 2006, did Health and Senior Services officials substantially complete their IT strategic plan; however, as of July 2006, it had not been signed by the state CIO or the agency.

¹⁵ *Information Technology Security Controls*, SAO, August 2005 (Report No. 2005-59) recommended Health and Senior Services develop a strategic plan for technology.

IT Operations Consolidated

Standards define a strategic information technology plan and include a minimum set of controls necessary to ensure effectiveness, efficiency and economy of resources.

With consolidation of state IT resources, the CIO is taking action to address IT strategic planning, standardization of procurement policy and procedures, and IT equipment ownership.

Prior to consolidation of IT resources, the state did not have a strategic plan focusing on information technology. However, in September 2005, ITSD published its statewide IT strategic plan, which follows best practices recommended by industry standards, and state guidance. In addition, most agencies have entered into service level agreements with ITSD, which set forth the responsibilities and IT goals of both the agencies and of the ITSD.

State guidance¹⁶ for strategic planning states: "The success of strategic planning can be evaluated by progress toward achievement of outcomes and objectives. Strategic plans delineate these outcomes and objectives and provide methods for tracking progress in achieving these measures."

ITSD's IT strategic plan identifies three outcomes (1) effectively run IT resources and systems, (2) reliable IT systems, and (3) available IT resources. Strategies have been developed to achieve each outcome, as well as key measurements to determine if the outcomes have been achieved.¹⁷

The service level agreements between the ITSD and consolidating agencies include IT strategic planning at the agency level. The ITSD will work with agencies to develop IT related budgets, to build annual IT plans, set goals, develop strategies and develop a system of measurement.

ITSD plans to standardize IT procurement policy

In addition to strategic planning, the ITSD plans to enter into a memorandum of understanding with consolidated agencies to address issues such as IT procurement/approvals, SAM II, property ownership and equipment tagging. OA's purchasing division has a formal written policy for procurement. However, according to an ITSD spokesperson, that policy will likely have to be revised for IT procurement. The spokesperson told us the ITSD plans to provide consistency and standards anywhere possible, including in the purchasing process. Section 37.005.9(5), RSMo, gives OA the authority to establish procurement procedures for electronic data

¹⁶ *Missouri Strategic Planning Model and Guidelines*, March 2002.

¹⁷ State of Missouri Information Technology Services Division Strategic Plan 2005-2006 at <http://www.oa.mo.gov/itsd/cio/ITSDStrategicPlan2005-2006.pdf>.

processing and automated data processing hardware, software, and support services.

The state CIO told us a computer replacement policy for the state has not existed. However, his goal is to implement a replacement policy, preferably on a 3- to 4-year cycle. According to the CIO, the level of funding for technology could be a limiting factor which could hamper a replacement policy. For instance, if an agency receives little funding for technology, it would be challenging to replace computers based on a replacement schedule.

In addition, the ITSD is investigating whether purchasing IT equipment is more cost-effective than leasing. The state's CIO told us he has met with a major computer corporation to determine whether purchasing IT equipment and taking on the responsibility for maintenance and repair is less costly than leasing. According to the CIO, this is a very complicated task which has not been accomplished, as of May 2006.

Another initiative to reduce costs is purchasing computer equipment with shorter warranty periods. The CIO has been exploring the option of buying computers with a 90-day warranty instead of 3 years in order to reduce the cost of ownership. However, vendors have not been interested in pricing computers with a 90-day warranty period, according to the CIO. Vendors have told the CIO computers would cost the same with 90-day warranty periods, 3-year warranty periods, or no warranty period.

ITSD assuming accountability
for equipment ownership
and inventory procedures

Prior to consolidation, agencies had responsibility for conducting inventory of computer equipment owned by the agency. With consolidation, ITSD has budget authority over IT purchasing, and will own computer equipment purchased after July 1, 2006. Ownership of key IT infrastructure acquired prior to July 1, 2006 will be transferred to the ITSD. Other equipment, such as personal computers, will remain agency property due to the expense of transferring ownership of computers that will be disposed of in 3 to 5 years.

The ITSD will be responsible for recording new computers and other IT equipment on SAM II records, as well as ensuring annual inventory of IT equipment is performed. However, computer equipment costing less than \$1,000 will not be accounted for by any method, or included in annual inventory, according to an ITSD spokesperson. This spokesperson told us the ITSD will be conducting inventory, using SAM II records, of Mental Health computer equipment. However, Corrections, Social Services, Natural Resources, and Health and Senior Services staff will be conducting annual inventory of computer equipment in those agencies. This approach is being used because IT employees responsible for inventory were not transferred to the ITSD for those four agencies. ITSD plans to evaluate agency inventory

procedures, and if approved, those four agencies will conduct inventory in the same manner as they have in the past. If the ITSD does not approve the agencies' inventory procedures, the ITSD will provide the method and mechanism for agencies to account for IT equipment.

According to an ITSD spokesperson, the ITSD plans to develop an IT tracking system on which all IT equipment of consolidated agencies will be recorded. This tracking system will be used by help desk employees when trouble-shooting or helping users with problems, as well as performing certain utilitarian functions. For instance, software will be able to identify and locate a specific computer, determine whether it is logged-on to the network, whether it is under warranty, and how many trouble calls the computer has had. The system will also perform other information-gathering tasks and provide the ITSD more management controls over the state's IT equipment. However, this system will not be used for inventory purposes.

Conclusions

Agencies have a fiduciary duty to ensure stored computer equipment are accounted for properly. However, procedural weaknesses in recording purchases, relocations, and the disposal of computer equipment have resulted in some agencies not recording a significant number of computers on fixed asset records, not updating the location of computers, and not recording disposals on those records. Approximately 9 percent of stored computers tested could not be located by the agencies. In addition, approximately 26 percent of fixed asset records for stored computers tested had incorrect information because of unrecorded assets, incorrect locations, or errors related to the disposal of computers.

Mental Health had computers in storerooms which had disposal dates on SAM II records. Those computers probably would not have been included in past inventory work because that agency had used SAM II records to conduct inventory. Social Services has not conducted annual inventories for 3 to 4 years, and as a result, cannot account for, or identify, computers owned by the agency. Further, when agencies do not properly account for computer equipment by conducting annual inventories and reconciling IT equipment on hand with internal and/or SAM II records, the state risks losing control of that equipment. In addition, it may subject the state to the loss of computers by theft, as well as potential loss of sensitive records and data that may be stored on the computers.

Although most organizations reviewed had formalized procurement procedures, Mental Health and the Public Defender's Office did not. ITSD plans to adopt a standard policy on IT procurement. If successfully implemented, Mental Health will be subject to ITSD's governing policy for IT procurement. However, the Public Defender's Office has not been

included in the state's IT consolidation, and will not be subject to ITSD's IT procurement policies.

In addition, some agencies had not considered potential advantages of shorter warranties, or leasing instead of purchasing computers. However, ITSD's consolidation plans include evaluating the cost benefits of leasing versus purchasing, shorter computer warranties, and a 3- to 4-year replacement cycle. ITSD's evaluations demonstrate its efforts to reduce overall IT costs.

Most agencies under review had formalized a policy to sanitize computers prior to disposal, however, the Public Defender's Office had not. Although the Public Defender's Office is required to sanitize computers prior to disposition through the Missouri State Agency for Surplus Property, there is no such requirement if computers are disposed of by other methods. Therefore, although officials do not believe it is necessary to formalize sanitization procedures, sound business practices dictate the Public Defender policy reflect the office's practices and procedures for removing data from computers prior to disposal.

Although most agencies reviewed had developed IT strategic plans, Health and Senior Services had not. However, ITSD plans on requiring agencies to work with it to develop IT related budgets, build IT annual plans, and develop IT strategies. If ITSD's consolidation plans are successfully implemented, it should resolve Health and Senior Services' lack of strategic planning.

If successfully implemented, IT consolidation goals and strategies described by the CIO should facilitate correction of most problems noted above. However, ITSD officials will face challenges in ensuring computer and other IT equipment is accurately reflected on SAM II records unless they take the lead in correcting deficiencies noted in this report. Future success will be dependent on ITSD's ability to successfully coordinate annual inventory work to account for computer equipment and ensure SAM II records are complete and accurate for stored as well as active computer equipment.

Recommendations

We recommend the Chief Information Officer:

2.1 Increase accountability for stored computers by doing the following:

- Strengthening internal controls and meeting statutory requirements to ensure fixed asset records are correct/adequate by updating fixed asset records to reflect the acquisition, re-location, and disposition of computer equipment in a timely manner. Also, locate or confirm the existence or loss of the missing stored computers, and adjust fixed asset records accordingly.
- Performing a reconciliation between stored computer equipment and fixed asset records.

2.2 Establish formal IT procurement policy and procedures consistent with generally accepted industry standards to:

- ensure the procurement approach includes a common set of procedures and standards to be followed in the procurement of information technology related hardware, software and services.
- ensure acquisition planning reflects the needs identified in the technological infrastructure plan.
- include consistent computer replacement policies.
- include internal controls to ensure compliance with these policies and procedures.

2.3 Ensure annual inventories of computer equipment for consolidated agencies are conducted, and internal and SAM II records in regard to acquisitions, relocations and disposals are corrected.

We recommend the Director of the Public Defender's Office:

2.4 Formalize its policy to reflect the office follows the state's policy and procedures for sanitization, and uses the approved software to remove data from computers prior to disposal by any method.

2.5 Establish formal IT procurement policy and procedures consistent with generally accepted industry standards to:

- ensure the procurement approach includes a common set of procedures and standards to be followed in the procurement of information technology related hardware, software and services.
- ensure acquisition planning reflects the needs identified in the technological infrastructure plan.
- include consistent practices in computer replacement.
- include internal controls to ensure compliance with these policies and procedures.

We recommend the Director of the Department of Transportation:

2.6 Increase accountability for stored computers by doing the following:

- Strengthening internal controls and meeting statutory requirements to ensure fixed asset records are correct/adequate by updating fixed asset records to reflect the acquisition, re-location, and disposition of computer equipment in a timely manner. Also, locate or confirm the existence or loss of the missing stored computers and adjust fixed asset records accordingly.
- Performing a reconciliation between computer equipment and fixed asset records.

Agency Comments

Chief Information Officer Comments

2.1 We agree with the recommendation to ensure SAM II fixed asset records are correct, updated and reconciled in a timely manner. We are currently exploring options that would allow ITSD to track and locate fixed assets in the most efficient and cost effective manner. We anticipate implementation of a solution during FY 2007. Maintaining correct, updated and reconciled fixed asset records will likely require continued cooperation with agencies since not all agencies transferred personnel and funds to support fixed assets inventory and related updates.

2.2 Within Executive Order 03-26 the Chief Information Officer was given authority to establish a state enterprise information technology architecture that addresses the technology environment for the State of

Missouri with respect to information technology principles, governance, technology and standards. The current state enterprise information technology architecture process provides standards and guidelines for the procurement of information technology related hardware, software and services.

Although a consistent computer replacement plan can be developed, the user's needs and rate of technology advancement can impact the need for replacement and the replacement schedule. In addition, the availability of funds can also present obstacles in providing for consistent computer replacement.

- 2.3 *We agree with the recommendation that annual fixed asset inventories be conducted and records updated appropriately. Agencies that did not transfer personnel who conduct the annual physical inventory agreed to both locate and cooperate in updating ITSD's SAM II fixed asset records when conducting the agency's annual physical inventory. ITSD will coordinate this process annually.*

Public Defender's Office Comments

- 2.4 *The Office of the State Public Defender currently follows the state's policy and procedures for sanitization and uses the approved software to remove data from computers prior to disposal. The Office of the State Public Defender agrees with the State Auditor that their policy for following the state's sanitization policy should be formalized and has done so, effective 8/16/2006.*

- 2.5 *The Office of the State Public Defender IT procurements has followed their agency-wide purchasing procedures effective date since 04/01/82. The Office of the State Public Defender agrees with the State Auditor that Public Defender should establish a consistent yet separate procurement policy for IT purchases and has done so, effective 8/22/06.*

Department of Transportation Comments

- 2.6 *MoDOT revised the policies and procedures for recording IT equipment to strengthen internal controls over such equipment. Revised policies were published on September 8, 2006. Training on the new procedures will be held September 12 and September 28, 2006. The missing computer has been located and the fixed asset records updated accordingly.*

We perform an annual physical inventory of all fixed assets and reconcile to the fixed assets record. The 2006 inventory was completed in May.



Claire McCaskill

Missouri State Auditor

October 2006

City of Clarkton, Missouri

Year Ended June 30, 2006



Office Of
Missouri State Auditor
Claire McCaskill

October 2006

The following findings were included in our audit report on the city of Clarkton, Missouri.

Due to inadequate cash balances in some funds throughout the last several years, the city of Clarkton has at times paid bills from whichever funds had money available. The city has used restricted revenues for payment of general expenses of the city and Waterworks and Sewerage System bonds. In addition, a significant amount of money is due to the federal government for unpaid payroll taxes. Correcting these issues will further strain the various operating funds of the city. Multiple recommendations, many similar to those included in our prior report dated 1995, if corrected, would allow the board to more effectively monitor and manage the city's resources.

The city of Clarkton operates a combined waterworks and sewerage system, and bills and collects for trash service with the water and sewer. In November 2005, 22 paid utility stubs, totaling approximately \$1,162, did not trace to a daily utility receipt report or to a deposit. Detail from bank records indicated that at least 14 of these had been paid by check and were included in various deposits; however, it appears these checks were substituted and deposited for other accounts paid by cash. Due to control weaknesses and inadequate record keeping the city has no assurance that undeposited receipts were spent on city business and were not misappropriated. The city does not have internal controls to ensure monies collected are properly deposited, and does not maintain adequate records of the total utilities billed each month.

The City Clerk indicated that after taking office in February 2005, she found \$3,511 in cash in city hall. This money was kept segregated in the change drawer. Throughout the year it was used to make deposits into various city accounts that needed funds. In May 2006, the remaining \$1,035 was divided equally and deposited into the Sewage Tax, Water Bond Sinking Fund, and Treasurer accounts. The city did not perform an investigation to determine where the money came from and into what account it should have been deposited.

The City Clerk also serves as city treasurer, which does not allow the segregation of duties necessary and is contrary to an Attorney General's opinion. Receipts are not deposited intact. The City Clerk prepares a deposit log from her various receipt records indicating how much is to be deposited to the various bank accounts, and then divides the cash and checks received to equal these deposit amounts. As a result, checks intended for one account are often deposited into other accounts to ensure deposits to the various funds agree to the daily total sheets.

The City Clerk maintains accounting records on a software program and prepares a monthly bank reconciliation; however, she does not investigate any differences between

YELLOW SHEET

the reconciled bank balance and her account ledger and instead makes a balance adjustment for any differences noted. During the year ended June 30, 2006, the City Clerk made balance adjustments totaling approximately \$3,520. Also, as of June 2006, the city maintained 18 bank accounts, several of which charged a service fee when balances were below a specified amount.

The city entered into financing agreements for various assets, totaling approximately \$65,300, which had no cancellation clauses. The city had no documentation on how those agreements complied with the Missouri Constitution.

The city does not have a formal written bidding policy. The city has an informal policy to solicit bids or proposals for all items over \$150. While the City Clerk indicated she frequently obtains proposals or quotes over the telephone, documentation of these proposals is not maintained.

Although there is an occasional reference to a specific invoice being approved for payment, the board minutes usually only make a general reference that the monthly financial statement was approved. A signature indicating receipt of goods or services was not evident on expenditure documentation, and numerous past due payments were processed without a vendor invoice or other adequate supporting documentation including the purpose of the disbursement.

The city does not adequately monitor the solid waste collection services contract and invoices to ensure compliance with the contract. During the year ended June 30, 2006, the City Clerk sometimes sent in additional payments or paid more than collected in order to pay off past due amounts; invoices were not adequately reviewed to ensure all payments and credits were properly applied.

There are several concerns regarding the city's combined waterworks and sewerage system, including:

- The city has not had annual audits of its water and sewer system as required.
- Appropriate accounts required by bond covenants have not been established.
- The city has not prepared annual budgets for the estimated receipts and expenditures of the system.
- City ordinances indicate that the rates for water and sewer are to be reviewed each year; however, a formal review has not been performed since 2000.
- The city has not established or complied with some ordinances, including partial payments and water tap and sewer tap charges.

Also included in the report are recommendations related to contracts for legal and accounting services, restricted revenues, budgets and financial reporting, payroll and personnel matters, minutes, meetings, and ordinances, property tax procedures, fixed assets, street maintenance, volunteer fire department and the municipal court.

All reports are available on our website: www.auditor.mo.gov

CITY OF CLARKTON, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and Board of Aldermen
City of Clarkton, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Clarkton, Missouri. The scope of our audit of the city included, but was not necessarily limited to, the year ended June 30, 2006. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; analyzed comparative data obtained from internal sources; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the

provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Clarkton, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

July 3, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Audit Manager: Debra S. Lewis, CPA
In-Charge Auditor: Kate E. Petschonek, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF CLARKTON
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Financial Oversight and Monitoring

Inadequate oversight and monitoring by the Board of Aldermen, inadequate records and procedures, accounting errors, and improper uses of restricted monies have all contributed to a serious financial situation for the city. The city's General Fund had a fund balance of \$8,466 at June 30, 2006.

Due to inadequate cash balances in some funds throughout the last several years, the city has at times paid bills from whichever funds had money available. As noted in MAR 6, the city has used restricted motor fuel and street sales tax monies and other restricted revenues for payment of general expenses of the city and Waterworks and Sewerage System bonds. The city entered into financing agreements in 2002 and 2003 for vehicles and equipment, as noted in MAR 4. In addition, a significant amount of money is due to the federal government for unpaid payroll taxes, as noted in MAR 9. Correcting these issues will further strain the various operating funds of the city.

There are several recommendations, including inadequate records and procedures, that were similarly noted in our prior report dated 1995, that if had been corrected would have allowed the board to more effectively monitor and manage the city's resources. In addition, had these recommendations been implemented the problems noted above and throughout this report may not have occurred. These weaknesses included the absence of budgets and other financial reports as noted in MAR 10, numerous errors and inadequate detail in accounting records as noted in MARs 2 and 3, the lack of supporting documentation for numerous disbursements as noted in MAR 4, and inadequate segregation of accounting duties or review of work performed, noted in MAR 3.

The Board of Aldermen should review disbursements, reducing discretionary spending as much as possible, and ensure adequate revenues exist to fund the necessary core city services. These plans should be formalized in a detailed annual budget. In addition, the board should ensure adequate accounting records and an effective system of accounting and administrative controls are in place, including an effective financial reporting system and procedures to frequently monitor budgeted and actual activity. The specific recommendations contained in the following MARs, if implemented, will help establish these records, controls, and procedures. The weaknesses noted throughout our report must be corrected to achieve the required level of accountability, to more effectively use the city's resources, and to reestablish the public's confidence in its city government.

WE RECOMMEND the Board of Alderman review the current financial condition of the city's funds and consider the various alternatives of reducing disbursements and/or increasing receipts. In addition, the board should ensure adequate budgets and financial records are prepared and maintained in the future, and adequate controls and procedures are in place to properly oversee city operations.

AUDITEE'S RESPONSE

The Mayor, Board of Aldermen, and City Clerk provided the following reponse:

We have been working on implementing this recommendation. The City's financial condition has been improving and with the extra help hired, financial records have improved as well.

2. Utility Receipts

Some utility monies received were not deposited into the city's accounts. In addition, when the City Clerk discovered undeposited receipts from prior periods, the city did not perform an investigation or deposit the receipts in a timely manner.

The city of Clarkton operates a combined waterworks and sewerage system. In addition, the city bills and collects for trash service with the water and sewer. The City Clerk accepts cash, checks, and money orders for payment of these combined utilities. For the year ended June 30, 2006, the city deposited approximately \$119,200 for water services, \$114,700 for sewer services; and \$38,300 for trash services. On average the city billed 526 accounts for water service, 450 for sewer services, and 452 for trash services each month.

When utility payments are received, the date paid and the amount is recorded on the utility stub. The utility stubs are posted to control cards maintained for each account. The City Clerk also prepares a daily utility receipt report, from the paid utility stubs, that lists each utility payment included in the deposit.

- A. During the period November 4 through November 10, 2005, 22 utility stubs totaling approximately \$1,162, stamped as received during this period, did not trace to a daily utility receipt report. Detail from bank records indicated that at least 14 of these had been paid by check and were included in various deposits. However, as the daily utility receipt reports total agreed to the total deposited, it appears these checks were substituted and deposited for other accounts paid by cash. Due to control weaknesses and inadequate record keeping the city has no assurance that undeposited receipts were spent on city business and were not misappropriated.

Because the city's utility records were not complete and accurate, as discussed in parts B-D, detailed reviews could not be performed. The city does not maintain records of total amounts billed or have an adequate method of determining the

total billed each month. The City Clerk's assistant tallies the total number of accounts billed for water, sewer, and trash for each month. To determine the approximate amount billed for the year ended June 30, 2006, the number of accounts billed was multiplied by the rates for water, sewer, and trash for that month. For 2006, it appears approximately \$284,200 was billed (less any delinquent amounts) and \$272,200 was deposited. Based on these estimates, approximately \$12,000 in receipts may not have been accounted for properly.

To adequately safeguard against loss and misuse of city funds a system of internal controls as discussed throughout this report should be established and followed. The following control weaknesses were noted which may have contributed to this situation.

- B. The city does not have internal controls to ensure monies collected are properly deposited. Deposits are not made intact or adequately reconciled to utility stubs (which serve as receipt slips). As discussed above, the City Clerk prepares deposits based on her daily utility receipt report and deposits the utility monies collected into three city accounts. Some checks received were shown on a daily utility report for one deposit, but were actually deposited on a different day, according to the bank's deposit records. Also, as noted in part A above, some utility stubs stamped paid were not included on the daily utility receipt reports.

In addition, the clerk does not document the method of payment and therefore can not reconcile the composition of the receipts to the deposit. Such a reconciliation would help detect receipts not being deposited.

A reconciliation between the daily utility receipt report and the paid utility stubs ensures that receipts are accounted for properly and deposited intact. In addition, the method of payment should be documented on the paid utility stubs and the daily utility receipt report and reconciled to the composition of deposits to ensure all monies are properly deposited.

- C. The city does not maintain adequate records of the total utilities billed each month. The City Clerk indicated that to determine the total amount billed, the control cards, which reflect the amount billed for that account, would have to be totaled. However, many of the cards indicated that the individual was billed for all three services, but when payment was made only one or two of the services were charged. In addition, the City Clerk was unable to locate several of the control cards.

As a result, month-end utility accounts receivable balances are not reconciled to the beginning account receivable balance, billings, collections, and other adjustments for the month. A reconciliation of these amounts should be performed every month to ensure all amounts have been accounted for properly.

A similar condition was noted in a prior report.

- D. The City Clerk indicated that after taking office in February 2005, she found \$3,511 in cash in city hall. Instead of depositing this money immediately it was kept segregated in the change drawer until it was deposited. In February 2005, \$600 was deposited into the Motor Fuel and Street Fund and \$300 was deposited in the Water Bond Sinking Fund, and in November 2005, January 2006 and April 2006, \$796, \$400 and \$380, respectively, was deposited in the Fire Department Account. The City Clerk indicated that these deposits were made to the account that needed funds. In May 2006, the remaining \$1,035 was divided equally and deposited into the Sewage Tax, Water Bond Sinking Fund, and Treasurer accounts.

This money should have been deposited immediately for safekeeping. In addition, the city did not perform an investigation to determine where the money came from and into what account it should have been deposited. In April 2005, the city reported a suspected fraud to the Sheriff of Dunklin County, based on finding these undeposited receipts and allegations from a former employee. While an investigation has not formally been performed, the city should continue to work with law enforcement officials regarding any criminal prosecution and to obtain restitution of any misappropriated funds.

WE RECOMMEND the Board of Aldermen:

- A&D. Work with law enforcement officials regarding any criminal prosecution and to obtain restitution of the misappropriated funds. Other cash receipts which may have been used to make cash disbursements should be reviewed and if not accounted for, reimbursement should be obtained. In addition, the board should ensure all monies received are deposited.
- B. Reconcile the daily utility receipt reports to the paid utility stubs and to deposits. In addition, document the method of payment of the receipts and reconcile the composition of the deposits to the receipts.
- C. Require records of the total amounts billed each month be maintained. In addition, ensure beginning and ending accounts receivable balances are reconciled on a monthly basis using the billings, collections, and billing adjustments during that month. Any differences which cannot be accounted for should be investigated.

AUDITEE'S RESPONSE

The Mayor, Board of Aldermen, and City Clerk indicated:

A&D. The City will further investigate the misappropriated funds and have now developed procedures to ensure all monies received are deposited. In addition, the City Clerk did bring the found money to the board's attention in February 2005 and contacted the City Attorney but never received a response as to what should be done with the money.

- B. *This recommendation has been implemented.*
- C. *The City Clerk's office is developing an Excel spreadsheet to implement this recommendation.*

3. Accounting Controls and Procedures

City procedures related to accounting duties, processing of monies, and bank reconciliations are in need of improvement. The City Clerk serves as the city treasurer which decreases internal control and is contrary to an Attorney General opinion. Monies received are not deposited intact, the change fund is not kept at a constant amount, and checks are not issued in sequential order. In addition, the city maintains two sets of accounting records that do not reconcile and an excessive number of bank accounts with bank fees being assessed. Also, former officials are still authorized to sign checks on some of the city's bank accounts.

- A. The City Clerk also serves as city treasurer. Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city, the holding of the positions of city clerk, city treasurer, and city collector or any two of these three offices, by the same person at the same time would be incompatible. Holding any two of these three offices does not allow the segregation of duties necessary for a proper evaluation and review of financial transactions. While the city's accounting firm prepares bank reconciliations and general journal entries, the City Clerk does not review the general journal entries or reconciliations. The City Clerk does have an assistant, but her duties are mainly preparing the utility bills, documenting receipt of the bills on the control cards, filing, and accepting payments. The current procedures jeopardize the system of independent checks and balances intended by state law. If segregating these offices is not possible, at a minimum, procedures for adequate independent review should be established, which include documenting when and what work was reviewed.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible. In addition, the board should require someone independent of the cash custody and record keeping functions to perform periodic reconciliations of receipts to deposits and compare supporting documentation to checks issued.

- B. Receipts are not deposited intact. For example, the City Clerk sometimes accepts third-party checks for utility payments and refunds the excess in cash. While the City Clerk indicates the method of payment on receipt slips issued (receipt slips are not utilized for utility payments), no reconciliation is performed between the composition of the receipts slips issued and deposits. In addition, the City Clerk prepares a deposit log from her various receipt records indicating how much is to

be deposited to the various bank accounts, and then divides the cash and checks received to equal these deposit amounts. As a result, checks intended for one account are often deposited into other accounts to ensure deposits to the various funds agree to the daily total sheets.

To adequately safeguard receipts and reduce the risk of loss, or misuse of funds, third-party checks should not be accepted, and the composition of receipts per the receipt slips should be reconciled to the amount deposited. In addition, the city should consider reducing the number of bank accounts maintained, see part E below.

- C. The City Clerk indicated the city maintains a change fund of \$150; however; on April 24, 2006, approximately \$160 in unidentified cash was on hand, in addition to the change fund. Change funds should be maintained at a constant amount to ensure funds are being accounted for properly, to detect any errors, and to help prevent these monies from being misused.
- D. The city maintains two sets of accounting records that do not reconcile. The City Clerk maintains accounting records on a software program and prepares a monthly bank reconciliation; however; she does not investigate any differences between the reconciled bank balance and her account ledger, instead she makes a balance adjustment for any differences noted. During the year ended June 30, 2006, the City Clerk made balance adjustments totaling approximately \$3,520.

In addition, the city's accounting firm maintains a general ledger for the city and prepares monthly bank reconciliations. The City Clerk prepares a deposit spreadsheet, which shows the deposits into each account and the purpose for the deposit, i.e. water bill receipts, tax bill receipts, etc. This spreadsheet along with check stubs, deposit slips, and bank statements, are given to the accounting firm to prepare the general ledger, bank reconciliations, and payroll withholdings; however, these deposit spreadsheets were not always complete and accurate. As a result, the accounting firm's general ledger ending balance does not agree with the City Clerk's records. The accounting firm compares the deposit spreadsheet to the bank statements and makes adjustments for any additional deposits noted on the bank statements, by contacting the City Clerk for the proper account code. For example, for the November 2005 deposits, an adjustment was made for \$6,118 to "miscellaneous/donations" of which \$6,006 was actually tax receipts; and adjustment for \$1,102 to "dig hole", of which \$1,000 was actually a transfer of funds from one account to another (see also part MAR 6).

To ensure receipts and disbursements are properly recorded, the City Clerk and the accounting firm should ensure that their records reconcile. In addition, since the accounting firm's general ledger is used to prepare the budget and financial statements, the information provided to the accountant should be complete and accurate. Also, the City Clerk should investigate all differences noted on her

bank reconciliations and make the appropriate corrections, rather than simply adjusting the balance.

- E. As of June 2006, the city maintained 18 bank accounts. The City Clerk could not identify the purpose of some of these accounts. Several of the city's bank accounts are charged a service fee when balances are below a specified amount. As of June 30, 2006 there were five accounts with bank balances below the minimum requirements and were thus being charged a service fee each month:

Account Name	Bank Balance June 30, 2006
Bond Reserve	\$ 1,486
Utility	781
Fire Department	16
Water Works and Sewage	236
Merchants Bond	88

These service fees far outweigh the interest received on the account. In addition, the current signature cards for five of these accounts have only the former City Clerk, the former Mayor and a former alderman listed as the authorized signers.

A large number of bank accounts requires additional record keeping and increases the likelihood that errors will occur in handling of funds. To reduce the risk of loss or theft, the city should update the bank signature cards immediately upon a change in officials and ensure checks are signed only by authorized signatories.

- F. The Alderwoman and the Mayor who are authorized to sign checks are not bonded. Failure to properly bond all persons with access to assets exposes the city to risk of loss.

Conditions similar to parts A-C were noted in a prior report.

WE RECOMMEND the Board of Aldermen:

- A. Ensure the duties of the City Clerk and City Treasurer are properly segregated, or ensure that an adequate review of the City Clerk/Treasurer's activities is performed. There should be a documented independent comparison of receipts to amounts deposited.
- B. Ensure monies are deposited intact and detailed receipt records are reconciled to bank deposits.
- C. Ensure that all receipts are deposited and ensure the change fund is kept at a constant amount.

- D. Ensure that the records maintained by the City Clerk are reconciled to the records maintained by the accounting firm and that reports provided to the accounting firm are complete and accurate. In addition, ensure all adjustments made by the accounting firm are reviewed and approved by the city.
- E.. Review the bank accounts and determine if some can be consolidated or closed to avoid service charges. In addition, update the bank signature cards immediately and ensure checks are signed by only authorized signatories.
- F. Ensure all employees with access to city assets are bonded.

AUDITEE'S RESPONSE

The Mayor, Board of Aldermen, and City Clerk indicated:

- A. *This recommendation has been implemented. An Alderwoman has been reviewing these records.*
- B. *The City will continue to accept checks and give change back on checks because this is a service the city wants to provide, however they will develop written procedures to ensure this is adequately documented in the future. The City has started documenting the amount received and the change given back to the citizen and will begin having the citizen sign the utility stub to indicate they received the cash.*
- C, D,
E&F. *These recommendations have been implemented.*

4.	Expenditures
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The city entered into financing agreements without a cancellation clause. In addition, the city does not have policies addressing, bids, vehicle usage and maintenance logs, or disbursement procedures. Also, a written contract was not obtained for the City Attorney or accounting services, and the city paid the City Clerk's husband for services without documenting any bids.

- A. The city entered into financing agreements for the purchase of 2 vehicles for the sewer/street and water departments in September 2003, 1 vehicle for the police department in May 2002, and 3 pieces of equipment for the sewer/street and water departments in April 2003, totaling approximately \$65,300. The purchase of the vehicles and equipment were financed for a term of five years for the vehicles and three years for the equipment. The agreement for the equipment was paid off in April 2006. These finance agreements did not contain any type of cancellation clause, nor did they indicate they were subject to appropriation each year. The city was unable to provide documentation showing how these financing agreements complied with the state constitution.

Financing contracts, absent a cancellation clause, obligate the city for future periods. This appears to violate the intent of the Missouri Constitution on legal indebtedness absent a vote of city taxpayers. Article VI, Section 26(a), of the Missouri Constitution states that no city shall become indebted in an amount exceeding in any year the income and revenue provided for such year plus any unencumbered balances from previous years, except as otherwise provided in the Constitution. Article VI, Section 26(c), of the Missouri Constitution allows cities to incur debt by bond issue only after approval of two-thirds of the qualified electors voting thereon.

- B. Vehicle usage and maintenance logs were not maintained. In May 2006, the Chief of Police began requiring usage logs to be maintained for police vehicles; however, he does not compare the usage logs to the vendor billings for fuel purchases (see also part E). In addition, logs are not maintained for other city vehicles. During the year ended June 30, 2006, the city purchased fuel totaling approximately \$11,500, according to the City Clerk's records.

In December 2005, the city purchased 643 gallons of fuel for the police department. The current Chief of Police indicated this appeared excessive since they currently only consume approximately 10 gallons of fuel a day. He further indicated that during this time, the police department did not have any operating police vehicles, thus the police officers used their personal vehicles to patrol and used the city's fuel account to fill their vehicles. The City Clerk indicated the city covers less than two square miles, and employed only three officers during this time period. Comparing the usage log to the fuel purchased would ensure any problems such as this are quickly identified and resolved. In addition, the City should establish procedures regarding the use of personal vehicles for city business (see also part C).

Usage and maintenance logs are necessary to document appropriate use of the vehicles and to support fuel charges. The usage and maintenance logs should include the purpose and destination of each trip, the daily beginning and ending odometer readings, and the operation and maintenance costs. These logs should be reviewed by a supervisor to ensure vehicles and equipment are used only for city business, and help identify vehicles and equipment which should be replaced. Information on the logs should be reconciled to fuel purchases and other maintenance invoices.

- C. The city does not have a formal written bidding policy. The city has an informal policy to solicit bids or proposals for all items over \$150. While the City Clerk indicated she frequently obtains proposals or quotes over the telephone, documentation of these proposals is not maintained. During the year ended June 30, 2006, the following purchases could have been bid: \$1,267 for an engine rebuilt for a police vehicle, \$1,182 for street repairs, \$2,500 for materials for street repairs, and \$5,328 for insurance.

Formal bidding procedures provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given equal opportunity to participate in the city's business. Bids can be handled by telephone quotation, by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and reasons noted why the bid was selected.

- D. Although there is an occasional reference to a specific invoice being approved for payment, the board minutes usually only make a general reference that the monthly financial statement was approved. A financial report, summarizing disbursements by account, is prepared monthly by the City Clerk for the preceding month's activities; however, this report is not seen and approved by the board prior to the disbursements being made, and is not included with the official minutes of the board's meetings.

The disbursements and supporting documentation should be presented to the board in a timely manner. Also, to adequately document the Board's review and approval of all disbursements, a complete and detailed listing of bills should be prepared, signed, or initialed by the members to denote their approval, and retained with the official minutes.

- E. A signature indicating receipt of goods or services was not evident on expenditure documentation. As noted in part B, the fuel purchases for the month of December appeared excessive for the police department; however the Chief of Police indicated that he does not review the invoices for accuracy. Evidence of receipt of goods should be noted prior to payment. Failure to properly review all invoices and supporting documentation, and to document authorization, increases the possibility of inappropriate disbursements occurring.
- F. Numerous past due payments were processed without a vendor invoice or other adequate supporting documentation including the purpose of the disbursement. The current City Clerk indicated that when she took office, she was contacted by several companies indicating that payment had not been received for some invoices; however, she could not locate the vendor invoices for these bills and had to make payment based on the past due notices.

Vendor invoices or other supporting documentation are necessary to ensure disbursements are for legitimate purposes. When the vendor invoices can not be located, the City Clerk should request copies of the invoices from the vendors, rather paying them from the past due notices.

- G. The compensation of the city attorney/prosecutor is not clearly defined by ordinance or contract. The city paid the former city attorney \$500 per month prior to combining the offices of the city attorney and city prosecutor in

December 2005, and \$600 per month after the offices were combined. City ordinance defines the city attorney's duties to include defending or prosecuting all actions in which the city's interest are involved, generally performing all legal services on behalf of the city, drafting new ordinances, attending Board of Aldermen meetings, drafting or examining contracts, leases or agreements entered into by the city, and giving his opinion in matters of law. The ordinance also indicates that in matters of importance affecting the welfare of the city requiring particular attention and legal services, the city attorney shall be compensated an additional reasonable amount for such services. The city prosecutor's duties, as defined by ordinance, include prosecuting all misdemeanors, infractions, and ordinance violations in the municipal court. The ordinance also indicates that in those instances involving trial of misdemeanors, infractions, or ordinance violation, at another location the city prosecutor shall be allowed additional reasonable compensation for his time and services.

During the year ended June 30, 2006, the city paid the former city attorney \$2,950 for reviewing the contract for installation of water meters, meeting with engineers regarding contract requirements, reviewing EPA findings, and negotiating a waiver of monetary penalties from the EPA, in addition to his monthly salary. The city also paid the city attorney/city prosecutor \$695 to obtain a court order to have individuals placed on the April 2006 election ballot in addition to his monthly salary. It is unclear whether or not these services should have been included in the normal duties covered under the monthly salary. The ordinance does not indicate the hourly compensation to be paid for the additional services, nor has the city entered into a written contract for these services. In addition, the invoices from the city attorney do not provide information such as the date of when services were provided, and the invoice from the city attorney/prosecutor does not indicate the rate and hours billed.

Also, the city does not have a written contract for accounting services indicating the services to be provided at what amount. The city hired an accounting firm to prepare some of the city's financial records. In February 2006, the city paid the accountant approximately \$1,800 for preparing the 2005 W-2's and 1099's, the July 2005 through December 2005 financials, and preparing the fiscal year 2006 budget.

Section 432.070, RSMo, requires contracts of political subdivisions be in writing. The city should enter into written contracts for services rendered or obtained. A written contract, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties. In addition, the city should review their ordinance to ensure it clearly defines what duties will be provided under the monthly fee, and which will be compensated at an hourly rate.

- H. The city does not adequately monitor the solid waste collection services contract and invoices to ensure compliance with the contract. The city has a contract for solid waste collection services which provides services for most residents within the city limits. The city bills and collects the fees established by the contract from participating citizens and small businesses, and pays the total collected, less \$1 administration fee per participant, to the contractor. The contractor bills the city for the solid waste collection services. According to the city officials and the contractor, the city is to receive a credit on their bill for any fees not collected.

The City Clerk prepares a statement indicating the amount collected by the city and the amount that should be credited to the city's account, that she sends in to the contractor with her monthly payment. During the year ended June 30, 2006, the City Clerk sometimes sent in additional payments or paid more than collected in order to pay off past due amounts; however, she does not adequately review future invoices to ensure all payments and credits have been properly applied. At one point during the audit period, the city had an unpaid balance of \$22,040 for these services. Based on the City Clerk's monthly statements of collections, it appears that all credits may not have been applied to the city's account:

	Amount Collected (a)	Amount Billed (b)	Credits Applied (c)	Amount Paid (d)	Total Due (e) (e+b-c-d)
					9,840
January 2005	\$ 2,792	3,280		2,987	10,133
February	2,822	3,280		2,860	10,553
March	2,901	3,280	713		13,120
April	2,846	3,280		2,873	13,527
May	2,920	3,615	407		16,735
June	2,517	3,280			20,015
July	2,815	3,280		2,775	20,520
August	2,654	3,360		2,800	21,080
September	2,587	3,360		2,400	22,040
October	2,780	3,360		3,450	21,950
November	2,609	3,360		5,000	20,310
December	2,875	3,360		5,602	18,068
January 2006	2,851	2,937	3,770	4,943	12,292
February	2,636	2,936		4,943	10,285
March	3,178	2,936		4,876	8,345
April	2,412	2,937		2,937	8,345
May	2,775	3,762		4,937	7,170
June	3,152	2,099	48	3,448	5,773
Total	\$ 50,122	57,702	4,938	56,831	5,773

Note: Column A is presented for comparison purposes only.

While the contract indicates the cost per unit, it does not clearly stipulate that only the fees collected by the city are to be paid to the contractor with any uncollected fees being credited to the city's account. If the city had been paying regularly and receiving the proper credit for amounts not collected, an unpaid balance should not have occurred. The City Clerk indicated the city was behind on payments to this contract due to the poor financial condition of the city.

The contract should clearly establish payment terms, clarify responsibilities and expectations of both parties, to ensure the city receives the services it desires. In addition, the City Clerk should maintain records of amounts billed per the invoice by the contractor, amounts collected by the city for the services, and the amounts that should be credited, and utilize these records to monitor each billing statement to ensure it properly reflects the city's payments and credits. Without these records, the City Clerk can not determine if the balance due per the vendor is proper.

- I. The City Clerk's husband performed automotive repair services, totaling approximately \$1,220 in fiscal year 2006, of which one transaction was \$684. The city could not provide documentation to show compliance with Section 105.454 RSMo, which prohibits an employee or their spouse from performing services which result in more than \$500 per transaction or \$1,500 per year before August 28, 2005 and \$5,000 per year after that date.

To reduce the appearance of conflict of interest and to ensure full compliance with state law, the city should bid all services provided by city officials and employees, particularly where it is possible the payments may exceed \$500 per transaction or \$5,000 per year. The Board should also consider establishing an ordinance which addresses these types of situations and provides a code of conduct for city officials.

Conditions similar to parts D and E were noted in a prior report.

WE RECOMMEND the Board of Aldermen:

- A. Not incur debt in violation of the constitution.
- B. Establish procedures for maintaining accurate and complete usage logs for all city owned vehicles and reconcile these logs to fuel purchased.
- C. Establish formal bidding policies with provisions for documentation of the justification for selecting and rejecting bids.
- D. Approve all expenditures prior to the disbursements.
- E. The city clerk ensure evidence of receipt for the goods or services is noted on the invoice prior to payment.

- F. Ensure that invoices or other supporting documentation are maintained to support all city expenditures.
- G. Enter into written agreements for all services. In addition, ensure all invoices include adequate documentation to include the date service was provided and the rate charged.
- H. Ensure that all contracts properly stipulate the payment terms, and properly monitor all invoices to ensure all payments and credits are properly reflected.
- I. More closely examine future city transactions to identify and avoid apparent and actual conflicts of interests and carefully review all transactions with city officials and establish procedures to ensure all services obtained from city officials are properly bid in accordance with state law.

AUDITEE'S RESPONSE

The Mayor, Board of Aldermen, and City Clerk indicated:

A&F. These recommendations will be implemented.

B&C. These recommendations have been implemented.

D. This recommendation will be implemented. Prior to this current administration taking office, the City had credit problems. Therefore, bills had to be paid when they were received and the board could not review the invoices prior to disbursement. The current administration is working towards gaining the trust of their vendors again and will develop a policy on what bills may be paid without board approval.

E. This recommendation has been implemented. Department heads are now signing invoices as well as the Mayor, an Alderman and the City Clerk.

G. The current City Attorney is only paid a monthly salary of \$600, which has been established by city ordinance. The city will enter into a contract with the accountant.

H. The City intends to obtain bids for the waste collection services after the contract ends at the end of the year. The new contract will include stipulations for payment terms.

I. This recommendation will be implemented. In addition, the City Clerk's husband no longer does work for the city.

5.	Waterworks and Sewerage System
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The city operates a combined waterworks and sewerage system. The city is not compliant with some requirements for the waterworks and sewerage system bond

covenants. In addition, the city accepts partial payments for utilities, and has not adopted an ordinance establishing the rates for sewer and water taps and street repairs.

A. The city issued revenue bonds in 1995 and in 2000 for their combined waterworks and sewerage system. The revenue bond covenant requires the city to establish several separate bank accounts and to fund these bank accounts with transfers from combined waterworks and sewerage system operating revenues. The bond covenant requires the city:

- To establish a Revenue Account for the deposit of the receipts of the combined waterworks and sewerage system. The city currently has two accounts: the Water Bond Sinking Fund Account, and the Sewerage Tax Account. These accounts are used to deposit the monies collected for the water and sewer, and to pay most of the operating expenses of the system.
- To establish a Debt Service Account and transfer monthly, from the revenue account, an amount sufficient to pay the interest and principal of the 2000 series bond on the bond payment date. The city currently does not utilize such an account. For the semiannual bond payment made in June 2005, the city transferred money from several city accounts to make the payment, due to a lack of funds in the various water and sewer accounts (see also MAR 6). In June 2006, the payment to the bond company was \$15,057 and was paid from the Water Bond Sinking Fund Account, the Sewage Tax Fund Account, and the Water Reserve Bond Account.
- To transfer monthly, from the revenue account, \$300 for the 2000 Series bonds and 1/12 of \$2,500 or \$208 for the 1995 Series bonds into a Depreciation and Replacement account. The City Clerk currently deposits \$350 a month into their DED Water IMPS (Depreciated Water Improvements) Account instead of \$508 as required. The city opened this account on June 30, 2005, deposited \$1,001, and began making monthly deposits starting in August. However, the city did not make the November monthly deposit, due to the lack of available funding. As of June 30, 2006, this account had a balance of \$4,501. If the required payments had been made on a monthly basis since the start of the bond agreements there should be \$49,100 in the account, assuming no expenses for improvements to the waterworks and sewerage system were made.
- If there is a remaining balance in the revenue account after all of the required transfers, then it is to be transferred into a Surplus Account. The city has not established a surplus account.

The failure of the city to adequately maintain the required accounts could allow the bondholders to take legal action to force compliance or immediate payment of all outstanding bonds.

- B. The city has not had annual audits of its water and sewer system as required. The bond covenant and Section 250.150, RSMo, requires the city to obtain annual audits of the water and sewer system.

In addition to being required by state law and the city's bond covenants, annual audits of city funds would help ensure city financial transactions have been properly recorded.

- C. The city has not prepared annual budgets for the estimated receipts and expenditures of the system. In February 2006, the Board approved a city-wide budget for the year ended June 30, 2006, which included the water and sewer funds (see MAR 10). The 1995 bond agreement requires a budget be prepared prior to the commencement of the fiscal year for the combined waterworks and sewerage system. A complete and well-planned budget can serve as a useful management tool by establishing specific cost and revenue expectations.

In addition, the 2000 bond covenant requires rates and charges be sufficient to enable the city to have in each fiscal year net revenues of not less than 120% of the debt service requirements for such fiscal year. The budget can also be used to establish the rates to be charged for the ensuing year to ensure compliance with the bond requirement.

- D. City ordinances indicate that the rates for water and sewer are to be reviewed each year; however, a formal review has not been performed since 2000. In June 2005, the city's bond agent performed a review and recommended the rates be increased to ensure compliance with the bond provisions; however, the City Clerk, indicated the city did not receive a written report to substantiate the rate increase. The Board of Alderman passed a motion, in June 2005, to increase rates for water from \$9.50 to \$23 and for sewer from \$9 to \$23, as recommended by their bond agent. In November 2005, the board passed a motion to decrease rates for water and sewer to \$19 each, due to citizen complaints. Section 67.042, RSMo, provides that fees may be increased if supported by a statement of the costs necessary to maintain the funding of each service. The city should perform and document periodic reviews of the costs to maintain the utility services and establish rates to ensure the costs of operation, maintenance, and replacement of the city's water and sewer system are covered.

- E. The city allows some citizens to make partial payments for utility bills, with the approval of two aldermen and the mayor; however, their approval is not documented. City ordinance indicates that partial payments are not to be accepted under any circumstances. To ensure compliance with the ordinances, the city should discontinue accepting partial payments for utility bills.

- F. The June 2005 minutes indicate the board passed a motion to increase the water tap charge from \$75 to \$150 and the sewer tap charge from \$75 to \$150, as recommended by their bond company; however, the board never adopted an

ordinance to establish these fees. The city's policies, procedures, and practices should be set forth in the ordinances to give the taxpayers information on how the city is to be governed.

WE RECOMMEND the Board of Aldermen:

- A. Ensure compliance with applicable bond covenants.
- B. Obtain annual audits of the city, as required by state law and bond covenants.
- C. Prepare and approve an annual budget on a timely basis as required.
- D. Perform and document periodic reviews of the costs to maintain utility services, and establish rates to ensure the costs of operation, maintenance, and replacement of the city's water and sewer system are covered.
- E. Ensure partial payments are not accepted for utility bills.
- F. Adopt an ordinance establishing the charge for the water taps and sewer taps.

AUDITEE'S RESPONSE

The Mayor, Board of Alderman, and City Clerk indicated:

- A. *This recommendation has been implemented.*
- B. *The City is currently trying to obtain an audit; however, we have had some difficulty getting a firm to perform an audit.*
- C. *This recommendation will be implemented. The Board of Aldermen approved the 2007 fiscal year budget in June 2006.*
- D&F. *These recommendations will be implemented. The City Attorney is currently developing an ordinance for the water and sewer rates as well as for the charge for water taps and sewer taps.*
- E. *The City intends to continue accepting partial payments and therefore will amend the ordinance.*

6. Restricted Revenues

The city has not established a separate accounting for motor vehicle-related revenues, Law Enforcement Training fees, and Municipal Court Employee Training fees. In addition, some restricted revenues were inappropriately used for general city expenses.

- A. The city has not established a separate accounting for the motor vehicle related revenues, Law Enforcement Training (LET) fees, or Municipal Court Employee Training (MCET) fees. The city deposits all motor vehicle-related revenues along with all court costs, including those assessed for Law Enforcement Training and Municipal Court Employee Training, into the Motor Fuel and Street Fund account. The City Clerk uses this account to pay for police and fire department expenses, as well as some general city expenses. City records are not maintained in a manner to clearly indicate these restricted funds were utilized as required.

Article IV, Section 30 of the Missouri Constitution, requires that motor vehicle related revenues apportioned by the state of Missouri be expended for street-related purposes including policing, signing, lighting, and cleaning of roads and streets; Section 590.140, RSMo, requires law enforcement training fees to be used only for the training of law enforcement officers; and Section 479.260, RSMo, requires municipal court employee training fees to be used for the continuing education and certification required of the municipal judges, and for judicial education and training for court administrators and clerks. The city should determine the amount received for motor vehicle related revenues, law enforcement training fees, and municipal court employee education and training and transfer the fees to a separate fund or maintain a separate accounting of the funds to ensure the fees are used in accordance with state law.

- B. The city used restricted funds, motor fuel and street revenues, LET, MCET, and utility receipts, to pay for general city expenses. General city expenses such as insurance, payroll taxes, fees for the preparation of the W2's and financial statements, salaries for the various officials, payroll tax withholdings, and bond payments were paid from various accounts. The City Clerk indicated that due to a lack of funds, she paid bills from whichever account had funds available.

Allocation of expenses is necessary for the city to ensure the water and sewer rates are sufficient to cover the cost of providing the service without generating profits to subsidize other city services. Furthermore, the use of certain funds, such as motor vehicle-related revenues, are limited by state law for specified purposes. Therefore, documentation and proper allocation of expenses is useful for both management and compliance.

- C. The City Clerk does not maintain proper documentation to support transfers between funds. As noted in part B, the city used restricted monies to pay for general expenses. There was no documentation of board approval. In some instances, the City Clerk would note a transfer from one account to another as "reimbursement"; however the City Clerk could not provide documentation to show how much was originally borrowed or what was being reimbursed. In fiscal year 2006, approximately \$20,588 was transferred between funds.

To ensure that revenues are used for their intended purposes, proper documentation to support transfers should be maintained and any transfers from

restricted funds, which are to be used for general purposes, be board approved and reimbursed within a reasonable time period.

WE RECOMMEND the Board of Aldermen:

- A. Establish the necessary records to account for those monies restricted for specific purposes and allocate expenditures to the appropriate funds.
- B. Ensure restricted funds are used only for their intended purposes.
- C. Maintain proper documentation for the support of transfers, which includes the account, date, amount transferred, the account the funds were transferred to, and the reason for the transfer. If money was borrowed from restricted funds, ensure board approval and reimbursement to the restricted fund within a reasonable period.

AUDITEE'S RESPONSE

The Mayor, Board of Aldermen, and City Clerk indicated:

- A. *The City has developed a spreadsheet to track the receipts and disbursements of each restricted fund.*
- B&C. *These recommendations will be implemented.*

7. Meetings, Minutes, and Ordinances

Numerous problems were noted with the city procedures for conducting and documenting board meetings, establishing and maintaining ordinance records, and providing public access to records.

- A. Board minutes are not consistently signed by the City Clerk and Mayor. The board minutes should be consistently signed by the city clerk as the preparer, and the mayor or a designated member of the board, to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.
- B. The board conducted several closed meetings during the last year; however, they did not document how some items discussed in closed session complied with state law. Closed session meetings included discussions on the removal of red lights from vehicles and the police chief's salary. In addition, some decisions made and/or votes taken in closed session were not subsequently disclosed in open session as required. The decision to hire employees, to give pay increases for some employees, and to accept employee resignations were not disclosed in open session as required.

Section 610.021, allows matters to be discussed in closed session only if they relate to certain specified subjects. Discussions in closed meetings should relate to the specific topics used to justify the meeting closure. In addition, the law requires certain votes taken in closed session to be disclosed in open session.

- C. An index of all ordinances passed and rescinded by the city is not maintained which makes it difficult for the city to determine which ordinances are still active and which have been rescinded. The ordinance book is in sequential order by ordinance number, including those that have been rescinded. In addition, the city has not adopted ordinances to address all issues required by state law, including current compensation of some officials and employees, establishment of the property tax approved tax levy for the year, and the procedures for collecting delinquent taxes.

Since ordinances represent legislation which has been passed by the board to govern the city and its residents, it is important that the city's ordinances be maintained in a complete and up-to-date manner. An index of all ordinances passed and rescinded by the city could help keep track of additions and changes made to the city. This index should clearly show when an ordinance has been rescinded, and reference the user to the updated ordinance. In addition, Sections 79.270 through 79.320, RSMo, require the duties, powers, compensation, and terms of office of the city officials and employees be set by ordinance, and Sections 94.190.3 and 94.210, RSMo require the property tax rate be set annually by ordinance.

- D. The city has adopted a policy regarding public access to city records; however, the policy states, that \$.50 is to be charged for each page copied and \$5.00 per hour for document search which does not comply with state law.

Section 610.026, RSMo, indicates that the fees for copying public records shall not exceed ten cents per page for a paper copy not larger than nine by fourteen inches, with the hourly fee for duplicating time not to exceed the average hourly rate of pay for clerical staff of the public governmental body. The cost of copying information onto a disk shall only include staff time, which shall not exceed the average hourly rate of pay for staff of the public governmental body and if necessary the cost of the disk, tape, or other medium used for the duplication. This ordinance and policy should establish a person to contact and an address to mail requests for access to records. In addition, Section 610.023, RSMo, lists requirements of making city records available to the public.

WE RECOMMEND the Board of Aldermen:

- A. Ensure board minutes are accurately signed to attest to their accuracy.

- B. Document how topics discussed in closed session comply with state law and ensure decisions made in closed session are properly reported in the open minutes when required.
- C. Ensure all ordinances required by state law are adopted, and consider establishing an index of all city ordinances passed and rescinded.
- D. Ensure written policies and procedures regarding public access to and/or copies of city records are in compliance with state law.

AUDITEE'S RESPONSE

The Mayor, Board of Aldermen, and City Clerk indicated:

A&C. These recommendations will be implemented.

B. This recommendation will be implemented. The City Attorney helps monitor closed session discussions.

D. The City has been charging ten cents for copies of city records, and will change their policy to reflect this.

8.	Property Tax Procedures
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The City Collector does not prepare annual reports of tax collections and delinquent taxes, charge the correct penalty on delinquent taxes, or reconcile receipts to deposits. The City Collector processed approximately \$24,800 in property taxes during the year ended June 30, 2006.

- A. The City Collector does not prepare annual reports of tax collections and delinquent taxes. Sections 79.310, 94.320, and 94.330, RSMo, require the city collector to prepare monthly and annual reports to the board of aldermen of the amount of taxes collected and to prepare annual lists of delinquent taxes including a detailed list of persons who have not paid. The board is to examine and approve the reports and charge the city collector to collect the amount of delinquent taxes due.

Detailed annual reports which comply with state law would help provide assurance taxes have been properly collected, written off, or determined to be delinquent. Such a report would summarize all taxes charged to the city collector, monthly collections, delinquent credits, abatements, and additions. Without such a report, examined by the Board of Aldermen, any errors or irregularities that might occur are likely to go undetected.

- B. The City Collector charges a one percent penalty per month for delinquent taxes paid; however, there is no documentation supporting these rates. Section 140.100.1, RSMo, provides that a county collector can charge a penalty of two percent per month up to a maximum of eighteen percent per year for each delinquent tax bill. (As discussed in MAR 7, there is no ordinance for the collection of delinquent taxes.) To help ensure prompt collection of property taxes, the city should establish formal procedures regarding the collection of delinquent property tax bills.
- C. The City Collector accepts cash, checks and money orders for the payment of property taxes. The City Collector does not indicate the method of payment on the receipt slips issued for city sticker monies collected. As a result, the composition of tax receipts can not be reconciled to the composition of bank deposits.

To properly reconcile receipts to deposits and ensure all monies are being deposited intact, the composition of receipts should be reconciled to the composition of deposits.

WE RECOMMEND the City Collector:

- A. Prepare and maintain detailed annual reports of taxes collected and delinquent taxes. In addition, the reports should be reviewed and approved by the Board of Aldermen.
- B. Ensure the penalty for the collection of delinquent property taxes is charged in accordance with state law.
- C. Ensure the composition for all receipts is documented and reconciled to the composition of the deposits.

AUDITEE'S RESPONSE

The City Collector indicated:

- A. *That she will try to implement this recommendation; however, the delinquent list is quite lengthy.*
- C. *This recommendation has been implemented.*

The Board of Alderman indicated:

- B. *The City will develop an ordinance to establish procedures for collection of delinquent taxes.*

9.**Payroll and Personnel Policies**

The city did not hold a special election to fill the chief of police position, failed to remit payroll withholding taxes, and did not meet federal reporting requirements for 3 employees. In addition, the acting police chief received overtime pay,

- A. The city did not hold a special election to fill the chief of police position as required. City ordinances indicate that if an elected official resigns from office, and there is more than six months until the next election, the city should hold a special election. The next special election that candidates would have been able to file for, in this instance, would have been the August 2005 election; however, the city did not put this position on the ballot. Instead, the “acting Chief of Police” was allowed to complete the term.

When the Chief of Police resigned in April 2005, the Board voted to make a city police officer the “acting Chief of Police.” A board member indicated that the City Attorney advised the Board to make the officer “acting Chief of Police” in order for him to keep his current salary (which was more than the salary established for the police chief) and to establish ordinances to allow this. The police officer was allowed to keep his prior salary of \$440 per week and \$8 per hour for anything over 50 hours in one week; however, this arrangement was not documented in the minutes and no ordinances were established. During the year ended June 30, 2006, the “acting Chief of Police” was paid approximately \$2,160 for overtime.

The City did not have documentation indicating they had reviewed this arrangement for compliance with the FLSA. In addition, Section 79.270, RSMo, states that the salary of a municipal officer shall be established by ordinance and shall not be changed during his term of office.

- B. The city failed to remit required federal payroll withholding taxes from September 2005 through December 2005. In addition, the City Clerk indicated that before she took office in February 2005 the city had not been making regular payments to the Missouri Department of Revenue (DOR) or to the Federal Internal Revenue Service (IRS). The city utilizes a local accounting firm to prepare the quarterly withholding reports for the IRS and DOR; however the City Clerk files the report with the applicable agency and remits the payment.

The City Clerk indicated she received some invoices from the DOR showing an estimate of the past due amount of withholding taxes, which she used to make some payments. The city requested an audit by the DOR because they believed they may have overpaid. According to the audit performed in May 2006, by the Missouri Department of Revenue, the city is entitled to a refund of \$1,219 from the state. However, the City Clerk indicated that because federal payroll withholding taxes were not regularly turned over to the IRS, there is also a

delinquent amount due to the IRS, but she was unsure as to the amount owed since no invoices have been received. However, at least \$10,092 is due for the period of September through December 2005.

Good business practices, and federal and state regulations, require the city to make timely deposits of tax withholdings to avoid unnecessary penalties and interest.

- C. Federal reporting requirements were not met for the city collector, humane officer or the municipal judge. A 1099 MISC form or a W-2 was not prepared for these employees. In 2005, the city collector received approximately \$1,920, the humane officer received approximately \$645, and the municipal judge received a salary of \$3,600.

The Internal Revenue Code generally indicates individuals treated as employees should have all compensation reported on Forms W-2. Section 6041 of the Internal Revenue Code requires non-employee compensation paid of at least \$600 in a calendar year to an individual or unincorporated business to be reported to the IRS.

A similar condition was noted in a prior report.

WE RECOMMEND the Board of Aldermen:

- A. Ensure future vacancies of elected officials are filled in accordance with ordinance and raises for officials comply with state law.
- B. Ensure the required payroll tax withholding payments are paid in a timely manner. In addition, contact the IRS to determine how much is owed for federal payroll withholding taxes.
- C. Ensure IRS 1099 MISC form and W-2 forms are prepared and submitted as required.

AUDITEE'S RESPONSE

The Mayor, Board of Aldermen, and City Clerk indicated:

A&C. These recommendations will be implemented.

- B. This recommendation will be implemented. The City intends to contact the IRS to determine the amount owed for federal payroll withholding taxes.*

The city has not filed annual financial reports with the State Auditor's office since 1999, published semi-annual financial statements, or prepared annual budgets, as required by state law. In addition, the budget for fiscal year ended June 30, 2006 did not comply with state law.

- A. Annual financial reports have not been filed with the State Auditor's office since the fiscal year ended June 30, 1999. Section 105.145, RSMo, requires political subdivisions to file an annual report of the financial transactions of the political subdivision with the State Auditor's office.
- B. While the city published financial statements on February 2, 2006, for the period of July 1, 2005 through December 31, 2005, they did not publish financial statements for the preceding six months. The city's published financial statements did not include some of the city's accounts or a statement of indebtedness. Section 79.160, RSMo, requires the Board of Aldermen to prepare and publish semi-annual financial statements. These financial statements are to include a statement of receipts and expenditures and indebtedness of the city for the preceding six month period. In addition, Section 79.165, RSMo, states the city cannot legally disburse funds until the financial statement is published.
- C. The budget for the year ended June 30, 2006, was not adopted by ordinance on a timely basis. Per the board minutes, the Board approved the FY 2006 budget on February 28, 2006. In addition, the budget did not include all of the city funds. Section 67.010, RSMo, requires the preparation of an annual budget which shall present a complete financial plan for the ensuing budget year.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures. A complete budget should include separate revenue and expenditure estimations, and include the beginning available resources and a reasonable estimate of the ending available resources. The budget should also include a budget message and comparisons of actual revenues and expenditures for the two preceding years. In addition, the budget should be adopted by ordinance.

WE RECOMMEND the Board of Aldermen:

- A. Submit annual reports of financial transactions to the State Auditor's office as required by state law.
- B. Publish semi-annual financial statements as required by state law.

- C. Prepare an annual budget that contains all information required by state law to provide a complete financial plan for the City. In addition, the budget be adopted by ordinance.

AUDITEE'S RESPONSE

The Mayor, Board of Aldermen, and City Clerk indicated:

A&C. These recommendations will be implemented.

B. This recommendation has been implemented; the City has published the 6 month financial statement.

11. General Fixed Assets

The city has not established formal policies and procedures for general fixed assets, including procedures for an annual physical inventory. In addition, the city does not maintain property records to account for the general fixed assets owned by the city.

Adequate general fixed asset records are necessary to provide better internal controls over city property and provide a basis for proper financial reporting. Formal policies and procedures for the annual physical inventory are necessary to ensure all personnel understand the duties assigned to them.

To develop appropriate records and procedures for general fixed assets, the city needs to undertake a comprehensive review of all property owned by the city. Assets should be counted, tagged for specific identification, and recorded by description and serial number in a detailed property ledger at historical cost or estimated historical cost if the original cost is not available. The city should properly record all fixed asset transactions and ensure the accuracy of the recorded fixed assets. Periodically, the city should take physical counts of its assets and compare to the detailed records.

A condition similar was noted in a prior report.

WE RECOMMEND the Board of Aldermen establish property records for general fixed assets that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition. In addition, annual physical inventories should be performed.

AUDITEE'S RESPONSE

The Mayor, Board of Aldermen, and City Clerk indicated:

The city is currently working on implementing this recommendation.

12.**Maintenance of Streets**

The city has not established any city wide plan for the construction, repair, or maintenance of streets. During the year ended June 30, 2006, the city spent approximately \$7,500 on street salaries and materials.

A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year. In addition, the city needs to review its street fund to ensure monies are available to fund such a plan.

A condition similar was noted in a prior report.

WE RECOMMEND the Board of Aldermen prepare a formal maintenance plan for city streets as part of the budget, and periodically update the plan throughout the year as needed.

AUDITEE'S RESPONSE

The Mayor, Board of Aldermen, and City Clerk indicated:

This recommendation will be implemented.

13.**Volunteer Fire Department**

The relationship between the city and the Clarkton Volunteer Fire Department (CVFD) is not clear, and there is no written agreement stating the duties and responsibilities of each entity.

The CVFD registered as a not-for-profit agency in April 1990. The CVFD provides fire protection to the citizens of Clarkton and the surrounding rural area, and has a first responder's unit, which responds to emergencies before an ambulance arrives. The city pays the CVFD \$7 per fireman for each fire and \$500 collected from the property owner for fires outside the city limits. The city also pays for the general expenses of the fire department, i.e. insurance, utilities, fuel. During the year ended June 30, 2006, the city paid approximately \$3,900 for Fire Department expenses.

As discussed in our prior 1995 report, the CVFD received a loan in 1991, from the United States Department of Agriculture (USDA) for a fire station and fire equipment. The CVFD entered into lease agreements with the city to lease the fire station and fire equipment to the city for 20 years and 15 years, respectively. (The fire equipment loan was paid off in December 2005.) This lease requires the city to pay annual lease payments to the CVFD to pay for the loans, maintain two reserve accounts in accordance with the loan provisions, and provide insurance and maintenance of the fire station and equipment. Under the terms of the lease agreement the city will not own these assets; instead they will remain the property of the CVFD. As a result, the city will have used public funds to fully pay for these assets but will have failed to obtain ownership. In addition, the lease agreements do not contain a “walk away” or nonappropriation clause, which would allow the city to cancel its lease with the CVFD. Therefore, it appears the city may have incurred a substantial long-term debt.

Our prior report recommended that the Board of Aldermen review the city’s relationship with the CVFD, renegotiate the lease agreement to make the lease payments subject to annual appropriations and add provisions to vest ownership of the assets acquired under the lease in the city at the end of the lease terms, and require the CVFD to provide a periodic financial report to the city. These recommendations have not been implemented.

The present situation places the city and the volunteer fire department in the position of not knowing the relationship and corresponding requirements of each entity. The city needs to determine the relationship between the city and the fire department and may want to enter into a contract stating the duties and responsibilities of each entity. In addition, the city should consider renegotiating the remaining lease agreement to make the lease subject to annual appropriations and add provisions to vest ownership of the assets at the end of the lease term.

WE RECOMMEND the Board of Alderman enter into a written agreement with the volunteer fire department stating the fire department’s and the city’s duties and responsibilities. In addition renegotiate the remaining lease agreement to make the lease subject to annual appropriations and add provisions to vest ownership of the assets at the end of the lease term.

AUDITEE'S RESPONSE

The Mayor, Board of Aldermen, and City Clerk indicated:

This recommendation will be implemented.

Neither the police department nor the municipal division account for the numerical sequence or ultimate disposition of traffic tickets issued. A bond ledger is not maintained and restricted court fees are not charged correctly or used for their intended purpose. During the year ended June 30, 2006, the court processed approximately \$27,490 in fines and court costs.

- A. The Chief of Police maintains a log of all traffic tickets and summonses issued by police department; however, there are no procedures in place to ensure all tickets issued by the police department are turned over to the City Clerk, who also serves as the Court Clerk. Neither the police department nor the municipal division account for the numerical sequence of traffic tickets issued or their ultimate disposition.

Without a proper accounting of the disposition of traffic tickets, the police department and the municipal division cannot be assured that all traffic tickets issued were properly submitted to the City Clerk/Court Clerk for processing. A record of the ultimate disposition of each traffic ticket should be maintained to ensure all traffic tickets have been accounted for properly.

- B. The City Clerk/Court Clerk does not maintain a bond ledger and does not prepare a monthly listing of open items (liabilities). A bond ledger indicating the date and amount of receipt and date of disbursement is necessary to ensure proper accountability over bonds. A monthly listing of open items is necessary to ensure proper accountability over open cases and to ensure monies held in trust by the court are sufficient to meet liabilities. At June 30, 2006 the bond account had a balance of \$2,231.
- C. The city's ordinance indicates that \$2.25 is to be collected for LET fees and \$.25 is to be collected for the Municipal Court Employee Education and Training; however, these fee amounts are contradictory to state statute. Section 488.5336.1, RSMo indicates a surcharge of two dollars may be assessed as costs in each criminal case for Law Enforcement Training and Section 479.260.1 RSMo indicates that the municipal division may withhold \$1 of the court costs collected on each case and deposit the amounts in an account under its control for the continuing education and certification required of the municipal judges, and for judicial education and training for court administrators and clerks. The city should establish a new ordinance, which complies with state statute, indicating that \$2.00 be collected for Law Enforcement Training Fund and that \$1.00 be withheld from court costs (not collected in addition to court costs) for the Judicial Education Fund.

Conditions A and B, were also noted in our prior report of the Thirty-Fifth Judicial Circuit Municipal Divisions for the two years ended 1998 and 1997.

Condition B and C were noted in a prior report.

WE RECOMMEND the Clarkton Municipal Division:

- A. Work with the police department to establish a log of tickets issued to ensure records are maintained to account for the numerical sequence and ultimate disposition of all tickets issued.
- B. Maintain a bond ledger and reconcile a monthly listings of open items to monies held in trust.
- C. Request the city review and revise their ordinances to comply with state statute.

AUDITEE'S RESPONSE

The Mayor, Board of Aldermen, and City Clerk/Court Clerk indicated:

A&C. These recommendations will be implemented.

B. This recommendation has been implemented.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF CLARKTON, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Clarkton is located in Dunklin County. The city was incorporated in 1908 and is currently a fourth-class city. The population of the city in 2000 was 1,330.

The city government consists of a mayor and four-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other officials during the year ended June 30, 2006, are identified below. The mayor is paid \$150 per month and the Alderman \$50 per month. The compensation of these officials is established by ordinance.

<u>Mayor and Board of Aldermen</u>	<u>Dates of Service During the Year Ended June 30, 2006</u>	
Greg Reynolds, Mayor	April 2006 - June 2006	
Tony Simpson, Mayor (1)	July 2005 - April 2006	
Mike Johnson, Mayor (1)	July 2005	
Ernie Woodall, Alderman	April 2006 - June 2006	
Chester Graham, Alderman	July 2005 - April 2006	
Wanda Smart, Alderman	July 2005 - June 2006	
Jerry Cunningham, Alderman	April 2006 - June 2006	
Tommy Ross, Alderman (2)	August 2005 - April 2006	
Tony Simpson, Alderman (2)	July 2005	
Larry Brown, Alderman	July 2005 - June 2006	
<u>Other Elected Officials</u>	<u>Dates of Service During the Year Ended June 30, 2006</u>	<u>Compensation Paid for the Year Ended June 30, 2006</u>
Tony Cogburn, Chief of Police	April 2006 - June 2006	\$ 9,900
Freddie Polk, Acting Chief of Police (3)	July 2005 - January 2006	15,360
		1,920
Ardella Cowell, City Collector	July 2005 - June 2006	
<u>Other Principal Officials</u>	<u>Dates of Service During the Year Ended June 30, 2006</u>	<u>Compensation Paid for the Year Ended June 30, 2006</u>
Pamela Allen, City Clerk/Treasurer/Court Clerk	July 2005 - June 2006	\$ 23,154
Mark Preyer, City Prosecutor	July 2005 - June 2006	4,200
Mark Preyer, City Attorney	December 2005 - June 2006	1,945
Jim Bruce, City Attorney	July 2005 - November 2005	5,450

Bill Lawrence, Water Supervisor	July 2005 - June 2006	20,180
Lee Roy Roberts, Sewer and Street Supervisor	July 2005 - June 2006	21,076
Rick Cornman, Fire Chief	July 2005 - June 2006	550
Phillip Santie, Municipal Judge	July 2005 - June 2006	3,600

- (1) Tony Simpson was appointed Mayor in July 2005 upon Mike Johnson's resignation.
- (2) Tommy Ross was appointed Alderman upon Tony Simpson's appointment to Mayor.
- (3) Appointed in July 2005 to fill the unexpired term of the Chief of Police after his resignation.

In addition to the officials identified above, the city employed 3 full-time employees and 1 part-time employee on June 30, 2006.

Assessed valuations and tax rates for 2005 were as follows:

ASSESSED VALUATIONS

Real estate	\$ 2,968,087
Personal property	<u>1,867,505</u>
Total	<u><u>\$ 4,835,592</u></u>

TAX RATE(S) PER \$100 ASSESSED VALUATION

	<u>Rate</u>
General Fund	\$ 0.6116

TAX RATE(S) PER \$1 OF RETAIL SALES

	<u>Rate</u>
General	\$ 0.0100

A summary of the city's financial activity for the year ended June 30, 2006, is presented below:

	General Fund	Water Fund	Sewer Fund	Total
REVENUES				
Property taxes	\$ 29,462	0	0	29,462
Motor fuel taxes	103,803	0	0	103,803
Water fees	0	120,502	0	120,502
Sewer fees	0	0	114,754	114,754
Franchise fees	41,980	0	0	41,980
Trash fees	38,705	0	0	38,705
Municipal Court fees	27,491	0	0	27,491
Interest	93	68	57	218
Fire calls	1,702	0	0	1,702
Reimbursement on salary	20,702	0	0	20,702
Grants	15,750	0	0	15,750
Other	31,323	4,480	416	36,219
Transfer in	0	20,558	0	20,558
Total Receipts	311,011	145,608	115,227	571,846
EXPENDITURES				
General	151,615	0	0	151,615
Police Department	147,684	0	0	147,684
Water Department	0	80,165	0	80,165
Sewer Department	0	0	79,627	79,627
Fire Department	3,895	0	0	3,895
Transfer out	1,281	0	19,277	20,558
Total Disbursements	304,475	80,165	98,904	483,544
Revenues Over (Under) Expenditures	6,536	65,443	16,323	88,302
Fund Balance, July 1, 2005	1,930	3,896	598	6,424
Fund Balance, June 30, 2006	\$ 8,466	69,339	16,921	94,726



Claire McCaskill

Missouri State Auditor

October 2006

Village of Butterfield, Missouri

Year Ended December 31, 2005



Office Of
Missouri State Auditor
Claire McCaskill

October 2006

The following findings were included in our audit report on the Village of Butterfield, Missouri.

The Village of Butterfield is in a declining financial condition as a result of overspending, inadequate oversight and monitoring by the Board of Trustees, numerous internal control weaknesses, and lax controls over expenditures.

The village prepares annual budgets; however, they are not complete and are not used to monitor the village's financial position. The board has not periodically compared budgeted vs. actual results, and actual expenditures exceeded budgeted amounts in several funds.

Procedures have not been established to ensure expenditures are properly allocated among the various funds benefiting from the expenditures and to ensure restricted revenues are expended only for their intended purpose.

The Village Clerk transferred \$12,000 during 2005, from the Water and Sewer Funds to the General Fund without the board's approval. The transfers were made to pay back a portion of the \$15,000 originally transferred to the Water and Sewer Funds to cover expenditures. There was no documentation indicating the amounts from the General Fund were to be treated as loans and there is no documentation of the board's approval for these transfers.

The Village Clerk is responsible for all record keeping duties of the village. There is no documentation the Village Chairman or other members of the Board of Trustees provide independent reviews of the work performed by the Village Clerk. Additionally, village checking accounts require two signatures on checks; however, nine checks for transfers of funds between accounts totaling \$17,207 were issued with only the Village Clerk's signature. Also, the village does not account for the numerical sequence of receipts and backup disks of the accounting information systems are not prepared and stored at a secure off-site location.

The village maintained 11 checking accounts as of December 31, 2005, and does not effectively monitor the bank account balances as there was \$48,499 in eight non-interest bearing accounts. Also, the village has not bid banking services and does not have a written agreement with its depository bank.

The village did not have a formal bidding policy until December 27, 2005. During the year ending December 31, 2005, bids were either not solicited or bid documentation was not retained for some purchases and adequate supporting documentation was not available

YELLOW SHEET

for 31 percent of expenditures reviewed. The Board of Trustees does not review and approve the payment of village expenditures prior to the disbursements being made, and complete mileage logs were not maintained for vehicles.

The village operates a water and sewer system that provides service to approximately 164 customers. The village's financial statements reported operating losses in 2004 through May 2005, then in June 2005 the Board of Trustees raised water and sewer rates by 114 percent. There was no documentation to support how the board calculated the significant rate increase. The rate increase generated operating gains between July and December 2005, at which time the board lowered sewer and water rates by 20 percent, again without documenting or performing a formal review.

The village does not perform monthly reconciliations of amounts billed, payments received, and amounts remaining unpaid for utility services including water, sewer and trash, and there is no supporting documentation or independent approval of credit adjustments made to utility accounts.

The Village Clerk collects and maintains a listing of deposits received with the amounts being deposited in the meter deposit account. As of May 31, 2006, the village's listing of meter deposits totaled \$7,170; however, the balance in the meter deposit account was only \$6,780, resulting in a \$390 difference.

Also included in the report are recommendations related to meetings and minutes, personnel policies and procedures, financial reporting, capital assets, and municipal court controls and procedures.

All reports are available on our website: www.auditor.mo.gov

VILLAGE OF BUTTERFIELD, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Chairman
and
Members of the Board of Trustees
Village of Butterfield, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Village of Butterfield, Missouri. The scope of our audit of the village included, but was not necessarily limited to, the year ended December 31, 2005. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the village, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide

reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the village's management and was not subjected to the procedures applied in the audit of the village.

The accompanying Management Advisory Report presents our findings arising from our audit of the Village of Butterfield, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 7, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Pamela Allison Tillery, CPA
	April McHaffie Lathrom, CPA
In-Charge Auditor:	Monte L. Davault

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

VILLAGE OF BUTTERFIELD, MISSOURI
MANAGEMENT ADVISORY REPORT
STATE AUDITOR'S FINDINGS

1.	Financial Condition
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The Village of Butterfield is in a declining financial condition as a result of overspending, inadequate oversight and monitoring by the Board of Trustees, numerous internal control weaknesses, and lax controls over expenditures.

The cash balance of the General and Street Fund account has been declining for the past four years as follows:

	Year Ended December 31,			
	2002	2003	2004	2005
Cash Balance, January 1	\$ 106,796	114,719	* 58,311	* 27,698
Receipts	35,474	39,816	64,007	67,200
Disbursements	27,551	99,255	94,720	77,084
Receipts Over/(Under)				
Disbursements	7,923	(59,439)	(30,713)	(9,884)
Cash Balance, December 31	\$ 114,719	55,280	27,598	17,814

* cash balance was adjusted by village's independent auditor

The village prepares annual budgets; however, these budgets are not used to monitor the village's financial position and the Board of Trustees has not periodically compared budgeted to actual receipts and disbursements (See MAR finding number 8). Also, the General and Street Fund operating expenses of the village increased significantly over the past few years, with most of the increase from the General Fund attributable to transfers to the Water and Sewer Funds to cover the cost of operations. Street funds were also used to purchase a backhoe which is primarily used for water and sewer activities. Receipts for the Street Fund are restricted and should not be used to pay for expenses of the Water and Sewer Funds (See MAR finding number 2).

Further, the village has experienced operating losses in the Water and Sewer Funds (See MAR finding number 5). As a result, the village has been unable to fully fund reserve accounts required by the bond covenants. For example, the bond covenants require \$304 a month be deposited into the Reserve account until a balance of \$36,480 is obtained and as of December 31, 2005, the balance in the reserve account was \$3,445. At December 31, 2005, \$5,979 was due to the Reserve account from the Sewer Fund. Also, village ordinance requires \$304 a month be deposited into the Depreciation and Replacement Account during the entire time bonds remain outstanding. Again, the village failed to make the required deposits during 2005 from the Water Fund.

The failure of the village to adequately maintain the required reserve accounts could allow the bondholders to take legal action to force compliance or immediate payment of the bond.

Inadequate procedures and internal control weaknesses have inhibited the board's ability to effectively monitor and manage the village and have resulted in, or contributed to the problems noted above (See MAR finding numbers 3 and 4). The Board of Trustees should review disbursements and reduce discretionary spending as much as possible.

The board must monitor the financial condition of the village and develop a long range plan which will allow the village to reduce its disbursements and/or increase receipts to operate the village within its available resources. The recommendations contained in the remaining MAR's, if implemented, will help the village establish procedures to operate within its available resources.

WE RECOMMEND the Board of Trustees develop a long term plan to operate within its available resources and properly fund the reserve accounts required by the bond covenants. In addition, the board must closely monitor the financial condition of the village by preparing a detailed operating budget and periodically comparing budgeted and actual receipts and disbursements.

AUDITEE'S RESPONSE

The Board of Trustees provided the following response:

We agree with the recommendation to periodically review actual to budget reports and plan to implement this on a quarterly basis. We would like to add that the chart makes it very clear that these financial problems coincided with the installation of the sewer system in 2003. While we regret some of the decisions made by the former Board of Trustees, the current board is dedicated to ensuring a balanced budget.

2. Restricted Revenues

Procedures have not been established to ensure expenditures are properly allocated among the various funds and to ensure restricted revenues are expended only for their intended purpose. In addition, board approval of fund transfers was not adequately documented.

- A. Procedures have not been established to ensure expenditures are properly allocated among the various funds benefiting from the expenditures and to ensure restricted revenues are expended only for their intended purpose. The village often used available funds as needed to pay bills with no consideration given to restricted monies. Some examples include:

- The village does not allocate employees' salaries based upon the work performed. For example, the Village Clerk indicated she performs duties for the General Fund, Sewer Fund, Water Fund, and Municipal Court Fund, however, her entire salary is allocated to the Water Fund. Further, a full-time maintenance employee's entire salary is allocated to the Sewer Fund even though he also performs duties for the Water and Street Funds.
- The Village Clerk indicated the backhoe leased by the village is primarily used for the water and sewer departments; however, the village paid \$6,690 from the Street Fund and only \$1,672 from each of the Water and Sewer Funds for the backhoe lease during 2005. In addition, the village purchased fuel for the backhoe totaling \$941 in November 2005, and the entire expenditure was paid from the Street Fund rather than being allocated among the funds benefiting from the expenditure. Street Fund revenues are restricted and should not be used to support the Water and Sewer Funds.
- The village pays for uniforms of the full-time maintenance worker, however, the cost of the uniforms is not allocated. From January 2005 through July 2006, the village paid uniform rental costs of \$1,592 entirely from the Sewer Fund even though the worker also performs duties for the Water and Street Funds.

The funds of the village are established as separate accounting entities to account for specific activities of the village. It is essential that the village properly allocate expenses to the various funds. Allocation of expenses is necessary for the village to ensure the water and sewer rates are sufficient to cover the costs of providing the service without generating profits to subsidize other village services. Furthermore, the uses of certain funds, such as state motor vehicle-related revenues, are limited by state law for specified purposes. Article IV, Section 30 of the Missouri Constitution, requires that motor vehicle-related revenues apportioned by the state of Missouri be expended for street-related purposes including policing, signing, lighting, and cleaning of roads and streets. Also, documentation and proper allocation of expenses is useful for both management and compliance purposes.

- B. The Village Clerk transferred \$12,000 during 2005, from the Water and Sewer Funds to the General Fund without the board's approval. The transfers were made to the General Fund to pay back a portion of the \$15,000 originally transferred to the Water and Sewer Funds to cover expenditures. There was no documentation indicating the amounts from the General Fund were to be treated as loans and there is no documentation of the board's approval for these transfers.

The board needs to determine if the transfers from the General Fund to the Water and Sewer Funds represent a loan or a permanent transfer and adequately document its decision. Additionally, any interfund transfers should have prior approval of the board.

WE RECOMMEND the Board of Trustees:

- A. Ensure all expenditures are properly allocated to the applicable village funds and develop reasonable methods to allocate common costs between the village's funds.
- B. Ensure the board's approval is documented for all transfers of monies between the various funds.

AUDITEE'S RESPONSE

The Board of Trustees provided the following responses:

- A. *The city does allocate all employees' salaries to the appropriate fund, and always has. The auditor was told by the clerk that the various hours per employee have been calculated (that was the whole purpose of activity logs that break down by fund hours worked) and divided among funds so that only one check has to be written for each employee. This study was conducted in September of 2004 and September of 2005. A study is underway for September 2006. Results for September 2005 are as follows:*

City Clerk:

*General 14 hours/wk (34%)
Water 13 hours/wk (33%)
Sewer 13 hours/wk (33%)*

Wastewater superintendent:

*General 0.5 hours (1%)
Water 7.5 hours (19%)
Sewer 32 hours (80%)*

Water contractor:

Water 15 hours (100%)

Total:

*Water 35.5 hours/wk
Sewer 45 hours/wk
General 14.5 hours/wk
Total of 95.5 hours worked all funds*

The clerk and the wastewater superintendent are full time employees working 40 hours per week each. The water contractor is a subcontractor that works for the city 15 hours per week. We think this is a correct allocation to the applicable funds and respectfully disagree with the auditor regarding this aspect of the recommendation.

- B. *The board will pre-approve all transfers of money not deemed routine. There are routine transfers of money each month that the board is aware of and will not require pre-approval of these normal operating activities.*

AUDITOR'S COMMENT

- A. The village provided no detail to support the results of the study. Additionally, even with the percentages provided by the village, the Village Clerk's entire salary is paid from the water fund and the maintenance employee's entire salary is paid from the sewer fund.

3. Accounting Controls and Procedures

Significant problems were identified in the control procedures used to account for transactions, including the lack of segregation of duties or an independent review of accounting records. In addition, the numerical sequence of receipts was not accounted for, some checks were issued with only one signature and bank account balances were not adequately monitored. Further, the village maintained an excessive number of bank accounts and village funds were maintained in non-interest bearing accounts.

- A. Accounting duties are not adequately segregated. The Village Clerk is responsible for all record keeping duties of the village including receiving and depositing all receipts, preparing utility bills, posting adjustments, generating shut-off notices, maintaining payroll records, reviewing invoices, preparing and distributing checks, recording receipts and disbursements and preparing monthly financial reports and bank reconciliations. There is no documentation the Village Chairman or other members of the Board of Trustees provide independent reviews of the work performed by the Village Clerk. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing monies from preparing checks and performing bank reconciliations. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent review of the accounting records maintained.
- B. The village does not account for the numerical sequence of receipts. Manual receipt documents are not sequentially numbered and while the computerized system does assign transaction numbers these transaction numbers are not used by the Village Clerk to ensure all receipts are deposited. Also, transaction numbers can be deleted by the user leaving no method of accounting for the transaction. Numerous instances were found on the village's transaction reports where transaction numbers were missing. Given manual receipt documents are not sequentially numbered and transactions numbers can be deleted in the computerized accounting system, the village has no assurance that all receipts are properly accounted for. Issuing and accounting for the numerical sequence of receipts is necessary to ensure proper recording and accountability of all receipts.
- C. Village checks require two signatures, the Chairman and the Village Clerk; however, we noted nine checks for transfers of funds between accounts totaling

\$17,207 issued with only the Village Clerk's signature. The dual signatures help provide assurance that checks represent payments for legitimate village expenditures. In addition, the Chairman is not bonded. Failure to adequately bond village employees that handle monies exposes the village to the risk of loss.

- D. The village does not effectively monitor the bank account balances. In March 2005, the sewer revenue account was overdrawn by \$2,592 resulting in bank charges totaling \$25 being assessed to the account. The village should more closely monitor bank account balances to ensure sufficient funds are available for expenditures and to minimize additional bank charges.
- E. The village has not bid banking services and does not have a written agreement with its depository bank. There was no documentation indicating the village bid for banking services and there was no written agreement with the depository bank.

To ensure the quality of banking services and ensure interest earnings received are maximized, the village should procure its banking services through a competitive bid process. In addition, the village should enter into a written agreement with its depository bank.

- F. The village maintained 11 checking accounts as of December 31, 2005. Except for separate accounts required by bond covenants, it appears that the remaining checking accounts could be consolidated to help simplify the village's records and reduce the number of accounts that must be monitored and controlled.

In addition, the village maintains substantial funds in non-interest bearing accounts. The village had \$48,499 in eight non-interest bearing checking accounts at December 31, 2005. The failure to have funds in interest-bearing accounts results in the loss of revenues. To maximize interest earnings, all allowable funds should be placed in interest-bearing accounts.

- G. Backup disks of the accounting information systems are not prepared and stored at a secure off-site location. The Village Clerk indicated due to computer problems, she has been unable to prepare backup disks for approximately one year. Preparation of backup disks, preferably on a daily or at least weekly basis, along with off-site storage, would provide increased assurance that village data could be recreated if necessary.

WE RECOMMEND the Board of Trustees:

- A. Provide for an adequate segregation of duties or the performance of independent reviews of the accounting records.
- B. Ensure the numerical sequence of receipts is accounted for properly.

- C. Ensure that all checks have the required number of signatures and all employees authorized to sign checks are appropriately bonded.
- D. Ensure procedures are in place to effectively monitor bank account balances and to eliminate bank overdraft charges.
- E. Seek competitive bids for its banking services on a periodic basis and enter into a written agreement with the depository bank.
- F. Consider consolidating monies into fewer bank accounts, and maintain village funds in interest bearing accounts when possible.
- G. Prepare backup disks and ensure backup disks are stored in a secure, off-site location.

AUDITEE'S RESPONSE

The Board of Trustees provided the following responses:

- A. *The work performed by the city clerk is evaluated each year by an independent auditor. As for the segregation of duties, the board will begin reviewing bank statements at each meeting along with financial reports.*
- B. *We agree with this finding and will make every effort to implement a new receipt system as soon as possible.*
- C. *We would like to make this point very clear for the public. All checks with only one signature are transfers of money from one account to another. No check found by the audit lacking two signatures was a disbursement for an expense. The city clerk no longer makes transfers without the mayor's signature. This recommendation has already been resolved.*
- D. *We agree with this recommendation and have already taken steps to ensure proper oversight of all accounts.*
- E. *We find this recommendation to be accurate. We plan to address this matter as soon as possible.*
- F. *We do not feel this additional work is a burden to the clerk based on her opinion. We also want to keep all accounts separate to ensure that the public and the board are able to clearly understand all financial reporting and ensure that funds being held for specific purposes are only used for that purpose.*
- G. *In 2006 the computer backup system broke. We had our computer system repaired six weeks ago and plan to implement this recommendation.*

Controls and procedures over village expenditures are in need of improvement. Bids were not always solicited for major purchases and the board does not approve expenditures prior to payment of invoices. Adequate documentation was not retained for some expenditures, receipt of goods was not always documented, and mileage or usage logs for vehicles and equipment are not maintained.

- A. A formal bidding policy was not adopted by the village until December 27, 2005. As a result, the decision of whether to solicit bids for a particular purchase was made on an item-by-item basis. During the year ending December 31, 2005, bids were either not solicited or bid documentation was not retained for most purchases. Examples include \$16,000 for a water pump and repairs, \$8,753 for a sewer pump, \$6,000 for a used truck, \$5,712 for property, liability and auto insurance, and \$3,688 for fuel.

Bidding procedures for purchases provide a framework for economical management of village resources and help ensure the village receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given equal opportunity to participate in the village's business. Bids can be handled by telephone quotation, by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and reasons noted why the bid was selected.

- B. The Board of Trustees does not review and approve the payment of village expenditures prior to the disbursements being made. A financial report is prepared monthly by the Village Clerk which includes a listing of all expenditures by fund; however, the information represents the preceding month's activities.

Expenditures made from village funds should be reviewed and approved by the Board of Trustees before payment is made to ensure all disbursements represent valid operating costs of the village. In addition, to adequately document the board's review and approval of all disbursements, a complete and detailed listing of bills should be prepared, signed or initialed by the trustees to denote their approval, and retained with the official minutes.

- C. Adequate supporting documentation was not available for 10 of 32 expenditures reviewed. Examples include, settlement of a lawsuit (\$2,500), fuel (\$506), and uniform rentals (\$106) for which detailed documentation of each purchase was not retained. For example, payment for the lawsuit settlement was based upon verbal information provided by the village's attorney. All expenditures should be supported by a vendor invoice to ensure the obligation was actually incurred and the expenditure represents an appropriate use of public funds.

- D. The village has not established procedures to ensure goods or services were received or properly ordered. In one instance, this resulted in the village paying \$1,670 during 2005 for treatment chemicals that were never ordered. Eight payments were made between February and August. This situation occurred when the village maintenance worker agreed to sample a company's treatment chemicals and the company continued to send chemicals to the pump station and bill the village for the chemicals, even though the village had not ordered the chemicals.

In another example, the village paid \$500 in 2005 to Missouri Southern State College for 40 hours of training for the village's police officer. The village did not require the police officer to provide documentation of the training completed. We obtained documentation from the college that showed only 25 hours of training had been attended. The documentation of the receipt of goods or services is necessary to ensure the village actually ordered and received the items being paid.

- E. The village does not maintain complete mileage logs for vehicles or any usage logs for equipment owned by the village; thus a reconciliation of fuel purchased to miles driven cannot be performed. The village maintains a police car, maintenance truck, and backhoe, and expended approximately \$3,600 in fuel costs during the year ending December 31, 2005. Complete mileage and usage logs are necessary to document appropriate use of the vehicles and equipment and to support fuel and other charges. The mileage and usage logs should include the purpose and destination of each trip, the daily beginning and ending odometer readings, and the operation and maintenance costs. These logs should be reviewed by the Board of Trustees to ensure vehicles and equipment are used only for village business, are being properly utilized, and help identify vehicles and equipment which should be replaced or sold. Information on the logs should be periodically reconciled to fuel purchases and other maintenance charges.

WE RECOMMEND the Board of Trustees:

- A. Ensure bids are solicited for major purchases and applicable bid documentation is retained.
- B. Review and approve all expenditures of village funds prior to the disbursements being made.
- C. Require adequate supporting documentation prior to approving expenditures for payment.
- D. Ensure the receipt of goods or services is indicated on invoices prior to approving them for payment.

- E. Maintain complete mileage and usage logs for all village vehicles and equipment. In addition, fuel purchases should be recorded to the log and periodically reconciled to applicable expenditure records.

AUDITEE'S RESPONSE

The Board of Trustees provided the following responses:

- A. *We agree to comply with our current city code regarding procurement.*
- B. *We agree to have all expenses pre-approved that are not normal operating expenses approved by the annual budget.*
- C. *The mayor and clerk will require detailed documentation before signing payments for expenses.*
- D. *The mayor and clerk will require detailed documentation before signing payments for expenses.*
- E. *While the city did keep mileage logs on vehicles owned, there were some incomplete records. We will make every effort to ensure mileage and usage logs are complete and periodically reconcile these to fuel purchases.*

5. Water and Sewer System Procedures

Significant problems were identified in the control procedures and policies used by the village related to the water and sewer system. The village has not performed a formal review of the water and sewer rates and does not perform monthly reconciliations of total amounts billed, payments received, and amounts remaining unpaid for water, sewer and trash. In addition, there is no independent approval of adjustments posted to the utility accounts and service is not always shut-off in accordance with the village ordinance when customer accounts are delinquent.

The village operates a water and sewer system that provides service to approximately 164 customers. The Village Clerk is responsible for billing, collecting and posting payments to the accounting software as well as making credit adjustments and reconciling the water and sewer bank accounts. The sewer and water employees are responsible for reading customer's meters and the meters at the village's wells, as well as performing maintenance on the system and connecting/disconnecting customer's water and sewer lines.

- A. The village has not performed a formal review of the adequacy of the water and sewer rates. The village's financial statements reported operating losses in 2004 and the losses continued through May 2005, then in June 2005 the Board of Trustees raised water and sewer rates by 114 percent. Although board minutes

reflect financial reports were reviewed by the Board of Trustees, there is no documentation to support how the board calculated the significant rate increase. The rate increase generated operating gains between July and December 2005, at which time the board lowered sewer and water rates by 20 percent, again without documenting or performing a formal review. The village has not determined if the new rates are adequate and according to village financial reports, the water and sewer funds had an operating losses for the six months ending June 30, 2006.

Water and sewer fees are user charges which should cover the cost of providing the related services, but rates should not be set at a level which results in excessive fund balances. The village should perform a detailed review of its water and sewer costs, including depreciation and debt service costs, and set rates to cover the total costs of operation. In addition, the village should document their justification for setting the rates for utilities.

- B. The village does not perform monthly reconciliations of amounts billed, payments received, and amounts remaining unpaid for utility services including water, sewer and trash. On the 25th of the month, meter readings are manually recorded by a maintenance worker. The Village Clerk then utilizes a computerized system to generate billing statements and then mails the statements. The clerk then uses a separate computerized system to receive and record payments. A delinquent listing is not generated and there is no comparison of amounts billed to payments received.

Monthly reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis.

- C. There is no supporting documentation or independent approval of credit adjustments made to utility accounts. Some adjustments may be necessary to correct inaccurate billings, however, the Village Clerk has the ability and authority to record credit adjustments to the computer system without documenting each adjustment or obtaining the approval of anyone else.

To ensure that all credit adjustments are valid and properly approved, someone independent of receipting and recording functions should review all credit adjustments and proper supporting documentation should be maintained of such adjustments.

- D. Water and sewer service is not always shut-off in accordance with the village policy when customer accounts are delinquent. The Village Clerk will send a shut-off notice if the bill is not paid by the first of the month following the month in which the bill was rendered indicating service will be disconnected in seven days. We noted instances where utilities were not disconnected as provided by the village policy even though customers may have accumulated delinquent balances. Some people were allowed to make payments to satisfy their debt.

To reduce delinquencies, ensure delinquent accounts are properly handled, and ensure equitable treatment of all customers, the village should enforce their policy regarding shut-off procedures in accordance with village policy.

- E. Village residents are required to pay a refundable deposit for water and sewer service. The Village Clerk collects and maintains a listing of deposits received with the amounts being deposited in the meter deposit account. Currently, the village collects a deposit ranging from \$75 to \$150 based on the type of residence; however, varying amounts have been collected in the past. As of May 31, 2006, the village's listing of meter deposits totaled \$7,170; however, the balance in the meter deposit account was only \$6,780, resulting in a \$390 difference.

Adequate records of sewer and water deposits are necessary to ensure all village residents have paid a deposit and the village only refunds deposits to residents that have actually paid. The village needs to identify the amount of the deposit held for each customer and update the permanent record of this information. In addition, the detailed listing of customer deposits should be periodically reconciled with monies in the account. Without such reconciliations, the possibility of undetected errors is increased.

WE RECOMMEND the Board of Trustees:

- A. Perform a review of water and sewer rates periodically to ensure revenues are sufficient to cover all costs of providing this service. In addition, retain documentation to support the board's justification for changes made to utility rates.
- B. Ensure monthly reconciliations of the amounts billed to amounts collected and delinquent accounts are performed.
- C. Require someone independent of the utility system to review and approve all credit adjustments and ensure adequate documentation is retained of such adjustments.
- D. Ensure water is shut-off in accordance with village policy when accounts are delinquent.
- E. Identify all meter deposits held by the village and periodically reconcile these deposits to the meter deposit bank account.

AUDITEE'S RESPONSE

The Board of Trustees provided the following responses:

- A. *We agree with the recommendation that a rate study needs to be done and will consider how to accomplish this with our limited financial resources. We would like to comment*

that the “operating gains” and “excessive fund balances” referred to were not undesignated profits. They were revenues designated to repay loans borrowed to subsidize the water and sewer accounts.

- B. The city does calculate on a monthly basis amounts billed, payments received and amounts that are unpaid from the previous month, however, these totals are not reconciled due to our current billing program. We will continue to research the issue and, if a viable solution is found, we will implement it.*
- C. We agree with this finding. We plan to implement a policy where customers with leaks must fill out a form and sign it attesting to the fact that there was a leak before a credit can be made to their sewer bill. These forms will then be submitted to the city council for oversight. We do not think it prudent to require council approval prior to credits being made due to the fact that we hold meetings once a month and this could cause people waiting for a decision to become delinquent on their account and lead to a lack of customer satisfaction with our service.*
- D. During the period in which the audit was conducted, the city’s policy was to allow people to make payment arrangements if they were unable to pay their accounts on time. As long as those arrangements were kept, the customer was not shut off. Since July of 2006 this policy has changed. We now require shut off 45 days after invoice date. There is one instance in which the customer has been allowed to continue making payment arrangements in accordance with former policy. We will re-evaluate this one case and make a final decision.*
- E. The meter deposit account is reconciled to meter deposits held annually by our city auditor. We will consider changing this policy to reconciling on a quarterly basis.*

6. Minutes and Meetings

Board minutes were not always signed and closed session minutes were not maintained in accordance with state law. In addition, the village has not adopted ordinances to establish compensation of village officials and employees.

- A. Board minutes were prepared and signed by the Village Clerk, but the minutes were not signed by the Chairman of the Board of Trustees. The board minutes should be signed by the Chairman upon approval to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.*
- B. The board did not maintain minutes to document matters discussed in closed meetings. The board frequently held closed session meetings and while the open meeting minutes disclosed the reasons for entering closed session, minutes were not maintained for the closed portion of the meeting. As a result, it is not known whether the final disposition of the board's decisions was made public.*

Minutes constitute the record of proceedings of the board. Failure to maintain minutes results in an inadequate record of village transactions, proceedings, and decisions. In addition, minutes help show that the closed discussions or business related to the specific reason announced for closing the meeting pursuant to the Sunshine Law, Chapter 610, RSMo. Effective August 28, 2004, Section 610.020, RSMo, provides that minutes of closed meetings should be prepared and retained.

- C. The village has not adopted ordinances to establish the compensation of the village's officials and employees. For example, the compensation of the Village Clerk, the Village Prosecuting Attorney, and the Municipal Judge are not set by ordinance. To avoid misunderstandings, the board should adopt ordinances which specify the compensation of all village officials and employees.

WE RECOMMEND the Board of Trustees:

- A. Ensure board minutes are properly signed to attest to their accuracy.
- B. Ensure minutes are prepared for all closed meetings, and the final disposition of applicable matters discussed at closed meetings is made public.
- C. Establish by ordinance the salary or pay rates for all officials and employees.

AUDITEE'S RESPONSE

The Board of Trustees provided the following responses:

- A. *While there are no state laws or any other legal requirements for the mayor to sign minutes, we will consider implementing this recommendation.*
- B. *We respectfully disagree with the finding that no closed session minutes are kept. We do not have a closed record file because we have never required one. All closed session minutes are kept with open session minutes and released immediately as open public record.*
- C. *The city officials and employees compensation is set by ordinance via the annual budget. We will consider adopting separate ordinances to set official/employee compensation in an effort to make this matter clearer to the public.*

AUDITOR'S COMMENT

- B. Minutes of closed session discussions or business help to show the village held the closed meeting pursuant to Sunshine Law, Chapter 610, RSMo.

7.**Personnel Policies and Procedures**

The village has not adopted a formalized personnel policy and employees were allowed to take annual and personal leave beyond the accumulated balance.

- A. The village has not prepared a formal written personnel policy to address issues such as vacation and personal leave, overtime and compensatory time, regular work hours, hiring and firing procedures, and use of village vehicles.

A comprehensive personnel policy manual would provide guidance and control to ensure equitable treatment among employees, and the avoidance of misunderstandings.

- B. The village allowed one employee to take annual and personal leave beyond his accumulated balance. In April 2006, this employee had used 97 hours of leave that had not yet been earned. Employees should not be granted leave in excess of their accumulated leave balance. Should employees require leave in excess of their balances, it appears the employee should be placed on leave-without-pay status.

WE RECOMMEND the Board of Trustees:

- A. Prepare and maintain a personnel policy manual to provide documentation of the village's procedures and policies for all village employees.
- B. Ensure leave time is not taken in excess of the leave accrued.

AUDITEE'S RESPONSE

The Board of Trustees provided the following responses:

- A. *While the city has in the past worked on preparing a formal written personnel policy, this task was never completed. The city will make every attempt to finish this project as soon as possible.*
- B. *We agree with this recommendation and will take this matter under advisement.*

8.**Budgets and Financial Reporting**

Actual expenditures exceeded budgeted amounts and budgets did not include some of the required information. In addition, an annual maintenance plan for village streets has not been prepared, semi-annual financial statements were not published or publicly posted, and financial statements were not filed with the State Auditor's Office in accordance with state law.

- A. The Board of Trustees did not adequately monitor budget and actual expenditures, and as a result, actual expenditures exceeded the budgeted amounts in various funds as follows:

Fund	Year ended December 31,	
	2005	2004
General	\$ 13,341	33,810
Water	19,200	17,654
Sewer	13,804	13,003
Reserve for Standpipe	4,213	N/A
Meter Deposits	4,093	N/A
Sewer Bond Reserve	2,000	N/A
Municipal Court	540	1,383
Court Bond	306	N/A
Total	\$ 57,497	65,850

The board does not receive any monthly information on budget to actual activity and was apparently not aware of these excess expenditures and did not amend the village's budgets.

Section 67.040, RSMo, indicates a political subdivision shall not increase the total amount authorized for disbursement from any fund, unless the governing body adopts a resolution documenting the reasons making the increase necessary and approves or adopts a resolution or ordinance to authorize the disbursements.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost and receipt expectations for each area of the village operations and provide a means to effectively monitor actual costs and receipts. It will also assist in informing the public about the village's operations and current finances.

- B. The village's annual budgets are in need of improvement. The 2006 and 2005 budgets did not include actual receipts and disbursements from the two previous years and did not include a budget message.

Sections 67.010 through 67.040 RSMo, set specific guidelines as to the format of the annual operating budget. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost and revenue expectations for each area of village operations. A complete budget should include separate revenue and expenditure estimations, the beginning available resources, and reasonable estimates of the ending available resources. The budget should also include a budget message, and comparisons of actual revenues and expenditures for the two preceding years.

- C. An annual maintenance plan for village streets has not been prepared. A formal maintenance plan should be prepared in conjunction with the annual fiscal budget

and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the village residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

- D. The village has not published semi-annual financial statements as required by state law. Although the village published financial statements for July through December 2005, financial statements were not published prior to this date. Further, as of August 2006, the semi-annual financial statement for January through June 2006 had not been published.

Section 80.210, RSMo requires the Chairman of the Board of Trustees prepare and publish semi-annual financial statements in a local newspaper or post semi-annual financial statements in six public places within the village. In addition, Section 80.220, RSMo, states that the village can be fined if the chairman neglects to publish such statements.

- E. The village did not submit annual financial reports or audited financial statements to the State Auditor's Office for 2005 or 2004, as required by state law. Section 105.145, RSMo, requires the village to file annual financial reports with the State Auditor's office. The financial reports are to be filed within four months after the end of the village's fiscal year (the requirement is six months after the end of the fiscal year if an audit report prepared by a certified public accountant is filed).

WE RECOMMEND the Board of Trustees:

- A. Periodically compare actual revenues and expenditures with budgeted amounts and ensure actual expenditures are kept within budgetary limits. If it appears expenditures are going to exceed budgeted amounts, a budget revision should be prepared.
- B. Prepare complete annual budget documents that include all relevant information required by state law.
- C. Prepare a formal maintenance plan for village streets at the beginning of the fiscal year and periodically update the plan throughout the year. In addition, the board should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects.

- D. Ensure semi-annual financial statements are published or posted in accordance with state law.
- E. Ensure the annual financial reports are prepared and submitted to the State Auditor's office as required by statute.

AUDITEE'S RESPONSE

The Board of Trustees provided the following responses:

- A. *We agree with this recommendation and will take it under advisement.*
- B. *We agree with this recommendation and will take steps to improve future budgets.*
- C. *While there is no legal requirement for a street plan, we do agree to include a plan in the budget message section of future budgets.*
- D. *We will take steps to remedy this matter.*
- E. *We were not aware of this requirement and will take steps to remedy this situation.*

9. Capital Assets

The village does not maintain complete and current records for its capital assets, including land, buildings, equipment and furniture. In addition, property is not tagged for specific identification and an annual physical inventory is not performed. Property records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. The records should include a detailed description of the assets including the name, make and model numbers, asset identification numbers, the physical location of the assets, and the date and method of disposition of the assets. In addition, all property items should be identified with a tag or other similar device, and the village should conduct annual inventories.

Adequate general capital asset records are necessary to secure better internal controls and safeguard village assets which are susceptible to loss, theft, or misuse, and provide a basis for determining proper insurance coverage required on village property.

WE RECOMMEND the Board of Trustees ensure property records are maintained which include all pertinent information for each asset such as tag number, description, cost, acquisition date, location, and subsequent disposition. The village should also properly tag, number, or otherwise identify all applicable village property and conduct an annual inventory.

AUDITEE'S RESPONSE

The Board of Trustees provided the following response:

We agree with this finding and will give the matter consideration.

10. Municipal Court Controls and Procedures

Many significant problems were identified in the control procedures used by the municipal court to account for court receipts, including the lack of proper segregation of duties or an independent review of accounting records. In addition, monthly listings of open items (liabilities) were not prepared, some checks lacked the required signatures, a monthly listing of cases heard is not filed with the village, the numerical sequence of citations issued/ordered is not maintained, the Municipal Judge does not sign the court dockets, and the court did not disburse fees to the state timely. The village collected fines and court costs of approximately \$4,300 during the year ended December 31, 2005.

- A. The duties of receiving, recording, depositing, disbursing, and reconciling court receipts are not adequately segregated. Currently, the Court Clerk performs all of these duties. Neither the Municipal Judge nor other personnel independent of the cash custody and record-keeping functions provide any supervision or review of the work performed by the Court Clerk.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing court monies from that of recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the bank reconciliations and the reconciliations between receipts and deposits.

- B. Monthly listings of open items (liabilities) for the bond account are not prepared and reconciled to the available cash balance. As a result, the municipal court could not ensure the amounts being held were sufficient to cover the liabilities. In September 2005, the court clerk transferred \$600 of unidentified bond monies to the village account as unclaimed fees. Further, the bond bank account had an unidentified balance of \$270 at December 31, 2005. In addition, court checks require two signatures, the Judge and the Court Clerk; however, the checks transferring these funds did not have the Judge's signature.

A monthly listing of open items is necessary to ensure accountability over open cases and to ensure monies held in trust by the municipal court are sufficient to meet liabilities. Also, for unidentified bond monies, an attempt should be made to determine the proper disposition of these monies. A review should be made of any bonds posted by persons who failed to make the required court appearance to

determine if the bonds should be forfeited and monies paid over to the village treasury as provided by Section 479.210, RSMo. For those bonds which relate to closed cases, Sections 447.500 through 447.595, RSMo, which relate to unclaimed property, should be used to disburse these monies. In addition, dual signatures help provide assurance that checks represent payments for legitimate court expenditures.

- C. The Court Clerk does not file a monthly report of all cases heard with the village. Section 479.080.3, RSMo, requires the Court Clerk to prepare a monthly listing of all cases heard in court, including fines and court costs collected, to be verified by the Court Clerk or Municipal Judge and filed with the village.
- D. Neither the police department nor the municipal division maintains adequate records to account for the numerical sequence and ultimate disposition of all traffic tickets issued. A log is not maintained to account for the traffic tickets assigned to officers and traffic tickets issued to violators. Of eighteen tickets selected to review, ten tickets (56 percent) could not be located by the court or the police department.

Without a proper accounting for the numerical sequence and ultimate disposition of tickets, the police department and the municipal division cannot be assured all tickets issued are properly submitted to the court for processing. A log listing the traffic ticket books assigned, each traffic ticket number, the date issued, and the violator's name would ensure all tickets issued were submitted to the court for processing, properly voided, or not prosecuted. A record of the ultimate disposition of each ticket should also be maintained to ensure all traffic tickets have been accounted for properly.

- E. The Municipal Judge does not sign the dockets and dispositions are not always recorded. The Municipal Judge has not reviewed and signed the court dockets since December 2005. Also, in three of nine court cases reviewed, the court dockets did not indicate the final case disposition. To ensure the proper disposition of all cases has been entered in the court records, the Municipal Judge should ensure the court docket is adequately maintained, review each court docket and sign the docket or indicate approval of the recorded disposition.
- F. Court costs are not disbursed monthly as required by statute. Court costs including, Crime Victim's Compensation (CVC) and Police Officer Standards and Training Commission (POSTC), for the months of June 2005 to February 2006 were held in the court bank account and not disbursed to the state until February 2006.

Section 595.045., RSMo, requires 95 percent of the CVC fees be paid monthly to the state. POSTC fees should also be disbursed monthly to the state.

WE RECOMMEND the Board of Trustees:

- A. Adequately segregate the duties of receiving, recording, and depositing court receipts. At a minimum, establish a documented periodic review of municipal court records by an independent person which includes reconciling the composition of court receipts to the composition of deposits to the village.
- B. Prepare monthly listings of open items and reconcile the listing to the monies held by the municipal court. Also, follow up on all bonds held for more than one year, and dispose of bonds in accordance with state law. In addition, ensure that all checks have the required number of signatures.
- C. Prepare monthly reports of cases heard in court and file these with the village in accordance with state law.
- D. Ensure records are maintained to account for the numerical sequence and ultimate disposition of all tickets issued.
- E. Ensure the court dockets include final disposition for all cases. In addition, require the Municipal Judge to review and sign all court dockets to indicate the approval of all recorded dispositions.
- F. Ensure court costs are transmitted to the state at least monthly.

AUDITEE'S RESPONSE

The Board of Trustees and Municipal Judge provided the following responses:

- A. *The city court is audited on an annual basis. The judge receives financial reports monthly. We will, however, consider the recommendation regarding monthly reviews of bank statements, etc., to be performed by the judge.*
- B. *We agree with this recommendation and will take the matter under advisement.*
- C. *Monthly reports will be filed with the city council and the city clerk in the future.*
- D. *Once this issue was brought to the city administrations attention, an inventory was developed and has been kept ever since June 22, 2006. We regret that previous officers were so careless with their record keeping and citation books but feel that we have taken steps to remedy this situation from occurring in the future.*
- E. *We partially agree with this finding. The municipal court judge has prepared all case disposition sheets since April of 2006. The city will make sure the judge is aware that he needs to sign all docket sheets.*

F. Since February of 2006 court cost have been remitted on a regular basis. The court will continue to strive for compliance on this issue.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

VILLAGE OF BUTTERFIELD, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Village of Butterfield is located in Barry County. The village was incorporated in 1966. The population of the village in 2000 was 397. The village elected to become a fourth class city in the November 2005 election.

The village government consists of a five member board of trustees. The members are elected for 2-year terms. The chairman is appointed by the board members. The Board of Trustees, and other officials during the year ended December 31, 2005, are identified below. The Board of Trustees received no compensation.

Board of Trustees	Dates of Service During the Year Ended December 31, 2005		
Louis Shultz, Chairman (1)	April 2005 to December 2005		
Jim Dunivant, Chairman	January 2005 to April 2005		
Tony Cope, Trustee (2)	April 2005 to December 2005		
Louis Shultz, Trustee	January 2005 to April 2005		
Kendal Christiansen, Trustee (1)(3)	January 2005 to December 2005		
Frances Hobbs, Trustee (4)	September 2005 to December 2005		
Jean Schoelzel-Geer, Trustee(5)	April 2005 to July 2005		
Steve Fisher, Trustee (6)	January 2005 to February 2005		
Don Roberts, Trustee (1)	September 2005 to December 2005		
Adam Wells, Trustee	April 2005 to September 2005		
Carrol Hayes, Trustee	January 2005 to April 2005		
Other Principal Officials and Employees	Dates of Service During the Year Ended December 31, 2005	Compensation Paid for the Year Ended December 31, 2005	
Georgia Wenell, Village Clerk/Court Clerk	January 2005 to December 2005	\$	21,050
Andrew Hager, Jr., Municipal Judge	October 2005 to December 2005		300
Dale Burke, Municipal Judge	January 2005 to October 2005		450
Don Trotter, Village Attorney and Prosecutor	April 2005 to December 2005		530
David Cole, Village Attorney and Prosecutor	January 2005 to April 2005		317

- (1) Effective January 1, 2006, the voters elected fourth class city classification. These trustees were replaced by Gary Florer, East Ward Alderman, Carrol Hayes, East Ward Alderman; and Rowena Higgs, West Ward Alderman in the April 2006 election.
- (2) Elected to Mayor in April 2006.
- (3) Kendal Christiansen resigned effective February 1, 2006.
- (4) Elected to West Ward Alderman in April 2006
- (5) Position was vacant until Frances Hobbs was appointed in September 2005.
- (6) Position vacant until Jean Schoelzel-Geer was appointed in April 2005.

In addition to the officials identified above, the village employed one full-time employee on December 31, 2005.

Assessed valuations and tax rates for 2005 were as follows:

ASSESSED VALUATIONS

Real estate	\$	1,127,903
Personal property		<u>255,633</u>
Total	\$	<u><u>1,383,536</u></u>

TAX RATE(S) PER \$100 ASSESSED VALUATION

		<u>Rate</u>
General Fund	\$	<u>0.4665</u>

A summary of the village's financial activity for the year ended December 31, 2005, is presented on the next page.

Financial Activity for the Year Ended December 31, 2005

	General & Street Fund	Water Fund	Meter Deposits Fund	Reserve for Standpipe Fund	Sewer Fund	Sewer Bond Reserve Fund	Sewer Replacement Fund	Municipal Court Fund	Court Bond Fund	Heritage Festival Fund	Total
RECEIPTS											
Property and Franchise taxes	\$ 5,640										5,640
Intergovernmental	16,418										16,418
Licenses, fees and permits	11,478										11,478
Charges for services	16,929	60,165			78,332						155,426
Meter deposits			5,100								5,100
Fines and penalties								3,894			3,894
Bonds									400		400
Other	5,235			40		7	7			60	5,349
Transfers in	11,500	16,213			22,000	3,000	3,000				55,713
Total Receipts	67,200	76,378	5,100	40	100,332	3,007	3,007	3,894	400	60	259,418
DISBURSEMENTS											
Accounting and auditing	2,714	4,381									7,095
Bank charges	1,575	180			357						2,112
Contract labor		6,361			32						6,393
Employee medical insurance					1,365						1,365
Equipment	2,715	2,572			9,761						15,048
Fire department and police	8,516										8,516
Insurance	8,043	84			400						8,527
Bond and loan payments		2,460			35,808						38,268
Other	3,961	5,661	1,607		2,474			313			14,016
Payroll	715	22,883			23,081			1,280			47,959
Refunds			3,036						956		3,992
Street	12,218										12,218
Supplies	1,737	8,872			6,663			597			17,869
Trash collection	15,862										15,862
Travel	550	1,927			304						2,781
Utilities	3,478	5,436			3,069						11,983
Transfers out	15,000	5,000		19,213	11,000	2,000	2,000	1,500			55,713
Total Disbursements	77,084	65,817	4,643	19,213	94,314	2,000	2,000	3,690	956	-	269,717
Receipts Over (Under) Disbursements	(9,884)	10,561	457	(19,173)	6,018	1,007	1,007	204	(556)	60	(10,299)
Cash Balance, January 1, 2005	27,698	2,614	4,717	19,676	3,085	2,438	2,443	603	826	1,893	65,993
Cash Balance, December 31, 2005	\$ 17,814	13,175	5,174	503	9,103	3,445	3,450	807	270	1,953	55,694

Note: This financial statement was prepared by the village's independent auditor and some classifications do not agree to financial information provided by the village.



Claire McCaskill

Missouri State Auditor

October 2006

Robinwood West Community
Improvement District

Year Ended December 31, 2005



Office Of
Missouri State Auditor
Claire McCaskill

October 2006

The following findings were included in our audit report on the Robinwood West Community Improvement District.

The district does not have a long range plan to pay off its loan or to fund future maintenance of its capital assets. The cash balance of the district at December 31, 2005, was approximately \$78,000. Revenues have averaged approximately \$141,000 over the last three years, with operating costs averaging \$89,500 and loan interest and principal payments of approximately \$32,000 annually. However, in October 2008, \$352,000 will be owed on the district's loan, which will exceed the annual revenues and available cash balance of the district.

The district obtained three bank loans totaling approximately \$447,000 between 2001 and 2003 to fund capital improvements. The loan agreements contained no provisions for the district to cancel the loan due to lack of appropriations. The district appears to have entered into a long-term debt arrangement without a vote authorizing the debt, which may be in violation of the Missouri Constitution.

Numerous problems existed within the district's accounting records. Supporting documentation for some disbursements could not be located or was filed incorrectly and accounting records are not prepared using a consistent method. An immediate record of receipt is not made for monies received, and better controls and records are needed for rental security deposits.

Although the district has some purchasing and approval policies, it is not clear what disbursements need to be approved by the board and when. Various disbursements had no documentation of board approval including \$4,314 to board members for expenses incurred. In addition, one board member's wife and son did work for the district and were paid \$438. Adequate documentation is not always received for reimbursed expenses, and checks were issued without the required two signatures. Bid documentation was not always solicited or retained, and reasons for selecting higher bidders were not always documented. Additionally, the district does not have a formal policy on credit card usage. Also, the district did not always enter into contracts for services received or retain signed contracts for district records.

Also included in the report are recommendations related to board minutes, meetings, resolutions and bylaws, budgets, financial reporting, snack bar operations, and capital assets.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

ROBINWOOD WEST COMMUNITY IMPROVEMENT DISTRICT

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Board of Directors
Robinwood West Community Improvement District

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Robinwood West Community Improvement District. The scope of our audit of the district included, but was not necessarily limited to, the year ended December 31, 2005. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the district, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in the audit of the district.

The accompanying Management Advisory Report presents our findings arising from our audit of the Robinwood West Community Improvement District.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

June 16, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA
In-Charge Auditor:	Keri Wright

ROBINWOOD WEST COMMUNITY IMPROVEMENT DISTRICT
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Financial Condition

The district does not have a long range plan to pay off its loan (see MAR No. 2) or to fund future maintenance of its capital assets. In October 2008, the district's bank loan will mature with a payoff balance of \$352,000. In addition, the district will have future maintenance costs related to its capital assets including the swimming pool, parking lot, community center, and playground.

The cash balance of all district accounts at December 31, 2005, was approximately \$78,000. Major revenue sources for the district including real estate taxes, facility rentals, snack bar operations, and non-membership fees have averaged approximately \$141,000 annually over the last three years. The district's operating costs including the pool, building, and general operation costs averaged approximately \$89,500 annually over the same period. Loan interest and principal payments were approximately \$32,000 annually. In addition, some capital improvement costs were paid from general revenue funds because the costs exceeded the loan proceeds (See MAR No. 5). While the district's cash balance has increased slightly over this time period, the majority of receipts are only covering the operating costs and loan payments for the district. In addition, disbursements have been increasing at an average of seven percent each year while receipts have been increasing at only a six percent per year average.

To pay off the loan balance and fund future maintenance costs, the district needs to increase its cash balance by increasing receipts, reducing disbursements, or a combination of both. We noted the following areas for consideration:

- A. In four of the last five years, the district took voluntary reductions in its tax rates, reducing the district's property tax receipts by approximately \$51,450. Two of these years made up the majority of these reductions. In 2000 and 2001, the district took voluntary reductions of approximately 23 cents and 14 cents, respectively, for every \$100 of assessed valuation.

Section 67.1531, RSMo, states that the district may levy by resolution a tax upon real property or on any business located within the boundaries of the district; provided however, no such resolution shall be final nor shall it take effect until the qualified voters approve, by mail-in ballot, the tax which the resolution seeks to impose. In 1999, district residents approved a maximum tax rate of 95 cents per \$100 of assessed valuation. For 2005 and 2006, the calculated tax ceiling was 77 cents per \$100 of assessed valuation.

- B. The district is operating its facility rentals at a loss. During 2005, the facility rentals program had the following receipts and disbursements:

Rental Receipts	\$5,182
Operating Disbursements:	
Rental Coordinator.....	3,424
Janitorial Services	2,455
Supplies.....	<u>191</u>
Total Disbursements	<u>6,070</u>
Net Loss	<u>(\$ 888)</u>

- C. The district needs to review its operation of the snack bar. During 2005, the snack bar had the following receipts and disbursements:

Snack Bar Sales.....	\$5,936
Operating Disbursements:	
Goods Purchased.....	3,176
Payroll	<u>2,556</u>
Total Disbursements	<u>5,732</u>
Net Income.....	<u>\$ 204</u>

While the snack bar appears to be operating at a slight profit, pool guest fees were not tracked separately. With estimated guest fees considered, the snack bar appeared to have an operating loss of approximately \$465.

Other areas of receipts and disbursements should be reviewed by the Board to ensure the continuing operations of the district. The Board should develop a long range plan which will allow the district to reduce its disbursements and/or increase its receipts to operate and fund any large future expenses of the district. In addition, the board should include a plan for restructuring the loan that would allow the district to pay off the loan over an extended period of time in the future. Currently, the district does not have the funds to pay off the loan, nor does it appear the district will have the funds when the loan matures in 2008.

WE RECOMMEND the Board of Directors review overall operations and develop a long range plan to pay off its loan and fund future maintenance costs of its capital assets.

AUDITEE'S RESPONSE

The Board of Directors agrees with the State Auditor that we will review the overall operations and develop a long-range plan to pay off our loan and fund future maintenance costs of our capital assets.

The district has incurred a large debt balance to fund capital improvements to the district's building, parking lot, swimming pool, and playground without a public vote by the district residents to authorize the indebtedness. As a result, there is a question as to the legality of the district's debt.

The district obtained three bank loans between 2001 and 2003 with total loan proceeds of approximately \$447,000.

- In March 2001, the district obtained a \$300,000 construction loan, of which approximately \$260,000 was used. This loan had a 3 year term at an interest rate of 6.1 percent. To reduce the payment amounts, principal and interest was amortized over a 15 year period. In addition, the first nine monthly payments on this loan were strictly interest payments.
- In March 2002, the district obtained a \$350,000 loan that paid off the original loan balance and provided the district with an additional \$98,000 in loan proceeds. This was a 3 year loan at a 5 percent interest rate. To reduce payment amounts, interest and principal was amortized over a 15 year period.
- In October 2003, the district obtained a \$425,000 loan that paid off the previous loan and provided the district with an additional \$89,000 in loan proceeds. This is a 5 year balloon loan at a 4.5 percent interest rate. To reduce payments, principal and interest is amortized over a 20 year period. In addition, this loan has a prepayment penalty of up to 2 percent of the outstanding principal balance, depending on the time period the loan is prepaid. As a result, the loan cannot be refinanced any earlier than the fifth year of the loan without being penalized.

The loan agreements contained no provisions for the district to cancel the loan due to a lack of appropriations or for any other reason. Without such options, the district appears to have entered into a long-term debt arrangement. In addition, as a result of the various loan terms, very little of the principal balance has been paid, extending the years until the loan is paid in full. As of December 31, 2005, the district has paid approximately \$55,160 in principal and \$79,440 in interest payments on all loans, excluding any balances paid off as a result of obtaining another loan.

Article VI, Section 26, of the Missouri Constitution states that no political subdivision of the state shall become indebted in an amount exceeding the income and revenue for any one year without a popular vote. Any indebtedness exceeding one year requires a four-sevenths vote during a general election.

While information filed with the original petition to become a community improvement district listed expected capital improvements of \$415,000 to be paid for through a bank loan, the district did not obtain a vote of the district residents authorizing the debt. In

addition, there was no indication that the district sought legal advice on obtaining the bank loans. The original loan of \$300,000 was approved by the board through a district resolution in 2001; however, no resolutions were passed approving the subsequent bank loans. In November 2005, the district included a proposition on the election ballot to allow for the restructuring of the current debt by borrowing up to \$400,000 for a term of not more than 18 years; however, this ballot issue did not pass. As a result of the vote, it appears the residents have restricted the board in their ability to refinance the current bank loan.

As of December 31, 2005, the current bank loan had a balance of approximately \$395,000 and is set to come due or to be refinanced in October 2008. Annual principal and interest payments on the current bank loan total approximately \$32,000. While the annual amount is within the generated annual revenues of the district, the \$352,000 balance due in 2008, when the loan matures, will exceed the annual revenues and available cash balance of the district (See MAR No. 1). However, should the district default on this loan, the district's credit, property, and assets could be at risk.

The board should consider bringing the issue back to a vote of the district members to allow restructuring of the debt. Restructuring should include a provision to cancel the loan due to a lack of appropriation and set payments that are within the generated annual revenues of the district.

The district's Board of Directors has been seeking an attorney's advice on the legality of the district's debt and the future actions they should take. As of June 2006, no decision has been made by the board.

WE RECOMMEND the Board of Directors continue to seek legal advice regarding the actions the Board should take concerning this debt. The Board should consider bringing the issue back to a vote of the district members to allow restructuring of the debt. In addition, the Board should ensure that any decisions made are done through district resolution and made public upon approval.

AUDITEE'S RESPONSE

The Board of Directors agrees with the State Auditor that we continue working with our legal team regarding the actions we should take concerning our debt. We will consider bringing the issue back to a vote of the district members to allow restructuring of the debt. In addition, we will ensure that any decisions made are done through district resolution and made public upon approval.

3. Minutes, Board Meetings, Resolutions, and Bylaws

Minutes for board meetings are not always accurate, signed, or approved in a timely manner. In addition, board meeting minutes do not always contain sufficient detail of meeting activities, closed meeting minutes and committee meeting minutes are not

always maintained or kept in a central location, and agendas are not always posted in accordance with district bylaws. Also, the district needs to improve its policies and procedures over record keeping, documenting information requested by the public, and passing resolutions.

- A. Meeting minutes were not always approved in a timely manner by the Board of Directors or signed by both the secretary and president. Board meeting minutes are prepared by the secretary and reviewed for approval at the next board meeting. However, approved board meeting minutes from January through August of 2005 were not signed by any board members. In addition, as of June 2006, board minutes for December 2005 through March 2006 had not been approved by the board. In one instance, both signatures on the minutes were that of the secretary attesting to the accuracy and completion of the minutes and then attesting to the accuracy of the vote approving the minutes.

Section 610.020, RSMo, requires minutes be taken and retained for meetings. In addition, by not approving minutes on a timely basis, there is less assurance the matters discussed at the board meetings are accurately reflected in the approved minutes. Approving minutes months after the board meetings does not provide a timely and effective record of the activities of the board to the public. The minutes should be approved by the board on a timely basis and signed by the secretary and president immediately upon approval to provide attestation that the minutes are a correct record of the matters discussed and actions taken during the board meeting.

- B. Meeting minutes were not always accurate and did not always contain sufficient detail of matters discussed and actions taken. Board meeting minutes were mostly presented in outline form and did not include adequate detail as to what was being discussed or voted on. For example, meeting minutes did not include documentation of bids received and the reason one bid was selected over another. In addition, instances were noted where the minutes were not accurate or the accuracy of the minutes were attested by a board member that was absent from the meeting. For example, the April 3, 2006 board meeting minutes showed the board secretary as being absent; however, he was included in the approved meeting minutes as being a presenter on certain topics of discussion at that meeting. Furthermore, the secretary signed these meeting minutes attesting to their accuracy, even though he did not attend the actual meeting.

Section 610.020, RSMo, states that minutes shall include the date, time, place, members present, members absent, and a record of votes taken. Complete and accurate minutes provide an official record of board actions and decisions.

- C. Closed meetings were not always documented in accordance with state law. Minutes were not maintained for two of the three closed meetings held during our audit period. In addition, there was no evidence that a roll call vote was taken

during open meetings to close any of the meetings and the purpose of holding a closed meeting was not always stated.

Section 610.020, RSMo, requires minutes for closed meetings to be taken and retained by the public governmental body, including but not limited to, a record of any votes taken at such meeting. The minutes shall include the date, time, place, members present, members absent and a record of any votes taken. Section 610.021, RSMo, allows the board to close meetings to the extent the meetings relate to certain specified subjects, including litigation, real estate transactions, and certain personnel issues, and requires the votes taken and final decisions to be made public. Section 610.022, RSMo, requires the board to vote in open session to close a meeting and to announce publicly the reasons for going into closed session.

- D. Committee meeting minutes are not always maintained in district files for district records. Some committee members had to be contacted to locate a copy of their committee meeting minutes for the district's record. According to Section 610.020, RSMo, minutes are required to be taken and retained for all meetings.
- E. Meeting agendas are not always posted in accordance with state law and/or district bylaws or kept in a central location. In addition, the district does not have a policy on who is responsible for the preparation of the agendas.
 - 1. Board meeting agendas were not always posted within district guidelines.
 - 2. Committee meeting agendas were not always maintained in district files and were not always posted within district and/or state guidelines.
 - 3. A notice of a public hearing for establishing the annual tax rate was not posted in accordance with state law during 2005. In addition, we were unable to determine whether this requirement was met during any preceding years.
 - 4. The district does not have a policy in place that indicates who is responsible for preparing agendas, posting agendas, and how to handle changes to agendas after they have been posted. As a result, the district has had a number of problems with agendas being changed and/or posted by more than one person. Implementing a policy could help the district resolve some conflicts regarding agendas.

Section 610.020, RSMo, requires public entities to give notice of the time, date, and place of each meeting, and its tentative agenda, to advise the public of the matters to be considered. The notice shall be given at least 24 hours prior to the meeting. District bylaws require that an agenda must be posted within 72 hours of the scheduled meeting.

Section 67.110, RSMo, states that each political subdivision in the state, shall hold at least one public hearing on the proposed rates of taxes at which citizens may be heard prior to their approval. A notice stating the hour, date, and place of the hearing shall be published in at least one newspaper or shall be posted in at least three public places within the political subdivision. Such notice shall be published or posted at least seven days prior to the date of the hearing.

- F. The district does not have adequate controls to ensure information requests from the public are handled in compliance with the Sunshine Law. While the district's bylaws designate the board secretary as the records custodian, the district voted on a resolution in January 2006 to establish a records policy and a records custodian that is separate from the board. Documentation of this resolution showed differences in the vote count and one vote was marked as "questionable" on the signed copy of the resolution. As a result, it is unclear whether or not this resolution actually passed. Regardless of its passage, the resolution did not include policies on maintaining a request log or the documentation requirements for board emails, and a complete fee schedule was not set. In addition, fees are not charged consistently for fulfilling documentation requests and the policy does not state when exceptions are allowed. Since 2005, only one individual has been charged for copies made resulting from a documentation request while a number of other requests have been filled at no charge. Furthermore, two people are required to unlock the district filing cabinets in order to access records. This type of access procedure should also be included in the records policy.

Section 610.023, RSMo, provides each request for access to public records shall be acted upon as soon as possible, but in no event later than the end of the third business day following the date the request was received by the custodian of records of a public governmental body. To ensure the district is complying with this statute, the district should document adequate information in a request log to determine if requests are completed timely and that all requests are adequately filled. In addition, the board should pass a resolution setting the custodian's requirements, documentation request procedures, and setting the price for obtaining documentation, including a schedule for document search.

- G. Resolutions were not adopted in accordance with state regulations. While a number of decisions have been made by the board over the years, only two resolutions were passed from 2002 to 2005. In addition, the district did not approve bylaws until 2005, nearly five years after the district began operating.

Section 67.1451(8), RSMo, indicates that the board is authorized to act on behalf of the district and that all official acts of the board shall be made by written resolution approved by the board. In addition, bylaws are necessary to provide the governing body with guidance in carrying out district business.

WE RECOMMEND the Board of Directors:

- A. Ensure meeting minutes are approved in a timely manner and signed by both the secretary and president in order to attest to their accuracy and completeness.
- B. Ensure that meeting minutes are complete, accurate, and include adequate detail and all required information.
- C. Ensure that all closed meetings are conducted and documented in accordance with state law.
- D. Ensure that committee meeting minutes are prepared and retained for district record.
- E. Ensure that all meeting agendas are posted within state and district guidelines. In addition, the Board of Directors should establish a policy for creating and posting agendas. This should include who is responsible for creating and posting agendas and how the district will handle any changes to the agenda after it has been posted.
- F. Establish a records policy to ensure compliance with the Sunshine law. This policy should include the need for a records custodian, a central record of documentation requests, procedures for handling requests, procedures for documenting board email correspondence, and a fee schedule for documentation retrieval, including research costs.
- G. Ensure resolutions are passed for all decisions made by the Board, as required by law.

AUDITEE'S RESPONSE

- A. *The Board of Directors agrees with the State Auditor that we will ensure meeting minutes are approved in a timely manner and signed by both the secretary and president in order to attest to their accuracy and completeness. This recommendation has been implemented.*
- B. *The Board of Directors agrees with the State Auditor that we will ensure meeting minutes are complete, accurate, and will include adequate detail and all required information. This recommendation has been implemented.*
- C. *The Board of Directors agrees with the State Auditor that we will ensure all closed meetings are conducted and documented in accordance with state law. This recommendation has been implemented.*

- D. *The Board of Directors agrees with the State Auditor that we will ensure committee meeting minutes are prepared and retained for district record. Currently these activities are under implementation.*
- E. *The Board of Directors agrees with the State Auditor that all meeting agendas are posted within state and district guidelines. The Board believes we have followed these guidelines in the past. In addition, the Board of Directors will establish a policy for creating and posting agendas. This will include who is responsible for creating and posting agendas and how the district will handle any changes to the agenda after it has been posted. The new policy will be finalized within 6 months.*
- F. *The Board of Directors agrees with the State Auditor that we will establish a records policy to ensure compliance with the Sunshine Law. This policy will include the need for a records custodian, a central record for documenting requests, procedures for handling requests, procedures for documenting board email correspondence, and a fee schedule for documentation retrieval, including research costs. We have had a records custodian since 2004. The activities mentioned are under implementation. Our complete records policy will be implemented by April 2007.*
- G. *The Board of Directors agrees with the State Auditor that we will ensure resolutions are passed for all decisions made by the Board, as required by the law. This has been our policy since December 2005.*

4. Accounting Records, Controls, and Policies

Accounting records and controls, and banking policies are in need of improvement. Records are not always complete and accurate, filed with the district, or prepared using a consistent accounting method. In addition, an immediate record of receipts is not prepared, receipts are not deposited on a timely basis, and disbursements are not promptly recorded to the accounting system. Also, the district did not solicit bids for banking services or enter into an agreement with its depository bank.

- A. Accounting records are not always complete or filed with the district as official records. In addition, some records were filed incorrectly and difficult to locate. Prior to 2005, records were maintained in boxes at various board members' homes. In 2005, filing cabinets were obtained that are supposed to hold all of the district's records in the office at the district's community center building. A number of instances were noted where records were not found, were filed incorrectly, or were not maintained.
 - Supporting documentation for some disbursements could not be located or was filed incorrectly. In addition, because some bids and contracts could not be located, vendors were contacted to obtain copies for the district.

- Completed bank reconciliations and records of deposit were not always retained for district record.
- Monthly financial reports and budgets submitted to the board for review and approval were not maintained for the district's record.

Maintaining a complete set of records in a central location would allow the district to ensure that proper accounting procedures are being followed for both district receipts and disbursements. In addition, records would be more readily available for public review, upon request.

- B. Accounting records are not prepared using a consistent method of accounting. Receipts and disbursements appear to be recorded on a cash basis, which recognizes amounts as monies are received or disbursed; however, the district is also recording payables and receivables, which recognizes revenues and expenditures using the accrual method of accounting. The use of more than one accounting method to record transactions of the district can be confusing and give the appearance of maintaining multiple sets of books. In addition, such accounting practices could have contributed to the inaccuracy in the financial reporting to state offices (See MAR No. 6) and ultimately caused the district to hire a professional accountant to clean up the district's records.
- C. An immediate record of receipt is not made for monies received at the original collection point, individual receipts are not posted to the accounting system, and the composition of receipts is not reconciled to the composition of deposits. In recording receipts to the accounting system, the treasurer records deposit totals when deposits are made, individual receipts are not entered into the system. Without an immediate record of receipt or posting individual receipts to the accounting system, there is no assurance that monies received were actually deposited or if deposits were made on a timely basis. During peak revenue months, deposits were made into the main checking account on an average of once per week and deposits into the snack bar account were made on average of 2.5 times per month. The average deposits into the main checking account and snack bar account were approximately \$840 and \$562, respectively.

To reduce the risk of loss or misuse of district funds, an immediate record of receipts should be made when monies are received and deposits should be made intact daily or upon accumulation of \$100. In addition, to ensure receipts are accounted for properly, the composition of receipts should be reconciled to the composition of deposits.

- D. Security deposits received for renting the district's facilities are not deposited and a record of receipt and disbursement of these monies is not maintained. In addition, there is no evidence that the board has approved the current rental fee schedule and agreement. A \$200 deposit is required when renting the district's facilities. When received, the check is attached to the rental agreement and filed.

If there is no damage to the facilities as a result of the event, the security deposit will be returned to the individual or shredded, based on the agreement between the rental coordinator and the renter. To ensure receipts are accounted for properly, security deposits should be deposited into the district's bank account and a record should be maintained to track the receipt and disbursement of each security deposit. In addition, to ensure fee schedules are fair and correct, they should be reviewed and approved by the board.

- E. An immediate record of disbursements is not created, causing the numerical sequence of checks to be more difficult to account for properly. According to the board treasurer, checks are not entered into the accounting system until both required signatures have been included on the checks. As a result, check numbers do not appear in sequential order in the accounting records. For example, check number 11065 was posted on June 9, 2005, while check number 11053 was not posted until June 14, 2005. Numerous other instances were also noted in the accounting records.

To ensure all disbursements are accounted for properly and to identify errors in a timely manner, all disbursements should be recorded in the accounting records as they occur. Without accurate financial information, the Board of Directors cannot make informed decisions about the district's operations.

- F. The district has not solicited bids for its banking services nor entered into a written agreement with its depository bank. During 2005, the district held a checking account and a money market account with one local bank and another money market account with a separate bank. In May 2006, the district moved all accounts to one local bank. Although the Board President indicated the district obtained interest rate information from a number of local banks before determining its depository bank, no documentation was retained and official bids were not received. In addition, the district did not enter into a written agreement with its depository bank. To ensure the quality of banking services and ensure interest earnings received are maximized, the district should procure its banking services through a competitive bid process. In addition, the district should enter into a written agreement with its depository bank.

Bank service agreement provisions should include, but not be limited to, any bank fees for check printing, checking account services, and interest rates for invested funds. In addition, all such agreements should require that deposits in excess of Federal Depository Insurance Corporation (FDIC) limits be secured by bank assets pledged to the city. As of December 2005, the district had approximately \$124,536 in accounts held by its depository bank with no assurance that these funds were secured.

WE RECOMMEND the Board of Directors:

- A. Establish procedures to ensure all documentation of district business is complete, accurate, and maintained for district record.
- B. Establish a standard accounting method to track all district transactions.
- C. Establish procedures to record all receipts immediately upon receipt and to ensure their timely deposit. In addition, the Board should ensure the composition of receipt records is reconciled to the composition of deposits.
- D. Establish procedures for depositing, recording, and tracking security deposits received for renting the district's facilities. In addition, the rental fee schedule and agreement should be approved by the board and documentation of this approval should be retained.
- E. Establish procedures to ensure all disbursements are posted promptly to the accounting system as they occur.
- F. Seek competitive bids for banking services on a periodic basis. In addition, the Board should enter into a written agreement with the depository bank.

AUDITEE'S RESPONSE

- A. *The Board of Directors agrees with the State Auditor that we will finalize procedures by June 2007 to ensure all documentation of district business is complete, accurate and maintained for district record. Currently these activities are under implementation.*
- B. *The Board of Directors agrees with the State Auditor that we will establish a standard accounting method to track all district transactions. We are considering the cash basis method and will implement the new method by December 2006.*
- C. *The Board of Directors agrees with the State Auditor that we will establish procedures to record all receipts immediately upon receipt and ensure all receipts are deposited in a timely manner. In addition, the Board will ensure the composition of receipt records is reconciled to the composition of deposits. Since May 2006, all mail receipts and bills have been recorded. We are in the process of ensuring that all receipt records are reconciled to deposit records in a timely manner. Effective immediately, deposits will be made no less than once per week or when monies total \$300 or more.*
- D. *The Board of Directors agrees with the State Auditor that we will establish procedures for depositing, recording and tracking security deposits received for renting the district's facilities by December 2006. In addition, the Board will approve the 2007 rental fee schedule and agreement by November 2006.*

- E. *The Board of Directors agrees with the State Auditor that we will establish procedures by November 2006 to ensure all disbursements are posted promptly to the accounting system as they occur.*
- F. *The Board of Directors disagrees with the State Auditor that we should seek competitive bids for banking services on a periodic basis. In addition, the Board disagrees that we should enter into a written agreement with the depository bank. We recognize that we have less than \$135,000 total revenue, and we will make a decision on banking services based on interest rates, services and fees. We will investigate and make this a part of our financial procedures on a routine basis.*

5. Budgets

The district's budgets did not include all necessary information required by law and were not retained as an official record of the district. In addition, budget to actual amounts for some disbursements were not tracked and reported to the board on a monthly basis. Also, capital improvements were not tracked in a separate fund in relation to the district's loan proceeds.

- A. The district's budgets for 2005 and 2006 did not include the beginning and projected ending fund balances. By not including the fund balance, there is no assurance the budget was balanced. The 2005 budget actually showed disbursements exceeding receipts but had no balances to show compliance with state law. In addition, the budgets lacked some required information, including: budget message, summary, and comparative data for receipts and disbursements from preceding years. Also, a formal annual budget was not maintained in the district's files for permanent record.

Section 67.010, RSMo, indicates each political subdivision must prepare an annual budget that includes at least the following information: a budget message, estimated revenues and appropriated expenditures with comparative data from the two preceding years, amount required for payment of interest, amortization, and redemption charges of debt, and general budget summary. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area.

- B. All categories included in the 2005 approved budget were not included on the monthly budget to actual reports submitted to the members of the Board of Directors. On the approved budget, \$14,000 was budgeted for payment to the Robinwood West Board of Trustees and \$6,000 was budgeted for work to the entrance island; however, the related disbursements and budgeted amounts were not tracked on the budget to actual reports provided to the board each month.

The board cannot adequately monitor the financial position of the district without periodic reviews of complete budget to actual reports. A complete budget to

actual report would help ensure budgets were not overspent and funds were available for disbursement.

- C. Capital improvement funds were not tracked separately from the general operations of the district. The board obtained large bank loans beginning in 2001 that were used for capital improvements to the district's common grounds, pool, and clubhouse. Without tracking such receipts and disbursements in a separate fund, it is difficult to determine whether the funds were spent appropriately and if the funds were overspent. Since 2000, disbursements have been made in relation to the capital improvements as follows:

Bank loan proceeds	\$447,700
Disbursements	
Pool Renovation	237,012
Building Renovation	136,201
Parking Lot.....	46,502
Playground	49,900
Swim Club Debt *	<u>15,956</u>
Total disbursements	<u>485,571</u>
Disbursements over Loan Proceeds	<u>(\$37,871)</u>

*This was debt carried over from the Swim Club operations and paid off with bank loan proceeds.

The excess disbursements were paid from general operating monies. Tracking capital improvements in a separate fund would have been a valuable management tool for the district in monitoring capital improvement monies.

WE RECOMMEND the Board of Directors:

- A. Ensure district budgets include all elements required by law. This should include the beginning and ending cash balance. In addition, the Board should ensure that a copy of each annual budget is kept with the official district records.
- B. Ensure budget to actual reports include all approved budgeted line items.
- C. Establish procedures for tracking and recording loan proceeds and the related capital improvements separately from the general operations of the district.

AUDITEE'S RESPONSE

- A. *The Board of Directors agrees with the State Auditor that we will ensure district budgets include all elements required by law. This will include the beginning and ending cash balance. In addition, the Board will ensure that a copy of each annual budget is kept with the official district records. Currently this is under implementation.*

- B. *The Board of Directors agrees with the State Auditor that we will ensure the budget-to-actual reports include all approved budgeted line items. This recommendation has been implemented.*
- C. *The Board of Directors agrees with the State Auditor that we will establish procedures for tracking and recording loan proceeds and the related capital improvements separately from the general operations of the district. This recommendation has been implemented.*

6. Financial Reporting

The district did not submit accurate year end financial statements to the required state offices in a timely manner and year end financial statements have not been submitted to the county. In addition, the district board members were still reimbursed for expenses during the time such reports were delinquent to the state offices.

The district did not submit its 2004 annual financial reports to the State Auditor's Office (SAO) or to the Department of Economic Development (DED) in a timely manner. The 2004 financial statements were not received by the SAO until March 2006 and DED received its reports in April 2006. The year ended 2005 financial reports were submitted to these offices at the same time. The financial reports submitted to the DED understated both receipts and disbursements for both 2004 and 2005. In addition, the district has not submitted financial reports to St. Louis County in at least the past two years.

Section 105.145, RSMo, requires all political subdivisions with receipts of over \$10,000 to submit an annual report to the State Auditor. During the year, no member of the governing body of a political subdivision shall receive any compensation or payment of expenses during the time the financial statement has become delinquent until the delinquent report is received by the SAO. Board members were reimbursed for expenses totaling \$2,762 during the time period the 2004 report was delinquent.

In addition, Section 67.1471(4), RSMo, indicates that within one hundred twenty days after the end of each fiscal year, the district shall submit a report to the county and the Missouri Department of Economic Development (DED) stating the services provided, revenues collected, and expenditures made by the district during such fiscal year, and copies of written resolutions approved by the board during the year.

WE RECOMMEND the Board of Directors submit required financial reports to the state and local agencies in an accurate and timely manner. In addition, the Board should establish clear policies regarding the reimbursement of expenses to board members when applicable state reports have not been filed.

AUDITEE'S RESPONSE

The Board of Directors agrees with the State Auditor that we will submit required financial reports to the state and local agencies in an accurate and timely manner. This was implemented in 2006. In addition, the Board will establish a clear policy regarding the reimbursement of expenses to board members when applicable state reports have not been filed.

7. Disbursements

The district does not have a detailed purchasing policy that covers general purchasing procedures and approvals or credit card usage. Adequate documentation is not always received for reimbursed expenses, directors are reimbursed without board approval, and related party transactions have occurred. In addition, bid documentation is not always solicited or retained, and reasons for selecting higher bidders are not documented. Finally, contracts are not always obtained for services provided and issued checks did not always include two signatures as required by district bylaws.

A. While the district has some purchasing and approval policies in place, it is not always clear what disbursements need to be approved by the board and when. In addition, the board does not have procedures in place to ensure approvals are being made as required by district policy.

1. The district's bylaws indicate capital expenditures greater than \$500 must be approved by the board; however, it is unclear when general operating purchases need to be approved. Some board members believe that the same policy applies to general disbursements while others believe that the amount is higher. We noted various general operating disbursements exceeding \$500 with no documentation of being approved by the board:
 - 2005 liability insurance, with a total cost of \$12,892.
 - Food purchased for a district social event, totaling \$825.
 - Lounge chairs purchased for the district's pool, totaling \$1,150.
 - A single purchase for supplies and a new printer, totaling \$832.
2. During 2005, directors were reimbursed approximately \$4,314 for expenses incurred, without prior approval of the board. District bylaws indicate that while board members are entitled to reimbursement for reasonable expenses incurred during the performance of their duties, such payment is to be made upon the approval of the board.
3. The wife and son of a board member performed general maintenance work around the community center and cleaned the district's snack bar.

Disbursements to these family members totaled approximately \$438. District bylaws indicate that employee or contract awardees shall not be an immediate family member of a director. In addition, no director of the district is to participate in any transaction in which he has a material interest, direct or indirect.

4. In January 2005, a board member sought the legal advice of his personal attorney regarding district business without board approval and this service was billed to and paid by the district in the amount of \$50. This attorney was not the attorney on contract with the board.

A purchasing policy which defines levels of purchase authorization or approval requirements for various purchases and disbursements decreases the possibility of inappropriate or unauthorized purchases occurring. In addition, procedures must be developed to ensure such policies are being followed.

- B. The district does not have a formal policy on credit card usage. The district has multiple credit cards from two vendors used by various board members and committee members for purchases of office and other supplies. Total disbursements to these credit card companies during the year ended December 31, 2005, totaled \$4,940. A complete and detailed written credit card policy is necessary to provide guidance to users and to help ensure district credit cards are used for district business only.
- C. Adequate documentation is not always received for reimbursed expenses. Various reimbursement requests were only supported by handwritten receipts or credit card receipts that did not include the itemized details of the purchase. Without detailed supporting documentation including the purpose of the charge, it cannot be determined if the disbursements were reasonable and necessary uses of public funds.
- D. Bid documentation was not always solicited or retained, and reasons for selecting higher bidders were not always documented.
 - The district has used the same insurance company for a number of years without soliciting bids. The total amount paid for 2005 insurance was \$12,892.
 - The district solicited and obtained bids for the 2005 mowing services for the district's common grounds. While meeting minutes indicated that sealed bids were received, bid documentation was not retained for district record. As a result, it is not possible to determine if the lowest and best bid was selected. In addition, the district had to obtain a copy of the contract from the vendor, since a copy was not retained for district record. The total amount paid for mowing services during 2005 was \$9,660.

The district's bidding procedures outlined in the bylaws indicate that capital expenditures exceeding \$2,000 must use a bid contract procedure; however, bid procedures were not approved until February 2006. The board approved a "temporary" bid procedure that documents the process the board must use in soliciting and approving bids. This policy provides a framework for the economical management of district resources and helps ensure the district receives fair value by contracting with the lowest and best bidders. Competitive bidding helps ensure all parties are given an opportunity to participate in the district's business. All documentation of such procedures should be retained for district record.

E. The district did not always enter into contracts for services received or retain signed contracts for district records.

- The district hired an independent contractor for short-term accounting services during 2005. The total paid for these services was \$2,000.
- The district hired two individuals as independent contractors (see part F) to perform work for the district; however, the district did not enter into contracts for these services. One individual has been performing janitorial work for the district since 1999 and the other individual has been coordinating facility rentals since 2005.
- The district entered into verbal agreements with two local utility companies regarding mowing services for a portion of the district's common grounds. The district does not have written contracts outlining these agreements.

Section 432.010, RSMo, requires contracts of political subdivisions to be in writing. A written contract, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties.

F. The district hired an individual to perform janitorial services for the district and another individual to coordinate the rental of the district's facilities. These individuals were considered independent contractors by the district and were issued a Form 1099 rather than having taxes withheld and reported on W-2 forms. The district did not enter into written contracts with these individuals (see part E); however, monthly invoices are received by the district. During 2005, the district paid a total of \$7,352 to these individuals.

The IRS Code contains specific instructions regarding the treatment of an employee versus an independent contractor. It is not clear whether these individuals are providing services as district employees or independent contractors. The failure to correctly identify and handle such arrangements may

result in noncompliance with the Fair Labor Standards Act (FLSA) and not properly withholding and paying various taxes.

- G. Checks were issued without the required two signatures. Six instances were noted during 2005 where only the treasurer's signature was included on an issued check. The district's bylaws indicate that all financial transactions must be countersigned by two officers.

To ensure that district checks are proper, the district should ensure two signatures are included on all issued checks, as required by district bylaws.

WE RECOMMEND the Board of Directors:

- A. Establish a detailed purchasing policy that includes general operating purchases of the district. The purchasing policy should document authorization required prior to purchases being made. In addition, the Board should establish procedures to ensure all district purchasing and approval policies are being followed.
- B. Adopt formal policies and procedures for credit card usage.
- C. Require adequate supporting documentation for all disbursements. This includes any reimbursement requests.
- D. Ensure that competitive bids are solicited, obtained, and retained for district record. If the lowest and best bid is not selected by the board, reasons for this decisions should be documented and retained for district record.
- E. Enter into written agreements for all services.
- F. Review the janitor and rental coordinator positions and determine whether they should be treated as employees or independent contractors.
- G. Establish procedures to ensure all issued checks include the required two signatures.

AUDITEE'S RESPONSE

- A. *The Board of Directors agrees with the State Auditor that we will establish a detailed purchasing policy that includes general operating purchases of the district. The purchasing policy will document authorization required prior to purchases being made. In addition, we will establish procedures to ensure all district purchasing and approval policies are being followed. We will establish this new policy in 2007.*
- B. *The Board of Directors agrees with the State Auditor that we will adopt by 2007 formal policies and procedures for credit card usage.*

- C. *The Board of Directors agrees with the State Auditor that we will require adequate supporting documentation for all disbursements. This includes any reimbursement requests. This recommendation has been implemented.*
- D. *The Board of Directors agrees with the State Auditor that we will ensure that competitive bids are solicited, obtained and retained for district record. If the lowest and best bid is not selected by the Board, reasons for these decisions will be documented and retained for district record. The Board believes that competitive bids have been solicited and obtained, but there may have been a lack of documentation.*
- E. *The Board of Directors agrees with the State Auditor that we will enter into written agreements for all services by December 2006.*
- F. *The Board of Directors agrees with the State Auditor that we will review within 6 months the janitor and rental coordinator positions and determine whether they should be treated as employees or independent contractors.*
- G. *The Board of Directors agrees with the State Auditor regarding requiring two signatures on all issued checks. This procedure is already in place.*

8.	Creation of the RWCID
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The district did not enter into a written agreement with or formally accept all entities that were dissolved and combined to create the Robinwood West Community Improvement District (RWCID).

Prior to the creation of the RWCID, three separate entities existed: the Robinwood West Improvement Association (RWIA), the Robinwood West Swim Club (RWSC), and the Robinwood West Board of Trustees (trustees). In 1993, the RWIA entered into an agreement with the trustees to take over their responsibility of maintaining a portion of the common grounds and all funds were then transferred to the RWIA. In 1999, this agreement was dissolved when the RWCID was created and the assets and liabilities of all three entities were transferred to the district. The RWIA and the trustees transferred any available cash balances to the district. In addition, the RWSC transferred all property, equipment, supplies, and outstanding liabilities to the district. While the board passed a resolution accepting both the assets and liabilities of the RWSC, no contracts, agreements or resolutions were found accepting the funds of either the RWIA or the trustees. During 2005, the trustees reassumed their duties of maintaining their portion of the common grounds; however, no agreement has been formed outlining the agreed upon responsibilities of both the trustees and the district in maintaining the common grounds. Written agreements are important because they provide the framework necessary to detail out any services or agreements made between the two parties.

WE RECOMMEND the Board of Directors ensure future written agreements are entered into for all approved business with outside organizations.

AUDITEE'S RESPONSE

The Board of Directors agrees with the State Auditor that we will ensure written agreements are entered into for all approved future business arrangements with outside organizations such as the Robinwood West Trustees.

9. Snack Bar Operations

There was no independent oversight of the district's snack bar operations during 2005. In addition, necessary daily cash records were not always maintained for the district's snack bar operations, guest fees were not tracked, and periodic inventory counts were not performed. The district runs a snack bar during each summer pool season. In 2005, the district hired six individuals to work the snack bar and in 2006, snack bar operations were turned over to the district's pool management company to operate. During 2005, the snack bar receipts totaled approximately \$5,900; however, the snack bar appeared to have operated at a loss (See MAR No. 1).

Including an independent oversight of the snack bar operations will help ensure that all monies received are being accounted for and deposited. In addition, to adequately account for snack bar merchandise, a detailed inventory ledger should be maintained. Periodic physical inventory counts should be performed and reconciled to inventory records and sales receipts. Loss, misuse, or theft of snack bar inventory and receipts may go undetected without adequate procedures in place.

WE RECOMMEND the Board of Directors establish procedures to ensure adequate oversight of the snack bar operations. In addition, the Board should ensure that necessary cash records are maintained, guest fees are recorded, and an inventory count is periodically performed.

AUDITEE'S RESPONSE

The Board of Directors agrees with the State Auditor regarding establishing procedures to ensure adequate oversight of the snack bar operations. In addition, the Board will ensure that necessary cash records are maintained, guest fees are recorded, and an inventory count is periodically performed. These procedures were in place for Summer 2006. Our written procedures will be finalized by April 2007.

10. Fixed Assets

The district has not adequately prepared and maintained permanent, detailed property records for fixed assets. The district does not have any formal policies and procedures for tracking general fixed assets. While the district completed a general fixed asset listing in April 2006, the listing did not contain pertinent information. As a result, it is

difficult to determine if all additions to fixed assets during 2005 have been included in the listing. In addition, the district has not performed physical inventories and does not tag or otherwise identify the fixed assets as property of the district.

Property records for general fixed assets are necessary to ensure accountability for all items purchased and owned and for determining the proper amount of insurance coverage. General fixed asset records should include, at a minimum, serial number, description (i.e. make and model), identification number, cost, acquisition date, and location of the asset. A listing of all disposals and additions should also be maintained for recording purposes. The district should properly record all fixed asset transactions, and ensure the accuracy of the recorded fixed assets. Periodically, the district should take physical counts of its assets and compare to the detailed records.

WE RECOMMEND the Board of Directors establish written policies and procedures related to the handling and accounting for general fixed assets. General fixed asset records should include all pertinent information for each asset, including a description, serial number (if applicable), cost, acquisition date, and location. Additionally, the district should properly tag, number, or otherwise identify all district property and conduct periodic physical inventories.

AUDITEE'S REPOSE

The Board of Directors agrees with the State Auditor that we will finalize by March 2007 written policies and procedures related to the handling and accounting for general fixed assets. General fixed asset records will include all pertinent information for each asset including a description, serial number (if applicable), cost, acquisition date and location. Additionally, the district will properly tag, number or otherwise identify all district property and conduct periodic physical inventories. Currently these activities are under implementation.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

ROBINWOOD WEST COMMUNITY IMPROVEMENT DISTRICT HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Robinwood West Community Improvement District is located in St. Louis County. The purpose of the district is to promote, improve and enhance shared community facilities including a pool, clubhouse, and other common areas. The district was established under the Community Improvement District Act, Sections 67.1401 through 67.1571, RSMo. In May 1999, a majority of both the individual property owners and the real property owners by assessed value submitted a petition to St. Louis County to be established as a Community Improvement District. St. Louis County Ordinance No. 19,500, adopted June 10, 1999, formally established the district. Once approved by St. Louis County, the district took over the assets and liabilities of the Robinwood West Improvement Association, the Robinwood West Swim Club, and the Robinwood West Board of Trustees, which included the following large assets: a swimming pool, clubhouse, and parking lot. The district had 794 registered voters in the 2004 election.

The district government consists of a president and four board members. As of November 2005, all members are elected to a 3-year term. The board members during the year ended December 31, 2005, are identified below. The board members are not compensated for their positions.

Board of Directors *	Dates of Service During the Year Ended December 31, 2005
Barbara Ellis (1)	December 2005
Gerry Amies (2)	January – December 2005
Tom Bradley, Vice President	January – December 2005
Bob Catlett, Treasurer	January – December 2005
Tom Coerver (3)	October – December 2005
Jane (Oliver) Pharis (4)	January – July 2005
Joe Collins (5)	January – November 2005

- (1) Barbara Ellis was elected to the board in November and became board president in December 2005.
- (2) Gerry Amies's term ended as board president in December 2005 but he remained on the board as a director.
- (3) Tom Coerver was appointed to the board in October 2005 to fill the vacancy and also became board secretary.
- (4) Jane (Oliver) Pharis was board secretary until she resigned from her position in July 2005.
- (5) Joe Collins was a board member until his term expired in December 2005.

*During May 2006, Tom Bradley, Tom Coerver, and Gerry Amies submitted their resignations to the board. As of September 2006, the board appointed Jane (Oliver) Pharis, John Sparks, and Rhonda Dudenhoffer to the board of directors.

In addition to the officials identified above, the district employed six part-time employees during the 2005 summer pool season.

The assessed valuation and tax rate for 2005 was as follows:

ASSESSED VALUATION		2005
Real estate	\$	<u>13,974,620</u>
TAX RATE PER \$100 ASSESSED VALUATION		
		<u>2005</u>
General	\$	<u>0.7500</u>

A summary of the district's financial activity since its first full year of operation is presented on the following page.

	For Year Ended December 31,					
	2005	2004	2003	2002	2001	2,000
RECEIPTS						
Real estate taxes	\$ 109,864	121,182	95,038	79,920	79,650	68,581
Bank loan	0	0	89,088	98,168	260,445	0
Non-resident membership fees	16,000	17,525	16,325	14,900	10,005	6,975
Facility rentals	5,182	5,929	6,321	4,165	5,885	4,645
Snack bar sales	5,936	6,995	7,229	7,592	6,486	6,024
Pool guest fees	0	906	803	326	504	806
Advertising	1,477	1,322	2,262	1,352	395	898
Interest	539	694	628	1,238	1,243	2,334
Other	0	100	855	8,663	4,000	760
Total Receipts	<u>138,998</u>	<u>154,653</u>	<u>218,549</u>	<u>216,324</u>	<u>368,613</u>	<u>91,023</u>
DISBURSEMENTS						
Building Operations						
Utilities	7,326	7,648	7,889	5,978	6,496	5,366
Janitorial	2,896	2,539	1,365	1,425	1,540	1,522
Building maintenance	3,827	890	1,346	392	308	872
Building equipment	511	1,315	170	224	64	218
Building supplies	191	111	136	370	47	357
Total Building Operations	<u>14,751</u>	<u>12,503</u>	<u>10,906</u>	<u>8,389</u>	<u>8,455</u>	<u>8,335</u>
District Operations						
Printing and postage	2,566	2,771	2,868	2,763	3,011	3,784
Office supplies	2,357	345	494	264	244	308
Bank loan payment	32,269	32,269	31,254	30,473	8,332	0
Swim Club loan payment	0	0	0	0	15,956	1,500
Insurance	12,892	12,253	11,251	10,657	6,866	6,730
Special events	1,838	1,268	1,486	1,745	1,409	1,239
Payroll	7,011	7,109	6,944	6,524	6,018	5,408
Services	2,127	4,038	2,065	805	453	660
Office equipment	0	859	0	0	0	0
Payment to trustees	9,906	0	0	0	0	0
Editor compensation	0	0	0	219	0	0
Other	1,984	505	0	0	0	0
Total District Operations	<u>72,950</u>	<u>61,417</u>	<u>56,362</u>	<u>53,450</u>	<u>42,289</u>	<u>19,629</u>
Parks and Islands						
Mowing	9,660	11,250	6,300	7,800	7,475	7,975
Landscaping	824	1,227	39	236	136	0
Subdivision lights	0	0	397	395	395	393
Other	0	108	400	0	25	1,076
Total Parks and Islands	<u>10,484</u>	<u>12,585</u>	<u>7,136</u>	<u>8,431</u>	<u>8,031</u>	<u>9,444</u>
Pool Operations						
Pool management	26,281	28,619	27,535	25,983	26,854	23,193
Pool maintenance	1,646	3,788	829	751	363	4,606
Snack bar goods	3,176	4,474	4,404	5,121	4,893	3,699
Pool equipment	1,432	385	1,913	2,873	1,444	5,450
Pool supplies	253	181	249	1,070	77	0
Total Pool Operations	<u>32,788</u>	<u>37,447</u>	<u>34,930</u>	<u>35,798</u>	<u>33,631</u>	<u>36,948</u>
Capital Improvements						
Engineering services	0	0	0	0	0	27,287
Pool renovation	0	0	0	0	236,886	0
Building renovation	0	0	20,702	74,391	14,219	0
Monuments/playground/parking	0	5,650	110,328	0	0	0
Total Capital Improvements	<u>0</u>	<u>5,650</u>	<u>131,030</u>	<u>74,391</u>	<u>251,105</u>	<u>27,287</u>
Total Disbursements	<u>130,973</u>	<u>129,602</u>	<u>240,364</u>	<u>180,459</u>	<u>343,511</u>	<u>101,643</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	8,025	25,051	(21,815)	35,865	25,102	-10,620
CASH BALANCE, JANUARY 1	<u>70,058</u>	<u>45,007</u>	<u>66,822</u>	<u>30,957</u>	<u>5,855</u>	<u>16,475</u>
CASH BALANCE, DECEMBER 31	\$ <u>78,083</u>	<u>70,058</u>	<u>45,007</u>	<u>66,822</u>	<u>30,957</u>	<u>5,855</u>



Claire McCaskill

Missouri State Auditor

October 2006

MENTAL HEALTH

Joplin Regional Center



Office Of
Missouri State Auditor
Claire McCaskill

October 2006

The following findings were included in our audit report on the Department of Mental Health, Joplin Regional Center.

-
The Joplin Regional Center (JRC) has not taken adequate steps to ensure clients receive the best care possible. Unsatisfactory living conditions were observed during a April 4, 2006, visit to two individualized support living (ISL) homes. We found it quite disturbing that service coordinators' case notes from visits to the homes on March 16, 2006, contained no mention of these concerns. The Auditor's Office notified the JRC of our concerns in a letter dated April 7, 2006. The JRC subsequently took steps to move the three clients from the homes. We also noted that in February 2004, a service coordinator identified poor living conditions in a client's natural home and requested immediate funding for home repairs. The JRC received funding to repair the home in April 2004; however, the work was not completed until October 2004.

Our visits to three placement facilities noted numerous problems related to the facilities' management of client funds including: balances exceeding maximum limits, inadequate documentation to support some disbursements, client ledgers not reconciled to checking account balances, untimely deposits, inadequate tracking of client activity, and accounts with negative balances.

The JRC spent over \$19 million in fiscal year 2005 to care for its clients. The regional center could better manage costs by monitoring service providers' actual and past costs of operation and by reviewing rates for consistency. Regional center personnel do not periodically review documentation to support the amounts billed by approximately 72 service providers or vendors for client services, and contracts with various day habilitation service providers were unclear. We noted providers used vague descriptions for service provided and were unable to provide adequate documentation to support some amounts billed. Additionally, the JRC has not established adequate procedures to ensure client budgets prepared by service coordinators are accurate.

The JRC provided funding in excess of the maximum allowed by the community support waiver and did not obtain approval from the Division of Mental Retardation and Developmental Disabilities (MRDD) Director for the additional funding. For example, day habilitation services costing \$29,617 were provided to one client between February 2005 and December 2005, and approval for the additional funding was not obtained. These services are limited to \$20,000 based on Department of Mental Health (DMH) guidelines. We also noted two other instances where excess funding was provided and approval was not obtained.

YELLOW SHEET

The regional center does not adequately control, review, monitor, and procure day habilitation services provided exclusively by one provider to regional center clients with autism. This provider was paid over \$1 million during the two years ended June 30, 2005, for services provided to the Southwest Project, which includes the Joplin and Springfield regional centers. On a statewide basis, the DMH paid this vendor over \$4.3 million during the two years ended June 30, 2005. This provider is given complete autonomy to determine which regional center clients receive services and the type and amount of services provided. The quality management team does not perform any type of quality assurance review of this provider, and the regional center does not review services provided. Neither the regional center nor DMH personnel monitor the number of hours provided statewide or in each region or the costs of those services. Further, an annual services report prepared by the provider indicated 45 percent of services were provided to clients over the telephone. When questioned by our office, the provider lowered this to 23 percent. The JRC has had a contract with this same provider since 1994.

The JRC has not taken adequate steps to ensure Medicaid reimbursements from Targeted Case Management (TCM) services are maximized. The DMH has established a standard that provides that service coordinators are to log 106 direct service hours to the TCM system monthly, or 1,272 hours each year. However, we found 14 service coordinators in 2005 and 19 service coordinators in 2004 did not meet the 106 direct hour standard when we compared the total direct hours logged by service coordinators, and this resulted in the JRC losing an estimated \$200,000 in potential reimbursements. Additionally, TCM billings are not adequately reviewed to ensure Medicaid billings include the correct number of units and are supported by adequate documentation in the case notes.

The JRC expended more than \$107,600 from its specific appropriations for operating costs of the Bellefontaine Habilitation Center. In addition, the regional center purchased postage and requested Choices for Families funding in advance of the need to use state appropriations that would have otherwise lapsed at year-end. Further, the JRC contracted with two former DMH employees to provide services without any consideration of other individuals or firms, and payments made to these individuals were not supported by adequate documentation.

The audit also includes comments related to background check procedures, Senate Bill 40 boards, management of donations, non-appropriated funds system procedures, Choices for Families, payroll policies and procedures, and the employee relations committee. The center should consider and take appropriate corrective action to implement the recommendations in these and all other areas discussed in the report.

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DEPARTMENT OF MENTAL HEALTH
JOPLIN REGIONAL CENTER

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DEPARTMENT OF MENTAL HEALTH
JOPLIN REGIONAL CENTER

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Mental Health Commission
and
Ron Dittmore, Ed.D., Interim Director
Department of Mental Health
and
Bernard A. Simons, Director
Division of Mental Retardation and Developmental Disabilities
and
Sandra Wise, Interim Southwest District Administrator for Community Services
Division of Mental Retardation and Developmental Disabilities
and
Wendy Jackson, Interim Regional Center Director
Joplin Regional Center
Joplin, MO 64802

We have audited the Department of Mental Health, Joplin Regional Center. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2005 and 2004. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions, regulations, and department policies.
3. Evaluate the efficiency and effectiveness of certain management practices and operations.
4. Review certain revenues and expenditures of the Joplin Regional Center.

Our methodology to accomplish these objectives included reviewing the facility's revenues, expenditures, contracts, meeting minutes, written policies and procedures, and other pertinent documents; interviewing various personnel of the facility and various other state and provider personnel; and testing selected transactions.

STATE AUDITOR'S REPORT

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract and other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the facility's management and was not subjected to the procedures applied in the audit of the facility.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Mental Health, Joplin Regional Center.



Claire McCaskill
State Auditor

May 25, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Pamela Allison Tillery, CPA
In-Charge Auditor:	April McHaffie Lathrom, CPA
Audit Staff:	Roberta Bledsoe
	Melissa DeJarnette

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF MENTAL HEALTH
JOPLIN REGIONAL CENTER
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Improving Client Care

The Joplin Regional Center (JRC) has not taken adequate steps to ensure clients receive the best care possible. Unsatisfactory living conditions were observed during a visit to two individualized supported living (ISL) homes and one group home. In addition, we identified concerns related to unsatisfactory living conditions for a client living in her natural home.

The JRC contracts with approximately 22 placement facilities which house and provide services to clients. Regional center service coordinators are required to meet monthly with clients in these placement facilities. Also, regional center service coordinators are required to meet quarterly with clients receiving habilitative services who reside in their natural homes. The main focus of these service monitoring meetings is to review the client's personal habilitation plan to ensure the provided services are meeting their needs. Documentation of these visits indicate that service coordinators ensure the clients' basic safety needs are met and that the clients' rights are observed by allowing them to make personal choices while living in these homes.

The regional center also has a quality management team consisting of a quality management supervisor, four specialists, and one nurse. The team monitors providers, but also consults with providers and handles conflicts between clients and their providers.

Despite these monitoring procedures, clients still may not be receiving the best care possible. For example, based on a visit on April 4, 2006, to two ISL homes owned by the same provider, we noted unsatisfactory conditions for the three clients living in these homes. The JRC paid this provider approximately \$20,600 per month to house and care for the three clients residing in these homes. Some unsatisfactory conditions observed in one ISL included:

- Uneven floors were noticed throughout the home, which in some cases caused appliances and furniture to lean or tilt in a potentially dangerous manner.
- Under the dining room table, there was a square piece of linoleum flooring placed on top of the original linoleum and secured with duct tape. Also, the linoleum adhesive was coming up around the exterior wall in the dining room and under the kitchen cabinets.
- Two small holes were observed in the hardwood flooring in the bathroom and in a hall area next to the living room. The basement area was visible through both holes.

- Exterior doors and windows were not properly winterized. We noted daylight under the back door and around one window air-conditioning unit located in the dining area.
- Many of the doors in the home did not shut properly. In some cases, a sock or wash cloth was used to wedge the door shut. Also, one closet door did not have a door knob.
- We observed numerous insect/rodent extermination devices in the kitchen and laundry area.
- Clients were using broken furniture, including two broken recliners and a dresser with a drawer missing.
- The sofa in the living area had several holes in it and the stuffing was coming out.
- Several damaged areas to walls were observed, including holes and water damage.
- There was visible mildew in the home's shower.
- Regional center staff discussed potential wiring concerns in the home with us, and we observed an exposed wire next to the back porch light. Also, a ceiling fan light fixture in one bedroom did not appear to be properly installed. Another light fixture in the kitchen did not have the cover attached.

Unsatisfactory conditions observed in the second ISL home included:

- A client was using a broken appliance, which was a stove with a missing drawer.
- Pans under the stove burners were not clean or in all cases free of potentially combustible material.
- The carpeting was badly stained in the living and dining areas of this home.
- Damaged areas to walls were observed, including cracks and visible water damage.

Given these conditions, we found it quite disturbing that a regional center service coordinator had visited both of the abovementioned homes on March 16, 2006, and the coordinator's notes contained no mention of these concerns. In addition, we found that regional center service coordinators had not visited the second home to perform service monitoring as required. For example, required monthly service monitoring was not performed for six different months between January 2005 and February 2006.

We notified the JRC of some of our concerns described above in a letter dated April 7, 2006. The JRC subsequently took steps to move the three clients from the homes discussed above.

Further, during a visit to a group home we observed the following unsatisfactory conditions:

- Some of the food items (that were not in its original packaging) in the freezer were not properly labeled and dated, as required.
- Clients were using broken furniture, including a broken office chair in one client's room.
- Several holes were observed in the walls throughout the home, and one cabinet door was broken.
- Clients were using broken appliances, including a refrigerator with a broken handle, a stove with a missing control knob, and a broken dishwasher.
- Some of the home's bedrooms were cluttered and untidy. We noted one client was sleeping on a mattress located directly on the floor.
- The faucet in the kitchen was not working properly, and some of the kitchen cabinets needed to be cleaned.

In addition, a review of the accounting records for client funds held by both ISL homes and the group home revealed concerns which may impact the security of client personal funds and the eligibility of clients for benefits. These concerns are discussed later in this report.

We also noted that in February 2004, a service coordinator identified poor living conditions in a client's natural home and requested immediate funding for home repairs. The regional center received funding to repair the home in April 2004; however, the work was not completed until October 2004. The funding request stated "I am afraid she is going to fall through the floor when she's in the shower." Given the identified need and available funding, it appears these repairs should have been made in a more timely manner.

The regional center's mission is to connect clients with service providers that can offer quality services for the clients' specific needs. However, the regional center personnel cannot ignore issues that could affect the propriety and quality of the care provided to clients. Therefore, it appears that regional center personnel should take a more pro-active approach to ensure that clients receive the best care possible.

WE RECOMMEND Regional Center management, along with the Department of Mental Health (DMH), conduct a comprehensive review of monitoring activities

performed by service coordinators and the quality management team to determine those areas where improvements are needed to identify and correct unsatisfactory living conditions. In addition, steps need to be taken to ensure required monthly and quarterly service monitoring are performed. Further, the JRC should be pro-active in ensuring that clients receive the best care possible and timely address identified concerns.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following response:

We agree. Regional center case managers visit each consumer at least monthly, or more frequently, if needed, to assure appropriate care is provided. As part of these visits, case managers monitor the condition of the home or facility. In addition, regional center staff from the Quality Management Team (QMT) conducts monitoring visits on a quarterly basis.

In all cases the problems were discussed immediately with the responsible agency staff, the landlord and guardians. Most findings cited in the report were corrected immediately. Case Managers and Quality Management continue to monitor the changes until all the findings have been corrected.

Improving monitoring and quality assurance activities is a continuous process. To enhance the processes already in place, the JRC has prepared additional training for case managers to review the service monitoring guidelines. The JRC quality management team will attend and participate in this training with input from the state quality management team representative to review the Action Plan Tracking System (APTS) process and monitoring.

2. Placement Facilities' Handling of Client Funds

Various problems were noted related to placement facilities' management of client funds. Problems noted included client fund balances exceeding maximum limits, inadequate documentation to support some disbursements, client ledgers not being reconciled to checking account balances, untimely deposits, inadequate tracking of client activity, accounts with negative balances, and inadequate inventory records.

The JRC has entered into contracts with many private care providers to purchase residential care in community-based placement facilities for clients who would otherwise require institutionalization. These placement facilities include group homes, foster homes, and ISL sites. Besides providing care and treatment for the clients, these placement facilities are responsible for maintaining adequate records of the clients' personal funds and complying with established guidelines pertaining to those monies.

The regional center has not established an adequate level of oversight over client funds maintained at placement facilities. During our audit, we visited three placement facilities and reviewed the records related to client fund accounts. A review of those client funds and related records disclosed the following concerns:

- A. Each facility visited had not taken steps to ensure client funds did not exceed the allowed maximum of \$200, with the largest balances noted exceeding \$900. We noted a total of thirteen instances at the three placement facilities where client balances sometimes exceeded the \$200 maximum for extended periods of time, and we saw no reasons documented for the excess. A regional center policy indicates that a client's placement facility account balance cannot exceed \$200. The JRC should more closely monitor clients' ledger balances to ensure compliance with facility policy and to avoid jeopardizing the clients' eligibility for state and federal benefits.
- B. Each facility visited had not maintained supporting documentation for various expenditures made from client funds. We noted several instances where supporting documentation, such as an invoice, was not available for a client expenditure.

Placement facilities should maintain adequate documentation to support the expenditure of all client monies and to ensure compliance with JRC policy which also requires such documentation.

- C. Each facility visited did not require ledger sheets or a receipt to be signed by clients or initialed by two staff members when clients were given their personal cash allowance. Not only does this violate regional center policy, this practice also increases the risk of misuse of client funds.
- D. Two of the facilities visited did not deposit client funds received in a timely manner. We noted several instances where client checks received by the provider were not deposited until nearly one month after receipt. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
- E. Two of the facilities visited did not maintain spending ledgers to track all client spending activity. For example, one facility did not maintain spending ledgers to account for cash spent by one client. We noted cash totaling \$60 in February 2006 was taken from the client's bank account and the amounts were not recorded on cash ledger sheets or accounted for in any other way. Another facility, could not locate the spending ledgers for September through November of 2005. Regional center policy requires facilities to maintain spending ledgers to account for client spending activity.
- F. Two of the facilities were holding a total of \$701 for five clients that no longer resided at those facilities. Subsequently to our visit, one facility turned the monies over to the regional center. The JRC should monitor client fund balances held by placement facilities, request departed clients' funds be returned to the regional center, and take appropriate action to distribute these funds.

- G. One of the facilities visited had negative client fund balances at various times during 2005. Overspending occurred because client balances were not adequately monitored to ensure sufficient balances existed before expenditures were made.
- H. Each facility visited had not maintained adequate client inventory records to account for assets owned by the client. A regional center policy requires this inventory record to be maintained on a current basis. The JRC should more closely monitor inventory records to ensure compliance with regional center policy and to provide better controls over client assets.
- I. Two of the facilities visited did not obtain prior approval by JRC for client purchases exceeding \$100, as required by regional center policy. For example, one facility purchased wheel chair controls totaling \$878 and did not obtain approval from the regional center. Client purchases exceeding \$100 should be reviewed and approved in advance by the regional center staff to ensure their propriety and necessity.
- J. One facility visited used \$690 of two clients' personal spending monies to pay for operating expenses of the home. The facility indicated these expenditures were made in error. However, we noted four instances where this occurred, and the amounts were not always reimbursed to the client on a timely basis. For example, client monies totaling \$224 were used to purchase food for the home on September 3, 2005, and were not reimbursed until September 21, 2005. The use of client personal spending monies to pay operating costs is a violation of the contract between the JRC and the placement facility.

WE RECOMMEND the Regional Center management:

- A. Monitor client fund account balances to ensure the accounts do not exceed the \$200 limit.
- B. Require placement facilities to maintain adequate documentation, such as original invoices, to support expenditures made from client funds.
- C. Ensure placement facilities require ledger sheets or a receipt to be signed by clients or initialed by two staff members when clients are given their personal allowance in the form of cash.
- D. Ensure placement facilities deposit client receipts in a timely manner.
- E. Require placement facilities to maintain spending ledgers to track all client spending activity.
- F. Monitor client fund balances held by placement facilities to identify any monies that belong to clients who no longer reside at the respective facility. The regional

center should request that any such client funds identified be returned to the regional center for proper distribution.

- G. Ensure placement facilities do not make expenditures from client fund accounts in excess of available balances.
- H. Require placement facilities to maintain adequate client inventory records in accordance with regional center policy.
- I. Ensure the placement facilities obtain prior approval from the regional center for client purchases that exceed \$100.
- J. Ensure client personal spending monies are not used by placement facilities for operating costs.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following responses:

We agree. Current regional center policies and procedures already require each of the recommended practices. Placement facilities are expected to comply with these requirements and regional centers monitor compliance with existing staff.

It is important to note that the division established the policy requiring residential providers to maintain less than \$200 in client accounts in order to keep overall consumer assets under the limits set by state and federal programs in order to maintain Medicaid eligibility and benefits. Residential service providers have been appropriately informed of their obligation to properly monitor these funds. It should be noted no consumer's Medicaid eligibility or benefits were lost in the cases cited in the audit.

The JRC has reviewed and included in the Quality Management Plan the identified deficiencies with the provider agencies for follow up and corrective action. These will be reviewed quarterly until resolved. The QMT accountant currently provides information on the above to all new providers in the new provider training and this can be accessed by established providers as well.

In order to continue to improve compliance with current policies and procedures and to continue to improve regional center monitoring of compliance, the regional center will discuss these requirements in the regular provider organization meetings and in each provider's quality management plan review.

The QMT has also begun reviews of consumer funds in accordance with division directive 5.070 section "Client funds" which went into effect on December 1, 2005, and states that... "In addition to consumer balances being reviewed quarterly by the regional center a 5 percent sample of consumers or 5 consumers (whichever is more) receiving services from each contracted provider that handles consumer funds will be reviewed annually. All consumer funds

will be reviewed if the provider serves less than 5 consumers.” Training has been completed and this review is being conducted by assigned staff at the regional center.

3. Monitoring Services

The JRC spent over \$19 million in fiscal year 2005 to care for its clients. The regional center could better manage these costs by improving monitoring procedures and by reviewing established rates of payment for consistency.

- A. The JRC could better manage costs by monitoring service providers' actual and past costs of operation and by reviewing rates for consistency. Regional center clients receive services, such as residential placement, day habilitation, or personal assistant services, from facilities that are operated and managed by private contractors. These facilities bill the regional center based on established daily rates or hourly units depending on the type of service being provided.

Currently, each provider prepares a budget of costs to provide services for clients, and the regional center then uses the provider's budget to establish the rates it will pay the provider for specific services, such as residential placement. Regional center personnel do not verify the costs reported on the budget or review supporting documentation from the provider to ensure the costs are accurate or represent a necessary cost to operate and provide the service to clients.

The regional center also does not review rates paid to various providers for consistency. We noted daily rates for similar level group homes ranged from \$117 to \$153 per day. Regional center personnel indicated the difference in rates is due to the specific needs of the clients residing in the facility. However, the regional center did not have any formal documentation to justify these differences in rates.

A careful analysis of budget and cost data provided by the contractors when establishing rates is important to ensure payments to the providers are appropriate and reasonable. This would include requiring providers to retain cost records and verifying that the cost data submitted by providers is accurate. In addition, a comprehensive review of the rate structure should be performed to determine if rates are consistent for providing similar services.

- B. Regional center personnel do not periodically review documentation to support the amounts billed by service providers for client services. During the year ended June 30, 2005, the regional center contracted with approximately 72 different service providers. Providers are set up to bill either the state's Medicaid Program or the regional center through the DMH's computer system. The computer system only allows a provider to bill up to a maximum authorized amount that is determined by regional center personnel based on the client's need.

We visited three service providers to review supporting documentation for day habilitation and personal assistance services billed for, or on behalf of, regional center clients. Day habilitation is provided to clients of the regional center to enable those individuals to increase independent functioning, physical health and development, language and communication development, cognitive training, socialization, community integration, domestic and economic management, functional skills development, behavior management, responsibility, and self-direction. We noted the following problems during our review:

- All providers visited used vague descriptions for the service provided. Service descriptions included "staff provided family support," "wash hands," and "germs". Medicaid Waiver standards require the provider to maintain daily activity records that describe the various activities in which the client participated.
- All providers visited were unable to provide adequate documentation to support some amounts billed. Numerous inaccuracies were noted at one location. For example, the provider billed for 8 units of off-site day habilitation on March 15, 2006, when the supporting documentation indicated the client refused to go off-site on this day.
- One provider visited billed for personal assistance care, while documentation indicated that the client was not always present when the service was being provided. For example, we noted numerous instances where the parents of a client would take the client for a car ride and the staff providing personal assistance care would not accompany the client on these car rides. The provider continued to bill for the services even though the client was not present to receive the services. Personal assistance care includes assisting clients of the regional center with daily living activities and may also include general supervision and protective oversight. Personal assistance care can only be provided when the client is present.

When billing information is received by regional center accounting personnel, it is only scanned for obvious errors before it is sent to the DMH for processing. While it does not appear feasible to obtain support from vendors for each amount billed, periodic reviews of documentation could help ensure that amounts billed are only for actual services provided to clients. This type of periodic review could include randomly selecting some individuals from several providers' billings and requesting supporting documentation for the billed services.

- C. The contracts with various day habilitation service providers were unclear as to whether incidental fees should have been paid by the service provider or charged directly to the clients. Clients at some facilities were required to use a portion of their \$30 monthly personal spending allowance for incidental fees related to day habilitation, such as fees for crafts or recreation. The JRC paid service providers

over \$2.7 million to provide day habilitation to regional center clients during the year ended June 30, 2005.

The JRC should ensure all contract terms and clauses are clear and unambiguous. Specific contract terms should be developed to address whether incidental fees can be charged to clients by service providers.

- D. The Division of Mental Retardation and Developmental Disabilities (MRDD) developed a new community support waiver program in July 2003. This waiver program was established for mentally retarded and/or developmentally disabled individuals who are Medicaid eligible and who would otherwise, but for receipt of services through the waiver, require placement in an Intermediate Care Facility for the Mentally Retarded (ICF/MR). These services are limited to \$20,000 annually based on DMH guidelines.

The JRC provided funding in excess of the maximum allowed by the community support waiver and did not obtain approval from the MRDD Director for the additional funding. For example, day habilitation services costing \$29,617 were provided to one client between February 2005 and December 2005, and approval for the additional funding of 9,617 was not obtained. Our testing also noted two other instances where excess funding totaling \$4,981 and \$798 was provided and approval was not obtained.

The JRC also has not established adequate monitoring procedures to ensure budgeted services do not exceed the established limits. We noted six budgets (including two of the three examples noted above) were approved for clients where budgeted services exceed the established maximums and approval for the proposed additional funding was not obtained. Client budgets are prepared annually to summarize the cost of the services necessary to care for the client.

Day habilitation services provided under the waiver are limited to \$17,000 annually for each client participating in the program unless approval from the MRDD Director for the additional funds is obtained. Further, any combination of day habilitation services with respite care, personal assistant care, crisis intervention, community specialist, community skills instruction, counseling, environmental accessibility, specialized medical equipment and supplies, therapies, transportation, and supported employment through the waiver are limited to \$20,000 annually for each client, unless approved by the MRDD Director for the additional funds. The JRC should develop procedures to ensure compliance with program guidelines.

- E. The JRC has not established adequate procedures to ensure all client budgets prepared by service coordinators are accurate. For example, we noted one client budget had omitted personal care assistance totaling more than \$20,500. Client budgets are reviewed by a committee established to ensure resources are properly utilized; however, these inaccuracies were not identified.

An adequate review of budget documents is necessary to ensure budgets accurately reflect the total cost of caring for the client and to assist the regional center in managing its resources.

- F. The JRC has not established adequate procedures to ensure service coordinators are consistently reviewing and retaining monthly reports of client account balances submitted by providers. We found that some service coordinators reviewed the reports while others did not. Also, some service coordinators did not retain the reports submitted by the providers. Providers are required by regional center policy to report client account balances each month. Service coordinators could use these reports to help monitor client activity and ensure provider compliance with regional center policy. Several concerns with provider compliance regarding client accounts were noted earlier in this report.

The monthly reports of client account balances should be reviewed and retained by regional center service coordinators to ensure client receipts and expenditures are proper, and to ensure benefits are not jeopardized.

- G. Regional center personnel do not periodically review work assignment contracts for clients participating in the supported employment program. The contract would describe the type of work performed by the client and the amount paid for the work performed. Supported employment services allow clients to participate in a competitive work environment while receiving on-going support services funded by the regional center. We noted one provider contracted with themselves to provide supported employment in the form of cleaning services to one of their group homes. While job opportunities for individuals with disabilities may be limited, the regional center should periodically evaluate the contracts for reasonableness.

- H. The JRC was unable to locate the death review for one client who was involved in a fatal car accident in March 2005. The client was receiving residential services funded by the regional center and lived in an ISL home where the client received 24-hour a day staffing from one of the regional center's contracted providers. Also, the accident involved another regional center client and two staff members that worked for the provider.

Death reviews are performed by the regional center to determine if all necessary measures were taken to provide for the health, safety, and welfare of the client and determine if there are any identifiable risk factors that could affect the health, safety, and welfare of other clients receiving that service. Considering the importance of performing death reviews, these records should be retained to document necessary steps were taken to ensure the health, safety, and welfare of clients.

WE RECOMMEND Regional Center management:

- A. Review budget and cost data provided from the contractors to ensure the contract rates paid to the providers are appropriate and reasonable. This would include requiring providers to retain cost records and verifying, at least on a periodic basis, that the cost data submitted by providers is accurate. In addition, a comprehensive review of the rate structure should be performed to determine if rates are consistent for providing similar services.
- B. Perform periodic reviews of vendor invoices to ensure adequate documentation exists to support amounts billed on behalf of regional center clients. In addition, regional center management should investigate the discrepancies noted and determine if monies should be recouped.
- C. Ensure all contract terms and clauses are clear and unambiguous. Specifically, contract terms should be developed to address who is responsible for incidental fees.
- D. Ensure the assistance allowed for the waiver program does not exceed the established maximums. If assistance exceeds the established maximums, regional center personnel should ensure that the appropriate approvals are received and documented. Further, monitoring procedures should be developed to ensure established maximums are not exceeded without obtaining the appropriate approvals.
- E. Establish procedures to ensure client budget documents are accurate and include the total cost of care.
- F. Ensure monthly reports of client account balances submitted by providers are properly reviewed and retained by service coordinators.
- G. Periodically review work assignment contracts for clients participating in the supported employment program.
- H. Retain all death review records.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following responses:

We agree. Consumer budgets are reviewed by the case managers and accounting department prior to approval of services to help ensure the budget is correct and total cost of care is included. The budget format has been enhanced to further help identify limitations to specific services or programs. The QMT staff reviews all provider budgets for reasonableness for any new provider or new service. The budget is then submitted to central office for review.

JRC approves service rates based on existing cost of comparable services and taking into consideration the specialized supports offered by specific providers. It will be difficult to perform a uniform cost report analysis for every new service rate or rate adjustment or to verify all cost data submitted by providers. In certain situations service rates may be sent to central office for review prior to final determination of a rate.

In addition, the JRC quality management team now conducts a service review in accordance with the Division Directive 5.070, section "service review" effective December 1, 2005. This will be completed for all agencies within a year and annually thereafter. Monthly, case managers review client funds in accordance with Division Directive 3.020.

The JRC reviews work assignment contracts for clients participating in the supported employment program in accordance with 9 CSR 45.3.010 and Division Directive 3.020 to ensure quality services.

4. Contracted Autism Services

The regional center does not adequately control, review, monitor, and procure day habilitation services provided exclusively by one provider to regional center clients with autism.

Numerous differences were noted in how services and billings of this provider are overseen by the regional center and DMH versus other similar providers. This provider is given complete autonomy to determine the type and amount of services to be provided to regional center clients. In addition, the regional center's quality management team does not perform any type of quality assurance reviews of this provider. Other providers bill for each specific service provided while this provider does not bill the regional center specifically for each service provided, but instead is paid a flat amount each month. Regional center personnel indicate this provider is treated differently because their contract is a shared unit agreement and the service being provided is specialized. However, it appears the regional center, along with the DMH, is still responsible for monitoring the services provided, including those from this provider.

This provider was paid over \$1 million during the two years ended June 30, 2005, for services provided to the Southwest Project, which includes the Joplin and Springfield regional centers. On a statewide basis, the DMH paid this vendor over \$4.3 million during the two years ended June 30, 2005. Services from this provider include outreach services, parent training, assessment, issue-specific behavior training, family support, community inclusion, crisis intervention, and music therapy services for clients having a diagnosis within the autism spectrum.

- Regional center personnel direct and control the client services provided by all other providers, while this provider is given complete autonomy to determine which regional center clients receive services and the type and amount of services provided. Since the regional center is not determining the amount of services provided, the cost

of these services is not reflected on the client's annual budget. Complete budgets are necessary to reflect the total cost of caring for the clients and to assist the regional center in managing its resources, and to ensure the services being provided are necessary and proper.

- The quality management team does not perform any type of quality assurance review of this provider. These reviews are performed to ensure quality of care and services and would include a review of this provider's records, policies, procedures, and service activities. For example, because of the lack of any quality assurance reviews, the quality management team did not review provider records to ensure staff working with clients passed the appropriate background checks. We found this quite disturbing after reviewing provider activity records that document instances where clients spent time at a staff member's home. Specifically, one client stayed the night at the staff member's personal residence prior to a two day trip to St. Louis. The quality management team has an obligation to monitor the services provided by all providers.
- The regional center does not review services provided to ensure the services are a necessary and effective use of state resources. For example, we noted the provider reported hours to the regional center for services described as family support, community inclusion, and respite. Upon review of the provider's records, we found these services included: transportation to appointments, attendance at a client's graduation, a cookout at a staff's personal residence, and outings to the St. Louis Zoo and Six Flags. In another example, services provided to a client were described as in-home behavior therapy when the detailed activity report indicated the services were received by the client at the provider's office.

We noted two clients and two provider employees attended a trip to the St. Louis Zoo and Six Flags. According to the provider's staff, one of the clients was relocating to the Springfield area from Joplin, and the trip was arranged to allow the clients to become acquainted prior to becoming roommates. After discussing this trip with JRC's Quality Management Supervisor, she agreed an outing in the Springfield area could have provided the same opportunity for the clients and would have allowed the client who was relocating to become more familiar with the area.

On another trip to the St. Louis Zoo with other clients, the trip was cut short because the provider's transportation broke down. The clients were transported by the highway patrol to the nearest city to obtain return transportation.

Further, an annual services report prepared by the provider indicated 45 percent of services were provided to clients over the telephone. It seems unreasonable that this level of day habilitation services would be provided over the telephone. The provider lowered this to 23 percent when questioned by our office. Regional center employees need to monitor services provided to ensure the necessity, propriety, and quality of the services being provided.

- While this provider is paid a flat amount each month, neither the regional center nor DMH personnel monitor the number of hours provided statewide or in each region or the costs of those services. For example, service provided to the Southwest Project ranged from approximately 785 to 1,805 hours monthly. The provider submits monthly reports of service provided; however, the JRC could not locate 7 of the 24 reports for the two years ended June 30, 2005. Upon our request, regional center personnel obtained copies of these reports from the provider.

Based on the monthly reports prepared by the provider, we calculated the hourly rate for services provided to the Southwest Project and found it was over three times as much as the rate paid to other day habilitation providers, or approximately \$37 per hour while other providers are paid approximately \$12 per hour. This estimated hourly rate for the provider may be understated because the reports submitted by the provider appear to overstate the actual time spent to provide the services. For example, training services reported to the regional center were doubled when the provider reported the training of one parent twice because the parent had two children that were receiving services. These same training services were again overstated when the time spent training by the provider's staff was reported as services for another client's parent who also attended the training. In another example where hours could be overstated, we noted the provider reported time to the regional center in June 2005 for writing an assessment report; however, the assessment report was not available at the time of our visit on April 27, 2006, and the provider's staff indicated it had still not been completed. The regional center should review the rate paid to this provider to determine if the rate is reasonable and justified.

Other inaccuracies were noted on the monthly reports submitted to the regional center. For example, we reviewed monthly summaries of services provided while visiting this provider and these reports did not match the reports that had been sent to the regional center. While the differences were not significant, the regional center should review the variances and determine why the reports do not agree.

- The JRC has had a contract with this same provider since 1994 for the Southwest Project and has not solicited bids for the services since the contract's inception. Periodic reviews of services provided are necessary to ensure the regional center is receiving adequate services. Competitive bidding helps ensure the JRC receives fair value by contracting with the lowest and best bidders.

Considering the exclusive use of this provider statewide for autism services, the lack of oversight, and the significant amounts paid to this provider, the regional center and DMH need to evaluate all provisions of this contract to ensure the services being provided are a necessary and effective use of state resources.

WE RECOMMEND Regional Center management, along with the DMH, thoroughly review the provisions of this provider's contract and develop procedures to adequately control, review, monitor, and procure the services received from this provider to ensure

the services meet the department's quality standards and are a necessary and effective use of state resources.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following response:

We agree. The JRC case managers will review all services prescribed in the personal plan in accordance with 9 CSR 45.3-010 and Division Directive 5.070.

5. Background Check Procedures

The JRC has not ensured clients have been adequately protected from abuse or neglect by individual caregivers. We found that procedures need to be developed to document actions taken by the regional center when workers fail criminal background checks and are allowed to continue working for providers. Also, background checks were not always performed on a timely basis by providers.

The Family Care Safety Registry was established by Sections 210.900 through 210.936, RSMo, to protect children, elderly, and disabled individuals in this state and to promote family and community safety by providing information concerning family caregivers. These sections require every child-care worker or elder-care worker hired on or after January 1, 2001, and every personal-care worker hired on or after January 1, 2002, to complete a registration form within fifteen days of beginning employment. Registrants are screened against criminal records, sex offender records, child abuse/neglect information, employee disqualification lists, childcare license revocation information, and foster parent denials, revocations, and suspensions.

Our review found the regional center allowed two individuals with failed background checks (because of a past history of neglect) to work for providers and did not document justification for the decision. These two individuals currently work for providers. Furthermore, we visited one provider and reviewed background checks for 18 employees who had worked in one specific group home during June 2005. We found that two background checks were not performed by the provider on a timely basis. One instance was noted where the background check was not performed until 54 days after the individual was hired.

Many clients of the regional center often do not have the capability to fully protect themselves from abuse and neglect. These weaknesses place clients at possible risk of being cared for by individuals with a past history of abuse and/or neglect.

WE RECOMMEND Regional Center management develop procedures to fully document the justification for allowing individuals with failed background checks to continue to care for clients. Also, the regional center must ensure providers obtain background checks on a timely basis for newly hired employees.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following response:

We agree. The JRC and the DMH will review and modify, as necessary, existing procedures to ensure background checks are conducted within a specified time frame and appropriate personnel actions are taken concerning individuals with failed background checks to ensure compliance with 9 CSR 10-5.190.

6. Targeted Case Management

The JRC has not taken adequate steps to ensure Medicaid reimbursements from Targeted Case Management (TCM) services are maximized, and as a result, has lost over \$200,000 in potential reimbursements. In addition, TCM billings are not adequately reviewed to ensure Medicaid billings are accurate and properly supported.

JRC service coordinators (case managers) provide TCM services for many of its clients. These clients must be eligible for the state's Medicaid program and must also meet the eligibility requirements for services from the Division of MRDD. TCM services are defined as activities that assist individuals in gaining access to care and services, and they may be provided in or out of the presence of the client. Examples of TCM services include making contacts with applicable parties, making client assessments, planning for the client, and documenting client information. According to the TCM operations manual, most of what service coordinators in the MRDD regional centers do as routine activity qualifies as TCM and is billable.

Each time a service coordinator provides TCM services they are required to log the duration and description (or case notes) of the services into the computer system. The number of TCM hours is converted to units and billed monthly to the state's Medicaid program by a computerized billing system. During the year ended June 30, 2005, the DMH billed the Medicaid program \$6.74 for every unit, or five minutes, spent on TCM services, with approximately 60 percent (the federal portion) of that amount being reimbursed. In that year, the JRC generated approximately \$1.26 million in reimbursements from the state's Medicaid program for TCM services.

- A. The JRC has not taken adequate steps to ensure Medicaid reimbursements from TCM services are maximized. As a result, the JRC lost over \$200,000 in potential reimbursements during the two years ended June 30, 2005.

The DMH has established a standard that provides that service coordinators are to log 106 direct service hours to the TCM system monthly, or 1,272 hours each year. The Assistant Center Director of Habilitation indicated case supervisors monitor the direct hours logged by the service coordinators under their supervision, and develop a plan of action when service coordinators are not meeting the direct services requirement. However, we found 14 service

coordinators in 2005 and 19 service coordinators in 2004 did not meet the 106 direct hour standard when we compared the total direct hours logged by service coordinators, and this resulted in the JRC losing an estimated \$200,000 in potential reimbursements.

This estimate is based on an average number of Medicaid eligible clients provided by the facility and information from a monthly report summary of direct service hours for each service coordinator. The report makes adjustments for service coordinators who worked part-time, or did not work for JRC the entire year.

Procedures should be established to ensure TCM reimbursements are maximized.

- B. TCM billings are not adequately reviewed to ensure Medicaid billings are supported by documentation in the case notes. Case notes reviewed did not always identify the parties involved, the services provided, indicate the topic and what was discussed at the meetings, and why the actions occurred. Also, case notes did not typically document the amount of travel time incurred, and some of the locations traveled to by service coordinators were as much as three hours away from the JRC. The Assistant Center Director of Habilitation was not aware documentation of travel time was required by the TCM manual.

In addition, we noted several instances where case notes were not always prepared in a timely manner. For example, case notes for services provided on February 10, 2005, were not prepared until May 28, 2005.

Further, the Assistant Center Director of Habilitation was responsible for reviewing case notes for all service coordinators in 2005; however, case notes were only reviewed for 14 of 27 service coordinators.

According to the TCM manual, case notes must adequately explain the service provided and document the amount of time traveling. The case notes should tell what action occurred and why, and identify the parties involved. To support Medicaid billings and ensure billings have adequate supporting documentation, JRC should require service coordinators to prepare detailed, timely case notes, which should be reviewed more thoroughly along with billings to Medicaid.

- C. During our review of billing records, we noted some TCM amounts initially rejected could have been rebilled; however, JRC accounting personnel did not process the rejections for rebilling. Medicaid rejections usually result from untimely case note preparation by service coordinators and are subsequently rebilled by JRC accounting personnel. In addition, the JRC has not developed an internal receivables system to track and follow-up on the TCM billings/receivables/rejections. Such a system is necessary to effectively monitor and collect TCM monies owed to the regional center.

WE RECOMMEND Regional Center management:

- A. Establish adequate procedures to ensure TCM revenues are maximized. This should include ensuring that service coordinators are in compliance with the department's standard of providing and logging at least 106 direct service hours each month.
- B. Establish a policy requiring a review of Medicaid billings to ensure adequate documentation exists to support TCM billings and case notes are prepared on a timely basis.
- C. Review TCM rejections and rebill, where appropriate. In addition, the regional center should develop an internal receivables system to track and follow-up on the TCM billings/receivables/rejections.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following responses:

We agree. The 106 billable hours per month is a target. It was established in an effort to provide a guideline for maximizing billing opportunities. It is not expected to be achieved 100 percent of the time for all staff at all times due to illness, leave time and emergencies etc. Therefore it should not be assumed that potential revenue has been inappropriately lost when the target is not achieved. The JRC case manager supervisors track and address productivity problems as necessary where this is an issue including entries in performance logs when a plan of action is needed to address the concerns.

A process was put in place in fiscal year 2005 which includes regular discussions with the case managers and monthly record checks by the case manager supervisors for hours logged, timeliness and content of case notes. In addition, the Assistant Director of Habilitation randomly reviews case notes as well. The Assistant Director of Habilitation will review a percentage of all case notes on a quarterly basis as a check and balance to ensure they are documented in a timely manner, correctly and are billed appropriately. The accounting department will continue to review and examine to correct any TCM billing overages or issues.

JRC supervisors review logging reports for 106 hour target, document, train and counsel individual service coordinators, as needed, to ensure accurate logging.

Adequate procedures will be developed to ensure all TCM rejections are reviewed and followed up on.

7. Expenditures and Related Items

Controls and procedures over regional center expenditures are in need of improvement. The JRC expended more than \$107,600 from specific appropriations for operating costs

of the Bellefontaine Habilitation Center. In addition, the regional center purchased postage and requested Choices for Families funding in advance of the need to use state appropriations that would have otherwise lapsed at year-end. Further, the JRC contracted with two former DMH employees to provide services without any consideration of other individuals or firms, and payments made to these individuals were not supported by adequate documentation.

- A. In fiscal year 2005, the DMH allowed Bellefontaine Habilitation Center to expend more than \$107,600 for operating costs from JRC's specific appropriations. These expenditures were represented and processed as JRC's expenditures. As a result, the JRC's operating costs were overstated and the DMH circumvented the legislative intent by allowing Bellefontaine Habilitation Center to inappropriately charge expenditures to JRC's appropriation.

Section 33.040, RSMo, provides that expenditures shall be within the purpose of the appropriation, and Section 33.170, RSMo, states that no claim shall be paid unless the money for such claim has been previously appropriated by law. Furthermore, the JRC falsely certified that the amounts presented for payment were proper and valid charges against the fund and the JRC's appropriations.

- B. The regional center purchased postage and requested Choices for Families funding in advance of the need to use state appropriations that would have otherwise lapsed at year-end. The balance of the postage meter and the reserve account maintained by the postage vendor totaled nearly \$23,800 at June 30, 2004, when the average amount of monthly postage used was only about \$900. This large balance resulted from the regional center purchasing postage from state and federal funds totaling \$12,000 between February and June 2004 and having reserve postage from the previous fiscal year.

The regional center also requested Choices for Families funding from state General Revenue funds totaling approximately \$73,400 in June 2003, when the average amount requested was typically \$25,000. These funds are held in a non-appropriated fund bank account until used. Further, the regional center already had over \$86,000 in Choices for Families funding on hand and only spent approximately \$14,800 in July 2003, after the large funding request had been processed.

Buying postage and requesting funds before they are needed is an unnecessary use of state funds.

- C. The JRC contracted with two former DMH employees to provide services without any consideration of other individuals or firms that might be able to provide this service. Further, payments made to these individuals were not supported by adequate documentation. Contract terms allowed the individuals to bill for a maximum of \$26,000 and \$30,014 annually, respectively, and required the individuals to provide a description of the service provided.

The regional center paid one of these individuals approximately \$9,200 for various services. According to the contract with this individual, the services provided would include: training staff on fiscal issues, providing consultation on various areas, and other areas as deemed necessary. In the other instance, the regional center paid the individual approximately \$5,400 for training services during the year ended June 30, 2005. The JRC contracted with these former employees without any consideration of other individuals or firms that might have been able to provide these services.

Further, the individuals providing services did not submit or maintain adequate documentation to support the services provided. Instead, payments to the individuals were based on invoices that included only the total number of hours worked by the individual at the contracted rate of pay and did not include a description of the services provided.

Proper procurement and selection processes are necessary to ensure the regional center is receiving the best services and rates. The process should include soliciting proposals and evaluating these proposals for technical experience, capacity and capability of performing the work, and past record of performance. Also, close monitoring of contracts and requiring detailed documentation of services provided are necessary to ensure compliance with contract terms and evaluate the reasonableness of payments.

WE RECOMMEND Regional Center management:

- A. Along with the DMH, discontinue the practice of allowing other DMH facilities to expend funds from JRC's appropriations.
- B. Cease all unnecessary purchases made well in advance of need.
- C. Solicit proposals for the procurement and selection of contracted services. Also, detailed documentation of the services provided should be required to ensure payments are reasonable and in compliance with contract terms.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following response:

We agree.

8. Contracts with Senate Bill 40 Boards

The regional center did not ensure amounts for the MRDD Waiver program were billed correctly to one Senate Bill (SB) 40 board, and the contracts with the SB 40 boards need to be clarified.

The DMH administers three waiver programs including the Comprehensive Waiver, Lopez Waiver, and Community Support Waiver for individuals with mental retardation or developmental disabilities. Various county SB 40 boards in JRC's service region have entered into cooperative funding contracts with the regional center, agreeing to pay all or a portion of the state match of certain waiver clients residing in their respective counties. Under these contracts, the regional center determines the amount of state match owed and bills the respective SB 40 boards on a quarterly basis. Our review of these contracts noted the following concerns:

- A. The regional center did not ensure amounts for the MRDD Waiver program were billed correctly to one SB 40 board, and as a result, the board was underbilled by approximately \$1,100. The regional center failed to bill for amounts allowed in a contract amendment. In addition, untimely billings by the regional center resulted in costs totaling \$2,677 that will not be recovered from this same SB 40 board. The regional center did not bill the SB 40 board for services provided in May and June 2005 until February 2006. As a result, the state paid for service costs which should have instead been paid by the SB 40 board.

Careful scrutiny of billing information and timely billings are necessary to reduce the amount of care and treatment costs incurred by the state.

- B. The contracts with the SB 40 boards do not clearly define the contractual obligations. The contracts did not indicate payments to the regional center would be based upon services provided to specific clients as approved by the SB 40 board. For example, the contracts with one SB 40 board indicated the board would contribute \$610,000 for residential and other support services during the two years ending June 30, 2005. While the regional center spent over \$3.8 million on services to clients in this county, the regional center only billed \$417,277 related to the SB 40 board contracts. Regional center management indicated the amount billed was based on services rendered for specific clients as approved by the SB 40 board.

In addition, the contractual per diem rates for residential clients residing in one group home as part of the contract were inaccurate. The rate listed on the contract was \$20, but the regional center and SB 40 board indicated the rate should have been \$14. The regional center billed the board based on the lower rate.

The contracts with the SB 40 boards should accurately and clearly define the intent of all contractual obligations.

WE RECOMMEND Regional Center management:

- A. Ensure SB 40 boards are billed timely for the correct amount of waiver match in accordance with the cooperative funding agreements.

- B. Review the contracts with the SB 40 boards for accuracy and ensure the contracts clearly define the intent of all contractual obligations.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following responses:

We agree. Currently JRC bills each SB 40 board in accordance with their cooperative agreement. This is billed by the accounting department and reviewed by the Assistant Center Director of Administration. In addition, each SB 40 board that has a cooperative agreement has a member of the JRC executive team assigned as a board contact to attend meetings on a quarterly basis or as needed, answer questions, etc. A minimum of a quarterly report on expenditures, services billed, funds remaining, services needed, etc., is provided to each board as well. To further ensure correct billings, the regional center's Assistant Center Director of Administration/designee will review the status of billings quarterly.

All contracts will be reviewed annually with SB 40 boards to ensure the contracts clearly define the intent of the contractual obligation in accordance with individuals identified by the board to fund.

9. Management of Donations

Duties related to the collection of donations are not segregated. Also, the JRC does not always track donations, and procedures have not been established to ensure donated items are always distributed on the basis of documented client need. Further, it is unclear if the community resource specialist was always acting on behalf of the regional center.

The Mental Health Trust Fund, established by Section 630.330, RSMo, allows the regional center to receive grants, gifts, donations, and bequests of property. Such gifts and donations are to be used to expand services provided to individuals rather than replace existing budget authority. The JRC employs a community resource specialist to initiate contacts with individuals and groups, provide educational materials and presentations, and actively recruit donations. Our review of donation activities revealed the following weaknesses:

- A. The duties of soliciting, receiving, recording, and distributing donations to clients or service coordinators are not adequately segregated, and there is no indication that a supervisory review of the accounting records is conducted. The community resource specialist solicits, receives, records, and distributes donated property received. Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and recording donations from distributing donations to clients. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. The JRC does not always track property and monetary donations to ensure all donations are properly received and recorded in the regional center's accounting records. Donations received are recorded on a log; however, the log is not always complete and accurate. For example, we noted the log indicated a \$100 monetary donation was received in July 2005, but accounting receipt records indicate only \$75 was received and deposited. The community resource specialist indicated the remaining \$25 was for the value of toiletries donated by the donor. In another example, the donation log indicated a \$5,000 electric wheelchair was received in August 2003. Upon our review of this item to determine its disposition, the community resource specialist indicated this item was never received and distributed by the regional center. The community resource specialist indicated she was granted the donation, but did not have a client in need of a wheelchair. As a result, she apparently did not take advantage of the donation. Further, the log does not always document the donor of property or the individual that received the donated property.

Without adequate tracking procedures in place, the JRC is unable to ensure donation items have been accounted for properly. An accurate and complete log of donations received should be maintained to ensure all donated property is adequately safeguarded and accounted for properly.

- C. Procedures have not been established to ensure donated items are always distributed on the basis of documented client need. We noted two instances where need was not documented in the client's file. One of these items included a stroller with an estimated value of \$1,800 that was given to a client who has a parent that works for the JRC.

Without a process to distribute items on the basis of documented need, the regional center cannot be assured that donated property is distributed in a fair and consistent manner.

- D. It is unclear if the community resource specialist was always acting on behalf of the regional center. In addition to soliciting donations for the regional center, the community resource specialist also spent time soliciting donations for individuals that were not clients of the regional center. During our review of the disposition of some donated items, we noted the donation of hearing aides and a scooter chair, with estimated values of \$5,000 and \$3,000, respectively, were donated to two individuals who were not clients of the regional center.

The JRC should ensure the community resource specialist is always acting on behalf of the regional center.

WE RECOMMEND Regional Center management:

- A. Adequately segregate the duties of soliciting, receiving, recording, and distributing donations. At a minimum, there should be a documented supervisory review of the donation accounting records.
- B. Ensure the donation log is accurate and complete.
- C. Distribute all donated items on the basis of documented client need.
- D. Review the activities of the community resource specialist to ensure all actions are on behalf of the regional center or its clients.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following response:

We agree. DOR 5.310 sets out policies and procedures for soliciting, receiving, recording, distributing, and review of documentation for all donations.

10. Non-Appropriated Funds System Procedures

Client accounts are not properly monitored by regional center personnel and numerous client accounts exceeded the maximum allowable balance. Also, the accounting duties related to a dedicated account are not adequately segregated. In addition, receipt slips are not issued for some monies received, and the JRC has a bank account that has been inactive since March 2001.

Regional center client monies, such as income and benefits, are deposited into a fiduciary checking account. These monies are used to pay for such things as care, treatment, and personal items for clients. All client transactions and balances are recorded and maintained in the Non-Appropriated Funds System (NAFS). Our review of these records noted the following concerns:

- A. Client accounts are not properly monitored by regional center personnel. For example, the regional center received social security benefits totaling \$48,977 between September 1999 and December 2003 on behalf of a client who was not eligible to receive the benefits. The regional center indicated they contacted the Social Security Administration (SSA) about the funds being received in error. The SSA requested funds totaling \$7,062 to be returned in October 2004. However, the regional center did not take any further action to return the remaining funds. As a result, funds totaling \$41,915 remained idle in the regional center's bank account until we contacted the SSA about the funds in March 2006. In response, the SSA requested the return of an additional \$24,000 and indicated

the remaining \$17,915 could be used by the regional center to cover the cost of care for the client, which is approximately \$3,800 monthly.

In the future, personnel should properly follow-up and resolve unusual issues affecting client accounts and determine the proper disposition of client monies in a timely manner.

- B. Numerous client accounts exceeded the maximum allowable balance. Regional center policy requires the excess balances be used for special needs of the client or be applied to the cost of care when a client's balance exceeds \$750 so client benefits are not jeopardized. A report of client balances indicated that 227 of 352 client accounts reached or exceeded the maximum balance at June 30, 2005. Of these accounts, 178 clients had balances exceeding \$1,000. Some of these client balances also exceeded the maximum at other times during the year. Adequate monitoring of client balances is necessary to ensure client benefits are not jeopardized.
- C. The accounting duties related to a restricted use account are not adequately segregated. The JRC opened an account in September 2003 entitled the Dedicated Account. This account is used to hold large lump sum payments made to clients from the SSA. The payments that can be made from this account are restricted by the SSA. At June 30, 2005, the balance of this account totaled approximately \$5,830. During our review of this account, we noted one clerk is primarily responsible for receiving monies, preparing checks and deposit slips, preparing bank reconciliations, and maintaining the accounting records.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- D. Receipt slips are not issued for some monies received and receipt slips are not reconciled to amounts deposited. We noted \$450 in client monies received in April 2004 for which receipt slips were not written. To ensure receipts are accounted for properly, prenumbered receipt slips should be issued for all client monies received, and receipt slips should be reconciled to amounts deposited.
- E. The JRC has a petty cash bank account that has been inactive since March 2001. At December 31, 2005, the balance in this account was \$300. The JRC should take action to close this inactive account. Inactive accounts create additional and unnecessary record keeping responsibilities.

WE RECOMMEND Regional Center management:

- A. Ensure client accounts are properly monitored and unusual issues are followed-up and resolved in a timely manner.
- B. Develop procedures to monitor client account balances and ensure proper action is taken to reduce excess balances to avoid jeopardizing client benefits.
- C. Ensure duties are adequately segregated, or perform and document periodic reviews of the accounting records maintained and reconciliations prepared for the Dedicated Account.
- D. Issue receipt slips for all client monies received and reconcile receipts to amounts deposited.
- E. Take action to close the inactive petty cash bank account.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following responses:

We agree. Current regional center policies and procedures require each of the recommended practices. Division Directive 5.070 outline specific policies and procedures for monitoring of these practices.

Procedures have been put into place to ensure all duties are segregated and proper oversight is maintained.

The petty cash account is being closed due to no usage.

11. Choices for Families

The JRC provided funding in excess of the maximum allowed by the Choices for Families (CFF) program and did not document the District Deputy Director's advance approval of this additional funding. We noted six instances where excess funding was provided and approval was not obtained. Excess funding ranging from \$454 to \$26,896 was provided to eligible families without any documented approval. Further, we noted these clients' budgets were not always reviewed by the utilization review committee which is responsible for ensuring that resources are properly utilized.

The CFF program provides financial assistance to eligible families so they can better meet the special needs of any developmentally disabled individuals who reside within their home. The purpose of the program is to prevent or delay the out-of-home placement of clients and to empower family members as the primary decision makers for obtaining the goods and services needed by the individual. Program guidelines state that no family

shall receive more than \$3,600 annually, unless approved by the District Deputy Director. In addition, all client budgets are to be reviewed by the utilization review committee.

WE RECOMMEND Regional Center management ensure the maximum assistance allowed for the CFF program does not exceed \$3,600 without the appropriate approvals. In addition, all client budgets should be reviewed by the utilization review committee.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following response:

We agree and corrective action will be taken.

12. Payroll Policies and Procedures

Regional center employees did not properly record compensatory time earned and used on timesheets and performance evaluations are not prepared in a timely manner.

- A. Employees earn compensatory time for being on-call; however, this compensatory time is not recorded on the employee's timesheet or tracked in any other way. The regional center policy is to allow employees to earn eight hours of compensatory time for being on-call for one week. The time earned and used is not recorded on the employee's timesheet. For example, one employee's timesheet indicated she worked eight hours on February 18, 2005; however, when we questioned regional personnel about this, they indicated the employee took compensatory time on this day and did not work.

Accurate timesheets and leave records are necessary to document hours actually worked, substantiate payroll expenditures, and provide the regional center with a method to monitor hours worked and leave taken. The Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid.

- B. The JRC is not always preparing the required employee performance evaluations in a timely manner. We noted five employees that did not receive timely performance evaluations. For example, we noted a performance evaluation signed in January 2006 which covered the period September 1, 2001 through December 15, 2005. In another example, the last performance appraisal noted in one employee's file was over two years old. The regional center's policy requires performance evaluations be prepared at the end of an employee's probationary period and annually thereafter. The Assistant Center Director of Habilitation was responsible for preparing these performance evaluations. The JRC should ensure employees are properly evaluated in accordance with regional center policy.

WE RECOMMEND Regional Center management:

- A. Ensure accurate timesheets and leave records are prepared to document hours actually worked, compensatory time earned, and leave/compensatory time taken by employees.
- B. Ensure employee performance evaluations are prepared in accordance with policy.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following responses:

We agree. Policies and procedures have been established to ensure accuracy in all employee time keeping records.

Timely performance evaluations will be ensured by personnel notifying supervisors 30 days prior to the evaluation date. A portion of the supervisors' performance is based upon ensuring all staff they supervise receive evaluations timely.

13. Employee Relations Committee

The Employee Relations Committee (ERC) maintains a savings account called the ERC fund. The ERC receives monies from various fundraising events and vending sales. The ERC fund is used to recognize employees and promote employee welfare and morale. The ERC receipt and expenditure procedures need improvement. Total disbursements from the fund for the years ended June 30, 2005 and 2004, were \$5,312 and \$3,584, respectively.

Cash receipts are not deposited intact. Some cash receipts are used to purchase snacks for vending instead of being deposited. Depositing all monies received intact is necessary to ensure proper recording and accountability of receipts.

Cash is also withdrawn from the bank account to purchase snacks. Adequate documentation was not retained to support some of these cash withdrawals and disbursements. We noted two disbursements totaling \$525 for which supporting documentation, such as an invoice, could not be located. Also, these disbursements were not recorded in the accounting records that track cash disbursements. The ERC indicated \$325 was used to purchase snacks for vending and \$200 was used as cash awards for employees. All disbursements should be supported by paid receipts or vendor-provided invoices. Such documentation is necessary to ensure the purchase is a proper disbursement of funds.

WE RECOMMEND the ERC deposit all receipts intact and require supporting documentation to be maintained for all disbursements.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following response:

This recommendation will be shared with the ERC. It should be noted that ERC funds are separate from state funds. ERC membership is not required and JRC management does not direct the activities of the committee.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF MENTAL HEALTH
JOPLIN REGIONAL CENTER
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Joplin Regional Center (JRC) is one of eleven regional centers established by the Department of Mental Health. The facility was established to provide, procure, or purchase comprehensive services for individuals with developmental disabilities such as mental retardation, cerebral palsy, head injuries, autism, epilepsy, and certain learning disabilities. The facility serves eligible citizens in the Southwest Missouri counties of Barry, Barton, Bates, Cedar, Dade, Henry, Jasper, Lawrence, McDonald, Newton, St. Clair, and Vernon. The facility's operations began in 1966.

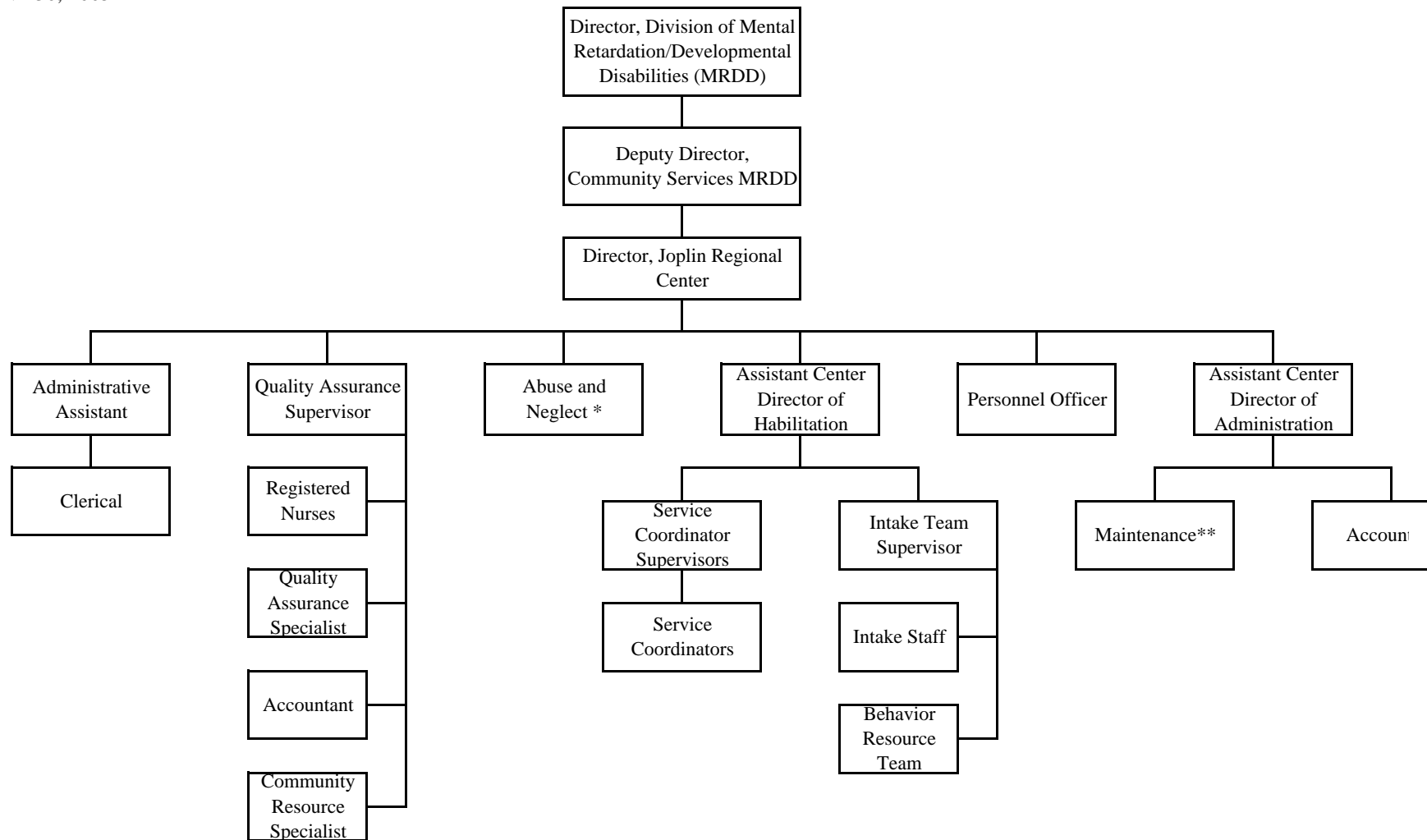
The facility serves as the entry and exit point for securing comprehensive mental retardation and developmentally disabled services for clients of the Department of Mental Health whose parents or guardians reside in the region identified above.

The facility is a focal point from which a developmentally disabled individual and family are directed to all essential services required to meet the needs of the client. The facility's staff, working in cooperation with the family, area organizations, state-operated habilitation centers, community placement facilities, and other service vendors, plans and provides for lifetime services to meet the needs of the clients. As of June 30, 2005, the facility had an active caseload of approximately 1,400 clients and employed approximately 58 personnel assigned to various administrative, service, and support sections.

At June 30, 2005, Dr. Anthony A. Casey Jr. served as Director of the Division of Mental Retardation and Developmental Disabilities. Dr. Casey resigned as Division Director effective August 31, 2005, and Kent Stalder served in the capacity of Acting Division Director until March 24, 2006. Mr. Stalder had previously served as the Deputy Division Director for Community Services and was responsible for supervising operations of the JRC and all other regional centers. On March 24, 2006, Linda Roebuck was appointed as Interim Director of the Division of Mental Retardation and Developmental Disabilities and served in that capacity until June 26, 2006. On that date, Bernard A. Simons became the division director. Sandra Wise is currently serving as Interim Southwest District Administrator for Community Services. Diana Garber has served as Joplin Regional Center Director. On August 31, 2006, Wendy Jackson was appointed as an Interim Regional Center Director.

An organization chart and statistical data follow:

DEPARTMENT OF MENTAL HEALTH
 JOPLIN REGIONAL CENTER
 ORGANIZATION CHART
 JUNE 30, 2005



* Supervision of the Abuse and Neglect employees transferred to the Director, Division of MRDD on September 16, 2005.

** Supervision of the Maintenance employees transferred to the Director, Joplin Regional Center on January 1, 2006.

Appendix A

DEPARTMENT OF MENTAL HEALTH
JOPLIN REGIONAL CENTER
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

Year Ended June 30,						
2005			2004			
Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances	
GENERAL REVENUE FUND						
Personal Service	\$ 1,609,368	1,520,346	89,022	1,503,873	1,416,295	87,578
Expense and Equipment	316,302	268,428	47,874	389,070	388,839	231
Total General Revenue Fund	\$ 1,925,670	1,788,774	136,896	1,892,943	1,805,134	87,809

Note: The appropriations presented above are used to account for and control the facility's expenditures from amounts appropriated to the facility by the General Assembly. The facility administers transactions from the appropriations presented above. However, the State Treasurer, as fund custodian, and the Office of Administration provide administrative control over the fund resources within the authority prescribed by the General Assembly. This schedule does not represent all expenditures of the facility. Some expenditures relating to state facilities are charged to department-wide appropriations and are not identified by facility. Expenditures charged to department-wide appropriations that are identified to Joplin Regional Center are noted in Appendix B.

The lapsed balances include the following withholdings made at the Governor's request:

Year Ended June 30,		
2005		2004
GENERAL REVENUE FUND		
Personal Service	\$ 88,991	87,578
Expense and Equipment	47,873	0
	\$ 136,864	87,578

Appendix B

DEPARTMENT OF MENTAL HEALTH
JOPLIN REGIONAL CENTER
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,			
	2005		2004	
	Expenditures From Facility Appropriations (See Note)	Expenditures From Department-Wide Appropriations For JRC	Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For JRC
Salaries and wages	\$ 1,520,346	330,143	1,416,295	327,394
Travel, In-State	6,219	421	7,151	194
Fuel and utilities	70	33,669	0	35,004
Supplies	22,869	6,926	32,881	6,303
Professional development	1,189	65	159	40
Communication service and support	17,503	11,321	19,964	8,021
Professional services	174,543	4,175	285,312	49,193
Housekeeping and janitorial services	5,895	271	4,754	0
Maintenance and repair services	14,622	17,398	17,894	3,208
Computer equipment	207	0	1,154	0
Office equipment	12,517	0	4,855	2,211
Other equipment	6,683	1,989	3,788	1,059
Property and improvements	0	19,790	8,369	17,310
Building lease payments	5,250	17,678	0	17,678
Equipment rental and leases	142	0	486	0
Miscellaneous expenses	719	20	2,072	35
Program distributions	0	19,799,373	0	17,441,731
Total Expenditures	\$ 1,788,774	20,243,239	1,805,134	17,909,381

Note: During fiscal year 2005, expenditures totaling \$107,692 for Bellfontaine Habilitation Center were charged to JRC's facility appropriations.

Appendix C

DEPARTMENT OF MENTAL HEALTH
JOPLIN REGIONAL CENTER

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH BALANCES - CLIENT FUNDS (FROM NON-APPROPRIATED FUNDS)

	Year Ended June 30,	
	2005	2004
Cash Balance, July 1	\$ 540,294	513,947
Receipts	2,597,731	2,606,056
Disbursements	2,589,321	2,579,709
Cash Balance, June 30	\$ <u>548,704</u>	<u>540,294</u>

Appendix D

DEPARTMENT OF MENTAL HEALTH
 JOPLIN REGIONAL CENTER
 COMPARATIVE STATEMENT OF MENTAL HEALTH TRUST FUND RECEIPTS,
 DISBURSEMENTS, AND CASH BALANCES (FROM SENATE BILL 40 TAX)

	Year Ended June 30,	
	2005	2004
Cash Balance, July 1	\$ 143,297	5,804
Receipts	257,408	311,584
Disbursements	400,705	174,091
Cash Balance, June 30	\$ <u>0</u>	<u>143,297</u>

Note: Vendors of the Joplin Regional Center provide services to numerous clients who are also affiliated with the surrounding counties' Senate Bill 40 Boards. The costs of these services are initially paid by the state's Medicaid program. The receipts in the schedule above represent reimbursements made by the various Senate Bill 40 Boards for a percentage of the cost. The disbursements represent the Joplin Regional Center's match, which is paid to the state's Medicaid program.

Appendix E

DEPARTMENT OF MENTAL HEALTH
JOPLIN REGIONAL CENTER

COMPARATIVE STATEMENT OF EMPLOYEE RELATIONS COMMITTEE FUND RECEIPTS,
DISBURSEMENTS, AND CASH BALANCES (FROM NON-APPROPRIATED FUNDS)

	Year Ended June 30,	
	2005	2004
Cash Balance, July 1	\$ 868	433
Receipts	4,820	4,019
Disbursements	5,312	3,584
Cash Balance, June 30	\$ <u>376</u>	<u>868</u>

Note: The receipts and disbursements presented in this schedule include Employee Relations Committee monies. This schedule includes receipts and disbursements from the savings account and cash on hand.



Claire McCaskill

Missouri State Auditor

October 2006

SOCIAL SERVICES

Children's Services Integrated Payment System - Data Accuracy and Integrity



Internal Control and System Weaknesses Increase Risk of Invalid Child Welfare Payments

This audit reviewed the internal controls used to ensure the accuracy and integrity of child welfare payments processed by the Department of Social Service (DSS) Children's Services Integrated Payment System (CSIPS). Auditors reviewed a limited number of CSIPS payment records and found DSS overpaid vendors at least \$51,628 during fiscal year 2005. Our work concluded DSS and Information Technology Services Division (ITSD) officials have established appropriate security controls to protect CSIPS from unauthorized access.

Service dates are not thoroughly tracked

DSS officials face an increased risk of making duplicate children services payments or paying for services which should not be provided at the same time because CSIPS does not record or track the exact calendar days services are provided. We found DSS officials overpaid vendors at least \$31,898 in fiscal year 2005 due to exact service dates not being recorded on payment transactions. (See page 5)

System control weaknesses allow inaccurate payments

DSS and ITSD officials have established multiple internal controls to edit and validate CSIPS payment data. However, weaknesses in the system may allow inaccurate or unauthorized payments. These weaknesses are the result of established data validation and edit controls that are not working effectively and edit controls that have not been included in the system. A DSS official said some of these weaknesses have been identified, but edits necessary to fix them are not a priority because resources are currently being focused on development of a new processing system. We found DSS officials overpaid vendors at least \$19,730 in fiscal year 2005 due to these weaknesses. (See page 7)

No assurance payments are approved

Approval and review of payment source documents is done manually before the payment is entered in CSIPS. There are no post-payment reviews to ensure the amount approved on the source document equals the amount input on the payment transaction. Without performing a post-payment review or authorizing payment source documents electronically after being input, there is an increased risk inaccurate payments will go undetected or invoices and services will be paid that were never approved. (See page 10)

Use of overrides not reviewed

DSS officials did not monitor the use of overrides on CSIPS payment transactions. Overrides bypass CSIPS data validation and edit controls to allow the processing of a transaction to continue. Without properly monitoring the use of overrides on CSIPS payment transactions, there is an increased risk inappropriate payments can be processed without detection by management. (See page 10)

Documented policies and procedures needed to ensure continuity and consistency

DSS officials have developed policies and procedures for the operation of CSIPS, but have not yet formally documented procedures for tracking overpayments and processing deductions, processing transaction errors, or for the retention of payment source documents. Documentation of all aspects of computer operations and support is important to ensure continuity and consistency. (See page 11)

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Abbreviations

CD	Children's Division
CSIPS	Children's Services Integrated Payment System
DSS	Department of Social Services
ITSD	Information Technology Services Division



CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Steven E. Renne, Interim Director
Department of Social Services
Jefferson City, MO 65102

The Department of Social Services (DSS) Children's Division is responsible for administering the child welfare programs which serve children placed in the state's custody. The Children's Services Integrated Payment System (CSIPS) is used to make payments to authorized vendors who provide services to these children. The Office of Administration, Information Technology Services Division (ITSD) is responsible for providing technical assistance to support DSS information systems and technology resources. Our audit objectives included determining whether DSS and ITSD officials established (1) adequate information security policies and procedures to ensure only authorized access to the system and (2) sufficient internal controls to edit and validate CSIPS payment data and whether implemented controls have been working effectively to ensure the accuracy and integrity of CSIPS payment data.

We found DSS and ITSD have established security policies and procedures for monitoring security activity and protecting CSIPS from unauthorized access. However, we found numerous internal control weaknesses in CSIPS data entry, validation, and payment authorization processes, which increase the risk of inaccurate, improper or unauthorized payments being made to vendors. We also determined procedures for tracking, monitoring, and reviewing payments and overpayments need to be established or improved.

We conducted our audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. This report was prepared under the direction of John Blattell. Key contributors to this report were Jeff Thelen, Lori Melton, Frank Verslues and Evans Owala.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire McCaskill
State Auditor

Internal Control and System Weaknesses Increase Risk of Invalid Child Welfare Payments

Child welfare payments processed by the Children's Services Integrated Payment System (CSIPS) are susceptible to inaccurate, improper or unauthorized amounts being paid to vendors who provide services to children placed in custody of the state. During our review of a limited number of detailed payment records, we identified the Department of Social Services (DSS) overpaid vendors at least \$51,628¹ during fiscal year 2005. This situation has occurred because DSS officials have not implemented sufficient internal controls including transaction processing and payment edits² to ensure accurate and proper payments and have not established adequate policies and procedures for tracking, monitoring and reviewing payments and overpayments. DSS officials have identified some of the internal control weaknesses in CSIPS but do not plan to correct them. Instead, officials plan to address the controls when developing a new system to replace CSIPS. However, the new system is not expected to be implemented until at least 2008. DSS and Information Technology Services Division (ITSD) officials have established adequate security controls to protect CSIPS from unauthorized access and are commended for helping to protect the state's information technology resources. However, the missing or inadequate payment edits and key policies and procedures continue to result in numerous internal control and system weaknesses in data entry, validation, and payment authorization processes. Collectively, these weaknesses impair the ability of DSS to ensure the accuracy and integrity of CSIPS payments.

Background

CSIPS is used to track and make payments for Missouri's child welfare programs. Additional interconnected systems maintain and provide information to CSIPS for payments of services provided to child welfare clients. These services include, but are not limited to, foster care and adoption reimbursements, counseling, clothing, and day care. In fiscal year 2005, over \$232 million was paid through CSIPS, approximately \$133 million from state funds and \$99 million from federal funds.

CSIPS was implemented in 1985, and underwent major system modifications in 1997 to make the system more efficient by moving most of the payment edits and data validation rules into the online data entry process. There have been no major system modifications since this time. Currently, DSS is developing a new system to replace CSIPS and the other

¹ This amount consists of \$31,898 for services that should not have been provided at the same time (see page 6), \$14,706 for duplicate payments (see page 9), and \$5,024 for day care overpayments (see page 9).

² An edit, also known as a data validity check, is program code that tests the input for correct and reasonable conditions, such as account numbers falling within a range, numeric data being all digits, dates having a valid month, day and year, etc.

child welfare systems. The new system under development will be comprised of five functional areas. DSS Children's Division (CD) officials stated financial resources, which will replace CSIPS, will be the final functional area developed since CSIPS is currently compliant with federal guidelines and is needed to process payments for the other systems until they are converted. DSS officials estimate the financial resources functional area of the new system will be implemented in 2008.

Effective July 1, 2005, information technology personnel and resources from most executive branch agencies, including DSS, were consolidated and placed under the direction of the state Chief Information Officer in the Office of Administration, ITSD. Under the consolidation, DSS maintains ownership of CSIPS while ITSD provides the technical support to operate the system. This consolidation was completed July 1, 2006, when personnel from the consolidating departments became ITSD employees and agency technology budgets were fully transferred to the division.

Scope and Methodology

To determine whether CSIPS is protected from unauthorized access, we reviewed department security policies and procedures and interviewed the department's security officer. We obtained a list of all CSIPS users and their access rights from the DSS security officer to verify which users have access to sensitive transactions to ensure access rights were appropriate. No weaknesses were found in our review of security controls.

To determine whether controls to validate and edit CSIPS payment data are in operation and have been working effectively, we reviewed the CD Child Welfare Manual (welfare manual) and CSIPS Payment Handbook, reviewed case files and other supporting documentation, interviewed ITSD staff who support CSIPS, and interviewed CD local and central office payment specialists.

We obtained a data file of all CSIPS payment information for fiscal year 2005. To ensure completeness of the data, we reconciled the payment totals to the state accounting system and the CSIPS year end financial reports. We analyzed the data for compliance with system edits to ensure existing edits were functioning properly. We also evaluated situations where edits had not been implemented to determine the impact on the processing of payment transactions. We reviewed potential problems to the extent considered necessary to verify whether edits and controls were functioning as intended and the impact of controls and edits not in operation.

To analyze and test transactions, we reviewed case files and supporting documentation. We also spoke with officials and staff familiar with the cases and payments as necessary. In some cases where we identified an

overpayment had been made, we did not determine the exact amount of the overpayment. Instead, we presented the overpayment as a range from a minimum to a maximum amount. Additional documentation was not always available to determine where the child was actually placed, whether in a foster home or other facility, during the time period payments were made. Determining the placement of the child would have been necessary to determine which vendor performed services. We provided DSS officials with a list of the overpayments and potential overpayments identified in the audit.

Our audit focused on the internal controls and edits directly related to the CSIPS payment system. We did not perform any work on the additional systems used to track and store other child welfare program information.

We based our evaluation on accepted state, federal, national and international standards and best practices related to information technology security controls from the following sources:

- Missouri Adaptive Enterprise Architecture
- National Institute of Standards and Technology
- U.S. Government Accountability Office (GAO)
- ISACA's Control Objectives for Information and related Technology (COBIT)
- International Organization for Standardization/International Electrotechnical Commission

We requested comments on a draft of our report from the Director of the Department of Social Services. We conducted our work between November 2005 and June 2006.

Service Dates Are Not Thoroughly Tracked Resulting in Overpayments

Accepted standards encourage the use and sharing of information in a way that maintains integrity and is flexible, functional, timely and resilient to failure. We found the CSIPS payment transaction only tracks the month and year of service, not the exact calendar days of service. ITSD staff confirmed the exact calendar days of service are not recorded or tracked in the system. Consequently, service date information is not flexible or functional enough to allow CD officials to effectively determine exact service dates. DSS officials cannot evaluate if two payments for the same service in the same month are payments for two separate time periods within the month or are duplicate payments. Currently, the only method for ensuring a payment is not a duplicate is to obtain and review the payment source documents. Without using exact service dates on payment transactions, there is an increased risk duplicate children services payments can occur and be undetected by DSS officials.

Our audit found at least \$31,898 and potentially up to \$37,102 in overpayments for services which should not have been provided at the same time. The welfare manual lists many services that CD payment staff confirmed should not be provided at the same time, such as two different levels of residential treatment. Generally, these types of services should not be provided at the same time and paid for in a single month. However, when a child's placement changes, more than one type of service is appropriate and multiple payments are allowed in that month. Since CSIPS tracks only the month and year of service, payment records show multiple services have been provided and paid for during the same time period.

In fiscal year 2005, we found 2,236 children who potentially received services that should not be provided concurrently. Since multiple services could have been properly provided during the same month, we manually reviewed these payments to identify cases where total units for these services did not exceed 31 days in a month. After eliminating the cases where concurrent services had not been provided, we found 174 potential cases where payments had been made for 2 or more concurrent services. We performed a detailed review of 32 of these cases and identified 15 cases where payments had been made for services that should not be provided at the same time. Processing these transactions resulted in overpayments of at least \$31,898.

The audit also found numerous instances where child service providers were paid twice for the same service during one service month. Although neither of the payments may have exceeded the maximum service units or allowable rate, officials cannot determine whether a duplicate payment has been made without reviewing source documents for each payment. CD officials explained there are situations when a vendor may provide the same service multiple times in a month. For example, a client attending psychiatric therapy sessions may be approved to receive one session a week. If the provider bills twice a month for two weeks each time, the CSIPS payment transactions appear to be duplicates. This issue requires the payment specialist to review the source documents for prior payments to ensure the billing is appropriate. Use of the exact service date instead of just service month would allow officials to more effectively track payments and assure there are no overlapping payments for services that should not be provided at the same time.

System Control Weaknesses Allow Inaccurate or Improper Payments

Transaction data entered for processing by users or generated by the system should be subject to a variety of controls to check for accuracy, completeness and validity, according to accepted standards. While there are multiple payment edits applied to CSIPS transactions, weaknesses in the system may allow inaccurate, improper or unauthorized payments. These weaknesses are the result of established data validation and edit controls that are not working effectively and edit controls that have not been included in the system. CD officials said they are aware of some of the weaknesses we identified, but edits necessary to fix them are not a priority because resources are currently being focused on development of the new system.

Additional edits needed to ensure accuracy and integrity of payments

CSIPS does not have edits or other controls to require entry of the number of service units provided to a client and the service rate paid to a vendor on all applicable payment records. For example, CSIPS program documentation states service unit and service rate fields are not required on transactions processed for alternative care payments. Based on the payment transactions for fiscal year 2005, alternative care payments comprise approximately 61 percent of all children services payments. Alternative care payments are for services such as maintenance, transportation, respite care, and emergency foster care. In total, 69 alternative care services do not require input of service unit and service rate when entering a payment. Maximum service units and service reimbursement rates for these 69 alternative care services have been established and documented in the welfare manual. Since the system does not require entry of service unit or service rate, edit controls cannot be effective to enforce established rates. Consequently, DSS officials cannot readily ensure payment staff adheres to the established rates.

During analysis and testing, we identified payments made for one child for three consecutive months to a foster parent for monthly reimbursement and to a residential treatment facility for care of the child. CD payment staff confirmed at least one of these payments each month should not have been made since both services should not be provided for a child at the same time. The overpayment of \$3,337³ to \$7,847, depending on which service was actually provided, could have been identified if service units had been entered for the monthly reimbursement payments. We also found a foster parent who received four alternative care maintenance payments for a child over two consecutive months when only two maintenance payments should have been made. These maintenance payments resulted in an overpayment ranging from \$608³ to \$1,302, depending on which payment rate was

³ This amount is included in the \$31,898 amount of overpayments for services that should not have been provided at the same time (see page 6).

accurate. If service units are required to be entered on payment transactions, a system edit could be developed to identify when total units exceed the maximum allowed per month and these overpayments could be avoided.

All payments processed by CSIPS for children services require a valid service code. Payment service codes have been established to distinguish payments for similar services. For example, there are eight different service codes for residential treatment, but each represents a different level of service with different qualifications and payment rates. The welfare manual outlines the criteria and maximum contracted rates for the different services and codes. However, no edits are in place to verify if the client meets the criteria to receive the services. For example, there are no edits to verify if an appropriate service code for child care is entered based on the age of the child. A vendor could be overpaid or underpaid \$4.68 to \$14.25 a day,⁴ or up to \$327.75 a month per child, if the service code for the wrong age is entered. There are also no edits in CSIPS to verify if the appropriate service rate is used based on the service code entered. Our audit found up to 94 different service rates paid for a single service code which, according to the welfare manual, should have all been paid at the same rate. In addition, we found 739 day care payments exceeding the maximum contracted rate for the service being provided. According to CD officials and the welfare manual, day care payments can, however, exceed the maximum rates with an area director's approval. An edit to ensure the correct service code is used along with the correct usage of service rates based on the service code would provide DSS officials assurance that services are paid using accurate rates.

Welfare manual policy limits clothing purchases to a maximum of \$250 per year, depending on the age of the child. However, there are no active edits in CSIPS enforcing this limit. We identified 1,594 cases with payments for clothing potentially exceeding the maximum allowable limit for the child's age. To evaluate if these payments were inappropriate, we reviewed all clothing payments for 311 of these cases and found 174 cases with clothing payments over the yearly limit. Potential clothing overpayments for these 174 cases totaled \$8,651. According to the welfare manual and CD officials, these payments might have been approved by the area directors to exceed the maximum rates. An edit limiting payments for clothing would provide

⁴ CD policy established different rates dependent on the area of the state where the service was provided. In fiscal year 2005, the day care center weekday metro area rate for an infant's full day of care was \$25.75 and the rate for a school-age child in one metro area was \$11.50, a difference of \$14.25. A similar rate for an infant in a day care center in a rural area of the state was \$14.00 and the rate for a school-age child in the same area was \$9.32, a difference of \$4.68.

DSS officials with assurance clothing purchases have not exceeded allowable limits and exceptions to the limit have been properly approved.

Existing edits are ineffective to ensure accurate and proper payments

CSIPS has an edit which checks for duplicate payments using criteria based on vendor, client, service month and year, service code, and amount. However, this edit only compares transactions in the current pending payments file, not transactions in the entire payment history file, according to CSIPS program documentation and an ITSD staff. As a result, only transactions processed for payment during a two week payment cycle are included in the duplicate payments edit. Analyzing payments with the same criteria used by the CSIPS edit on all fiscal year 2005 payments, we identified 6,032 potential duplicate payments. We performed a detailed review of 81 of these transactions and identified 24 duplicate payments resulting in \$14,706 in overpayments.

CSIPS has an edit limiting the maximum number of days child care can be provided for a child to 23 days per month. However, this edit only checks individual payments and does not consider other payments made for the same service month. In effect, there is no limit to the number of days child care can be paid, as long as each single transaction does not exceed 23 days. We identified 159 cases having child care payments made to vendors when the total service units on all applicable payment transactions exceeded 23 days in a month. We performed a detailed review of 89 transactions for 10 of these cases and identified errors in payments for all 10 cases resulting in \$5,024 in overpayments to vendors. Specifically, in one case, a vendor received 5 payments for the care of one child for 44 days in a single service month. None of the payments were for more than 23 days,⁵ so no override of the edit was necessary. This weakness resulted in an overpayment ranging from \$208 to \$315, depending on which of the rates paid on the various transactions were accurate. Another vendor received 2 payments for 21 days each, for the care of one child, for a total of 42 days in a single service month, resulting in an overpayment of \$285.

Welfare manual policy allows child care payments for up to 5 absences (including holidays) a month and 11 holidays a fiscal year per child. CSIPS has no additional edits in the system enforcing these limits. As a result, vendors could receive payment for a child with up to 23 absences or holidays in a single month.

⁵ There were 2 payments for regular attendance for 19 and 21 days, payments for 2 holidays, and 1 payment for 2 days of absences.

In addition to the incomplete edits for the child care service units, we also found weaknesses with the method used to track child care provided on weekends and during the evening on weekdays. These services are tracked separately from weekday child care because they are paid at a higher rate. CSIPS uses the same service code for weekends and evenings which means there is no logic for the system edits to evaluate whether the appropriate number of days has been entered. The maximum number of service units for this service code is controlled by the same edit as weekdays (23 days). While this is the appropriate maximum for evenings in a month, there can only be up to 10 weekend days in a month. As a result, the edit is not effective to control or ensure child care provided on weekends is limited to 10 units a month.

No Assurance Payments Are Approved

Management should ensure source documents are properly prepared by authorized personnel who are acting within their authority and that an adequate segregation of duties is in place regarding the origination and approval of source documents, according to accepted standards. ITSD staff said the system does not have the capability to document approval of all payments. Approval and review of payment source documents is done manually before the payment is entered in CSIPS, according to DSS procedures in the CSIPS Payment Handbook. There are no post-payment reviews to ensure the amount approved on the source document equals the amount input on the payment transaction. Without performing a post-payment review or authorizing payment source documents electronically after being input, there is an increased risk inaccurate or improper payments will go undetected or invoices and services will be paid that were never approved.

Use of Overrides Not Reviewed

CD officials have not ensured payment staff have been using overrides appropriately because officials have not been properly monitoring the use of overrides on children services payment transactions. Overrides bypass CSIPS data validation and edit controls to allow the processing of a transaction to continue. For example, if a vendor submits a bill for services the vendor is not pre-authorized to provide, the payment specialist has to use an override to bypass the vendor payment edit to allow the payment to be processed. According to accepted standards, management should record information regarding all control exceptions and ensure it leads to analysis of the underlying cause and to corrective action. In addition, management should decide which exceptions should be communicated to the individual responsible for the function and which exceptions should be analyzed further.

We identified transactions with overrides that had not been applied correctly. For example, we found 12 child care payment transactions for 2

cases that had overrides improperly applied resulting in overpayments of at least \$2,074.⁶ After reviewing the supporting documentation for these 2 cases, we determined the payments were made for the number of hours of child care provided rather than the number of days provided. In 2 of these transactions, the payment specialist used an override to process payments for 84 days of child care in a single month. We found each of the payments for over 23 units or days of service had been overridden. According to the welfare manual and CD payment staff, child care payments should always be paid based on the number of days of service.

CD officials said procedures are not in place for monitoring the use of payment override codes because the only users with authority to perform overrides are those who monitor the activity of other users. The CD official responsible for the payment unit told us only two users were suppose to have the authority to perform overrides; however, from our review of CSIPS users and their access rights, we determined 50 users could process override transactions. During fiscal year 2005, almost 100,000 transactions were overridden, totaling over \$22 million. These transactions included six service codes where nearly 100 percent of the records processed required the use of an override to allow the billing to be processed. After presenting CD officials with our analysis of the override codes, they said they would request a report to monitor the use of payment overrides. This report will allow officials to evaluate the use of overrides to ensure the data validation and edit controls are operating as intended. Without properly monitoring the use of overrides on CSIPS payment transactions, there is an increased risk that inappropriate payments can be processed without detection by management.

DSS Needs to Establish or Improve Key Policies and Procedures

Documentation of all aspects of computer operations and support is important to ensure continuity and consistency. Formalizing operational practices and procedures with sufficient detail helps to eliminate security lapses and oversights, gives new personnel sufficiently detailed instructions, and provides a quality assurance function to help ensure operations will be performed correctly and efficiently, according to accepted standards.

CD officials have developed policies and procedures for the operation of CSIPS, including the welfare manual and the CSIPS Payment Handbook. However, during our audit we found inadequate policies and procedures for the following functional tasks:

- Tracking overpayments and processing deductions.

⁶ This amount is included in the \$14,706 duplicate payments amount (see page 9).

-
- Processing of CSIPS payment transaction errors.
 - Handling and retention of payment source documents.
-

Overpayments are not properly tracked

States have a fundamental responsibility to ensure the proper administration of federal awards. Proper administration includes using sound management practices, maintaining internal controls, safeguarding of funds from improper payments, and ensuring funds are used for intended purposes according to the Government Accountability Office. However, CD officials have not had adequate procedures in place for tracking vendor overpayments to ensure monies are recouped from future vendor payments or are collected from the vendor. In addition, CSIPS does not provide the capability for tracking overpayments.

According to the welfare manual, deduction forms should be submitted to the central office payment unit by children's service workers as overpayments are identified. Deductions cannot be entered in CSIPS until there is a current payment to the vendor to offset the deduction against, so the payment unit maintains a list of the current deductions to be processed. The day before CSIPS checks are created, the payment unit manually compares the list of deductions to the payments to determine which deductions can be entered for processing. The payment unit performs this manual comparison each payment cycle. Overpayments are left on the deduction listing for 90 days; if the deductions cannot be entered after 90 days, the deduction forms are sent back to the children's service worker. The worker then contacts the vendor to obtain re-payment. If the worker is unable to collect the overpayment, the manual states the children's service worker should turn the deduction over to the DSS legal counsel for collection.

The deduction process, as documented in the welfare manual, does not include follow-up procedures; once a deduction is submitted by the children's service worker there are no procedures for the worker to ensure the deduction was processed. Likewise, if the deduction is sent back to the children's service worker, there are no procedures for the payment unit to ensure the monies are collected or if the deduction is turned over to the DSS legal counsel. During our testing, we found five overpayments totaling \$13,017 which had not been processed in CSIPS at the time of fieldwork completion, even though completed deduction forms had been filed with the payment source documents. Only three of these deduction forms had been forwarded to the payment unit. The remaining two overpayments which were expenditures from March 2005 were not identified as overpayments until April 2006. The deduction forms for these overpayments had not been submitted to the payment unit for processing as of June 2006. Without system capability or adequate deduction procedures for tracking

overpayments and the corresponding deductions, there is an increased risk vendor overpayments will go uncollected without being detected by management.

Error handling procedures are needed

Accepted standards state error handling procedures during data origination should reasonably ensure errors and irregularities are detected, reported and corrected. CD officials have not documented policies and procedures for handling source document errors or for the resubmission of corrected data. There is also no method in place for CD officials to monitor and follow-up on the correction and resubmission of payment errors. As a result, there are no procedures for monitoring the level of transaction errors.

A CD official stated policies and procedures had been in a previous manual which outlined the steps for handling payment transaction errors. However, this official did not know why these procedures had not been carried forward to the current welfare manual. Without having documented error handling policies and procedures in place, CD officials risk not being able to ensure the accuracy, completeness and timeliness of data processed by CSIPS. By monitoring transaction error levels, DSS officials can better evaluate and focus staff training needs.

Source document routing and retention policy needed

According to accepted standards, procedures should be in place to ensure original source documents are retained or are reproducible by the organization for an adequate amount of time to facilitate retrieval or reconstruction of data as well as to satisfy legal requirements. CD officials did not have documented source document handling and retention policies that could be relied on to provide an accurate location of payment source documents. When we brought this problem to their attention, DSS officials formulated and revised policies pertaining to source document retention. However, the new policies address retention only at the local offices; it does not include policies for payments made from central office. Without comprehensive source document handling and retention policies in place, CD does not have assurance that source documents are reproducible to facilitate retrieval or reconstruction of payment data.

Conclusions

Our limited analysis of CSIPS payments found, due to internal control and system weaknesses, DSS overpaid vendors at least \$51,528 during fiscal year 2005. DSS and ITSD officials have not established the internal controls necessary to ensure the accuracy and integrity of CSIPS payments. DSS officials have identified some of the internal control weaknesses in CSIPS and plan to address these controls when developing a new system to replace CSIPS. DSS officials have established adequate security controls to protect CSIPS from unauthorized access. To ensure the accuracy, propriety and integrity of CSIPS payments, DSS officials should establish appropriate

transaction processing controls and payment edits to correct the internal control weaknesses in data entry, validation, and payment authorization processes. DSS officials should also ensure appropriate controls are included in the design and development of the new system.

In early 2006, DSS officials reported the completion of an investigation of alleged fraud in one of the child welfare programs. The department's Special Investigation Unit found enough evidence of fraudulent payments to refer the case to the federal prosecutor for further review. DSS officials can reduce the risk of fraudulent payments by establishing the proper internal controls and implementing the recommendations made in our audit report.

Recommendations

We recommend Department of Social Services officials work with Information Technology Services Division officials as necessary to:

1. Recoup the overpayments identified in this report and investigate the potential overpayments to determine if amounts need to be recouped.
2. Include the capability to document exact service dates instead of only the service month and year for children services payment transactions in CSIPS and/or include this functionality in the design and development of the new system.
3. Establish procedures to ensure all payment data is checked for accuracy, propriety and completeness by proper data validation and edit controls before and during processing. Specifically, DSS should review the following edits to consider adding them to CSIPS and/or to the design and development of the new system:
 - Require service units and service rates on all payment transactions with the appropriate minimum and maximum units and rates.
 - Place data validation rules on service codes to ensure payment data is compliant with the service code restrictions and to ensure the appropriate rate is used.
 - Limit the payments for clothing to ensure compliance with the Child Welfare Manual.
 - Revise the duplicate payment edit to review the entire payment history instead of just the pending payment file.
 - Revise the child care edit to review payment history to ensure only 23 days are allowed in a month.
 - Establish edits limiting absences and holidays for child care payments.
 - Differentiate between weekend and evening child care payments and establish appropriate edits limiting the days allowed.

-
4. Establish procedures for reviewing payments to ensure the amount input agrees to the amount approved. DSS should consider adding a workflow requirement to apply electronic signatures to authorize or approve source documents before the system will allow payments to process and/or include this functionality in the design and development of the new system.
 5. Develop policies and procedures for monitoring override transaction usage to ensure payments are being properly processed.
 6. Develop procedures for tracking child service overpayments to ensure monies are recouped from future vendor payments or are repaid by the vendor. DSS and ITSD officials should evaluate the cost of modifying the current child welfare payment system or including specifications in the future system to adequately track vendor overpayments and deductions with automated procedures.
 7. Establish documented policies and procedures for handling source document errors and the resubmission of corrected data. In addition, develop error logs so officials can monitor and follow-up on the correction and resubmission of payment transaction errors.
 8. Revise the source documentation retention policy to include how documents are retained and stored for all CSIPS payments.

Agency Comments

1. *The Children's Division moved forward immediately to recoup overpayments identified in the report. In addition, Children's Division Management is working with the Children's Division Payment Unit to identify additional overpayments and plans to initiate a process to recoup such overpayments upon identification.*
2. *The Children's Division will include this functionality in the design and development of the new payment system.*
3.
 - *The Children's Division will include this functionality in the design and development of the new payment system for applicable payment transactions.*
 - *The Children's Division will include this functionality in the design and development of the new payment system.*
 - *Children's Division Management will review the need for including an edit in the current system and future system which will limit the payments for clothing.*

-
- *Children's Division staff will work with ITSD to explore the potential of revising this edit in the current system. The Children's Division will include this functionality in the design and development of the new payment system.*
 - *Children's Division staff will work with ITSD to explore the potential of revising this edit in the current system. The Children's Division will include this functionality in the design and development of the new payment system.*
 - *Children's Division staff will work with ITSD to explore the potential of revising this edit in the current system. The Children's Division will include this functionality in the design and development of the new payment system.*
 - *The Children's Division will include this functionality in the design and development of the new payment system.*
4. *The current system does include edits to ensure the amount input agrees or is less than the amount approved, when the payment is first authorized in the SEAS system and then payment through a CS-65a invoice. The Children's Division will include a workflow in the design and development of the new payment system which has electronic signatures for authorizing and approving payments.*
 5. *DSS has moved forward to limit override capability to a smaller number of agency personnel. In addition, Children's Division staff will work with ITSD to develop procedures for obtaining and monitoring override transaction usage.*
 6. *The Children's Division will include this functionality in the design and development of the new payment system.*
 7. *Children's Division Payment Unit staff will establish policies and procedures for handling source document errors and the resubmission of corrected data. This will be documented in the CSIPS Payment Handbook. Children's Division Payment Unit staff are currently logging errors and following-up with local payment specialists on the correction and resubmission of payments.*
 8. *Children's Division officials will revise the source documentation retention policy to include how documentation should be retained and stored for payments made by Central Office staff.*



Claire McCaskill

Missouri State Auditor

September 2006

Lincoln County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2006

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Lincoln, that do not have a county auditor. In addition to a financial audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

The County Commission held several closed sessions during the two years ended December 31, 2005. Open session minutes typically will indicate the meeting is being closed, but the specific reason is not documented. In addition, minutes for some closed sessions were not taken, and the county did not document how some topics discussed in closed session were allowable under the law.

Payments were made to the Elsberry Road District and the Industrial Development Authority without proper written contracts. During the two years ended December 31, 2005, the county made payments totaling \$663,007 and \$510,096 to the special road district and appropriated \$18,000 to the IDA for advertisement and promoting economic development. The county also did not obtain documentation from the road district or the IDA of how these funds were expended.

The county donated two vans to not-for-profit organizations with no written contract indicating how the vehicles would be utilized by the organizations. In addition, the county appropriated \$18,000 to a senior citizen meals on wheels program without entering into a written contract. The Missouri Constitution prohibits the use of public money or property to benefit any private individual, associations, or corporations except as provided in the constitution.

The Road and Bridge Department, Juvenile office, and County Commissioners do not maintain vehicle usage logs to document how vehicles are used. In addition, the Road and Bridge Department and the County Commission fill their vehicles from the county's bulk fuel tanks. The county does not maintain logs of fuel dispensed into these vehicles. Also, the County does not adequately monitor the records of fuel dispensed to the Sheriff Department's and Special Services Director's vehicles. Without adequate vehicle fuel and usage logs, the county cannot effectively monitor that vehicles are used for official business only, that maintenance and fuel costs for vehicles are reasonable, and that fuel and maintenance billings to the county represent legitimate and appropriate charges.

The county and Health Center do not have adequate procedures in place to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA), and as a result, the county's SEFA contained several errors and omissions. Expenditures

YELLOW SHEET

were understated by \$58,168 and by \$157,865 for the years ended December 31, 2005 and 2004, respectively.

In the Circuit Clerk's office, approximately \$3,800 received was not deposited. In September of 2005, an investigation was conducted by the Circuit Clerk's office with the help of a consulting firm, and one employee was placed on unpaid leave; however, the missing monies have not been recovered. Charges were filed against the employee and a trial began in June of 2006. The discrepancies were not detected due to various internal control weaknesses. While some changes were made, the Circuit Clerk's office does not account for the numerical sequence of manual receipt slips and trace all manual receipt slips to the JIS, nor does the Circuit Court adequately follow up on bonds posted by defendants who fail to make the required court appearances.

In the Collector's office, recordkeeping duties in the office have not been adequately segregated, and reconciliations are not performed between the partial payment ledger and the reconciled bank balance. In addition, monthly liability listings are not prepared and reconciled with cash balances. Commissions and fees withheld from one school district were computed incorrectly, due to an incorrect ratio being used resulting in approximately \$37,000 being over withheld from one school district and deposited into the General Revenue and Assessment Funds.

In the Sheriff's office, some monies are not deposited intact and accounting duties are not adequately segregated. In addition, the office does not have written contracts with some political subdivisions to house prisoners and a policy has not been established to follow-up on unpaid incarceration costs. Commissary commissions are not turned over to the county treasury and monthly listings of liabilities for the Commissary Account are not adequately reconciled to the book balance. The reconciliation has two "unknown" categories; however, these "unknown" differences fluctuate each month and there was no documentation to indicate the changes had been properly investigated.

Other areas where concerns were noted related to computer controls and the property tax system. In addition, the audit included recommendations to the Prosecuting Attorney and the Law Library Custodian.

All reports are available on our Web site: www.auditor.mo.gov

LINCOLN COUNTY, MISSOURI

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LINCOLN COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL
STATEMENTS, REQUIRED SUPPLEMENTARY INFORMATION, AND
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Lincoln County, Missouri

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln County, Missouri, as of and for the years ended December 31, 2005 and 2004, which collectively comprise the county's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed more fully in Note 1, the county prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln County, Missouri, as of December 31, 2005 and 2004, and the respective changes in financial position-cash basis thereof for the years then ended in conformity with the basis of accounting discussed in Note 1.

As discussed more fully in Note 1, for the years ended December 31, 2005 and 2004, the county implemented applicable provisions of Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 7, 2006, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required to accompany those financial statements. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the county's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Lincoln County, Missouri, and was not subjected to the auditing procedures applied in the audit of the basic financial statements. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 7, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Carl Zilch Jr.
Audit Staff:	Zeb Tharp
	Heather Stiles
	Emily Hehmeyer



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Lincoln County, Missouri

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln County, Missouri, as of and for the years ended December 31, 2005 and 2004, which collectively comprise the county's basic financial statements, and have issued our report thereon dated July 7, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of Lincoln County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of Lincoln County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Lincoln County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 7, 2006 (fieldwork completion date)

Management's Discussion and Analysis

LINCOLN COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2005 AND 2004

This discussion and analysis of Lincoln County's financial performance provides an overview of the county's financial activity for the years ended December 31, 2005 and 2004. The information below, prepared by the county's management, should be read in conjunction with the county's financial statements that immediately follow.

OVERVIEW OF THE FINANCIAL STATEMENTS

The contents of this report comply with the presentation requirements of Statement No. 34 of the Governmental Accounting Standards Board, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as applicable to the cash basis of accounting. The county's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. The notes are an integral part of the government-wide and fund financial statements and provide more detail about the information presented in the statements. This report also contains other financial information in addition to the basic financial statements.

The county has elected to present its financial statements on the cash basis of accounting, a basis of accounting other than accounting principles generally accepted in the United States of America. "Basis of accounting" refers to when financial events are recorded. Under the cash basis of accounting, revenues are recorded when received rather than when earned, and expenditures are recorded when paid rather than when the related liabilities are incurred. Therefore, when reviewing the financial information and discussion in this report, the reader should recall the limitations resulting from use of the cash basis of accounting.

Government-Wide Financial Statements

The Government-Wide Statement of Net Assets and the Government-Wide Statement of Activities report information about the county as a whole. These statements present the county's net assets and show how they have changed. Over time, increases or decreases in the county's net assets are one indicator of whether its financial health or position is improving or deteriorating. However, to assess the county's overall financial health, the reader needs to consider additional nonfinancial factors. The government-wide financial statements report only governmental activities—activities such as general government operations, public safety, and health and welfare that are usually financed through taxes and intergovernmental revenues. The county has one business-like activity—activities financed wholly or partially by fees charged to external parties for goods or services. However, the financial statements of the Lincoln County Memorial Hospital are not included in the accompanying financial statements for its years ended December 31, 2005 and 2004. Such financial statements have been audited and separately reported on by other independent auditors.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the county as a whole. Some funds are required to be established by state law or by bond covenants. However, the County Commission establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, or other revenue sources. The fund financial statements include only governmental funds, which focus on the flow of money into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed view of the county's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether more or fewer financial resources can be spent in the near future to finance the county's programs.

The County as Trustee

The county is the trustee, or fiduciary, for its trust and agency funds that are used to account for assets held by the county's elected officials in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The county's fiduciary assets are reported in a separate Fiduciary Funds Statement of Net Assets. Fiduciary funds are excluded from the county's other financial statements because the county cannot use these assets to finance its operations. The county is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Other Information

The report also includes as required supplementary information this Management's Discussion and Analysis and the Budgetary Comparison Schedule - General Fund and Major Special Revenue Funds - Cash Basis. Such information is intended to supplement the government-wide financial statements, fund financial statements, and notes to the financial statements but is not a part of those statements.

In addition, the report includes the following components that are not a required part of the financial statements: the Schedule of Expenditures of Federal Awards, required for audits of federal program expenditures conducted in accordance with Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the History, Organization, and Statistical Information.

FINANCIAL HIGHLIGHTS

- The county's total governmental receipts exceeded total expenses by \$886,294 in 2005 and \$822,160 in 2004.
- The county's governmental funds ended 2005 with a combined cash balance of \$7,782,617 and 2004 with \$6,896,323.

THE COUNTY AS A WHOLE

		Year Ended December 31,		
		2005	2004	2003
Net Assets	\$	7,782,617	6,896,323	6,321,755
Program Receipts		7,587,869	5,707,433	4,942,423
General Receipts		10,164,166	9,976,277	10,955,717
Disbursements		16,865,741	14,861,550	15,176,920
Change in Net Assets		886,294	822,160	721,220

For the 3 years disclosed, the increase in net assets was virtually the same. Therefore, there are no significant differences that need to be explained here.

THE COUNTY'S FUNDS

General Fund Budgetary Highlights

During 2004 and 2005 the county budget was not amended.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2005, the County had the following long-term debt:

On December 23, 1996, the County procured neighborhood improvement district (NID) bonds of \$163,000 for the Walker Road Community Project for road improvements. The remaining principal at December 31, 2005, is \$20,000.

On December 20, 2001, the County refinanced a bond of \$1,500,000 for jail improvement and \$2,500,000 for a justice center. The bond was financed with a sales tax increase for that purpose. The portion for the Jail Improvement was paid in full in October of 2005. The justice center portion will be paid until April of 2022. The remaining principal of December 31, 2005, is \$2,210,000.

On December 31, 2003, the County entered into a lease-purchase agreement of \$300,908 for the purchase of 16 police cars and 1 police van. The remaining principal at December 31, 2005, is \$100,781.

On March 31, 2005, the County entered into a lease-purchase agreement of \$106,343 for the purchase of 6 police cars. The remaining principal at December 31, 2005, is \$70,818.

On September 7, 2005, the County procured NID bonds of \$56,770 for the Wildoradoe Road Improvement Project for road improvements. At December 31, 2005, no payment has been made so the obligation remains at \$56,770.

On October 17, 2005, the County procured NID bonds of \$83,334 for Westmier Estates Neighborhood Improvement Project for road improvements. At December 31, 2005, no payment has been made so the obligation remains at \$83,334.

A special assessment is assessed annually to property owners within the NIDs for 10 years to finance the annual bond payments on the NID bonds.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Lincoln County is the fastest growing county in Missouri and the sixty-fourth in the United States. With this rapid growth there are demands on the county that need to be met. A 5 percent increase in all county sales taxes is anticipated for 2006.

The increased cost of equipment, fuel, asphalt and road repairs that are required to meet the needs of the county has taken a financial toll on the Road and Bridge (R&B) Department budget. The administrative fee allowed through state statutes for R&B to transfer to General Revenue has not been budgeted, as sufficient funds have not been available to do this. Sufficient funds are not expected to be generated to meet the growing needs of the county for the maintenance and improvements of the Road and Bridge Department.

NIDs are increasing within Lincoln County for private subdivisions, and they continue to add additional duties within the County Clerk's office. The county is required to guarantee the bond payments for all NIDs.

The 911 communication center is funded through a 1.5 percent surtax on basic telephone service, dispatching for political subdivisions, and allocations from General Revenue. With the growth in Lincoln County, demands on 911 have increased rapidly, resulting in greater demands on the General Revenue Fund. In the future, the county is expected to ask voters for a sales tax to assist in funding 911 operations.

As the county population continues to increase, sufficient space and facilities to best serve the citizens in Lincoln County have become more difficult and will need to be addressed in the near future. The County Commission is considering the possibility of adding an additional facility by the justice center.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

Questions about this report or requests for additional information should be addressed to Elaine Luck, Lincoln County Clerk, Lincoln County Courthouse, 201 Main Street, Troy, Missouri 63379, (636)528-6300.

Basic Financial Statements

Government-Wide Financial Statements

Exhibit A-1

LINCOLN COUNTY, MISSOURI
GOVERNMENT-WIDE STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2005

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ <u>7,782,617</u>
Total Assets	<u>7,782,617</u>
NET ASSETS	
Restricted	3,736,790
Unrestricted	<u>4,045,827</u>
Total Net Assets	\$ <u><u>7,782,617</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

LINCOLN COUNTY, MISSOURI
GOVERNMENT-WIDE STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2004

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ <u>6,896,323</u>
Total Assets	<u>6,896,323</u>
NET ASSETS	
Restricted	3,394,854
Unrestricted	<u>3,501,469</u>
Total Net Assets	\$ <u><u>6,896,323</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B-1

LINCOLN COUNTY, MISSOURI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - CASH BASIS
YEAR ENDED DECEMBER 31, 2005

		Program Receipts		Net (Disbursements) Receipts and Changes in Cash Balances
	Disbursements	Charges for Services	Intergovernmental	Primary Governmental Activities
GOVERNMENTAL ACTIVITIES				
General county government	\$ 3,434,424	1,289,789	1,205,555	(939,080)
Roads and bridges	6,116,449	77,859	2,361,889	(3,676,701)
Public safety	6,610,655	2,452,916	181,443	(3,976,296)
Health and welfare	29,190	0	0	(29,190)
Debt service	675,023	0	18,418	(656,605)
Total Governmental Activities	<u>16,865,741</u>	<u>3,820,564</u>	<u>3,767,305</u>	<u>(9,277,872)</u>
Total Primary Government	<u>\$ 16,865,741</u>	<u>3,820,564</u>	<u>3,767,305</u>	<u>(9,277,872)</u>
GENERAL RECEIPTS				
Taxes				
Property taxes				1,904,663
Sales taxes				7,466,466
Telephone tax				433,014
Interest				239,944
Other				120,079
Total General Receipts				<u>10,164,166</u>
Change in Cash Balances				886,294
NET ASSETS, JANUARY 1				<u>6,896,323</u>
NET ASSETS, DECEMBER 31				<u>\$ 7,782,617</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

LINCOLN COUNTY, MISSOURI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - CASH BASIS
YEAR ENDED DECEMBER 31, 2004

The accompanying Notes to the Financial Statements are an integral part of this statement.

Fund Financial Statements

Exhibit C-1

LINCOLN COUNTY, MISSOURI
GOVERNMENTAL FUNDS BALANCE SHEET - CASH BASIS
DECEMBER 31, 2005

		General Fund	Special Road and Bridge Fund	Jail Improvement Fund	Law Enforcement Trust Fund	Other Governmental Funds	Total Governmental Funds
		<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
ASSETS							
Cash	\$	4,045,827	341,872	2,623,270	285,655	485,993	7,782,617
Total Assets	\$	<u>4,045,827</u>	<u>341,872</u>	<u>2,623,270</u>	<u>285,655</u>	<u>485,993</u>	<u>7,782,617</u>
FUND BALANCES							
Unreserved	\$	4,045,827					4,045,827
Unreserved special revenue funds			341,872	2,623,270	285,655		3,250,797
Unreserved reported in nonmajor funds						485,993	485,993
Total Fund Balances	\$	<u>4,045,827</u>	<u>341,872</u>	<u>2,623,270</u>	<u>285,655</u>	<u>485,993</u>	<u>7,782,617</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C-2

LINCOLN COUNTY, MISSOURI
GOVERNMENTAL FUNDS BALANCE SHEET - CASH BASIS
DECEMBER 31, 2004

		General Fund	Special Road and Bridge Fund	Jail Improvement Fund	Law Enforcement Trust Fund	Other Governmental Funds	Total Governmental Funds
		<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
ASSETS							
Cash	\$	3,501,469	571,657	2,004,383	370,690	448,124	6,896,323
Total Assets	\$	<u>3,501,469</u>	<u>571,657</u>	<u>2,004,383</u>	<u>370,690</u>	<u>448,124</u>	<u>6,896,323</u>
FUND BALANCES							
Unreserved	\$	3,501,469					3,501,469
Unreserved special revenue funds			571,657	2,004,383	370,690		2,946,730
Unreserved reported in nonmajor funds						448,124	448,124
Total Fund Balances	\$	<u>3,501,469</u>	<u>571,657</u>	<u>2,004,383</u>	<u>370,690</u>	<u>448,124</u>	<u>6,896,323</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D-1

LINCOLN COUNTY, MISSOURI
 GOVERNMENTAL FUNDS STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
 YEAR ENDED DECEMBER 31, 2005

	General Fund	Special Road and Bridge Fund	Jail Improvement Fund	Law Enforcement Trust Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property taxes	\$ 657,593	1,247,070	0	0	0	1,904,663
Sales taxes	2,102,429	2,102,431	1,022,850	2,238,756	0	7,466,466
Intergovernmental	335,777	1,103,810	0	181,443	1,926,108	3,547,138
Telephone tax	0	0	0	0	433,014	433,014
NID special assessment	0	0	0	0	80,063	80,063
Charges for services	1,090,276	77,859	0	2,163,505	488,924	3,820,564
Interest	112,449	21,891	67,927	8,316	29,361	239,944
Bond proceeds	0	0	0	0	140,104	140,104
Other	8,449	10,306	2,213	12,659	86,452	120,079
Total Receipts	<u>4,306,973</u>	<u>4,563,367</u>	<u>1,092,990</u>	<u>4,604,679</u>	<u>3,184,026</u>	<u>17,752,035</u>
DISBURSEMENTS						
General county government	2,316,393	0	0	0	1,118,031	3,434,424
Roads and bridges	0	4,866,449	0	0	1,250,000	6,116,449
Public safety	728,510	0	71,603	4,617,245	1,193,297	6,610,655
Health and welfare	0	0	0	0	29,190	29,190
Debt service	256,884	0	402,500	0	15,639	675,023
Total Disbursements	<u>3,301,787</u>	<u>4,866,449</u>	<u>474,103</u>	<u>4,617,245</u>	<u>3,606,157</u>	<u>16,865,741</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>1,005,186</u>	<u>(303,082)</u>	<u>618,887</u>	<u>(12,566)</u>	<u>(422,131)</u>	<u>886,294</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	0	73,297	0	0	471,500	544,797
Transfers out	(460,828)	0	0	(72,469)	(11,500)	(544,797)
Total Other Financing Sources (Uses)	<u>(460,828)</u>	<u>73,297</u>	<u>0</u>	<u>(72,469)</u>	<u>460,000</u>	<u>0</u>
NET CHANGE IN CASH BALANCES	544,358	(229,785)	618,887	(85,035)	37,869	886,294
CASH BALANCES, JANUARY 1	<u>3,501,469</u>	<u>571,657</u>	<u>2,004,383</u>	<u>370,690</u>	<u>448,124</u>	<u>6,896,323</u>
CASH BALANCES, DECEMBER 31	<u>\$ 4,045,827</u>	<u>341,872</u>	<u>2,623,270</u>	<u>285,655</u>	<u>485,993</u>	<u>7,782,617</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D-2

LINCOLN COUNTY, MISSOURI
 GOVERNMENTAL FUNDS STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
 YEAR ENDED DECEMBER 31, 2004

	General Fund	Special Road and Bridge Fund	Jail Improvement Fund	Law Enforcement Trust Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property taxes	\$ 679,201	1,197,420	0	0	0	1,876,621
Sales taxes	2,059,295	2,059,288	1,091,293	2,182,559	0	7,392,435
Telephone tax	0	0	0	0	387,471	387,471
NID special assessment	0	0	0	0	13,772	13,772
Intergovernmental	209,215	1,107,106	0	155,269	626,071	2,097,661
Charges for services	999,428	93,862	0	2,072,752	429,958	3,596,000
Interest	79,083	36,759	38,151	7,513	16,976	178,482
Other	29,454	6,774	0	9,410	95,630	141,268
Total Receipts	4,055,676	4,501,209	1,129,444	4,427,503	1,569,878	15,683,710
DISBURSEMENTS						
General county government	2,082,541	0	0	0	687,879	2,770,420
Roads and bridges	0	5,237,218	0	0	29,953	5,267,171
Public safety	607,886	0	108,891	4,308,648	939,060	5,964,485
Health and welfare	0	0	0	0	134,722	134,722
Debt service	306,882	0	398,730	0	19,140	724,752
Total Disbursements	2,997,309	5,237,218	507,621	4,308,648	1,810,754	14,861,550
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	1,058,367	(736,009)	621,823	118,855	(240,876)	822,160
OTHER FINANCING SOURCES (USES)						
Transfers in	122,186	65,292	0	0	380,000	567,478
Transfers out	(380,836)	(122,186)	0	(64,456)	0	(567,478)
Total Other Financing Sources (Uses)	(258,650)	(56,894)	0	(64,456)	380,000	0
NET CHANGE IN CASH BALANCES	799,717	(792,903)	621,823	54,399	139,124	822,160
CASH BALANCES, JANUARY 1	2,701,752	1,364,560	1,382,560	316,291	309,000	6,074,163
CASH BALANCES, DECEMBER 31	\$ 3,501,469	571,657	2,004,383	370,690	448,124	6,896,323

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E-1

LINCOLN COUNTY, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
DECEMBER 31, 2005

ASSETS

Cash	\$	<u>5,128,169</u>
Total Assets		<u>5,128,169</u>

NET ASSETS

Restricted		5,128,169
Unrestricted		<u>0</u>
Total Net Assets	\$	<u><u>5,128,169</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E-2

LINCOLN COUNTY, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
DECEMBER 31, 2004

ASSETS

Cash	\$	<u>4,413,299</u>
Total Assets		<u>4,413,299</u>

NET ASSETS

Restricted		4,413,299
Unrestricted		<u>0</u>
Total Net Assets	\$	<u><u>4,413,299</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

LINCOLN COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

As Note 1.C. discusses further, the accompanying financial statements of Lincoln County, Missouri, are presented in conformity with the cash basis of accounting, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles for state and local governments. The significant accounting policies related to those principles and used by the county are described below.

A. Reporting Entity

A financial reporting entity consists of (1) the primary government, (2) component units, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading or incomplete. The primary government of Lincoln County consists of all funds, departments, offices, or organizations that are not legally separate from the county.

Component units are legally separate organizations for which the county government is financially accountable. The county is financially accountable for an organization if the county appoints a voting majority of the organization's governing board and (1) is able to significantly influence the programs or services provided or performed by the organization or (2) is legally entitled to and or can otherwise access the organization's resources; is legally obligated for or has otherwise assumed the obligation to finance the organization's deficits or provide financial support to it; or is obligated in some manner for the organization's debt. Component units also may include organizations that are fiscally dependent on the county because their budgets, tax levies, or debt issuances are approved by the county.

Based on application of the above criteria, the county has no component units.

B. Basis of Presentation

1. Government-Wide Financial Statements

The government-wide financial statements display information about the county as a whole. These statements include the financial activities of the primary government, except for the activities of fiduciary funds. The primary government's financial activities are required to be classified as governmental or business-like. Governmental activities generally are financed through taxes, intergovernmental receipts, and other nonexchange transactions. Business-like activities are financed wholly or partially by fees

charged to external parties for goods or services. The financial statements of the Lincoln County Memorial Hospital are not included in the accompanying financial statements for its years ended December 31, 2005 and 2004. Such financial statements have been audited and separately reported on by other independent auditors.

The Government-Wide Statement of Net Assets presents the financial condition of the county's governmental activities at year-end. The Government-Wide Statement of Activities presents a comparison between direct disbursements and program receipts for each program or function of the county's governmental activities. Direct disbursements are specifically associated with and clearly identifiable to a particular function. The county does not allocate indirect costs to those functions. Program receipts include (a) charges paid by the recipients of goods or services offered by the programs and (b) intergovernmental receipts that are restricted to meeting the operational or capital requirements of a particular program. Receipts not classified as program receipts, including all taxes, are presented as general receipts. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the county.

2. Fund Financial Statements

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The county uses funds to segregate transactions related to certain functions or activities in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the county primary government at this detailed level. The fund financial statements focus on major funds. Each major fund is presented in a separate column, and nonmajor funds are aggregated and presented in a single column. Major funds include (a) the county's primary operating fund, (b) any fund for which total cash, receipts, or disbursements of an individual fund are at least 10 percent of the corresponding element total for all funds of that type, and (c) any other fund that county officials believe is particularly important to financial statement users.

The accompanying financial statements are structured into two categories of funds—governmental and fiduciary. Governmental funds are those through which most governmental functions typically are financed. Reporting for such funds focuses on the sources, uses, and balances of current resources. The county's major governmental funds are as follows:

General Fund: The General Fund is the primary operating fund of the county, accounting for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Road and Bridge Fund: This fund accounts for property tax collections and other receipts that are legally restricted to disbursements for road and bridge purposes.

Jail Improvement Sales Tax Fund: This fund accounts for sales tax collections that are legally restricted to disbursements for jail improvements.

Law Enforcement Trust Fund: This fund accounts for sales tax collections that are legally restricted to disbursements for law enforcement purposes.

The county's nonmajor governmental funds are also special revenue funds.

The financial statements of the Lincoln County Health Center and Community Opportunities Fund, special revenue funds, are not included in the accompanying financial statements for its years ended December 31, 2005 and 2004. Such financial statements have been audited and separately reported on by other independent auditors.

Fiduciary funds account for assets held by the county as a trustee or an agent for individuals, private organizations, other governments, or other funds. Fiduciary fund reporting focuses on net assets and changes in net assets; fiduciary assets are reported in a separate Statement of Fiduciary Net Assets because the county cannot use those assets to finance its operations. The county's fiduciary funds consist of agency funds, which report assets held in a purely custodial capacity and do not involve measurement of results of operations.

The agency funds include the County Collector's fund which has a fiscal year ending February 28; therefore, financial information for its reporting periods is included in the accompanying Statement of Fiduciary Net Assets.

C. Basis of Accounting

Basis of accounting refers to when transactions are recorded in the financial records and reported in the financial statements. The government-wide and fund financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. Consequently, certain assets and their related revenues (such as accounts receivable and revenues billed but not yet

collected for goods and services provided) and certain liabilities and their related expenditures (such as accounts payable and expenditures for goods and services received but not yet paid for) are not recorded in these financial statements. Generally accepted accounting principles for state and local governments require revenues to be recognized when they are earned or when they become available and measurable and expenditures or expenses to be recognized when the related liabilities are incurred.

The accounting treatment for specific account balances and transaction types is as follows:

Equity classifications: On the Government-Wide Statement of Net Assets, equity is classified as net assets and displayed in two components: restricted and unrestricted. Net assets are reported as restricted when limitations are imposed on their use through either the enabling legislation adopted by the County Commission or external restrictions imposed by creditors, grantors, or the laws and regulations of other governments. All other net assets are reported as unrestricted. The county applies restricted resources first when a disbursement is made for which both restricted and unrestricted net assets are available.

In the fund financial statements, equity is classified as fund balance and also may be displayed in two components: reserved and unreserved. Fund balance is reported as reserved to indicate that a portion of the fund balance is not available for appropriation or is legally segregated for a specific future use. When such restrictions do not exist, fund balance is reported as unreserved.

Inventories and capital assets: Inventories include office, housekeeping, and road maintenance supplies. Capital assets consist of land, buildings, furniture, equipment, vehicles, and infrastructure such as roads and bridges. Both inventories and capital assets are recorded as disbursements when they are purchased or constructed.

Compensated absences: The county provides vacation and personal leave to its employees. Full-time county employees accrue vacation leave at one week per year for employees after one year of service, two weeks per year for two years through nine years of service, and three weeks per year for 10 years or more years of service. Employees may carry-over vacation leave to a maximum of 40 hours at their anniversary date. Any employee with benefits leaving the county service shall be compensated for vacation credit unused to the date of termination.

Full-time county employees starting after January 1, 2000, accrue personal leave at four hours per month and employees that started before January 1, 2000, accrue eight hours per month. Personal leave can be accumulated to a maximum of 480 hours. Any time required to be taken for illness must be taken as personal time. Upon termination of employment with the county, compensation for 50% of any unused accumulated personal leave, not to exceed one month's salary, will be paid if the

employee successfully completed a minimum of five consecutive years of employment with the county.

Vacation and personal leave amounts are reported as disbursements when they are paid. Accrued liabilities related to compensated absences and any employer-related costs earned and unpaid are not reflected in the government-wide or fund financial statements. The county has not restricted any net assets or reserved any fund balance for these commitments.

Other postemployment benefits: The county does not provide postemployment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). Under the COBRA the county provides health care benefits to eligible former employees and their dependents. The premiums are paid by the former employees. The county incurs no cost for these benefits.

Long-term debt: Consistent with the cash basis of accounting, long-term debt is not reported in the government-wide or fund financial statements. Proceeds from debt issuances are reported when received, and payments of principal and interest are reported when disbursements are made.

D. Accounting Changes

For the years ended December 31, 2005 and 2004, the county implemented applicable provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*: This Statement amends Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*. Statement No. 40 revises Statement No. 3's requirements regarding disclosure of custodial credit risk and establishes new requirements for disclosures regarding credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

2. Deposits and Investments

Disclosures are provided below to comply with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit. To protect the safety of county deposits, Section 110.020, RSMo, requires depositories to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance

Corporation (FDIC). The securities must be of the types specified by Section 30.270, RSMo, for the collateralization of state funds and held by either the county or a financial institution other than the depository bank. Section 67.085, RSMo, also requires certificates of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depository bank fails, Lincoln County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The County Treasurer's deposits at December 31, 2005 and 2004, and the County Collector's deposits at February 28, 2006 and 2005, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

Investments

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. At December 31, 2005 and 2004, the county had no such investments. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

3. Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects its own property taxes and also taxes for most other local governments (except some cities). Collections for other governments and remittances to those governments are accounted for in various County Treasurer's agency funds.

4. Defined Benefit Pension Plan

Plan Description

Lincoln County contributes to the County Employees' Retirement System (CERS), a mandatory cost-sharing multiple-employer public employee retirement system for Missouri counties, excluding first-class counties with a charter form of government and any city not within a county. The CERS, a defined benefit plan, provides retirement and death benefits to its members and is administered in accordance with Sections 50.1000 through 50.1300, RSMo. Responsibility for the operation and administration of the system is vested in the CERS Board of Directors. The CERS issues a publicly available financial report that

includes financial statements and required supplementary information. Copies of the report may be requested from:

County Employees' Retirement System
2121 Schotthill Woods Drive
Jefferson City, MO 65101

Funding Policy

Before January 1, 2003, members, except for those who participated in the Local Government Employees Retirement System (LAGERS), were required to make contributions equal to 2 percent of gross compensation. Effective January 1, 2003, in addition to the prior contribution requirements, members hired on or after February 25, 2002, must contribute 4 percent if they participate in the LAGERS and 6 percent if they do not participate in it. If an employee terminates employment before attaining 8 years of creditable service, the CERS refunds the accumulated contributions to the employee. The contribution rate is set by statute.

In addition, the CERS receives a portion of delinquent property tax penalties, penalties for late filing of personal property tax declarations, a portion of document recording fees, a portion of fees for merchants and manufacturers licenses, and any interest derived from the collection and investment of any part of the penalties and fees. The Office of Secretary of State also collects and remits fees for certain filing transactions to the system. The county's contributions to the CERS for the years ending December 31, 2005, 2004, were \$131,286, and \$137,936, respectively, equal to the required contributions for each year.

5. Defined Contribution and Deferred Compensation Plans

Plan Description

Lincoln County offers employees the opportunity to participate in the CERS defined contribution plan and Internal Revenue Code (IRC) Section 457 deferred compensation plan. The plans' provisions and contribution requirements are established and may be amended only by the Missouri General Assembly. Pension plan members are eligible to participate.

Contributions

Pension plan members who are not LAGERS members are required to contribute 0.7 percent of gross compensation to the defined contribution plan. Contributions of \$96,163 and \$93,836 were made during the years ended December 31, 2005 and 2004, respectively. Participation in the deferred compensation plan is voluntary, and the employee elects the contribution level, subject to the limitations of IRC Sections 401(a) and 457. The CERS Board of Directors decides if matching contributions from the pension plan trust funds for a calendar year will be made to the defined contribution plan accounts of those who participated in the deferred compensation plan. The amount of any matching contribution is determined by the Board and is limited to 50 percent of a non-LAGERS member's (25

percent of a LAGERS member's) voluntary contributions to the deferred compensation plan, up to 3 percent of the non-LAGERS member's (2.5 percent for the LAGERS member's) compensation. Matching contributions for the years ended December 31, 2005 and 2004, were \$30,147 and \$28,651, respectively.

Administration

Maintenance of individual member accounts and custody of assets have been contracted to a third-party administrator and investment custodian, respectively. The counties send member contributions directly to the third-party administrator. Members have several options for investing their contributions and respective share of matching contributions.

6. Interfund Transfers

Interfund transfers, the flow of assets from one fund to another when repayment is not expected, are reported as transfers in and out. The county made the following interfund transfers:

Year Ended December 31, 2005			
Transfers In:			
	Special Road and Bridge Fund	Nonmajor Governmental Funds	
Transfers Out:			
General Fund	\$ 828	460,000	
Law Enforcement Trust Fund	72,469	0	
Nonmajor Governmental Funds	0	11,500	

Year Ended December 31, 2004				
Transfers In:				
	General Fund	Special Road and Bridge Fund	Nonmajor Governmental Funds	
Transfers Out:				
General Fund	\$ 0	836	380,000	
Special Road and Bridge Fund	122,186	0	0	
Law Enforcement Trust Fund	0	64,456	0	

Interfund transfers occurred primarily because they were statutorily required or allowed—for example, transfer of an administrative service fee to the General Fund from the Special Road and Bridge Fund or contribution of General Fund monies to the Assessment Fund to pay for assessment and equalization maintenance costs not met by other sources of receipts.

7. Prior Period Adjustments

The cash balance for other governmental funds at January 1, 2004, as previously stated has been decreased by \$263,336 to reflect the following funds previously included:

<u>Funds</u>	<u>Balance</u>
Special Elections	\$ 2,561
Unclaimed Fees	7,766
Fines	215,154
OverPlus	22,343
Prosecuting Attorney Retirement	412
CERF	8
Cemetery	6,173
Investment Holding	8,919
Total	\$ <u>263,336</u>

In addition, the cash balance for other governmental funds at January 1, 2004, as previously stated has been increased by \$5,023 and \$10,745 to reflect the Circuit Clerk JCV Fund and the CDBG Fund, respectively, which were not previously included.

8. Risk Management

The county carries commercial insurance for various risks of loss to which it is exposed, including risks related to torts; theft of, damage to, or destruction of assets; natural disasters; errors and omissions; injuries to employees; and employees' health and life. No significant reductions in coverage were made since December 31, 2003, and settlements have not exceeded coverage in the past 3 years.

The county is a participant in the Missouri Public Entity Risk Management Fund, a body corporate and politic created and governed by Sections 537.700-537.756, RSMo. The purpose of the fund is to provide liability protection to participating public entities and their officials and employees. Annual contributions are collected based on actuarial projections sufficient to pay losses and expenses. Should contributions not be sufficient to meet the fund's obligations, the fund's board can make special assessments. Participants are jointly and severally liable for all claims against the fund.

The county is a member of the Missouri Association of Counties Self-Insurance Workers' Compensation and Insurance Fund. The county purchases workers' compensation insurance through this fund, a non-profit corporation established to provide insurance coverage to Missouri counties. The fund is self-insured up to \$2,000,000 per occurrence and reinsured up to the statutory limit through excess insurance.

9. Commitments and Contingencies

As of December 31, 2005, the county's legal counsel indicated a potential claim against the county. The instance involved a potential wrongful death claim against a county employee. The potential liability to the county cannot be determined at this time.

10. Related Organizations

The County Commission is responsible for appointing the members of the board of another organization, but the county's accountability for this organization does not extend beyond making the appointments. The County Commission appoints the board members of the Industrial Development Authority Board of Lincoln County. The county allocated \$18,000 to the Industrial Development Authority in 2005.

Required Supplementary Information

Schedule 1

LINCOLN COUNTY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS - CASH BASIS

Year Ended December 31,								
2005					2004			
Budgeted Amounts		Actual	Variance with		Budgeted Amounts		Actual	Variance with
Original	Final	Cash Basis	Final Budget--		Original	Final	Cash Basis	Final Budget--
			Favorable					Favorable
			(Unfavorable)					(Unfavorable)
<u>GENERAL REVENUE FUND</u>								
RECEIPTS								
Property taxes	\$ 723,000	723,000	657,593	(65,407)	606,850	606,850	679,201	72,351
Sales taxes	2,100,000	2,100,000	2,102,429	2,429	1,900,000	1,900,000	2,059,295	159,295
Intergovernmental	322,448	322,448	335,777	13,329	246,566	246,566	209,215	(37,351)
Charges for service	1,031,025	1,031,025	1,090,276	59,251	1,070,025	1,070,025	999,428	(70,597)
Interest	70,000	70,000	112,449	42,449	70,000	70,000	79,083	9,083
Other	5,000	5,000	8,449	3,449	2,300	2,300	29,454	27,154
Transfers in	0	0	0	0	143,817	143,817	122,186	(21,631)
Total Receipts	4,251,473	4,251,473	4,306,973	55,500	4,039,558	4,039,558	4,177,862	138,304
DISBURSEMENTS								
County Commission	239,350	239,350	159,219	80,131	160,600	160,600	155,075	5,525
County Clerk	187,140	187,140	165,382	21,758	189,000	189,000	155,899	33,101
Elections	261,380	261,380	44,776	216,604	130,400	130,400	107,236	23,164
Buildings and grounds	283,500	283,500	205,163	78,337	238,500	238,500	194,162	44,338
Employee fringe benefits	184,900	184,900	219,532	(34,632)	301,000	301,000	260,896	40,104
County Treasurer	63,468	63,468	61,113	2,355	67,240	67,240	63,675	3,565
County Collector	273,550	273,550	229,615	43,935	259,120	259,120	237,208	21,912
Recorder of Deeds	254,685	254,685	244,988	9,697	202,600	202,600	180,963	21,637
Circuit Clerk	161,300	161,300	75,050	86,250	141,000	141,000	81,444	59,556
Justice Center	247,940	247,940	184,665	63,275	95,360	95,360	170,253	(74,893)
Court administration	172,150	172,150	167,718	4,432	129,450	129,450	66,875	62,575
Public Administrator	49,000	49,000	48,743	257	48,470	48,470	47,399	1,071
Prosecuting Attorney	524,280	524,280	508,905	15,375	439,900	439,900	439,857	43
Juvenile Officer	190,890	190,890	181,499	9,391	177,781	177,781	132,870	44,911
County Coroner	45,200	45,200	38,106	7,094	41,100	41,100	35,159	5,941
Surveyor	4,500	4,500	2,164	2,336	9,500	9,500	6,276	3,224
Special services	97,158	97,158	87,958	9,200	76,256	76,256	59,539	16,717
Other	427,559	427,559	420,307	7,252	338,339	338,339	295,641	42,698
Debt service	375,000	375,000	256,884	118,116	365,725	365,725	306,882	58,843
Transfers out	869,438	869,438	460,828	408,610	901,234	901,234	380,836	520,398
Emergency Fund	125,745	125,745	0	125,745	116,860	116,860	0	116,860
Total Disbursements	5,038,133	5,038,133	3,762,615	1,275,518	4,429,435	4,429,435	3,378,145	1,051,290
Net Change in Cash Balances	(786,660)	(786,660)	544,358	1,331,018	(389,877)	(389,877)	799,717	1,189,594
CASH BALANCE, JANUARY 1	3,501,469	3,501,469	3,501,469	0	2,701,772	2,701,772	2,701,752	(20)
CASH BALANCE, DECEMBER 31	\$ 2,714,809	2,714,809	4,045,827	1,331,018	2,311,895	2,311,895	3,501,469	1,189,574

Schedule 1

LINCOLN COUNTY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS - CASH BASIS

Year Ended December 31,								
2005					2004			
Budgeted Amounts		Actual	Variance with		Budgeted Amounts		Actual	Variance with
Original	Final	Cash Basis	Final Budget--	Favorable	Original	Final	Cash Basis	Final Budget--
			(Unfavorable)					(Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>								
RECEIPTS								
Property taxes	\$ 1,241,000	1,241,000	1,247,070	6,070	1,213,700	1,213,700	1,197,420	(16,280)
Sales taxes	2,100,000	2,100,000	2,102,431	2,431	1,900,000	1,900,000	2,059,288	159,288
Intergovernmental	1,096,000	1,096,000	1,103,810	7,810	1,094,200	1,094,200	1,107,106	12,906
Charges for service	78,000	78,000	77,859	(141)	83,000	83,000	93,862	10,862
Interest	15,000	15,000	21,891	6,891	42,000	42,000	36,759	(5,241)
Other	179,000	179,000	10,306	(168,694)	396,000	396,000	6,774	(389,226)
Transfers in	78,000	78,000	73,297	(4,703)	65,000	65,000	65,292	292
Total Receipts	4,787,000	4,787,000	4,636,664	(150,336)	4,793,900	4,793,900	4,566,501	(227,399)
DISBURSEMENTS								
Road and bridge maintenance	3,339,392	3,339,392	3,136,754	202,638	3,099,400	3,099,400	3,075,115	24,285
Road construction	1,570,000	1,570,000	1,372,270	197,730	1,430,000	1,430,000	1,785,760	(355,760)
Equipment	362,760	362,760	259,493	103,267	700,000	700,000	318,837	381,163
Other	75,000	75,000	97,932	(22,932)	70,000	70,000	57,506	12,494
Transfers out	0	0	0	0	143,817	143,817	122,186	21,631
Total Disbursements	5,347,152	5,347,152	4,866,449	480,703	5,443,217	5,443,217	5,359,404	83,813
Net Change in Cash Balances	(560,152)	(560,152)	(229,785)	330,367	(649,317)	(649,317)	(792,903)	(143,586)
CASH BALANCE, JANUARY 1	571,657	571,657	571,657	0	1,364,560	1,364,560	1,364,560	0
CASH BALANCE, DECEMBER 31	\$ 11,505	11,505	341,872	330,367	715,243	715,243	571,657	(143,586)
<u>JAIL IMPROVEMENT FUND</u>								
RECEIPTS								
Sales taxes	\$ 1,200,000	1,200,000	1,022,850	(177,150)	1,000,000	1,000,000	1,091,293	91,293
Interest	35,000	35,000	67,927	32,927	20,000	20,000	38,151	18,151
Other	0	0	2,213	2,213	0	0	0	0
Total Receipts	1,235,000	1,235,000	1,092,990	(142,010)	1,020,000	1,020,000	1,129,444	109,444
DISBURSEMENTS								
Jail repair and maintenance	80,000	80,000	71,603	8,397	150,000	150,000	108,876	41,124
Other	0	0	0	0	15	15	15	0
Debt service	403,000	403,000	402,500	500	398,730	398,730	398,730	0
Total Disbursements	483,000	483,000	474,103	8,897	548,745	548,745	507,621	41,124
Net Change in Cash Balances	752,000	752,000	618,887	(133,113)	471,255	471,255	621,823	150,568
CASH BALANCE, JANUARY 1	2,004,383	2,004,383	2,004,383	0	1,382,560	1,382,560	1,382,560	0
CASH BALANCE, DECEMBER 31	\$ 2,756,383	2,756,383	2,623,270	(133,113)	1,853,815	1,853,815	2,004,383	150,568

Schedule 1

LINCOLN COUNTY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS - CASH BASIS

Year Ended December 31,								
2005					2004			
Budgeted Amounts		Actual	Variance with		Budgeted Amounts		Actual	Variance with
Original	Final	Cash Basis	Final Budget--		Original	Final	Cash Basis	Final Budget--
			Favorable					Favorable
			(Unfavorable)					(Unfavorable)
<u>LAW ENFORCEMENT TRUST FUND</u>								
RECEIPTS								
Sales taxes	\$ 2,200,000	2,200,000	2,238,756	38,756	2,000,000	2,000,000	2,182,559	182,559
Intergovernmental	167,000	167,000	181,443	14,443	161,000	161,000	155,269	(5,731)
Charges for service	2,357,500	2,357,500	2,163,505	(193,995)	1,808,000	1,808,000	2,072,752	264,752
Interest	5,000	5,000	8,316	3,316	5,000	5,000	7,513	2,513
Other	3,800	3,800	12,659	8,859	3,800	3,800	9,410	5,610
Transfers in	0	0	0	0	150,000	150,000	0	(150,000)
Total Receipts	4,733,300	4,733,300	4,604,679	(128,621)	4,127,800	4,127,800	4,427,503	299,703
DISBURSEMENTS								
Salaries	3,199,500	3,199,500	3,149,717	49,783	2,692,400	2,692,400	2,677,104	15,296
Employee benefits	450,000	450,000	528,333	(78,333)	784,400	784,400	655,234	129,166
Office expenses	229,000	229,000	200,151	28,849	240,000	240,000	207,505	32,495
Equipment	50,000	50,000	46,483	3,517	42,500	42,500	113,174	(70,674)
Vehicles and maintenance	280,000	280,000	257,399	22,601	180,000	180,000	227,533	(47,533)
Jail and kitchen	310,000	310,000	281,461	28,539	320,000	320,000	265,471	54,529
Interest expense	2,000	2,000	0	2,000	2,000	2,000	0	2,000
Other	222,000	222,000	153,701	68,299	155,000	155,000	162,627	(7,627)
Transfers out	78,000	78,000	72,469	5,531	65,000	65,000	64,456	544
Total Disbursements	4,820,500	4,820,500	4,689,714	130,786	4,481,300	4,481,300	4,373,104	108,196
Net Change in Cash Balances	(87,200)	(87,200)	(85,035)	2,165	(353,500)	(353,500)	54,399	407,899
CASH BALANCE, JANUARY 1	370,690	370,690	370,690	0	416,795	416,795	316,291	(100,504)
CASH BALANCE, DECEMBER 31	\$ 283,490	283,490	285,655	2,165	63,295	63,295	370,690	307,395

The accompanying Note to the Required Supplementary Information is an integral part of this information.

Note to the Required Supplementary Information

LINCOLN COUNTY, MISSOURI
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Other Supplementary Information

Schedule 2

LINCOLN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Social Services -			
10.550	Food Donation	N/A	\$ 1,751	7,651
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Childre	ER0045-9157	77,891	72,063
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state Department of Economic Developmen			
14.228	Community Development Block Grants/State' Program	2003PF10	0	111,700
		2001PF31	3,045	57,153
		20020PF32	362,172	4,750
		2003PF14	381,615	3,506
		2003PF02	0	2,972
	Program Total		746,832	180,080
U.S. DEPARTMENT OF JUSTICE				
	Direct programs:			
16.710	Public safety Partnership and Community Policing Grant	2003UMWX0179	68,088	85,109
	Passed through:			
	State Department of Public Safety			
16.548	Title V-Delinquency Prevention Program	N/A	0	12,767
16.579	Byrne Formula Grant Program	2005DJBX0767	5,370	6,659
16.580	Cape Girardeau County -			
	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Prograr	SD-2002-08	42,228	46,574
	State Department of Public Safety			
16.588	Violence Against Women Formula Grant	2004-VAWA-003	12,500	12,500
16.592	Local Law Enforcement Block Grants Program	02PT0251	0	2,000
	Missouri Sheriffs' Association -			
16	Domestic Cannabis Eradication/Suppression Program	N/A	0	887

Schedule 2

LINCOLN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Constructior	BRO- 057(9)	644,878	6,527
		BRO - 057(10)	30,759	0
		BRO - 057(11)	18,503	0
	Program Total		694,140	6,527
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	LEPC	7,188	3,542
GENERAL SERVICES ADMINISTRATION				
	Passed through state			
	Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	1,115	110
	Office of Secretary of State			
39.011	Election Reform Payments	N/A	0	20,170
ELECTIONS ASSISTANCE COMMISSION				
	Passed through state Office of Secretary of State			
90.401	Help America Vote Act Requirements Payment	5C23156EL00001	5,242	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.217	Family Planning Services	N/A	42,514	40,891
93.268	Immunization Grants	N/A	49,877	57,090
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	3020A	112,282	91,060
	Department of Social Services -			
93.556	Promoting Safe and Stable Families	N/A	0	873
93.563	Child Support Enforcement	N/A	29,946	27,627
93.658	Foster Care - Title IV-E	N/A	0	283

Schedule 2

LINCOLN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2005	2004
	Department of Health			
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-3157M	28,114	24,400
	U.S. DEPARTMENT OF HOMELAND SECURITY			
	Passed through state Department of Public Safety			
97.004 *	Homeland Security Grant Program	N/A	121,998	0
		SLA	13,248	12,229
			<u>135,246</u>	<u>12,229</u>
97.051	State and Local All Hazards Emergency Operations Planning	EMX-2003-CP2540	0	2,700
	Total Expenditures of Federal Award:		\$ <u><u>2,060,324</u></u>	<u><u>713,792</u></u>

N/A - Not applicable

* These expenditures include awards made under CFDA number 97.004 and CFDA number 83.56.

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Schedule of Expenditures of Federal Awards

LINCOLN COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Lincoln County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt. Amounts for Food Donation (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the state Department of Social Services. Amounts for the Immunization Grants (CFDA number 93.268) include the

original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2005 and 2004.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Lincoln County, Missouri

Compliance

We have audited the compliance of Lincoln County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Lincoln County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 05-1.

Internal Control Over Compliance

The management of Lincoln County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 05-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Lincoln County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

July 7, 2006 (fieldwork completion date)

Schedule

LINCOLN COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2005 AND 2004

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes x no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? yes x no
- Reportable conditions identified that are not considered to be material weaknesses? x yes none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
14.228	Community Development Block Grants/State's Program
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

05-1.	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	2003PF10, 2001PF31, 2002PF32, 2003PF14, and 2003PF02
Award Year:	2005 and 2004
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-057(11), BRO-057(10), and BRO-057(9)
Award Year:	2005 and 2004
Questioned Costs:	Not applicable

The county does not have adequate procedures to track or report federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA), and as a result, the county's SEFA contained several errors and omissions. Expenditures were understated by \$343,000 and by \$86,000, for the years ended December 31, 2005 and 2004, respectively.

Section .310(b) of Circular A-133, *Audits of State and Local Government, and Nonprofit Organizations*, requires the county to prepare a SEFA for the period covered by the county's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget.

Expenditures relating to several federal grants were reported incorrectly or not included on the schedule. For example, in 2005, the county overstated expenditures by \$217,350 for the Highway Planning and Construction (CFDA 20.205) program, and included \$47,643 twice in 2004 for the Family Planning Services (CFDA 93.217) program. In addition, the county's SEFA included \$101,957 and \$48,625 in 2005 and 2004, respectively for Social Service Block Grants, which was a non-federal program and failed to include expenditures of \$20,170 for the Election Reform Payments (CFDA 39.011) and \$12,767 for the Title V Delinquency Prevention Program (CFDA 16.548) in 2004. Also, the wrong CFDA numbers and program titles were reported for some federal grant expenditures.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

Similar conditions were noted in our prior report for the two years ended December 31, 2001. Although the County Clerk indicated they would implement the recommendations, the county has not improved these controls and procedures.

WE AGAIN RECOMMEND the County Commission and the County Clerk work to ensure the SEFA is complete and accurate. The County Commission should take steps to ensure other offices properly track federal awards, or consider appointing a county-wide grants coordinator.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission and the County Clerk indicated:

We are going to keep track of expenditures of federal programs separately and have already started trying to obtain copies of all grant agreements to aid in preparing this schedule.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

LINCOLN COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2003, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

LINCOLN COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2003, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

LINCOLN COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln County, Missouri, as of and for the years ended December 31, 2005 and 2004, which collectively comprise the county's basic financial statements, and have issued our report thereon dated July 7, 2006. We also have audited the compliance of Lincoln County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 7, 2006.

Because the SB40 and Health Center are audited and separately reported on by other independent auditors, the related funds are not presented in the financial statements. However, we reviewed those audit reports and other applicable information for the years ended June 30, 2005 and 2004.

This Management Advisory Report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Lincoln County or of its compliance with the types of compliance requirements applicable to its major federal program but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1.

Budgets and Planning

Budgets were not prepared for some county funds and actual disbursements exceeded budgeted amounts for several funds. In addition, the county has not developed a documented maintenance plan for roads and bridges to accompany the budgets.

- A. Budgets were not prepared for various county funds for the years ended December 31, 2005 and 2004. Some of the unbudgeted funds were new, while other funds were held outside the county treasury and no budgets were obtained or prepared for these funds. The County Clerk indicated she was not aware of the need for budgets for these funds.

Because some of the required budgets are not being provided, the county commissioners' ability to monitor overall county financial resources and make effective budgetary decisions is hindered. Chapter 50, RSMo, requires counties to prepare annual budgets for all funds and prohibits the expenditure of public funds without an approved budget that has been filed with the State Auditor's office.

- B. Actual disbursements exceeded budgeted amounts for several funds, as follows:

Fund	Year Ended December 31,	
	2005	2004
Tax Maintenance Fund	\$ N/A	8,457
Prosecuting Attorney Delinquent Fund	2,089	3,102
Hungate Library Fund	1,000	4,498
Prosecuting Attorney Bad Check Fund	2,775	N/A
Time Fee Payment Fund	2,655	N/A

The county clerk indicated budget forms were provided to the officials and budgets prepared for these funds; however, these funds were controlled by the various officials, thus she could not monitor the level of disbursements, which were made as long as there was cash available in the funds.

Case law provides that strict compliance with county budget laws is required by county officials. If there are valid reasons which require excess disbursements (i.e., emergencies, unforeseen occurrences, and statutorily required obligations), amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. To improve the effectiveness of the budgets as a planning tool and ensure compliance with state law, budget to actual comparison reports need to be reviewed and used when making spending decisions throughout the year. If these funds were handled as other county funds, the County Commission and the County Clerk could more effectively monitor the budgets.

- C. An annual maintenance plan has not been prepared to document expected work on the county's roads and bridges. More than \$4,500,000 in receipts and disbursements are processed through the county's Special Road and Bridge Fund during a typical year. However, the budget document presents proposed activities in general categories which contain significant dollar amounts and do not provide details regarding specific projects or plans. The County Commission indicated the county typically is split into various zones to be worked throughout the year. If a situation needs immediate attention priority can be given to that county road or bridge; however, specifics are not documented in a plan, the commission minutes, or the budget message or made available to the public.

A maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the roads and bridges to be worked on, the type of work to be performed, cost estimates, the dates such work could begin, and other relevant information. The plan should be referred to in the budget message and approved by the County Commission. In addition, the County Commission should consider holding a public hearing to obtain input from residents. Such a plan would serve as a useful management tool, encourage greater input into the overall budgeting process, and provide a means to continually and more effectively monitor and evaluate the repair and maintenance projects throughout the year.

Conditions A and B were noted in a prior audit.

WE RECOMMEND the County Commission:

- A. And other county officials ensure budgets are prepared for all county funds.
- B. And other county officials monitor budgets carefully and refrain from approving disbursements which exceed budgeted amounts.
- C. Develop a road and bridge maintenance plan in conjunction with the annual fiscal budgets.

AUDITEE'S RESPONSE

The County Commission and County Clerk indicated:

- A. *We will try to implement this recommendation.*
- B. *We will try to handle these as other county funds.*
- C. *We were already doing an informal plan and getting public input on specific projects. In the future, we will do a formal plan.*

2.

Commission Minutes

Reasons for closing meetings were not always documented. In addition, minutes of closed meetings held by the County Commission were not taken for some meetings.

The County Commission held several closed sessions during the two years ended December 31, 2005. Open session minutes typically will indicate the meeting is being closed, but the specific reason is not documented. In addition, minutes for some closed sessions were not taken. There appeared to be improvement in the documentation of closed meetings and reasons for closing the meeting after August of 2005. Without minutes of the closed sessions, there is no record of the discussions held or support for the decisions made, and less assurance to the public that the various statutory provisions are being followed.

In addition, the county has not documented how some topics discussed in closed session are allowable under the law. For example, the County Commission discussed various county official's budgets in closed session. In addition, the County Commission discussed a bid on a piece of Road and Bridge equipment in closed session. By discussing and voting on topics in closed session, the public is denied the right to provide input on those decisions.

The Sunshine Law, Chapter 610, RSMo, states the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session and requires

minutes be kept for all closed meetings. In addition, the Sunshine Law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. The minutes should provide sufficient details of discussions to demonstrate compliance with statutory provisions and support important decisions made.

WE RECOMMEND the County Commission ensure the vote to close a session is documented in open minutes, along with the reason for closing the session and minutes are taken for all closed sessions. In addition, ensure the minutes document how topics discussed in closed sessions comply with state law.

AUDITEE'S RESPONSE

The County Commission indicated:

We have already made improvements and will continue work to implement this recommendation.

3. Contracts

The county did not always enter into written contracts when appropriate or monitor monies paid to other organizations. Some transactions were made with no contract and for which the county performed no monitoring and required no information from the political subdivisions to document the actual use of the monies:

- A. Payments were made to the Elsberry Road District and the Industrial Development Authority (IDA) without proper written contracts. During the two years ended December 31, 2005, the county distributed a portion of its road and bridge revenues to the special road district in the county. Payments totaling \$663,007 and \$510,096 were made to the special road district during this period. In addition, the county appropriated \$18,000 to the IDA for advertisement and promoting economic development. The county also did not obtain documentation from the road district or the IDA of how these funds were expended.

There appears to be no statutory authority for the County Commission to make distributions to the special road districts or the IDA without some type of contractual agreement. Written agreements, along with obtaining documentation of how the funds were expended, would help ensure that monies distributed to other entities are expended in compliance with constitutional and statutory provisions and as intended by the County Commission.

- B. The county donated two vans to not-for-profit organizations with no written contract indicating how the vehicles would be utilized by the organizations. In addition, the county appropriated \$18,000 to a senior citizen meals on wheels program without entering into a written contract.

The Missouri Constitution prohibits the use of public money or property to benefit any private individual, associations, or corporations except as provided in the constitution. Without a written contract with the not-for-profit organizations that clearly indicates the public services being provided by these organizations, these subsidies and uses could be considered inappropriate.

Written contracts, signed by the parties involved, should specify the services to be rendered and the manner and amount of consideration to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Written agreements should clearly outline expectations and provide a means for the county to monitor compliance with the contract terms, and provide protections for the county in the event of a dispute over the terms of the agreement.

WE RECOMMEND the County Commission enter into written contracts when appropriate and ensure that contracts contain adequate details and protections for the county. In addition, require entities receiving county funds to provide documentation of how the monies were expended.

AUDITEE'S RESPONSE

The County Commission indicated:

This recommendation has been implemented.

4. Property Tax System

The County Clerk does not maintain an account book or other records summarizing property tax transactions and changes. An account book or other records which summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts should be maintained by the County Clerk. Such records would help the County Clerk ensure that the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the County Clerk and County Commission to verify the County Collector's monthly and annual settlements. Such procedures are intended to establish some checks and balances related to the collection of property taxes. In addition, Section 51.150(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury.

WE RECOMMEND the County Clerk maintain records that summarize property tax system transactions and changes. In addition, the County Commission should consider using the account book to verify the annual settlements of the County Collector.

AUDITEE'S RESPONSE

The County Clerk indicated:

This recommendation has been implemented.

5. County Property Records and Procedures

County property records and procedures need improvement and vehicle and fuel usage logs were not maintained for some departments.

A. County property records and procedures need improvement. The County Clerk maintains overall county property records. Each year she sends a listing to county departments requesting they perform inspections and physical inventories, and submit inventory reports to document these efforts. The following problems regarding various county property records were noted:

- The County Clerk does not have procedures in place to track property purchases throughout the year and compare to inventory reports submitted by the various departments. As a result, some additions are not immediately entered into the county property records. The Road and Bridge Department and Sheriff's office do not immediately inform the County Clerk's office of additions to the records, thus the assets are not recorded until the annual physical inventory is conducted.
- Some fixed assets are not properly tagged or otherwise identified as county property. Property control tags should be affixed to all fixed asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.
- Some acquisition/disposition dates, purchase value, and serial numbers are not recorded in the county property records.
- Written authorization is not obtained from the County Commission for the disposition of county property.

Section 49.093. RSMo requires counties to account for personal property costing \$1,000 or more, assigns responsibilities to each county department officer, and describes details to be provided in the inventory records.

Adequate county property records and procedures are necessary to meet statutory requirements, secure better internal control over county property, and provide a basis for determining proper insurance coverage. Physical inventories and proper tagging

of county property items are necessary to evaluate the accuracy of the records, and deter and detect theft.

B. Records and monitoring procedures for county vehicles are not sufficient.

1. The Road and Bridge Department, Juvenile office, and County Commissioners do not maintain vehicle usage logs to document how vehicles are used. According to the county's current property insurance records, the county owns 39 Road and Bridge Department vehicles, 2 Juvenile office vehicles, and 1 County Commission vehicle that are to be used for county purposes. The county maintains vehicle maintenance logs for these vehicles which indicated various examples of mileage usage. Per the maintenance log, a Juvenile vehicle had been driven approximately 26,000 miles and a Road and Bridge Department dump truck had been driven approximately 74,000 miles, with no vehicle usage logs. In addition, the County Commission's vehicle was driven only approximately 2,100 miles from when it was purchased on October 24, 2005 thru March 29, 2006 (per the odometer).

Without adequate vehicle usage logs, the county cannot effectively monitor that vehicles are used for official business only, that maintenance and fuel costs for vehicles are reasonable, and that fuel and maintenance billings to the county represent legitimate and appropriate charges. In addition, without details regarding overall mileage and costs incurred for the various county vehicles, the county cannot evaluate 1) whether alternative methods for providing transportation (such as reimbursing for use of a personal vehicle) might result in lower costs, 2) the optimal number of county vehicles needed, 3) when vehicles need to be replaced, etc.

Vehicle usage logs should include information (i.e., employee, dates used, beginning and ending odometer readings, destination, and purpose) and operating costs information (fuel and maintenance). These logs should be reviewed by a supervisor to ensure vehicles are used only for county business and evaluate operating costs. In addition, information on the logs should be reconciled to fuel and maintenance billings received by the county.

2. During the two years ended December 31, 2005, the county expended approximately \$338,500 and \$278,000 for fuel for the bulk tanks. The following problems regarding bulk fuel tanks were noted:
 - The Road and Bridge Department and the County Commission fill their vehicles from the county's bulk fuel tanks. The county does not maintain logs of fuel dispensed into these vehicles.
 - The Sheriff's Department and the Special Services Director fill their vehicles from a separate pump, which is set up with an electronic

system to track data used to calculate amounts to be reimbursed to the Road and Bridge Department. This electronic system allows personnel to enter information such as the odometer reading, vehicle number, etc., however, some of this information was missing from the reports. To provide adequate detail to monitor fuel usage, these reports should be reviewed to ensure personnel are entering the necessary information. In addition, there was no documentation indicating these reports were reviewed for reasonableness.

The county receives periodic billings when the vendor fills the bulk fuel tanks. Because fuel inventory records are not maintained, and fuel usage information is not complete, the county lacks the details needed to perform effective reconciliation procedures and evaluate reasonableness of fuel usage in various vehicles and equipment. The failure to perform proper reconciliations increases the possibility that improper billing amounts will be paid and the risk that theft or misuse of fuel could occur and not be detected.

Complete fuel inventory records and usage logs are needed to compile data required to perform effective reviews and reconciliations. To monitor the reasonableness and propriety of fuel usage and expenditures, the fuel usage logs should be periodically reviewed and recorded usage reconciled to fuel purchased and on hand. Failure to account for fuel usages could result in theft, or misuse.

Similar conditions were noted in a prior audit.

WE RECOMMEND:

- A. The County Clerk implement procedures for tagging and tracking new property items throughout the year, and ensure dispositions of county property are properly authorized.
- B.1. The County Commission require the preparation of usage logs for all county vehicles, and ensure proper reviews and reconciliations are performed.
- 2. The County Commission ensure the Road and Bridge Department maintains complete fuel inventory records, and that fuel usage logs are maintained for all vehicles and periodically reviewed for completeness and reasonableness of usage and reconciled to fuel purchased and on hand. In addition, review other alternatives for the vehicle used by the County Commission.

AUDITEE'S RESPONSE

The County Clerk indicated:

- A. *This recommendation is being implemented and will be completed by January 1, 2007.*

The County Commission indicated:

B1&2. These recommendations have been implemented.

6. Computer Operations and Controls

Computer systems and data are vulnerable to unauthorized use, modification or destruction. Our review of the computer operations and controls indicated the following areas where improvements are needed:

- A. The security of a password system is dependent upon keeping passwords confidential. However, passwords are not periodically changed in the Collector, Assessor, Prosecuting Attorney, and Recorder's office to help ensure they remain known only to the assigned user and to reduce the risk of compromised passwords. As a result, there is less assurance passwords are effectively limiting access to computer systems and data files to only those individuals who need access to perform their job responsibilities. Passwords should be unique and confidential, changed periodically to reduce the risk of unauthorized use, and used to restrict individuals' access to only those computer systems and data files they need to accomplish their jobs.

Passwords are an effective, simple control to provide protection against improper access to computer systems and data. Passwords are important even in an environment where the computer is physically accessible only to county personnel. Passwords have been successfully providing security for computer systems for a long time. They are integrated into many systems and programs, and users are familiar with them. When properly managed in a controlled environment, passwords can provide effective security.

- B. The county does not have a formal emergency contingency plan for the computers within the offices of the Assessor, Collector, County Clerk, Recorder, and Prosecuting Attorney. As a result, the county has not made a formal arrangement for the use of backup facilities in the event of a disaster. Contingency plans should include plans for a variety of situations, such as short- and long-term plans for backup hardware, software, facilities, personnel, and power usage. Involvement of users in contingency planning is important since users will likely be responsible for maintaining at least a portion of the backup under various contingencies. The major benefit of a thorough disaster recovery plan is the ability of the county to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the county. Because of the official's degree of reliance on data processing, the need for contingency planning is evident.

Similar conditions were noted in a prior audit.

WE RECOMMEND the County Commission work with the:

- A. Collector, Assessor, Prosecuting Attorney, and Recorder to require passwords for all employees which are confidential and periodically changed to prevent unauthorized access to the county's computer systems and data.
- B. Assessor, Collector, County Clerk, Recorder, and Prosecuting Attorney to develop a formal contingency plan for the various computer systems.

AUDITEE'S RESPONSE

The County Commission indicated:

A&B. They will work with the officials to implement these recommendations.

The Prosecuting Attorney indicated:

- A. *I do not feel this is necessary for my office since only current employees have access to the office.*
- B. *I will further review this recommendation.*

The Recorder indicated:

A&B. These recommendations will be implemented.

The Assessor indicated:

A&B. I will review these recommendations.

The Collector indicated:

- A. *This recommendation will be implemented. I will establish a policy within 30 days to change passwords periodically.*
- B. *I will followup with the County Commission. This recommendation will be implemented by the end of the year.*

The County Clerk indicated:

B. This recommendation will be implemented.

7.**Circuit Clerk's Controls and Procedures**

Approximately \$3,800 received by the Circuit Clerk's office was not deposited or recorded in the Justice Information System, (JIS). Manual receipt slips are not traced to accounting records and the numerical sequence of the manual receipt slips are not accounted for properly. In addition, some bonds were not forfeited when defendants failed to make court appearances.

The Circuit Clerk processed approximately \$3,439,000 and \$2,907,000 in receipts in 2005 and 2004, respectively from fines and costs for criminal cases, filing fees for civil cases, bonds and court costs.

- A. The Circuit Clerk indicated that approximately \$3,800 received by her office was not deposited. In September of 2005, an investigation was conducted by the Circuit Clerk's office with the help of a consulting firm, and one employee was placed on unpaid leave; however, the missing monies have not been recovered. Charges were filed against the employee and a trial began in June of 2006.

The Circuit Clerk's investigation indicated some manual receipt slips issued between May of 2003 and August 2005 were not posted to their JIS. Periodically when the JIS had downtime, manual receipt slips were issued for monies collected and then posted to JIS when the system was back online. During this period, several of the manual receipt slips were not posted to the JIS. In addition, there was no documentation to show these receipts were deposited.

The discrepancies noted above were not detected on a timely basis due to various internal control weaknesses. As a result of the investigation, the Circuit Clerk's office implemented two changes in procedures: Employees who issue the manual receipt slip are required to post the information to the JIS (not let another employee perform these duties), and the Circuit Clerk's office now periodically reviews some of the manual receipt slips issued to ensure they have been posted to the JIS. Additional internal control weaknesses and recommendations are noted below.

- B. The Circuit Clerk's office does not account for the numerical sequence of manual receipt slips and trace the manual receipt slips to the JIS. After discovering the missing monies noted in part A, the Circuit Clerk's office began tracing some manual receipt slips to the JIS. Without issuing and accounting for prenumbered receipt slips for all monies collected, the court cannot ensure all monies collected are ultimately recorded and deposited.
- C. The Circuit Court does not adequately follow up on bonds posted by defendants who fail to make the required court appearances. Based on discussions with court personnel, it appears few, if any, bonds were forfeited during the audit period. Court personnel indicated these bonds were overlooked and they should have been brought

to the attention of the judge. Section 544.665, RSMo, provides that failure to appear results in forfeiture of any security which was given or pledged for a person's release.

The number of cases in which bond forfeitures were not made could not be quantified. The court does not have an adequate procedure in place to require bond forfeitures. Section 166.131, RSMo, provides for bond forfeiture monies to be distributed to the various school districts in the county. The court's procedure results in less revenue to the various school districts.

This condition was noted in a prior audit.

WE RECOMMEND:

- A. The Circuit Clerk attempt to obtain reimbursement for the monies stolen. The Circuit Clerk should continue to work with law enforcement officials to investigate this matter.
- B. The Circuit Clerk ensure the numerical sequence of manual receipt slips issued is accounted for properly and all manual receipt slips are posted to the JIS.
- C. The Circuit Judge work with the Prosecuting Attorney to implement adequate procedures to forfeit bonds when appropriate.

AUDITEE'S RESPONSE

The Circuit Clerk indicated:

- A. *This clerk was found guilty and the Judge ordered the suspended execution of a 5 year sentence, plus restitution. However, the clerk has filed an appeal.*
- B&C. *These recommendations have been implemented.*

8. County Collector's Controls and Procedures

Reconciliations are not performed between the partial payment ledger and the reconciled bank balance. In addition, monthly liability listings are not prepared and reconciled with cash balances, and commissions and fees withheld from one school district were computed incorrectly.

The County Collector is responsible for collecting and distributing property taxes for most political subdivisions within the county. During the years ended February 28, 2006 and 2005, property taxes and other monies totaling approximately \$29,459,000 and \$27,812,000 million, respectively, were collected and distributed. A separate bank account is maintained for partial payments received.

A. Monthly liability listings are not prepared and reconciled with cash balances.

1. The Collector does not perform a reconciliation between the partial payment ledger and the reconciled bank balance. A review of the partial payment ledger showed an account in which the Collector did not properly maintain the balance. As a result, this account appeared to contain a taxpayer overpayment of \$30, which should have been refunded.
2. The County Collector does not prepare monthly listings of liabilities, and as a result liabilities are not reconciled to cash balances in his tax account. Upon request, the County Collector prepared a listing of liabilities to reconcile to the cash balances for February 28, 2006. The bank account was short approximately \$27 when compared to the listing of liabilities.

Monthly reconciliations of the cash balance to liabilities are necessary to ensure the cash balances are sufficient to cover liabilities. Without the preparation of such reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded. In addition, the practice of accepting partial payments increases the opportunity of errors and the loss of funds.

B. For the years ended February 28, 2006 and 2005, the County Collector did not correctly compute commissions and fees withheld from property taxes for the Troy R-III School District. For the purposes of computing Proposition C withholdings, the County Collector computes ratios of unadjusted and adjusted school tax levies using information submitted by the school districts; however, the unadjusted tax levies were sometimes subsequently amended by the school districts and the County Collector indicated he was not always advised of the amended levies. As a result, an incorrect ratio was used when computing commissions and fees for the effect of Proposition C and approximately \$37,000 was over withheld from one school district and deposited into the General Revenue and Assessment Funds. This amount should be reimbursed to the Troy R-III School District and future Proposition C ratios should be computed correctly.

Section 50.338.2, RSMo (Proposition C), provides that if a reduction in a school district's operating levy causes a loss of revenue to any county official or county fund, that official or fund shall retain an additional amount from the school district's property tax collections to offset the loss. The County Collector should verify the unadjusted rates with the County Clerk's office periodically to ensure the proper ratios are used.

Similar conditions were noted in a prior audit.

WE RECOMMEND the County Collector:

- A.1. Ensure the partial payment ledger is reconciled to the bank balance periodically. Furthermore, the County Collector should consider discontinuing the practice of

accepting partial payments. If the decision is made to continue this practice, proper records should be maintained and all partial payment accounts should be closed on a timely basis.

2. Prepare a monthly listing of liabilities, reconcile this listing to the reconciled bank balance, investigate any unreconciled differences, and make the appropriate adjustments to correct any differences noted.
- B. Withhold \$37,000 from the General Revenue and Assessment Funds to be distributed to the Troy R-III School District, and ensure future Proposition C commissions are computed correctly. In addition, the County Collector should verify the school tax levies with the County Clerk's office.

AUDITEE'S RESPONSE

The Collector indicated:

- A. *These recommendations have been implemented.*
- B. *In the past I sent letters to the school districts to obtain their levies. After the problems noted in a previous report, I began obtaining the levies from the County Clerk; however, apparently I still did not obtain the final amended levies. I will discuss with the County Clerk when the final levies must be filed with her, and double check with her at that time to ensure the levies being used are correct.*

9. Prosecuting Attorney's Controls and Procedures

The Prosecuting Attorney's cash handling and receipt procedures are not adequate. Money orders are not restrictively endorsed immediately upon receipt and bad check fees are not transmitted to the County Treasurer in a timely manner.

The Prosecuting Attorney's Office processed approximately \$91,900 and \$68,000 for the years ended December 31, 2005 and 2004, respectively, in restitution, bad check fees, and traffic fines and court costs.

- A. Money orders received for restitution are not restrictively endorsed immediately upon receipt. They are endorsed when the payments are prepared for deposit. To reduce the risk of loss or misuse of funds, money orders should be restrictively endorsed immediately upon receipt.
- B. Monies received for bad check fees are not transmitted to the County Treasurer in a timely manner. Bad check fees averaging \$1,600 are transmitted to the County Treasurer approximately once a month. To reduce the risk of loss or misuse of funds, transmittals should be made intact on a timely basis.

Similar conditions were noted in a prior audit.

WE RECOMMEND the Prosecuting Attorney:

- A. Ensure all money orders are restrictively endorsed immediately upon receipt.
- B. Transmit all monies intact on a timely basis.

AUDITEE'S RESPONSE

The Prosecuting Attorney indicated:

- A. *This recommendation has been implemented.*
- B. *This recommendation will be implemented with turnover at least two times a month.*

10. Sheriff's Controls and Procedures

Some monies are not deposited intact and accounting duties are not adequately segregated. In addition, the office does not have written contracts with some political subdivisions to house prisoners and a policy has not been established to follow-up on unpaid incarceration costs. Also, commissary commissions are not turned over to the county treasury and monthly listings of liabilities for the Commissary Account are not adequately reconciled to the book balance.

The Sheriff's Office processed approximately \$2,798,000 and \$2,946,000 in 2005 and 2004, respectively, in inmate monies, fees, bonds, prisoner board, and commissary commissions.

- A. The following concerns were noted regarding processing of bonds and court fees:
 - 1. Some monies received are not deposited intact. Monies are normally collected each business day for serving Civil Papers; however, these monies are held by the Sheriff's office until the papers have been served. The Sheriff's office indicated monies are not transmitted because the charge to serve the papers could change based on number of trips and distance required. Once the Civil Papers have been served, the monies are transmitted to the Sheriff's Records Department for deposit.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made intact on a timely basis.

2. Cash custody and accounting duties have not been adequately segregated. Two clerks collect monies, record transactions, prepare deposits, prepare bank reconciliations, and review the accounting records. There are no documented reviews of the accounting records performed by the Sheriff.

Internal controls would be improved by segregating duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be performed, a periodic independent review of the records should be performed and documented.

- B. The Sheriff's office houses prisoners for other political subdivisions. The county received approximately \$1,960,000 and \$1,891,000 for housing prisoners during the years ended December 31, 2005 and 2004, respectively. The following concerns were noted regarding the housing of prisoners:

1. The county does not have written contracts with some political subdivisions for housing prisoners. The county entered into contracts with some cities, but there are no contracts with the City of Old Monroe and the local area counties. Varying rates are charged to the political subdivisions.

The County Commission and Sheriff should develop written contracts with those entities regarding inmate housing and related fees. The County Commission and Sheriff should periodically review the costs of operating the jail, including any indirect costs, and establish an appropriate billing rate for all political subdivisions housing prisoners in the county jail. Section 432.070, RSMo, states all contracts entered into by the county shall be in writing and shall be signed by each of the parties or their agents. In addition to being required by statute, written contracts are necessary to document the duties and responsibilities of each party.

2. The Sheriff has not established a formal policy for collection efforts for unpaid incarceration costs billed to other political subdivisions. A clerk bills incarceration costs incurred by other political subdivisions, but does not keep a balance of total unpaid costs. Per Sheriff personnel, payments from the political subdivisions are compared to the invoices sent to the political subdivision.; however, the invoices are not organized in a manner to easily determine outstanding amounts due to the county.

The Sheriff should establish written procedures for collecting delinquent incarceration billings. Such procedures should consist of generating periodic reports of billings with balances due and follow up on those for which payments have not been received.

- C. The Sheriff's Department maintains personal monies for inmates in a bank account and operates a commissary from the same account. During the years ended

December 31, 2005 and 2004, the Sheriff's Office received approximately \$250,000 and \$207,000, respectively, in inmate monies and commissary commissions.

The following concerns were noted regarding this account:

1. The Sheriff's department deposits commissions on commissary and phone card sales in the Commissary Account, and uses these monies to purchase items for the office. The Sheriff's commissions from the commissary and phone card sales should be deposited into the county treasury and the County Commission should authorize the use of these funds. Section 50.370, RSMO, requires every county official who receives any fees or other remuneration for official services to pay such money to the county treasury.
2. Monthly listings of open items (liabilities) are not adequately reconciled to the book balance. This reconciliation compares the inmates balances to the balance in the account, with adjustments for commissions received and purchases made using commissions. The following concerns were noted on the reconciliations prepared by the Sheriff's Department:
 - The amount of outstanding checks noted on the open items reconciliation did not agree to detailed listing of outstanding checks for the prisoner account.
 - The book balance on the open items reconciliation did not agree to the balance in the checkbook register.
 - The monthly lists of commissions received and disbursements from the commissions did not total correctly. In addition, in January 2005 a purchase of \$408 was not included on the schedule.

The reconciliation also has two "unknown" categories, one is shown under commissions and one is shown under purchases. These balances are accumulated by the clerk for any differences noted in the reconciliation each month. At December 31, 2005 and 2004, the "unknown" amount for commissions was approximately \$24,700 and \$12,700, respectively, and the "unknown" difference for purchases was approximately \$25,200 and \$15,921, respectively. The "unknown" differences fluctuate each month, however, there was no documentation to indicate the changes had been properly investigated.

Complete and accurate monthly reconciliations of open items and individual prisoner accounts to the reconciled bank balance are necessary to ensure the bank account is in agreement with the accounting records and to detect and

correct errors on a timely basis. Any fluctuations in the “unknown” categories should be properly reviewed and documented to ensure errors are properly noted and corrected.

Conditions A.1. and C were noted in a prior audit.

WE RECOMMEND the Sheriff:

- A.1. Ensure all receipts are deposited intact.
- 2. Adequately segregate accounting duties or ensure periodic independent reviews are performed and documented.
- B.1. Establish a billing rate appropriate for housing inmates in the County jail, and enter into written contracts as required by law.
- 2. Maintain a complete and accurate listing of delinquent incarceration amounts. In addition, formal procedures should be established and implemented for pursuing the collection of such delinquent amounts.
- C.1. Discontinue the practice of maintaining commissary and phone card commissions outside the county treasury. These monies should be turned over to the county treasury on a periodic basis.
- 2. Adequately reconcile the monthly listing of open items to the book balance.

AUDITEE'S RESPONSE

The Sheriff indicated:

A.1. I will research into obtaining some software changes to better document the audit trail.

A.2&

C.1. These recommendations have been implemented.

B.1. We have entered into a contract with city of Old Monroe. Local area governments have verbally agreed to not charge each other, except for unusual situations in which case the state rate will be billed.

C.2. We will look into establishing separate bank accounts for the vendor monies and commissary commissions to make this process easier.

11.

Law Library Expenditures

Law Library funds were expended on items apparently not related to maintaining the law library. During January and June of 2004, four copy machines were purchased from the Law Library Fund, totaling approximately \$5,124. One copy machine was placed in the Law Library, while the other three were placed in the courtrooms for public use, at no charge. The Law Library Fund pays for the maintenance agreements for these copy machines.

Sections 488.426 through 488.429, RSMo, restrict Law Library Fund expenditures to disbursements for maintaining the law library. Effective August 28, 2004, these monies may also be used for courtroom renovation, technology enhancement or debt service on county bonds for such renovation or enhancement projects. The judge did not have documentation that these expenditures for copy machines complied with the state statutes.

WE RECOMMEND the Associate Circuit Judge ensure Law Library funds are expended in accordance with state law. In addition, the Law Library Fund should be reimbursed \$5,124 from other unrestricted county funds.

AUDITEE'S RESPONSE

The Associate Circuit Judge indicated:

We have reimbursed the Law Library Fund from the Circuit Clerk's Interest Fund. In the future we will be more careful to ensure law library monies are spent in accordance with state law.

Follow-Up on Prior Audit Findings

LINCOLN COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Lincoln County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2001.

Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices

- A.1. Prior to amendments of various county budgets, expenditures had already exceeded the original budget.
- 2. Valid reasons which necessitated excess disbursements were not provided to support the amendments as required by law.
- B. Actual disbursements exceeded the original and/or amended budgeted amounts in various funds.

Recommendation:

The County Commission implement procedures to ensure budgets are properly amended if necessary, expenditures are kept within budgetary limits, budget amendments are properly made prior to incurring the actual expenditures, and valid reasons which necessitate excess disbursements are provided.

Status:

Not implemented. See MAR finding number 1.

2. County Officials' Compensation

Salaries for elected county officials increased significantly in January 1998 and 1999. The Lincoln County's Associate County Commissioners each received mid-term salary increases totaling approximately \$19,980 for the three years ended 2000. A subsequent Supreme Court decision held the statute unconstitutional.

Salary commission meeting minutes indicated that the salary increases for county officials were based on increases in assessed valuations. However, by using the salary schedules from the 1998 statutes (those changed by SB11), mid-term raises were in effect granted to those officials that had been elected in 1996.

Recommendation:

The County Commission review the impact of this court decision and develops a plan for obtaining repayment of the salary overpayments. In addition, county officials' compensation should be re-evaluated for propriety.

Status:

Partially implemented. Any increases in salary for county officials which were based on increases in assessed valuation were not done until the next term of the official during the two years ended December 31, 2005. In the prior audit, the Commission responded that the raises given to the Associate Commissioners in mid-term were authorized by Section 50.333.13 and approved by the Lincoln County Salary Commission. As a result, no further action was taken. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Protection of County Funds

The County Collector did not have adequate procedures to monitor and ensure monies in his various bank accounts were sufficiently collateralized. While the Collector indicated he did monitor collateral securities pledged, there were some unsecured funds.

Recommendation:

The County Collector develop procedures to monitor and ensure adequate collateral securities are pledged by the depository banks for all funds on deposit in excess of FDIC coverage. Documentation of these efforts should be maintained.

Status:

Implemented.

4. General Fixed Assets and Vehicle Records

A.1. Property records did not always include all information applicable to the item. Information such as serial numbers, acquisition/disposition dates, and tag number was not always recorded. This information was missing from the officials' inventory listing and the County Clerk's master listing.

2. Some fixed assets were not properly numbered, tagged, or otherwise identified as county owned property.

3. Additions were not recorded on the officials' property records in a timely manner. In addition, additions to the records were not periodically reconciled to equipment purchases.

- B. The county did not require logs be maintained documenting fuel costs and vehicle usage for road and bridge pickups, the flood plain director's vehicle, or the County Commission's car.

Recommendation:

The County Commission:

- A. Establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and report to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, all general fixed assets should be tagged or otherwise identified as county-owned property.
- B. Require usage logs be maintained for all county assigned vehicles and perform a periodic review of such.

Status:

A&B. Not implemented. See MAR finding number 5.

5. Computer Operations and Controls

- A. Passwords were used on most systems within the offices of the various elected officials: however, the assessor, collector and the county clerk's passwords were not changed on a periodic basis to ensure confidentiality.
- B. The county did not have a formal emergency contingency plan for the computers within the offices of the Assessor, Collector, County Clerk, Prosecuting Attorney, Recorder, Treasurer, and Sheriff.

Recommendation:

The County Commission work with the:

- A. Assessor, Collector, and County Clerk to ensure passwords are periodically changed and remain confidential.
- B. Assessor, Collector, County Clerk, Prosecuting Attorney, Recorder, Treasurer, and Sheriff to develop a formal contingency plan for the various computer systems.

Status:

- A. Partially implemented. Passwords are being changed for the County Clerk's office. Passwords are not being periodically changed for the Collector, Assessor, Prosecuting Attorney, and Recorder's office. See MAR finding number 6.
- B. Partially implemented. A formal contingency plan has been setup for the Treasurer and Sheriff's office. A contingency plan has not been setup for the County Clerk, Recorder, Assessor, Prosecuting Attorney, and Collector's office. See MAR finding number 6.

6. Circuit Clerk's Controls and Procedures

- A. Receipts were not deposited on a timely basis. Also, checks and money orders received for county fees were not restrictively endorsed immediately upon receipt.
- B. The Circuit Clerk did not adequately follow up on bonds posted by defendants who failed to make the required court appearances.
- C. Monitoring procedures related to accrued costs were not adequate.

Recommendation:

- A. The Circuit Clerk deposit receipts intact daily or when accumulated receipts exceed \$100 and ensure all checks and money orders are restrictively endorsed immediately upon receipt.
- B. The Circuit Judge work with the Prosecuting Attorney to implement adequate procedures to forfeit bonds when appropriate.
- C. The Circuit Judge work with the Circuit Clerk and the Probation and Parole Office to establish adequate procedures to monitor and collect accrued costs. Procedures should include generating periodic reports of cases with delinquent payments and/or significant balances due for the Circuit Judge's review.

Status:

A&C. Implemented.

- B. Not implemented. See MAR finding number 7.

7. County Collector's Controls and Procedures

- A.1. One taxpayer owed real estate taxes which dated back to 1998, totaling over \$85,000.

2. The collector accepted payment in full for 2000 personal property taxes when the taxpayer still owed approximately \$540 for 1999 personal property taxes.
 3. The Collector did not perform a reconciliation between the partial payment ledger and the reconciled bank balance. As a result, there were several accounts that appeared to contain taxpayer overpayments, which should have been refunded.
- B. The County Collector did not correctly compute commissions and fees withheld from property taxes for the Elsberry R-II School District.

Recommendation:

The County Collector:

- A. Take action to pay out or otherwise resolve all the old partial payment accounts. In addition, the partial payment ledger should be reconciled to the bank balance periodically. Furthermore, the County Collector should consider discontinuing the practice of accepting partial payments. If the decision is made to continue this practice, proper records should be maintained and all partial payment accounts should be closed on a timely basis.
- B. Withhold \$10,000 from the General Revenue and Assessment Funds to be distributed to the Elsberry R-II School District, and ensure future Proposition C commissions are computed correctly.

Status:

- A. Partially implemented. The Collector took action to resolve old partial payment accounts; however, the partial payment ledger is not reconciled to the bank account. See MAR finding number 8.
- B. Partially implemented. The County Collector withheld and distributed the \$10,000 as recommended; however, a similar concern was noted in the current audit. See MAR finding number 8.

8. Prosecuting Attorney's Controls and Procedures

- A. Checks and money orders received for county fees were not restrictively endorsed immediately upon receipt by the Prosecuting Attorney's Office.
- B. Bad check fees were only turned over the Treasurer one or two times per month with most transmittals being over \$1,000.
- C. Bank reconciliations for the restitution account were not performed on a timely basis.

- D. The Prosecuting Attorney did not reconcile receipt slips issued to the restitution ledger.
- E. Old outstanding checks written on the Prosecuting Attorney's account totaled \$751.
- F. The Prosecuting Attorney maintained an index card which showed the balance on hand for each case; however, there was no documentation to indicate that these cards were reconciled to the cash balance.

Recommendation:

The Prosecuting Attorney:

- A. Ensure all checks and money orders are restrictively endorsed immediately upon receipt. In addition, documentation should be maintained for any noncheck disbursements.
- B. Transmit all monies received daily or when the accumulation of receipts exceeds \$100.
- C. Perform monthly bank reconciliations on the restitution bank account in a timely manner.
- D. Perform monthly reconciliations of the receipt book and the restitution ledger to ensure all records are in agreement.
- E. Investigate outstanding checks on a periodic basis. Any old outstanding checks, which remain unclaimed, should be disposed of in accordance with the applicable statutes.
- F. Ensure the open items are reconciled to the cash balance on a monthly basis.

Status:

A&B. Not implemented. See MAR finding number 9.

C&F. Implemented.

- D. Not implemented. Although not repeated in the current MAR, our recommendation remains stated above.
- E. Partially implemented. The Prosecuting Attorney's Office turned over the outstanding checks noted in the prior report; however, at December 31, 2005, there were 4 outstanding checks over one year old, totaling approximately \$798. Although not repeated in the current MAR, our recommendation remains stated above.

9. Sheriff's Controls and Procedures

- A.1. Checks and money orders received for county fees were not restrictively endorsed immediately upon receipt. In addition, some receipt slips issued did not indicate the method of payment received.
- 2. Approximately \$600 and numerous accounting records could not be located for the Record Check account. The former Sheriff's handwritten ledgers for the first six months of 2000 could not be located. During this time, there was no activity in the Record Check bank account. However, based on receipt slips issued, approximately \$600 in Record Check money was collected during this time. The former Sheriff's other bank accounts were searched for this money, but nothing was located. It was unclear if additional monies were missing since receipt slips were not issued in numerical sequence.
- B.1. The Sheriff's commissions from the commissary account were deposited into the Sheriff's Commissary account.
- 2. Monthly bank reconciliations of the commissary account were not performed and the monthly listing of open items (liabilities) was not being reconciled to the book balance. In addition, the total amount of prisoner monies in the Sheriff's commissary account was not reconciled to the individual prisoner balances.

Recommendations:

The Sheriff:

- A.1. Ensure all checks and money orders are restrictively endorsed immediately upon receipt. In addition, the method of payment should be indicated on all receipt slips issued.
- 2. Consult with the Prosecuting Attorney to determine the county's options in relation to any possible investigation of the unaccounted for cash, and ensure all records are properly retained and available for review and all receipts can be accounted for properly.
- B. Prepare monthly bank reconciliations and listings of open items for the commissary account. In addition, reconcile the individual prisoner balances to the total amount of prisoner monies in the account.

Status:

- A. Implemented. Additionally, the sheriff indicated he spoke with the Prosecuting Attorney but with no specific evidence, nothing was pursued.

- B. Partially implemented. A monthly bank reconciliation of the commissary account is prepared, but it does not reconcile to the book balance and listings of open items for the commissary account. In addition, the commissary commissions are maintained in the Sheriff's Commissary account. See MAR finding number 10.

STATISTICAL SECTION

History, Organization, and
Statistical Information

LINCOLN COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1818, the county of Lincoln was named after Benjamin Lincoln, of Massachusetts. Lincoln County is a county-organized, third-class county and is part of the 45th Judicial Circuit. The county seat is Troy.

Lincoln County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 627 miles of county roads and 100 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 22,900 in 1980 and 38,944 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2005	2004	2003	2002	1985* 1980**
		(in millions)				
Real estate	\$	342.9	305.0	285.7	258.7	88.7 45.8
Personal property		133.1	125.9	124.2	125.2	18.4 14.3
Railroad and utilities		40.6	39.3	38.3	39.1	39.1 14.6
Total	\$	516.6	470.2	448.2	423.0	146.2 74.7

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Lincoln County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2005	2004	2003	2002
General Revenue Fund	\$	.1282	.1275	.1392	.1277
Special Road and Bridge Fund *		.2585	.2600	.2600	.2600
Hospital Maintenance Fund		.1690	.1700	.1700	.1700
Hospital Debt Service Fund		.1800	.2000	.2100	.2200
Community Opportunities Board		.0994	.1000	.1000	.1700
Health Center		.1988	.2000	.2000	.2000

- * The county retains all tax proceeds from areas not within road districts. The county has one road district that receives four-fifths of the tax collections from property within this district, and the Special Road and Bridge Fund retains one-fifth.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	2006	2005	2004	2003
State of Missouri	\$ 155,525	145,185	134,983	127,202
General Revenue Fund	670,621	625,939	629,867	550,492
Road Funds	1,326,299	1,243,687	1,159,101	1,092,576
Assessment Fund	358,395	337,744	256,617	240,027
Health Center	1,018,581	955,163	888,188	823,119
Hospital	1,798,637	1,776,020	1,698,137	1,633,562
Communities Opportunities Board	509,296	478,112	445,318	419,650
Schools	18,813,101	17,489,385	16,315,046	15,342,075
Fire Districts	2,109,845	1,930,793	1,176,403	1,010,073
Ambulance District	843,001	1,111,363	1,246,887	1,175,014
Surtax	131,850	130,158	123,897	122,015
Surplus Fund	37,924	13,365	19,157	3,014
Drainage Districts	96,517	85,107	89,929	85,230
Neighborhood Improvement Districts	31,341	11,545	17,457	19,963
Cities	716,439	681,627	594,035	595,858
Clarence Cannon Water Shed	14,148	12,191	0	0
Tax Maintenance Fund	41,904	47,592	39,374	10,691
County Clerk	410	478	452	459
County Employees' Retirement	249,903	215,644	176,805	164,538
Commissions and fees:				
Assessor	11,409	10,838	10,037	9,494
Collector	13,438	12,624	11,898	11,278
General Revenue Fund	509,956	481,526	432,821	412,741
Total	\$ 29,458,540	27,796,086	25,466,409	23,849,071

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2006	2005	2004	2003	
Real estate	95	95	94	93	%
Personal property	94	94	91	91	
Railroad and utilities	98	100	100	100	

Lincoln County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Road and Bridge Capital Improvement	.0050	2007	None	
Law Enforcement	.0050	None	None	
Law Enforcement Capital Improvement	.0025	2005	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2006	2005	2004	2003	2002
County-Paid Officials:	\$				
Sean O'Brien, Presiding Commissioner (1)		31,700	31,700	31,700	
Russell Cox, Presiding Commissioner					31,700
Marvin Himmel, Associate Commissioner		29,700	29,700	29,700	29,700
Jim Mayes, Associate Commissioner (2)		29,700			
Edward J. Huber, Jr., Associate Commissioner			29,700	29,700	29,700
Dottie Crenshaw, Recorder of Deeds (3)		45,000	45,000	45,000	
Elaine Luck, County Clerk		45,000	45,000	45,000	45,000
G. John Richards, Prosecuting Attorney		96,000	96,000	96,000	96,000
Daniel Torres, Sheriff		50,000	50,000	50,000	50,000
Betsy Calvin, County Treasurer (4)		33,300	33,300	33,300	
Betty McClellan, Treasurer					33,300
Robert L. Shramek, Sr., County Coroner		16,000			
John Lenk, County Coroner			16,000	16,000	16,000
Sarah Burkemper, Public Administrator		45,000	45,000	45,000	45,000
Claude Cox, County Collector (5), year ended February 28 (29),	59,788	57,624	56,898	56,278	
Harold Creech, County Assessor (6), year ended August 31,		55,000	55,298	54,344	52,795
William Shea, Jr., County Surveyor (7)					

(1) Elected on January 1, 2003.

(2) Elected on January 1, 2005.

(3) Recorder's office was split from the Circuit Clerk's office starting in January 2003.

(4) Elected on January 1, 2003.

(5) Includes commissions from drainage districts and cities totaling \$13,438, \$12,624, \$11,898, \$11,278, and \$10,784 in 2006, 2005, 2004, 2003, and 2002, respectively.

(6) Includes \$688, \$746, \$866, and \$900 in state salary and \$10,000, \$10,298, \$9,344, and \$7,795 for printing city taxes, in 2005, 2004, 2003, and 2002, respectively.

(7) Compensation on a fee basis.

State-Paid Officials:

Melba J. Houston, Circuit Clerk	48,500	47,900	47,300	47,300
T, Bennett Burkemper, Associate Circuit Judge	96,000	96,000	96,000	96,000
Amy Kinker, Associate Circuit Judge	96,000	96,000	92,000	
Patrick Flynn, Associate Circuit Judge			4,000	96,000

The county entered into a lease purchase agreement with Peoples Bank and Trust on December 20, 2001. The terms of the agreement call for the county to lease the building for the new Judicial Center from Peoples Bank and Trust with lease payments equal to the amount due to retire indebtedness. The remaining principal due on the lease at December 31, 2005, was \$2,210,000.

The county has established four neighborhood improvement districts. General obligation bonds which were issued to finance the projects had remaining principal due at December 31, 2005 of \$160,104. Although these are general obligation bonds, special assessments were levied on the property located in the districts to pay the debt principal and interest.



Claire McCaskill

Missouri State Auditor

September 2006

Andrew County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2006

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Andrew, that do not have a county auditor. In addition to a financial audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

- Accounting records for the 29 cemetery trusts maintained by the county are in need of improvement. While improvements have been made since our last audit, the annual settlements for the various trusts still contain errors and are not always complete. Procedures have not been developed by the county to verify the information reported in the settlements, which allowed the errors and omissions to go undetected. Material differences existed between actual receipts and disbursements and the amounts reported in the annual settlements.
- Documentation was not maintained to support the selection of the investment firm to advise the county on their investment portfolio.
- The county has not developed cash management procedures to ensure timely payment of contractors on projects funded by federal monies. A reimbursement of over \$75,000 was held approximately 80 days before being paid out to the contractor.
- County budget documents contained numerous incorrect amounts and various adjustments were required for the General Revenue Fund and Special Road and Bridge Fund. Cash balances calculated by the County Clerk on the cash reconciliation in the budget for the General Revenue Fund and Special Road and Bridge Fund did not agree to the actual cash balances maintained by the County Treasurer. Rather than identify the cause of the differences, the County Clerk used the County Treasurer's cash balances for the budgets of those two funds.
- Budgets for some funds under the control of other elected officials were lacking required information and budgets for some other funds were not prepared.
- While the county bid numerous items during the audit period, some items were not bid and advertised. In addition, adequate documentation is not always maintained to support efforts to compare prices or document sole source procurement situations.
- Receipt of goods was not indicated on several invoices, some invoices were not marked paid,

YELLOW SHEET

and sufficient documentation was not available for some expenditures. The Sheriff turned over \$109,000 of unclaimed monies to the County Treasurer in 2002 rather than to the state Unclaimed Property Section as previously recommended. These monies were transferred to the General Revenue Fund after one year and should be distributed to the state. In addition, at December 31, 2005, the Law Enforcement Training Fund had accumulated a balance of more than \$29,000, which may exceed the amount authorized by state law.

- Property tax procedures and controls are not sufficient. The delinquent tax books are not prepared or verified by the County Clerk and aggregate abstracts of assessed valuations and taxes to be collected have not been prepared timely. An independent comparison of additions and abatements to actual changes to property tax files is not performed. While the Assessor posts additions and abatements, the Collector still has access to the information. In addition, neither the County Commission nor the County Clerk provides a review of the activities of the County Collector. An account book summarizing tax information is not maintained by the County Clerk and a review of the Collector's monthly or annual settlements is not performed by the County Clerk or County Commission.
- The Collector's cash balance at February 28, 2006 exceeded identified liabilities by approximately \$2,900. This difference has fluctuated throughout our audit period and the Collector has been unable to determine the cause of the differences or fluctuations. In addition, cash refunds are made for overpayments and adequate records of partial payments are not maintained.
- Procedures to account for capital assets are not sufficient and records are not complete. While the County Clerk makes an effort to update the records, procedures have not been developed to track property purchases throughout the year and ensure items are tagged or added to the overall records.
- Records of fuel usage are not adequately reviewed by the County Commission and Sheriff and gallons of fuel purchased are not reconciled to gallons dispensed. The county spent approximately \$280,000 on Road and Bridge fuel and approximately \$50,000 on Sheriff's fuel during the two years ended December 31, 2005.

Also included in the audit were recommendations related to the Sheriff, Associate Circuit Division, Health Center, Senate Bill 40 Board, and Senior Citizens Service Board.

All reports are available on our Web site: www.auditor.mo.gov

ANDREW COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Andrew County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Andrew County, Missouri, as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Andrew County, Missouri, as of December 31, 2005 and 2004, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Andrew County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2005 and 2004, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 1, 2006, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Andrew County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

June 1, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Alvin Cochren, Jr
	Christopher Holder
	Julie Orlowski



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Andrew County, Missouri

We have audited the financial statements of various funds of Andrew County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 1, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Andrew County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 05-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be

reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 05-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Andrew County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 05-1.

We also noted certain additional matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Andrew County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 1, 2006 (fieldwork completion date)

Financial Statements

Exhibit A-1

ANDREW COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2005

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,728,025	1,542,222	1,658,985	1,611,262
Special Road and Bridge	439,572	2,792,039	2,875,275	356,336
Assessment	33,057	253,407	216,096	70,368
Law Enforcement Training	26,996	6,996	4,785	29,207
Prosecuting Attorney Training	2,245	1,154	2,773	626
Law Enforcement Sales Tax	312,075	577,361	640,963	248,473
Capital Improvement Sales Tax	103,440	128,240	103,757	127,923
Johnson Grass	17,394	34,954	39,157	13,191
Recorder's User Fees	42,926	14,957	13,439	44,444
Prosecuting Attorney Bad Check	16,480	10,513	8,384	18,609
Local Emergency Planning Commission	8,625	4,658	6,099	7,184
Election Services	6,166	1,245	330	7,081
Abuse Shelter	0	1,384	1,384	0
Gore Road NID	1,379	13,762	12,358	2,783
John Glenn Road NID	33,136	24,483	17,300	40,319
Victoria Hills NID	1,881	15,280	13,734	3,427
911	54,402	111,273	116,344	49,331
Sheriff's Civil Fees	31,528	21,051	16,298	36,281
Sheriff's Reserve	11,694	3,296	3,752	11,238
Health Center	240,719	326,347	376,578	190,488
Senate Bill 40	211,138	134,920	184,716	161,342
Senior Citizens Service	634	46,447	46,969	112
Cemetery Trust	2,023,878	26,828	43,617	2,007,089
Ford Farm	114,361	5,738	1,843	118,256
Tax Maintenance	20,027	21,694	18,200	23,521
Circuit Clerk Interest	6,168	831	0	6,999
Law Library	16,404	11,123	10,251	17,276
HAVA	15,000	7,332	6,500	15,832
Courthouse CDBG Elevator Project	0	10,080	10,080	0
Associate Circuit Interest	7,540	1,622	2,894	6,268
Associate Circuit Time Payment	324	1,677	385	1,616
Juvenile Restitution	1,009	117	0	1,126
Circuit Clerk Time Payment	0	39	0	39
Total	\$ 5,528,223	6,153,070	6,453,246	5,228,047

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

ANDREW COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,490,228	1,605,118	1,367,321	1,728,025
Special Road and Bridge	633,296	2,781,771	2,975,495	439,572
Assessment	29,096	219,139	215,178	33,057
Law Enforcement Training	26,320	6,140	5,464	26,996
Prosecuting Attorney Training	3,048	971	1,774	2,245
Law Enforcement Sales Tax	387,182	562,958	638,065	312,075
Capital Improvement Sales Tax	67,234	117,528	81,322	103,440
Johnson Grass	33,095	35,115	50,816	17,394
Recorder's User Fees	34,523	15,176	6,773	42,926
Prosecuting Attorney Bad Check	6,990	10,962	1,472	16,480
Local Emergency Planning Commission	4,949	5,448	1,772	8,625
Election Services	5,150	1,881	865	6,166
Abuse Shelter	0	1,631	1,631	0
Gore Road NID	214	10,706	9,541	1,379
John Glenn Road NID	31,748	18,138	16,750	33,136
Victoria Hills NID	335	15,320	13,774	1,881
911	81,140	135,384	162,122	54,402
Sheriff's Civil Fees	18,274	18,467	5,213	31,528
Sheriff's Reserve	10,647	3,319	2,272	11,694
Health Center	244,443	700,999	704,723	240,719
Senate Bill 40	230,004	181,544	200,410	211,138
Senior Citizens Service	306	49,720	49,392	634
Cemetery Trust	1,944,751	114,907	35,780	2,023,878
Ford Farm	113,712	5,688	5,039	114,361
Tax Maintenance	10,417	20,107	10,497	20,027
Circuit Clerk Interest	5,671	497	0	6,168
Law Library	15,824	9,938	9,358	16,404
HAVA	0	18,321	3,321	15,000
Associate Circuit Interest	7,780	719	959	7,540
Associate Circuit Time Payment	270	1,554	1,500	324
Juvenile Restitution	696	313	0	1,009
Total	\$ 5,437,343	6,669,479	6,578,599	5,528,223

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

ANDREW COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 6,280,845	6,139,535	(141,310)	7,058,325	6,648,572	(409,753)
DISBURSEMENTS	7,674,288	6,439,887	1,234,401	8,429,380	6,572,819	1,856,561
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,393,443)	(300,352)	1,093,091	(1,371,055)	75,753	1,446,808
CASH, JANUARY 1	5,957,215	5,519,350	(437,865)	4,814,278	5,428,597	614,319
CASH, DECEMBER 31	4,563,772	5,218,998	655,226	3,443,223	5,504,350	2,061,127
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	323,011	318,133	(4,878)	311,155	348,664	37,509
Sales taxes	525,000	552,088	27,088	520,000	511,716	(8,284)
Intergovernmental	167,819	176,771	8,952	1,403,815	158,395	(1,245,420)
Charges for services	339,025	411,789	72,764	356,223	402,356	46,133
Interest	25,000	59,564	34,564	20,000	22,864	2,864
Other	11,700	22,130	10,430	10,200	161,123	150,923
Transfers in	0	1,747	1,747	0	0	0
Total Receipts	1,391,555	1,542,222	150,667	2,621,393	1,605,118	(1,016,275)
DISBURSEMENTS						
County Commissioner	117,500	93,426	24,074	113,140	91,628	21,512
County Clerk	199,480	155,024	44,456	153,120	122,071	31,049
Elections	104,700	30,080	74,620	94,600	49,601	44,999
Buildings and grounds	124,548	74,627	49,921	123,560	64,179	59,381
Employee fringe benefit	232,500	203,162	29,338	216,500	199,162	17,338
County Treasurer	51,480	43,248	8,232	54,480	43,143	11,337
County Collector	132,450	94,751	37,699	101,715	82,284	19,431
Ex Officio Recorder of Deed	41,400	31,825	9,575	39,800	31,627	8,173
Circuit Clerk	46,500	13,649	32,851	45,500	13,311	32,189
Associate Circuit Court	9,700	7,407	2,293	9,700	4,833	4,867
Court administration	30,600	27,656	2,944	29,700	27,182	2,518
Public Administrator	33,800	26,211	7,589	32,900	27,265	5,635
Prosecuting Attorney	104,498	88,149	16,349	101,936	90,612	11,324
Juvenile Offices	42,000	25,305	16,695	42,000	25,526	16,474
County Coroner	22,013	19,368	2,645	22,234	16,197	6,037
Emergency Management	17,860	42,764	(24,904)	1,261,455	16,977	1,244,478
Northwest Child Support	121,860	106,371	15,489	118,560	98,321	20,239
Utilities	58,000	54,859	3,141	55,000	53,480	1,520
Insurance	100,000	90,597	9,403	65,000	89,674	(24,674)
DNR Reference System	10,000	11,973	(1,973)	0	0	0
Extension Council	42,500	42,500	0	42,012	42,012	0
Solid Waste	50,000	42,275	7,725	35,000	30,798	4,202
Andrew County Museum	0	0	0	0	10,000	(10,000)
Contractual Services	53,200	13,578	39,622	37,500	37,388	112
Other	141,866	60,180	81,686	150,867	50,050	100,817
Transfers out	269,000	260,000	9,000	119,000	50,000	69,000
Emergency Fund	41,686	0	41,686	78,418	0	78,418
Total Disbursements	2,199,141	1,658,985	540,156	3,143,697	1,367,321	1,776,376
RECEIPTS OVER (UNDER) DISBURSEMENTS	(807,586)	(116,763)	690,823	(522,304)	237,797	760,101
CASH, JANUARY 1	1,728,025	1,728,025	0	1,490,228	1,490,228	0
CASH, DECEMBER 31	920,439	1,611,262	690,823	967,924	1,728,025	760,101

Exhibit B

ANDREW COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	785,737	792,319	6,582	758,901	854,075	95,174
Sales taxes	369,000	399,986	30,986	365,000	372,051	7,051
Intergovernmental	1,730,047	1,357,102	(372,945)	1,436,000	1,500,133	64,133
Interest	5,000	8,036	3,036	12,000	4,744	(7,256)
Other	65,000	54,596	(10,404)	90,000	50,768	(39,232)
Transfers in	180,000	180,000	0	35,000	0	(35,000)
Total Receipts	3,134,784	2,792,039	(342,745)	2,696,901	2,781,771	84,870
DISBURSEMENTS						
Salaries	536,500	495,546	40,954	527,000	494,949	32,051
Employee fringe benefit	260,900	217,924	42,976	242,488	238,960	3,528
Supplies	124,000	171,900	(47,900)	118,000	133,593	(15,593)
Insurance	5,500	0	5,500	5,500	3,979	1,521
Road and bridge materials	116,000	70,682	45,318	116,000	114,307	1,693
Equipment repairs	132,000	103,872	28,128	132,000	127,565	4,435
Rentals	7,000	4,601	2,399	10,000	3,672	6,328
Equipment purchases	200,000	182,555	17,445	200,000	193,761	6,239
Construction, repair, and maintenance	1,985,755	1,558,393	427,362	1,843,000	1,605,094	237,906
Debt service	58,000	55,696	2,304	42,000	41,567	433
Other	42,900	14,106	28,794	42,400	18,048	24,352
Total Disbursements	3,468,555	2,875,275	593,280	3,278,388	2,975,495	302,893
RECEIPTS OVER (UNDER) DISBURSEMENTS	(333,771)	(83,236)	250,535	(581,487)	(193,724)	387,763
CASH, JANUARY 1	439,572	439,572	0	633,296	633,296	0
CASH, DECEMBER 31	105,801	356,336	250,535	51,809	439,572	387,763
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	164,092	171,464	7,372	130,156	167,768	37,612
Charges for services	0	85	85	0	0	0
Interest	0	819	819	0	429	429
Other	2,500	1,039	(1,461)	1,500	942	(558)
Transfers in	89,000	80,000	(9,000)	89,000	50,000	(39,000)
Total Receipts	255,592	253,407	(2,185)	220,656	219,139	(1,517)
DISBURSEMENTS						
Assessor	255,592	216,096	39,496	220,656	215,178	5,478
Total Disbursements	255,592	216,096	39,496	220,656	215,178	5,478
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	37,311	37,311	0	3,961	3,961
CASH, JANUARY 1	33,057	33,057	0	29,096	29,096	0
CASH, DECEMBER 31	33,057	70,368	37,311	29,096	33,057	3,961

Exhibit B

ANDREW COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	2,000	1,942	(58)	2,500	2,100	(400)
Charges for service:	6,000	4,248	(1,752)	5,000	3,750	(1,250)
Interest	150	806	656	250	290	40
Total Receipts	8,150	6,996	(1,154)	7,750	6,140	(1,610)
DISBURSEMENTS						
Sheriff	14,000	4,785	9,215	9,500	5,464	4,036
Total Disbursements	14,000	4,785	9,215	9,500	5,464	4,036
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,850)	2,211	8,061	(1,750)	676	2,426
CASH, JANUARY 1	26,996	26,996	0	26,320	26,320	0
CASH, DECEMBER 31	21,146	29,207	8,061	24,570	26,996	2,426
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,000	1,112	112	1,150	946	(204)
Interest	0	42	42	0	25	25
Total Receipts	1,000	1,154	154	1,150	971	(179)
DISBURSEMENTS						
Prosecuting Attorney	2,400	2,773	(373)	2,400	1,774	626
Total Disbursements	2,400	2,773	(373)	2,400	1,774	626
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,400)	(1,619)	(219)	(1,250)	(803)	447
CASH, JANUARY 1	2,245	2,245	0	3,048	3,048	0
CASH, DECEMBER 31	845	626	(219)	1,798	2,245	447
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales and use taxes	484,000	523,930	39,930	475,000	488,243	13,243
Intergovernmental	25,000	34,748	9,748	42,500	37,575	(4,925)
Charges for service:	0	4,130	4,130	0	0	0
Interest	5,000	8,336	3,336	5,000	4,173	(827)
Other	10,000	6,217	(3,783)	15,000	7,967	(7,033)
Transfers in	0	0	0	25,000	25,000	0
Total Receipts	524,000	577,361	53,361	562,500	562,958	458
DISBURSEMENTS						
Salaries	385,000	422,860	(37,860)	370,000	389,154	(19,154)
Fringe benefits	116,500	93,954	22,546	105,900	119,881	(13,981)
Office expense:	6,500	6,226	274	6,100	5,644	456
Equipment	45,000	24,934	20,066	55,500	21,876	33,624
Mileage and training	7,000	611	6,389	7,000	2,236	4,764
Fuel	25,000	28,137	(3,137)	18,000	21,587	(3,587)
Board of Prisoners	65,000	56,881	8,119	40,000	74,980	(34,980)
Other	13,000	7,360	5,640	20,000	2,707	17,293
Total Disbursements	663,000	640,963	22,037	622,500	638,065	(15,565)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(139,000)	(63,602)	75,398	(60,000)	(75,107)	(15,107)
CASH, JANUARY 1	312,075	312,075	0	387,182	387,182	0
CASH, DECEMBER 31	173,075	248,473	75,398	327,182	312,075	(15,107)

Exhibit B

ANDREW COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CAPITAL IMPROVEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	116,000	123,941	7,941	115,000	116,193	1,193
Interest	0	4,299	4,299	0	1,335	1,335
Other	5,000	0	(5,000)	5,000	0	(5,000)
Total Receipts	121,000	128,240	7,240	120,000	117,528	(2,472)
DISBURSEMENTS						
Courthouse	25,000	5,460	19,540	25,000	5,821	19,179
Road and bridge	15,000	0	15,000	10,000	880	9,120
Jail	20,000	4,608	15,392	25,000	7,201	17,799
Solid waste/recycling cente	10,000	0	10,000	10,000	0	10,000
Bridge improvements	45,000	93,689	(48,689)	45,000	67,420	(22,420)
Total Disbursements	115,000	103,757	11,243	115,000	81,322	33,678
RECEIPTS OVER (UNDER) DISBURSEMENTS	6,000	24,483	18,483	5,000	36,206	31,206
CASH, JANUARY 1	103,440	103,440	0	67,234	67,234	0
CASH, DECEMBER 31	109,440	127,923	18,483	72,234	103,440	31,206
<u>JOHNSON GRASS FUND</u>						
RECEIPTS						
Property taxes	35,450	34,185	(1,265)	31,990	34,765	2,775
Intergovernmental	220	156	(64)	75	1	(74)
Interest	335	613	278	500	338	(162)
Other	0	0	0	0	11	11
Total Receipts	36,005	34,954	(1,051)	32,565	35,115	2,550
DISBURSEMENTS						
Salaries	33,500	26,275	7,225	33,900	33,555	345
Office expenditures	7,100	6,592	508	7,575	7,299	276
Equipment	6,850	4,310	2,540	6,725	5,671	1,054
Mileage and training	675	675	0	675	675	0
Other	5,000	1,305	3,695	5,000	3,616	1,384
Total Disbursements	53,125	39,157	13,968	53,875	50,816	3,059
RECEIPTS OVER (UNDER) DISBURSEMENTS	(17,120)	(4,203)	12,917	(21,310)	(15,701)	5,609
CASH, JANUARY 1	17,394	17,394	0	33,095	33,095	0
CASH, DECEMBER 31	274	13,191	12,917	11,785	17,394	5,609
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for service:	15,000	13,640	(1,360)	16,000	14,740	(1,260)
Interest	350	1,317	967	150	436	286
Total Receipts	15,350	14,957	(393)	16,150	15,176	(974)
DISBURSEMENTS						
Ex Officio Recorder of Deed	27,000	13,439	13,561	25,000	6,773	18,227
Total Disbursements	27,000	13,439	13,561	25,000	6,773	18,227
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,650)	1,518	13,168	(8,850)	8,403	17,253
CASH, JANUARY 1	42,926	42,926	0	34,523	34,523	0
CASH, DECEMBER 31	31,276	44,444	13,168	25,673	42,926	17,253

Exhibit B

ANDREW COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	10,000	10,103	103	8,000	10,833	2,833
Interest	0	410	410	0	129	129
Total Receipts	10,000	10,513	513	8,000	10,962	2,962
DISBURSEMENTS						
Prosecuting Attorney	11,100	8,384	2,716	7,000	1,472	5,528
Total Disbursements	11,100	8,384	2,716	7,000	1,472	5,528
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,100)	2,129	3,229	1,000	9,490	8,490
CASH, JANUARY 1	16,108	16,480	372	6,676	6,990	314
CASH, DECEMBER 31	15,008	18,609	3,601	7,676	16,480	8,804
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	6,500	4,029	(2,471)	5,006	5,353	347
Interest	0	216	216	0	95	95
Other	0	413	413	0		0
Total Receipts	6,500	4,658	(1,842)	5,006	5,448	442
DISBURSEMENTS						
Emergency planning	6,500	6,099	401	5,006	1,772	3,234
Total Disbursements	6,500	6,099	401	5,006	1,772	3,234
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(1,441)	(1,441)	0	3,676	3,676
CASH, JANUARY 1	8,625	8,625	0	4,949	4,949	0
CASH, DECEMBER 31	8,625	7,184	(1,441)	4,949	8,625	3,676
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Charges for services	1,000	1,055	55	1,700	1,822	122
Interest	70	190	120	45	59	14
Total Receipts	1,070	1,245	175	1,745	1,881	136
DISBURSEMENTS						
County Clerk	7,200	330	6,870	5,000	865	4,135
Total Disbursements	7,200	330	6,870	5,000	865	4,135
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,130)	915	7,045	(3,255)	1,016	4,271
CASH, JANUARY 1	6,166	6,166	0	5,150	5,150	0
CASH, DECEMBER 31	36	7,081	7,045	1,895	6,166	4,271
<u>ABUSE SHELTER FUND</u>						
RECEIPTS						
Charges for services	1,500	1,384	(116)	1,200	1,631	431
Total Receipts	1,500	1,384	(116)	1,200	1,631	431
DISBURSEMENTS						
YWCA	1,500	1,384	116	1,200	1,631	(431)
Total Disbursements	1,500	1,384	116	1,200	1,631	(431)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0

Exhibit B

ANDREW COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>GORE ROAD NID FUND</u>						
RECEIPTS						
Property taxes	12,775	13,651	876	11,288	10,685	(603)
Interest	30	111	81	40	21	(19)
Total Receipts	12,805	13,762	957	11,328	10,706	(622)
DISBURSEMENTS						
Debt service	10,811	10,611	200	9,541	9,541	0
Transfers out	1,747	1,747	0	1,747	0	1,747
Total Disbursements	12,558	12,358	200	11,288	9,541	1,747
RECEIPTS OVER (UNDER) DISBURSEMENTS	247	1,404	1,157	40	1,165	1,125
CASH, JANUARY 1	1,379	1,379	0	214	214	0
CASH, DECEMBER 31	1,626	2,783	1,157	254	1,379	1,125
<u>JOHN GLENN ROAD NID FUND</u>						
RECEIPTS						
Property taxes	17,464	23,371	5,907	18,394	17,727	(667)
Interest	200	1,112	912	300	411	111
Total Receipts	17,664	24,483	6,819	18,694	18,138	(556)
DISBURSEMENTS						
Debt service	47,300	17,300	30,000	16,750	16,750	0
Total Disbursements	47,300	17,300	30,000	16,750	16,750	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(29,636)	7,183	36,819	1,944	1,388	(556)
CASH, JANUARY 1	33,136	33,136	0	31,748	31,748	0
CASH, DECEMBER 31	3,500	40,319	36,819	33,692	33,136	(556)
<u>VICTORIA HILLS NID FUND</u>						
RECEIPTS						
Property taxes	12,209	15,196	2,987	13,774	15,294	1,520
Interest	25	84	59	50	26	(24)
Total Receipts	12,234	15,280	3,046	13,824	15,320	1,496
DISBURSEMENTS						
Debt service	13,734	13,734	0	13,774	13,774	0
Total Disbursements	13,734	13,734	0	13,774	13,774	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,500)	1,546	3,046	50	1,546	1,496
CASH, JANUARY 1	1,881	1,881	0	335	335	0
CASH, DECEMBER 31	381	3,427	3,046	385	1,881	1,496

Exhibit B

ANDREW COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>911 FUND</u>						
RECEIPTS						
Intergovernmental	40,000	10,000	(30,000)	65,000	35,000	(30,000)
Charges for service:	60,000	99,744	39,744	40,000	99,492	59,492
Interest	1,200	1,529	329	1,200	892	(308)
Total Receipts	101,200	111,273	10,073	106,200	135,384	29,184
DISBURSEMENTS						
Salaries	7,400	6,216	1,184	7,000	7,174	(174)
Fringe benefits	635	317	318	585	549	36
Dues/mileage/training	500	0	500	500	0	500
Office expenditure:	2,500	1,914	586	2,500	1,665	835
911 Mapping/GIS	1,000	6,363	(5,363)	100,000	45,939	54,061
Other	500	1,049	(549)	500	0	500
911 surcharge	60,000	100,485	(40,485)	40,000	81,795	(41,795)
Transfers out	30,000	0	30,000	30,000	25,000	5,000
Total Disbursements	102,535	116,344	(13,809)	181,085	162,122	18,963
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,335)	(5,071)	(3,736)	(74,885)	(26,738)	48,147
CASH, JANUARY 1	54,402	54,402	0	81,140	81,140	0
CASH, DECEMBER 31	53,067	49,331	(3,736)	6,255	54,402	48,147
<u>SHERIFF'S CIVIL FEES FUND</u>						
RECEIPTS						
Charges for service:	15,000	20,223	5,223	12,000	18,192	6,192
Interest	150	828	678	500	275	(225)
Total Receipts	15,150	21,051	5,901	12,500	18,467	5,967
DISBURSEMENTS						
Sheriff	32,000	16,298	15,702	30,000	5,213	24,787
Total Disbursements	32,000	16,298	15,702	30,000	5,213	24,787
RECEIPTS OVER (UNDER) DISBURSEMENTS	(16,850)	4,753	21,603	(17,500)	13,254	30,754
CASH, JANUARY 1	30,481	31,528	1,047	0	18,274	18,274
CASH, DECEMBER 31	13,631	36,281	22,650	(17,500)	31,528	49,028
<u>SHERIFF'S RESERVE FUND</u>						
RECEIPTS						
Interest	150	355	205	250	127	(123)
Other	3,000	2,941	(59)	2,000	3,192	1,192
Total Receipts	3,150	3,296	146	2,250	3,319	1,069
DISBURSEMENTS						
Sheriff	6,000	3,752	2,248	7,000	2,272	4,728
Total Disbursements	6,000	3,752	2,248	7,000	2,272	4,728
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,850)	(456)	2,394	(4,750)	1,047	5,797
CASH, JANUARY 1	11,250	11,694	444	0	10,647	10,647
CASH, DECEMBER 31	8,400	11,238	2,838	(4,750)	11,694	16,444

Exhibit B

ANDREW COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	156,000	146,505	(9,495)	145,000	158,166	13,166
Intergovernmental	149,958	141,804	(8,154)	141,160	135,096	(6,064)
Charges for services	10,000	15,945	5,945	8,500	10,972	2,472
Interest	610	5,204	4,594	5,500	947	(4,553)
Other	12,400	16,889	4,489	34,600	39,568	4,968
Loan proceeds	0	0	0	0	356,250	356,250
Total Receipts	328,968	326,347	(2,621)	334,760	700,999	366,239
DISBURSEMENTS						
Salaries	174,488	168,556	5,932	165,600	168,300	(2,700)
Office expenditure:	14,978	14,623	355	15,130	21,110	(5,980)
Equipment	2,000	6,121	(4,121)	2,000	1,900	100
Mileage and training	5,600	5,638	(38)	5,600	5,275	325
Contract and professional service	15,800	15,525	275	12,200	11,363	837
Supplies/services/utilities	63,647	52,841	10,806	58,680	60,164	(1,484)
Building and land	45,295	57,535	(12,240)	115,500	423,812	(308,312)
Debt service	0	43,872	(43,872)	0	11,121	(11,121)
Other	7,160	11,867	(4,707)	12,050	1,678	10,372
Total Disbursements	328,968	376,578	(47,610)	386,760	704,723	(317,963)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(50,231)	(50,231)	(52,000)	(3,724)	48,276
CASH, JANUARY 1	240,719	240,719	0	244,443	244,443	0
CASH, DECEMBER 31	240,719	190,488	(50,231)	192,443	240,719	48,276
<u>SENATE BILL 40 FUND</u>						
RECEIPTS						
Property taxes	148,000	130,899	(17,101)	135,500	180,715	45,215
Intergovernmental	0	487	487	0	290	290
Interest	0	0	0	2,500	539	(1,961)
Other	0	3,534	3,534	0	0	0
Total Receipts	148,000	134,920	(13,080)	138,000	181,544	43,544
DISBURSEMENTS						
Payroll	56,300	78,061	(21,761)	53,900	64,384	(10,484)
Occupancy	14,092	10,865	3,227	11,000	48,967	(37,967)
Proposals	71,100	73,281	(2,181)	105,474	72,903	32,571
Van costs	14,000	22,509	(8,509)	11,500	14,156	(2,656)
Total Disbursements	155,492	184,716	(29,224)	181,874	200,410	(18,536)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,492)	(49,796)	(42,304)	(43,874)	(18,866)	25,008
CASH, JANUARY 1	211,784	211,138	(646)	230,201	230,004	(197)
CASH, DECEMBER 31	204,292	161,342	(42,950)	186,327	211,138	24,811

Exhibit B

ANDREW COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SENIOR CITIZENS SERVICE FUND</u>						
RECEIPTS						
Property taxes	49,130	46,447	(2,683)	47,355	49,720	2,365
Total Receipts	49,130	46,447	(2,683)	47,355	49,720	2,365
DISBURSEMENTS						
Senior Citizen Center	36,359	35,505	854	35,043	36,868	(1,825)
Retired Senior Volunteer Program	6,142	5,660	482	5,919	6,228	(309)
Andrew County OATS	6,142	5,724	418	5,919	6,228	(309)
Other	0	80	(80)	116	68	48
Total Disbursements	48,643	46,969	1,674	46,997	49,392	(2,395)
RECEIPTS OVER (UNDER) DISBURSEMENTS	487	(522)	(1,009)	358	328	(30)
CASH, JANUARY 1	365	634	269	365	306	(59)
CASH, DECEMBER 31	852	112	(740)	723	634	(89)
<u>CEMETERY TRUST FUND</u>						
RECEIPTS						
Interest and Dividends	48,010	26,828	(21,182)	43,280	114,907	71,627
Total Receipts	48,010	26,828	(21,182)	43,280	114,907	71,627
DISBURSEMENTS						
Other	29,395	43,617	(14,222)	21,880	35,780	(13,900)
Total Disbursements	29,395	43,617	(14,222)	21,880	35,780	(13,900)
RECEIPTS OVER (UNDER) DISBURSEMENTS	18,615	(16,789)	(35,404)	21,400	79,127	57,727
CASH, JANUARY 1	2,505,828	2,023,878	(481,950)	1,412,553	1,944,751	532,198
CASH, DECEMBER 31	2,524,443	2,007,089	(517,354)	1,433,953	2,023,878	589,925
<u>FORD FARM FUND</u>						
RECEIPTS						
Intergovernmental	3,678	3,478	(200)	3,478	3,628	150
Interest	2,000	2,260	260	2,400	1,971	(429)
Other	0	0	0	0	89	89
Total Receipts	5,678	5,738	60	5,878	5,688	(190)
DISBURSEMENTS						
Operating expenditures	6,300	1,271	5,029	1,000	4,595	(3,595)
Maintenance	10,000	572	9,428	10,000	444	9,556
Total Disbursements	16,300	1,843	14,457	11,000	5,039	5,961
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,622)	3,895	14,517	(5,122)	649	5,771
CASH, JANUARY 1	114,361	114,361	0	62,628	113,712	51,084
CASH, DECEMBER 31	103,739	118,256	14,517	57,506	114,361	56,855

Exhibit B

ANDREW COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	20,000	20,434	434	18,000	19,872	1,872
Interest	0	861	861	0	235	235
Other	0	399	399	0	0	0
Total Receipts	20,000	21,694	1,694	18,000	20,107	2,107
DISBURSEMENTS						
County Collector	17,000	18,200	(1,200)	8,500	10,497	(1,997)
Total Disbursements	17,000	18,200	(1,200)	8,500	10,497	(1,997)
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,000	3,494	494	9,500	9,610	110
CASH, JANUARY 1	0	20,027	20,027	10,687	10,417	(270)
CASH, DECEMBER 31	3,000	23,521	20,521	20,187	20,027	(160)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	250	831	581	150	497	347
Total Receipts	250	831	581	150	497	347
DISBURSEMENTS						
Equipment	3,000	0	3,000	3,000	0	3,000
Office expenditure:	2,250	0	2,250	2,250	0	2,250
Total Disbursements	5,250	0	5,250	5,250	0	5,250
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,000)	831	5,831	(5,100)	497	5,597
CASH, JANUARY 1	0	6,168	6,168	5,671	5,671	0
CASH, DECEMBER 31	(5,000)	6,999	11,999	571	6,168	5,597
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	10,000	10,618	618	11,000	9,740	(1,260)
Interest	100	505	405	90	198	108
Total Receipts	10,100	11,123	1,023	11,090	9,938	(1,152)
DISBURSEMENTS						
Law Library	18,000	10,251	7,749	18,000	9,358	8,642
Total Disbursements	18,000	10,251	7,749	18,000	9,358	8,642
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,900)	872	8,772	(6,910)	580	7,490
CASH, JANUARY 1	0	16,404	16,404	13,496	15,824	2,328
CASH, DECEMBER 31	(7,900)	17,276	25,176	6,586	16,404	9,818

Exhibit B

ANDREW COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HAVA FUND</u>						
RECEIPTS						
Intergovernmental	2,000	6,878	4,878			
Interest	0	454	454			
Total Receipts	<u>2,000</u>	<u>7,332</u>	<u>5,332</u>			
DISBURSEMENTS						
Poll worker training	2,000	0	2,000			
Election improvemen	15,000	0	15,000			
MCVR Efforts	0	6,500	(6,500)			
Total Disbursements	<u>17,000</u>	<u>6,500</u>	<u>10,500</u>			
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(15,000)</u>	<u>832</u>	<u>15,832</u>			
CASH, JANUARY 1	15,000	15,000	0			
CASH, DECEMBER 31	<u>0</u>	<u>15,832</u>	<u>15,832</u>			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

ANDREW COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Andrew County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Johnson Grass Board, the Senate Bill 40 Board, or the Senior Citizens Service Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
HAVA Fund	2004
Courthouse CDBG Elevator Project Fund	2005
Associate Circuit Interest Fund	2005 and 2004
Associate Circuit Time Payment Fund	2005 and 2004
Juvenile Restitution Fund	2005 and 2004
Circuit Clerk Time Payment Fund	2005

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Training Fund	2005
Law Enforcement Sales Tax Fund	2004
Abuse Shelter Fund	2004
911 Fund	2005
Health Center Fund	2005 and 2004
Senate Bill 40 Fund	2005 and 2004
Senior Citizens Service Fund	2004
Cemetery Trust Fund	2005 and 2004
Tax Maintenance Fund	2005 and 2004

Although Section 50.740, RSMo, requires a balanced budget, deficit balances were budgeted in the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff's Civil Fees Fund	2004
Sheriff's Reserve Fund	2004
Circuit Clerk Interest Fund	2005
Law Library Fund	2005

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
CDBG Elevator Project Fund	2005
Associate Circuit Interest Fund	2005 and 2004
Associate Circuit Time Payment Fund	2005 and 2004
Juvenile Restitution Fund	2005 and 2004
Circuit Clerk Time Payment Fund	2005

In addition, the county's published financial statements for the years ended December 31, 2005 and 2004, did not disclose disbursement detail by vendor for the Health Center Board, Senate Bill 40 Board, or Senior Citizens Service Board.

2. Cash

Disclosures are provided below to comply with Statement No. 40 of the Governmental Accounting Standards Board, *Deposit and Investment Risk Disclosures*. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit. Cash includes both deposits and investments.

Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit. To protect the safety of county deposits, Section 110.020, RSMo, requires depositories to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities must be of the types specified by Section 30.270, RSMo, for the collateralization of state funds and held by either the county or a financial institution other than the depository bank. Section 67.085, RSMo, also requires certificates of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depository bank fails, Andrew County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The county's and Senate Bill 40 Board's deposits at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance or by collateral securities held by a correspondent bank in the name of the depository bank's customers.

The Health Center's deposits at December 31, 2005, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance. Of the Health Center's bank balance at December 31, 2004, \$29,177 was exposed to custodial credit risk because that amount was uncollateralized.

The Senior Citizens Services Board's deposits at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance.

Investments

The county's only investments are recorded in the Cemetery Trust Fund and are made in accordance with the terms of the trust agreement, which authorizes investments in United

States Government securities and stocks currently traded on the New York Stock Exchange. A court opinion docketed in 2001 authorized the County Commission to buy, sell, or trade stocks and bonds as long as the shares of original stock making up the corpus of the trust were maintained. Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. At December 31, 2005 and 2004, the county's other funds had no such investments. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

As of December 31, 2005, the Cemetery Trust Fund had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)			
		No Maturity	1-5	6-10	More than 10
U.S. government securities	\$658,736		517,236	141,500	
U.S. government bonds	72,495				72,495
Stocks and mutual funds	957,365	957,365			
Corporate bonds	91,162		8,208		82,954
Municipal bonds	15,807				15,807
	<u>\$1,795,565</u>	<u>957,365</u>	<u>525,444</u>	<u>141,500</u>	<u>171,256</u>

As of December 31, 2004, the Cemetery Trust Fund had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)			
		No Maturity	1-5	6-10	More than 10
U.S. government securities	\$668,271		528,648	139,623	
U.S. government bonds	71,566				71,566
Stocks and mutual funds	927,608	927,608			
Corporate bonds	160,449			9,223	151,226
Municipal bonds	15,788				15,788
	<u>\$1,843,682</u>	<u>927,608</u>	<u>528,648</u>	<u>148,846</u>	<u>238,580</u>

Investments are stated at cost or par value in the financial statements.

Interest rate risk: The trust agreement does not discuss limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit risk: The trust agreement does not include limits on ratings for investments made by the Cemetery Trust Fund. Ratings for the fund's bond investments are from Moody's Investors Service.

Investment	Rating as of December 31,	
	2005	2004
Dinuba California Redevelopment Agency		
tax allocation bonds	AAA	AAA
Potomac Electric power company bonds	NA	AAA
New York Telephone Company bonds	AAA	AAA
GTE Corporation bonds	A+	A+
General Motors Corporation bonds	B	BBB
General Motors Acceptance Corporation bonds	Not rated	Not rated

Concentration of credit risk: The trust agreement does not limit the amount the trust may invest in any one issuer. More than 5 percent of the district's investments are in Pfizer stock. This investment accounts for 18.84 percent and 21.16 percent of the Cemetery Trust Fund's total investments at December 31, 2005 and 2004, respectively.

Custodial credit risk: Custodial credit risk is the risk that, if the counterparty to an investment transaction fails, Andrew County will not be able to recover the investment's value or collateral securities that are in an outside party's possession. The county's investments at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were held by the county's custodial bank in the cemetery trust's name.

3. Prior Period Adjustments

The following funds' cash balances at January 1, 2004, were not previously reported but have been added.

<u>Fund</u>	<u>Balance at January 1, 2004</u>
Prosecuting Attorney Bad Check	\$ 6,990
Election Services	5,150
Sheriff's Civil Fees	18,274
Sheriff's Reserve	10,647
Cemetery Trust	1,944,751
Ford Farm	113,712
Tax Maintenance	10,417
Circuit Clerk Interest	5,671
Law Library	15,824
Associate Circuit Interest	7,780
Associate Circuit Time Payment	270
Juvenile Restitution	696

The Lakeland Estates NID's cash balance of \$112 at January 1, 2003, was previously reported but has been removed.

Supplementary Schedule

Schedule

ANDREW COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
U. S. DEPARTMENT OF AGRICULTURE				
Direct program:				
10.069	Conservation Reserve Program	N/A	\$ 10,399	10,244
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Childre	ERS045-4101	0	33,755
		ERS045-5101	35,134	2,718
		ERS045-6101	3,410	0
	Program Total		38,544	36,473
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state				
Department of Economic Development -				
14.228	Community Development Block Grants/State' Program	2004-PF-557	10,080	0
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
Cape Girardeau County -				
16.580	Edward Byrne Memorial State and Local Law Enforcemer Assistance Discretionary Grants Program	2000DDVX0055	0	42,478
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Constructior	BRO-002(16)	0	154,651
		BRO-002(19)	0	75,368
		BRO-002(29)	0	131,700
		BRO-002(30)	0	225,587
		BRO-002(31)	0	232,243
		BRO-002(32)	276,026	0
		BRO-002(33)	304,385	0
		BRO-002(34)	25,176	0
	Program Total		605,587	819,549

Schedule

ANDREW COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
GENERAL SERVICES ADMINISTRATION				
	Passed through state			
	Office of Secretary of State			
39.011	Election Reform Payment	47-0601-0-1-808	0	3,321
ELECTIONS ASSISTANCE COMMISSION				
	Passed through state Office of Secretary of State			
90.401	Help America Vote Act Requirements Payment	96299	6,500	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.197	Childhood Lead Poisoning Prevention Projects	ERS146-5101L	446	554
	State and Local Childhood Lead Poisoning Preventior	ERS146-6101L	463	0
	and Surveillance of Blood Lead Levels in Childre			
	Program Total		909	554
93.268	Immunization Grants	PGA0643101A	0	300
93.283	Centers for Disease Control and Prevention	DH040022001	0	7,255
	Investigations and Technical Assistanc	DHO50032001	3,332	0
		AOCO6380165	168	0
	Program Total		3,500	7,255
	Department of Social Services -			
93.563	Child Support Enforcemen	N/A	85,568	65,547
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Gran	PGA067-4101C	0	1,000
		PGA067-5101C	937	0
		PGA067-6101C	263	0
		PGA07-4101S	0	7,480
		PGA07-5101S	6,730	445
		AOCO6380165	585	0
	Program Total		8,515	8,925
93.994	Maternal and Child Health Services Block Grant	ERS146-4101M	0	12,518
	to the States	ERS146-5101M	15,503	1,550
		AOCO00380165	1,550	0
	Program Total		17,053	14,068

Schedule

ANDREW COUNTY, MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
U.S. DEPARTMENT OF HOMELAND SECURITY				
	Passed through state Department of Public Safety			
97.004	State Domestic Preparedness Equipment Support Program	2004-GE-T4-0049	32,292	0
97.007	Local Emergency Preparedness Commission (LEPC)	N/A	1,683	0
97.042	Emergency Management Performance Grant	N/A	6,500	3,200
	Total Expenditures of Federal Award:		\$ <u>827,130</u>	<u>1,011,914</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

ANDREW COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Andrew County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Because Andrew County expended no noncash awards for the years ended December 31, 2005 and 2004, the schedule includes expenditures of cash awards only.

C. Basis of Accounting

The schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2005 and 2004.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Andrew County, Missouri

Compliance

We have audited the compliance of Andrew County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2005 and 2004. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Andrew County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2005 and 2004. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with

OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 05-02.

Internal Control Over Compliance

The management of Andrew County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 05-02.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 05-02, to be a material weakness.

This report is intended for the information and use of the management of Andrew County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

June 1, 2006 (fieldwork completion date)

Schedule

ANDREW COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2005 AND 2004

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? x yes no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements noted? x yes no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? x yes no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Type of auditor's report issued on compliance for major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes no

Identification of major program:

CFDA or Other Identifying <u>Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

05-1.

Cemetery Trust Fund

Accounting records maintained for the various cemetery trusts are in need of improvement. Asset records for the trusts contained incorrect information, were often not accurate, and in some instances incomplete. In addition, investments held by the trusts were not included in the fund balance until 2006, and were included at market value rather than at cost. While proposals were solicited from various brokerage and investment firms, the reasons for selecting the chosen firm were not documented.

The Cemetery Trust Fund is comprised of cash and investments of twenty-nine cemeteries for which the County Commission is the trustee. The County Commission is required to follow the terms and conditions of the gift or bequest. For each trust fund, the County Clerk maintains a separate receipt, disbursements, and asset record. The asset record lists the certificates of deposits (CD's), stocks, and other investments held by each fund. Annual reports are required to be filed with the Probate Judge for the twenty-nine funds.

- A. While improvements were made in the asset records for the various trust funds since the prior audit, problems still exist with the records. The 2004 annual settlement for one of the trust funds included \$63,000 in certificates of deposits which had been previously cashed in. The 2005 annual settlement for another trust fund included a savings bond that could not be verified. In addition, the stocks held for another trust fund were not included on its annual settlements. The county has not developed procedures to verify the various assets held by each cemetery trust to ensure the information reported in the settlements is accurate and complete. These annual reports are submitted to the County Commission for review and then forwarded to the Probate Judge. Apparently the probate clerk is to review the annual reports to ensure they balance and are accurate and then are presented to the Probate Judge for approval. The county has a fiduciary responsibility to ensure all Cemetery Trust Fund assets are recorded properly and an accurate detailed asset record is maintained.
- B. The county did not ensure actual receipts and disbursements reported on the Cemetery Trust Fund budget were accurate and complete. Differences identified between the reported and actual receipts and disbursements, as noted in the chart below, resulted from not including CD interest or investment income and fees unless

deposited into the checking account, and from including CD purchases and redemptions as receipts and disbursements. Misstating the actual receipt and disbursement amounts also caused the fund balances reported for some trusts to be incorrect and hampers the ability of officials to analytically review the activity of each trust. In addition, the investments were not included in the fund balances until the 2006 budget, when they were included at market value rather than at cost.

	<u>Reported</u>	<u>Actual</u>	<u>Difference</u>
2004 Receipts	\$ 41,318	114,907	(73,589)
2004 Disbursements	39,268	35,780	3,488
2005 Receipts	133,170	26,828	106,342
2005 Disbursements	167,578	43,617	123,961

The Cemetery Trust Fund budget should include accurate classifications of receipts and disbursements to ensure the fund's financial information is more consistently presented, to properly identify receipt and disbursement items, and to allow officials to analytically review the activity of each trust.

- C. While there is evidence that the County Commission solicited proposals from various brokerage or investment advising firms, the reason for selecting the chosen firm was not documented. The county had been paying transactions fees for each sale or purchase of stocks/bonds through their previous broker. The County Commission switched to an investment advising firm for investment services in 2004 and is now paying a flat monthly fee, which is a percentage of the portfolio value. While a transaction fee is still charged, the investment firm indicates they call around to various brokers to get the lowest fee. While the County Commission indicated cost savings was their basis for switching firms, they should always document the basis for selection to ensure the county is receiving quality service at a reasonable price.

Similar conditions were noted in our prior audit.

WE AGAIN RECOMMEND the County Commission and the County Clerk:

- A. Record all transactions and maintain accurate asset records.
- B. Ensure receipts, disbursements, and fund balances are accurately reported in the county budget.
- C. Formally evaluate proposals for professional services.

AUDITEE'S RESPONSE

A&B. We have addressed the deficiencies and have implemented procedures to address the auditor's concerns.

- C. *Our fees associated with maintaining the Cemetery Trust Funds have gone down significantly through soliciting proposals. In the future we will ensure our basis for selection is documented.*

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

05-2.

Cash Management

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-002(16), (19), (29), (30), (31), (32), (33) and (34)
Award Years:	2005 and 2004
Questioned Costs:	NA

The county has not established cash management procedures to ensure a minimal time elapses between its receipt of federal project monies and the distribution of such monies to contractors. A reimbursement for \$75,368 was received on November 10, 2003, but the related payment was not made to the contractor until January 29, 2004. In early January, the county determined the contractor had not been paid but the payment could not be made until the 2004 budget had been approved, which added to the delay. The county also indicated that in some instances they do not receive notification from the state that money has been direct deposited to their account related to bridge projects, which makes it difficult for them to pay the funds out within two business days.

The county contracts with the Missouri Department of Transportation (MoDOT) for bridge replacement and rehabilitation under the Highway Planning and Construction Program. Section .300(c) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to, “comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs”. Section XII of the MoDOT Local Public Agency Manual provides that local agencies must develop cash management procedures to ensure payment is made to the contractor/consultant within two business days of receipt of funds from MoDOT.

WE RECOMMEND the County Commission establish procedures to minimize the time between the receipt of federal monies and disbursement of such funds to comply with MoDOT requirements.

AUDITEE'S RESPONSE

Since this occurred, prior to this being noted by the auditors, we have already developed procedures to ensure timely payment of contractors.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

ANDREW COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2003, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

ANDREW COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

Findings - Two Years Ended December 31, 2003

03-01. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	State Emergency Management Agency
Federal CFDA Number:	16.007
Program Title:	State Domestic Preparedness Equipment Support Program
Pass-Through Entity	
Identifying Number:	2004-GE-T4-0049
Award Year:	2003 and 2002
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Missouri Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-002(16), BRO-002(19), BRO-002(29), BRO-002(30), BRO-002(31), BRO-002(32), and BRO-002(33)
Award Year:	2003 and 2002
Questioned Costs:	Not applicable

The County's schedule of expenditures of federal awards (SEFA) contained numerous errors and omissions.

Recommendation:

The County Clerk work with the departments and verify the information received. Alternatively, a formal compliance official could be appointed to take responsibility for SEFA reporting and compliance.

Status:

Partially implemented. There was significant improvement in the SEFA schedule for 2005 when the county contracted with MO-Kan Regional Council to serve as compliance officer. However, the schedule did not include two small programs. Although not repeated in the current report, the recommendation remains as stated above.

Findings - Two Years Ended December 31, 2001

01-3. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Missouri Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-002(25) and BRO-002(27)
Award Year:	2001 and 2000
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not applicable
Federal CFDA Number:	16.607
Program Title:	Bulletproof Vest Partnership Program
Pass-Through Entity	
Identifying Number:	Not applicable
Award Year:	2000
Questioned Costs:	Not applicable

The county, Road and Bridge Department, and Health Center do not have adequate procedures in place to track federal awards. The County's SEFA contained numerous errors and omissions.

Recommendation:

The County Clerk, with the assistance of the Road and Bridge Department and the Health Center, prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

Status:

Partially implemented. There was significant improvement in the SEFA schedule for 2005 when the county contracted with MO-Kan Regional Council to serve as compliance officer. However, the schedule did not include two small programs. Although not repeated in the current report, the recommendation remains as stated above.

01-4. Cash Management

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Missouri Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO-002(25) and BRO-002(27)
Award Years:	2001 and 2000
Questioned Costs:	Not Applicable

The county has not established cash management procedures to ensure the minimum time lapses between receipt of federal project monies and the disbursement of such monies.

Recommendation:

The County Commission establish procedures to minimize the time elapsed between the receipt of federal monies and disbursement of such funds.

Status:

Not implemented. See finding number 05-2.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

ANDREW COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Andrew County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 1, 2006. We also have audited the compliance of Andrew County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 1, 2006.

In addition, to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years, we have audited the operations of elected officials with funds other than those presented in the financial statements. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Andrew County or of its compliance with the types of compliance requirements applicable to its major federal program but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits

performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Budgetary Practices

The budget process is in need of improvement. The budgets prepared for some county funds lacked detailed and some required information. In addition, the county's financial monitoring procedures are ineffective.

- The county budget documents contained numerous incorrect amounts. The cash balances on the cash reconciliation portion of the budget for the General Revenue Fund and the Special Road and Bridge Fund at December 31, 2004 were misstated by approximately \$14,000 and \$12,000, respectively, with no explanation. Rather than determine the cause of the error, the County Clerk used the County Treasurer's cash balance for these two funds, which were correct. Various other adjustments were required for the General Revenue Fund and Special Road and Bridge Fund due to incorrect postings and improper fund accounting. While the County Clerk's Office reconciles the monthly receipt and check registers to the Treasurer's records, they did not ensure the totals from those reports agreed to the monthly receipt and disbursement reports, which are used to get the actual receipt and disbursement amounts for the budgets. This problem was discussed with the County Clerk prior to the 2006 budgets being completed and the amounts presented on those budgets were much more accurate.
- The budgets for some funds under the control of other officials were lacking required information. Some of the officials completed the wrong budget forms and did not report the beginning cash balance. No actual receipt or disbursement amounts were presented for the Sheriff Civil Fees Fund and the Sheriff Reserve Fund and no disbursement amounts were presented for the Tax Maintenance Fund. In addition, the activity on many of the officials' budget did not include the entire year's activity as the County Clerk requests the officials submit the budgets by mid-December each year. The County Clerk should take steps to ensure the data submitted is updated before the budget is approved in January and that the information submitted is accurate for the period reported. The County Clerk indicated he provides the applicable budget forms to the officials for the funds under their control; however, he does not review what is submitted for completeness or accuracy.
- Budgets were not prepared for various funds. The majority of these unbudgeted funds are under the control of another official, but it is the responsibility of the County Clerk, as budget officer to ensure budgets are prepared for all funds. The County Clerk indicated he sent budget forms to the court divisions' and is unsure why budgets were not prepared for the funds under the court's control.

Considering the various problems noted, the approved budgets did not provide county citizens with reliable information about the county's finances and are a less effective management tool for the county. To be of maximum assistance to the county and to adequately inform citizens of the county's operations and financial position, budget documents need to be accurate and include proper classifications of receipts and disbursements. This is also necessary so that the county can prepare useful and accurate financial statements. A thorough review process needs to be implemented to ensure budget documents are accurate and complete prior to approval.

WE RECOMMEND the County Commission ensure proper compilation and review procedures are in place to ensure the budget document presents accurate and complete financial information. In addition, the commission should work with other officials to ensure budgets are prepared for all county funds.

AUDITEE'S RESPONSE

We agree and will continue to try to prepare the most accurate and complete budget possible.

2. County Expenditures and Accounting Procedures

Bids were not always solicited or advertised by the county, nor was bid documentation retained for various purchases. Invoices were not always signed or dated to indicate receipt of the goods or services and were not always marked paid or otherwise canceled. In addition, the county did not always obtain sufficient documentation to support payments and fuel usage logs are not maintained for all county vehicles.

- A. While a review of county minutes and bid files indicates the county bid numerous items, the county did not bid some items and did not advertise for bids in some other instances. In addition, neither the county minutes nor the expenditure records contained adequate documentation of the county's efforts to compare prices (i.e., phone contacts, inquiries) or reasons to support sole source purchase determinations. A review of expenditures identified several purchases for which bids were not taken or solicited through advertisement, and/or documentation of bid procedures was lacking.

<u>Item or Services</u>	<u>Cost</u>
Clock repair	5,580
Computer equipment	10,300
Worker's compensation insurance	55,000
Used law enforcement vehicle	12,000
Metal culverts	13,500
Steel tubes	6,000
Radios	24,000
Used pickup	16,000

The commission minutes indicated phone bids were taken for the used pickup listed in the table above, but the actual vendors contacted were not listed. Construction materials for the Road and Bridge Department, totaling over \$50,000, had a lower bid; however, the low bid was not selected. The County Commission indicated this bid did not meet engineer's specifications and could not be accepted, but this was not documented. Furthermore, some bid documentation was not on file at the County Clerk's office but was located at the Road and Bridge Department.

Section 50.660, RSMo, requires the advertisement for bids on all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days.

Routine use of a competitive procurement process (advertisement for bids, phone solicitations, written requests for proposals, etc.) for major purchases ensures the county has made every effort to receive the best and lowest price and all interested parties are given an equal opportunity to participate in county business. Documentation of the various proposals received, and the county's selection process and criteria should be retained to demonstrate compliance with the law and support decisions made.

- B. The receipt of goods or services was not indicated on several invoices that were approved for payment. In addition, invoices were not always noted as paid or otherwise canceled upon payment. For example, the County Commission purchased various pieces of road and bridge equipment and construction materials during the two years ended December 31, 2005; however, these invoices did not indicate receipt of goods nor were they stamped paid. Such documentation is necessary to ensure the purchase is a proper disbursement of county funds. As a result, the county does not always have adequate assurance it is paying for actual goods and services received and approved by the applicable party. Also, the possibility that an invoice will be paid twice is increased when invoices are not properly canceled. To ensure against duplicate payment of bills, invoices should be marked paid when a check has been issued by the county.
- C. The county did not always obtain sufficient documentation to support payments. The former Public Administrator was reimbursed for expenses from the General Revenue fund without providing supporting documentation. The only supporting documentation submitted by the Sheriff's Department for a used Ford Crown Victoria purchased from the Missouri Highway Patrol for \$11,500 was a piece of note paper. Reimbursements requested from the Law Enforcement Training Fund for travel expenses were supported by room confirmations rather than invoices. In addition, a credit card statement with items highlighted for meals and lodging was submitted by the Prosecuting Attorney for travel expenses.

All disbursements should be supported by paid receipts or vendor-provided invoices. Such documentation is necessary to ensure the purchase is a proper disbursement of county funds.

- D. In 2002, the Sheriff distributed more than \$109,000 of unclaimed monies to the County Treasurer rather than turning the monies over to the state Unclaimed Property Section as recommended in our previous audit report. This money was the proceeds of a Sheriff's sale. The Treasurer deposited the monies into the Unclaimed Fees Fund and after a year, she transferred the monies to the General Revenue Fund. The Treasurer indicated this is the way she had always handled such monies and that the County Clerk's Office was supposed to issue a check to turn the monies over to the state though she was aware that this was not happening. Sections 447.500 through 447.595, RSMo, requires unidentified monies be turned over to the state Unclaimed Property Section. The County Commission and County Treasurer should review these sections of state law and take appropriate action.
- E. The Law Enforcement Training (LET) Fund has accumulated a balance in excess of \$29,000 as of December 31, 2005. Section 488.5336 RSMo states that no county shall retain more than \$1,500 per certified law enforcement officer, candidate for certification or a coroner and the coroner's deputies in the LET Fund. Any excess is to be transmitted to the General Revenue Fund. As of December 2005, there were 15 law enforcement officers in the county, meaning the limit on the LET Fund is \$22,500. The balance in that fund exceeded \$29,000 at December 31, 2005. The County Commission should evaluate this situation and determine if an excess balance exists in this fund and take appropriate action.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained and the justification for selecting the winning bid. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the necessitating circumstances.
- B. Ensure supporting documentation for disbursements includes evidence of receipt of goods or services and are stamped paid.
- C. Require adequate supporting documentation for all expenditures.
- D. Distribute approximately \$109,000 from the General Revenue Fund to the state Unclaimed Property Section. In addition, review the procedures for turning over unidentified amounts to state Unclaimed Property.
- E. Determine if an excess balance exists in the LET Fund and transfer any overage to the General Revenue Fund.

AUDITEE'S RESPONSE

- A. *We make every effort to bid purchases when required, but will maintain better documentation of our bid process and decisions in the future.*
- B. *We have implemented this recommendation.*
- C. *We will strive to ensure there is adequate supporting documentation for the receipt of goods and that invoices are stamped as paid in the future.*
- D. *We will distribute these monies to the state Unclaimed Property Section and review the applicable procedures.*
- E. *We will review for excess funds on an annual basis and make any necessary transfers to the General Revenue Fund.*

3. Collector and Property Tax System

Property tax system procedures and controls are not sufficient. The County Clerk does not prepare or verify the back tax books or maintain an account book with the County Collector. Neither the County Clerk nor the County Commission verify the County Collector's settlements or adequately review property tax additions and abatements. The Collector's bank account holds surplus monies and monies are not deposited intact.

- A. The County Clerk does not prepare or verify the delinquent tax books and has not been preparing the aggregate abstracts of assessed valuations and taxes to be collected annually. The County Collector prepares the back tax books and no tests are performed by the County Clerk to verify the totals of the back tax books. When the aggregate abstract was prepared in April 2006 for the 2004 and prior years back taxes as of March 1, 2005, the totals were approximately \$170,000 higher for real estate and \$200,000 higher for personal property back taxes than amounts of tax reported on the County Collector's annual settlements. The County Clerk copied the amounts from the County Collector's detail printout generated in May 2005 while the County Collector used the amounts from the summary reports generated in March 2005, which contained the correct amounts. While the County Collector was aware that the detail reports did not agree in total to the summary reports, there was no effort made to determine the reason for the difference.

Because the Collector is responsible for collecting property tax monies, good internal controls require that someone independent of that process be responsible for generating and testing the accuracy of the property tax books.

Sections 137.290 and 140.050, RSMo, require the County Clerk to extend the current and back tax books and charge the Collector with the amount of taxes to be collected. If it is not feasible for the County Clerk to prepare the tax books, at a minimum, he

should verify the accuracy of the tax books and document approval of the tax book amounts to be charged to the County Collector. Failure to do so could result in errors or irregularities going undetected.

- B. Controls over property tax additions and abatements are not adequate. There is no independent comparison of approved court-ordered additions and abatements to actual changes to the property tax data files. In the fall of 2005, the county switched to a new computer system for the property taxes, which requires the Assessor, rather than the County Clerk, to make changes to the property tax records for additions and abatements occurring throughout the year. Court orders for addition and abatements are approved by the County Commission monthly, but the Collector still has access to additions and abatements. A comparison of the approved court orders to the actual changes to the property tax data files is not performed. As a result, additions and abatements, which constitute changes to the amount of taxes the County Collector is charged with collecting, are not properly monitored and errors or irregularities could go undetected.

Sections 137.260 and 137.270, RSMo, assigns responsibility to the County Clerk for making changes to the tax books with the approval of the County Commission.

The county's failure to follow control procedures established under statutory guidelines allows greater opportunity for errors or inappropriate transactions to occur. To comply with the statutes and provide for the proper segregation of duties, court orders should be prepared and approved periodically by the County Commission for property tax additions and abatements. The County Clerk should periodically reconcile all approved additions and abatements to actual changes made to the property tax system. Such procedures are essential to ensure that only appropriate correcting adjustments are made to the master property tax records.

- C. Neither the County Commission nor the County Clerk provides a review of the activities of the County Collector. The County Clerk does not maintain an account book or other records summarizing property tax transactions and changes, and no evidence was provided to indicate procedures are performed by the County Clerk or the County Commission to verify the County Collector's monthly or annual settlements. As a result, neither the County Clerk nor the County Commission detected reporting errors in the County Collector's settlements. For example, total collections reported on the annual settlement did not agree to the sum of the total collections reported on the monthly settlements prepared by the County Collector.

Section 51.150(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury.

An account book or other records which summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts should be maintained by the County Clerk. Such records would help ensure that the amount of taxes charged and credited to the County Collector

each year is complete and accurate and could also be used by the County Clerk and County Commission to verify the County Collector's monthly and annual settlements. Such procedures are intended to establish some checks and balances related to the collection of property taxes.

- D. The County Collector prepares monthly reconciliations of his bank account and reconciles it to the checkbook; however, at February 28, 2006 the reconciled cash balance exceeded identified liabilities by approximately \$2,900. The unidentified cash in the Collector's bank account has not remained constant during the two years ended February 28, 2006. The Collector has been unable to determine the causes for the changes in the unidentified differences.

Adequate reconciliations between liabilities and cash balances are necessary to ensure the cash balance in the bank account is properly identified and monies are sufficient to meet liabilities. An attempt should be made to determine the proper disposition of these excess monies. Any amount that remains unidentified should be disposed of in accordance with applicable statutory provisions.

- E. Deposits are not made intact as cash refunds are made for overpayments of taxes paid by check. In addition, the County Collector retained some partial payments and other payments which require additional work in the Collector's vault. As of January 17, 2006, the County Collector was holding over \$1,600 in partial payments and has not prepared subsidiary records to show the amounts received from whom. Additionally, \$6,100 in payments for 2005 taxes were mailed in by lending institutions, but these taxpayers have 2004 taxes which remain delinquent. The Collector indicated he was holding the current taxes until he was able to contact the party and that these monies are typically not deposited until full payment is received or the questions are resolved.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all monies received should be recorded and deposited intact daily and all refunds should be made by check.

Conditions similar to B, D, and E were also noted in our prior report.

WE RECOMMEND:

- A. The County Clerk prepare delinquent tax books or, at a minimum, verify the accuracy of the tax books prior to charging the County Collector with the property tax amounts. In addition, aggregate abstracts should be prepared on a timely basis.
- B. The county develop procedures to ensure any changes to the property tax system are properly approved and monitored.
- C. The County Clerk and County Commission monitor property tax system activities and perform a thorough review of the County Collector's annual settlements.

- D. The County Collector attempt to identify the excess cash balance which currently exists. Any amounts which remain unidentified should be disposed of in accordance with state law.
- E. The County Collector deposit all monies intact and write checks for refunds of overpayments.

AUDITEE'S RESPONSE

The County Clerk responded:

- A. *We will discuss procedures for the preparation of the delinquent tax books with the other officeholders. We are now up to date with the preparation of aggregate abstracts and will ensure this is done timely in the future.*
- B. *We will develop such procedures.*
- C. *We will develop procedures to monitor activities more closely and to review the annual settlements.*

The County Collector responded:

- D. *I will continue to try to identify the difference between the cash balance and liabilities and any remaining unidentified amounts that still exist at February 28, 2007, when I leave office, will be distributed to the Unclaimed Property Section.*
- E. *I agree with the recommendation and my policy has always been to not accept partial payments. The monies on hand noted by the auditor's were payments of taxes received from mortgage companies, and in the future, these type payments will be returned if not made for the correct amount or delinquent taxes exist.*

4. Sheriff's Accounting Controls and Procedures

Sheriff Department procedures relating to accounting duties, processing of monies, bank reconciliations, seized property, the commissary, and civil paper service fees are in need of improvement.

The Sheriff's Department received various criminal and civil fees, bonds, gun permits, and reimbursements for boarding and transporting prisoners totaling approximately \$100,000 and \$95,000 during the years ended December 31, 2005 and 2004, respectively.

- A. Accounting duties have not been adequately segregated in the Sheriff's Department. One deputy collects monies, records transactions, prepares deposits, and prepares bank reconciliations. There are no documented reviews of the accounting records

performed by the Sheriff. The Sheriff indicated he reviews the bank statements, canceled checks, deposit slips, and the one-write cash receipt ledger. However, he does not document his reviews. Had an adequate review of the accounting records been performed by the Sheriff, the lack of bank reconciliation discussed in part B below would have been detected.

Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. Bank reconciliations are not prepared timely. The February through November 2005 bank reconciliations were not prepared until the last week of December 2005. In addition, December 2005 and January 2006 bank reconciliations were not prepared until mid March 2006. The bank account is supposed to zero out each month; however, this was not routinely happening. Instead of investigating to identify the errors, the bookkeeper would turn over the excess monies to the County Treasurer. Failure to prepare timely formal bank reconciliations increases the risk that errors or irregularities will not be detected on a timely basis.

Monthly bank reconciliations are necessary to ensure bank activity and accounting records are in agreement, to detect and correct errors timely, and to allow old outstanding checks to be resolved more timely.

- C. Monies received are not always deposited intact on a timely basis and the numerical sequence of receipt slips is not accounted for. Monies are normally collected each business day, but deposits are normally made once a week. Monies totaling approximately \$187 were counted on February 22, 2006, but were not deposited until March 8, 2006. Our review of deposit slips for September 2005 indicated receipts are not deposited in the order they are received. We also noted at least five instances in which the amount deposited did not agree to the amount on the receipt slip and one instance in which money was deposited but there was no receipt slip issued. These problems were not identified by employees because the composition of receipt slips issued is not reconciled to the composition of deposits.

To ensure receipts are properly accounted for and deposited intact, all monies received should be deposited intact daily, the composition of receipt slips should be reconciled to the composition of bank deposits, and the numerical sequence of receipt slips properly accounted for.

- D. Adequate controls over seized property have not been established. A log is not maintained for seized property which is kept in the evidence room. Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. In addition, periodic inventories of the property on hand are not conducted.

Adequate internal controls would significantly reduce the risk of theft or misuse of seized property. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

- E. Procedures regarding the handling of inmate personal monies are not adequate. The Sheriff established a separate inmate checking account in January 2006 for the deposit of personal funds of inmates in the Andrew County jail. The funds are held in trust for the inmates and may be used to purchase various products. Prior to this, inmate monies were held in cash at the front desk. Personnel indicated this change occurred due to the fact that too many employees had access to the cash held for inmates. Manual records are maintained for each inmate to reflect monies received on the inmate's behalf, purchases made, and the available cash balance. The balance of the inmate account is not being reconciled to the individual inmate balances.

To ensure proper accountability over inmate monies and ensure monies held in trust are sufficient to meet liabilities, the inmate account records should be reconciled monthly to the bank account.

- F. The Sheriff's department has not determined the total costs due from other entities for civil paper service fees. For civil paper service fees not received prior to delivery of the papers or during instances when additional costs are incurred, the Sheriff's department will bill the entity once the papers have been served. However, no procedures are performed to monitor outstanding or to follow up on past due paper service fees. By not adequately monitoring unpaid civil paper service fees, these fees could remain uncollected and might eventually result in lost revenue.

WE RECOMMEND the Sheriff:

- A. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- B. Ensure bank reconciliations are prepared on a monthly basis.
- C. Compare the composition of receipts to the composition of deposits, account for the numerical sequence of receipt slips, and deposit receipts intact and daily.
- D. Maintain a complete inventory record of all seized property including information such as a description, persons involved, current location, case number, and disposition of such property. In addition, a periodic inventory should be performed and compared to the inventory listing and any differences investigated.
- E. Prepare monthly listings of individual inmate balances and reconcile the listing to the balance in the inmate account and investigate any differences.
- F. Establish adequate procedures to monitor and collect service fees.

AUDITEE'S RESPONSE

- A. *I will ensure that I document my reviews in the future.*
- B. *I agree and, in the future, I will ensure the bank accounts are reconciled more timely.*
- C. *I agree and will ensure this is done.*
- D. *I agree and will develop an inventory record by January 2007.*
- E. *I agree and will begin doing this.*
- F. *My office predominately collects our service fees up front and we estimate the unpaid costs total less than \$1,000. Most civil fees are paid up front. We will continue to pursue collection of unpaid costs.*

5. Associate Circuit Division's Controls and Procedures

Receipt slips are not issued for some monies received and deposits are not made intact on a timely basis. Monies received for non-certified copies are not posted to the computer and a manual receipt slip is issued only if requested. These monies are held in a bank bag until transmitted to the County Treasurer, rather than being deposited with other receipts daily. Monies for certified copies are recorded on the computer and are deposited in the bank account. In addition, when a specific clerk is gone for the day, any monies received for the cases she handles are not recorded on the manual one-write or on the computer, but are put in a stack on her desk until her return. When other employees are gone for the day, another clerk will process monies received on cases the absent clerk handles.

To adequately account for collections and reduce the risk of loss or misuse of funds, prenumbered receipt slips should be issued for all monies received and all monies received should be deposited intact daily.

WE RECOMMEND the Associate Circuit Court ensure prenumbered receipt slips are issued for all monies received and deposits are made intact daily.

AUDITEE'S RESPONSE

We have implemented this recommendation.

6.**Capital Asset Records and Vehicle Procedures**

Procedures and records to account for capital assets are not adequate. Vehicle and fuel usage logs were not maintained.

- A. The County Clerk's procedures to account for capital assets are not sufficient and capital asset records are not complete.

The County Clerk maintains overall capital asset records. Each year he sends a copy of the most recent inventory listings to the department heads requesting they verify the listing and make adjustments needed for unrecorded additions or dispositions. The adjusted listings are to be returned to the County Clerk for review and are used to post to the overall capital asset records.

The County Clerk compares property tags issued to the returned listings on a test basis to verify additions have been included, but has not developed procedures to track property purchases throughout the year and ensure the items are tagged or added to the overall capital asset records. We traced the purchase of four new computers to the Collector's inventory and determined pertinent information related to these computers, such as purchase price and date, were recorded incorrectly or not recorded in the asset records. A keyboard and monitor could not be located and it was determined these items had been paid for, but then returned to the vendor. The vendor has since been contacted and has given the county a credit of approximately \$225 for the returned equipment. The property tags from two old computers still on hand were moved to two of the new hard drives, but the inventory listing had not been updated to show this. Several other items also could not be located on the inventory records and one item was recorded twice.

This lack of monitoring or involvement by the County Clerk diminishes the benefit of periodic reporting by the various other county departments and increases the possibility of theft occurring without detection. In addition, capital assets could be purchased or disposed of without proper modifications to the county's insurance coverage.

Section 49.093, RSMo requires counties to account for personal property costing \$1,000 or more, assigns responsibilities to each county department officer, and describes details to be provided in the inventory records. Adequate capital asset records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Physical inventories and proper tagging of capital assets are necessary to evaluate the accuracy of the records, and deter and detect theft.

- B. Records of fuel usage are not adequately reviewed and gallons of fuel purchased are not reconciled to gallons dispensed. The county owns numerous vehicles that are used for law enforcement and road and bridge purposes.

During the two years ended December 31, 2005, the county expended approximately \$280,000 for fuel for the pickups, trucks and other pieces of heavy equipment used by the Road and Bridge Department. The Road and Bridge Department has two fuel tanks, one for diesel and one for gasoline. There are logs maintained on the diesel powered vehicles but not on gasoline powered vehicles. Monthly reconciliations of fuel purchases, usage, and inventories for fuel maintained in the Road and Bridge bulk fuel tanks were not prepared.

During the two years ended December 31, 2005, the county expended about \$50,000 for fuel for the eight vehicles used by the Sheriff's Department. Both maintenance and fuel usage logs are maintained for each vehicle. Fuel taken from the Sheriff's Department tank is recorded in the fuel usage log. The Sheriff indicated he frequently reviews the fuel usage logs to monitor fuel consumption for reasonableness but he does not reconcile the amount of fuel purchased with the amount of fuel used and remaining in the bulk tank.

To ensure the reasonableness and propriety of fuel usage and expenditures, the fuel usage records should contain all necessary information, be periodically reviewed and recorded usage reconciled to fuel purchased and on hand. Failure to account for fuel usages could result in loss, theft, or misuse.

WE RECOMMEND:

- A. The County Clerk work with other county departments to ensure physical inventories are conducted and reports submitted, implement a procedure for tagging and tracking property purchases throughout the year, and follow up on discrepancies identified during the annual physical inventory process.
- B. Require fuel usage logs be maintain for all Road and Bridge equipment and ensure the various fuel usage records are periodically reviewed for completeness and reasonableness of usage and reconciled to fuel purchased and on hand.

AUDITEE'S RESPONSE

The County Clerk responded:

- A. *I work hard to make sure the records are complete and accurate even though this duty is not statutorily the County Clerks. I will work with the other departments to make their records more accurate in the future.*

The County Commission responded:

- B. We are now maintaining the required information in the Road and Bridge Department for both gasoline and diesel powered vehicles.*

The Sheriff responded:

- B. I plan to add a log to the bulk tank to track the number of gallons of fuel pumped from the tank and will reconcile the gallons of fuel pumped to the gallons of fuel purchased. I am already reviewing the fuel usage recorded on the vehicle logs and will ensure this review is documented in the future.*

7. Health Center

The Health Center's procedures related to budgets, board minutes, and capital assets are in need of improvement. The Health Center did not have adequate supporting documentation for some expenditures. In addition, the Health Center Board does not review and approve individual invoices and the supplementary listing of all disbursements approved for payment is not signed or initialed by the Board.

- A. Budgets prepared by the Health Center were not accurate and complete and financial statements are not prepared and published annually as required. During 2005 and 2004, actual receipts and disbursements were not correctly stated. Receipts were understated by approximately \$338,000 for 2004. Disbursements were understated by approximately \$294,000 in 2004 and \$85,000 in 2005. The errors were caused by the Health Center only including the activity from their main bank account in the actual amounts reported on the budget, which did not include capital improvement projects, which are run through a different account. In addition, the Board of Trustees does not publish detailed financial statements as required. The County Clerk does include summary information on cash balances and total receipts and disbursements in the county's published financial statements, but this information is obtained from the Health Center's budget and includes no information regarding capital improvement projects.

The Board of Trustees did not adequately review the budgets to ensure accurate information was presented. Adjustments have been made to the audited financial statements to correct these misclassifications and errors.

To be of maximum assistance to the Health Center and to adequately inform the public, the budget should accurately reflect the financial activity of the Health Center. In addition, accurate information is essential to provide reasonable estimates of anticipated receipts and disbursements so that the board may utilize the budget as a management tool and as a control over expenditures. Furthermore, Section 50.800, RSMo, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all

county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.

- B. Actual expenditures exceeded budgeted amounts during the years ended December 31, 2005 and 2004 by \$47,610 and \$317,963, respectively. The Board does not have sufficient procedures in place to adequately monitor the budget. While the failure to include capital improvement activity in the actual disbursements in 2005 caused the overspending that year, the budget was overspent in 2004 before making audit adjustments to include capital improvement activity.

It was ruled in *State ex rel. Strong v. Cribb* 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- C. During our review of the Health Center Board's minutes, we noted the following concerns:

1. It is questionable whether the health center complied with the provisions of the Sunshine Law when discussing some items in closed session and some decisions made and/or votes taken in closed session were not subsequently disclosed in open session as required. The Health Center Board discussed salaries in general and changes in the personnel manual as well as approving 2006 budget draft in closed session. None of these decisions were disclosed in open minutes.

The Sunshine Law, Chapter 610, RSMo, provides for topics that are allowed to be discussed in closed meetings. Discussions in closed meetings should relate to the specific topics used to justify the meeting closure. In addition, the law requires certain votes taken in closed session to be disclosed in open session.

2. The board did not comply with applicable requirements when members of the board voted via telephone. Numerous instances were documented where board members voted on issues via the telephone at times other than during an official board meeting. However, a quorum of board members was not physically present.

The Sunshine Law, Chapter 610 RSMo, allows absent board members to participate and vote via telephone in a public meeting only when a quorum of members is physically present, the nature of the emergency requiring this action is documented, and less than a quorum of the members participate via telephone.

3. The board minutes are not signed by the board chairperson to attest to their completeness and accuracy. The board minutes should be signed by the board chairperson upon approval to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.
- D. The Health Center has no procedure to identify property purchases throughout the year and has not updated the capital asset records since September 2003. In addition, physical inventories have not been completed in several years and property tags are not being assigned and affixed to capital assets. Adequate capital asset records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Physical inventories and proper tagging of capital assets are necessary to evaluate the accuracy of the records, and deter and detect theft.

Section 49.093, RSMo requires counties to account for personal property costing \$1,000 or more, assigns responsibilities to each county department officer, and describes details to be provided in the inventory records. An explanation of material changes from the previous inventory is to be attached to the department inventory reports.

WE RECOMMEND the Health Center Board:

- A. Ensure the budget is prepared accurately to reflect the financial activity of the health center and the financial information for all health center funds is properly reported in the annual published financial statements.
- B. Not authorize disbursements in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's Office.
- C.1. Ensure only topics allowed by state law are discussed in closed session and decisions made in closed session are properly reported in the open minutes when required.
2. Comply with state law regarding board members participating and voting via a telephone.
3. Ensure the board minutes are signed by the board chairperson to attest to their completeness and accuracy.

- D. Ensure physical inventories are conducted, implement a procedure for tagging and tracking capital assets throughout the year, and follow up on discrepancies identified during the annual physical inventory process.

AUDITEE'S RESPONSE

The Health Center Administrator responded:

- A. *I am the new administrator as of December 2005 and I will ensure the 2007 budget is complete and accurate and sufficient detail is included in the annual published financial statements.*
- B. *I am closely monitoring budget and actual amounts and will ensure budget amendments are prepared when necessary.*
- C.1. *I will ensure the board limits topics discussed in closed sessions to those allowed by statutes.*
2. *This is no longer being done.*
3. *This has been implemented.*
- D. *I have updated the capital asset records and plan to conduct annual physical inventories.*

8. Senate Bill 40 Board

Actual expenditures exceeded budgeted amounts during the years ended December 31, 2005 and 2004 by \$29,224 and \$18,536, respectively. While the Board indicated they review budget to actual reports quarterly, their review is not documented.

It was ruled in State ex rel. Strong v. Cribb 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

WE RECOMMEND the Senate Bill 40 Board not authorize disbursements in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's Office.

AUDITEE'S RESPONSE

We will review budget to actual reports at least quarterly and will amend the budget when necessary.

9. Senior Citizens Service Board

The Senior Citizens Service Board does not have written contracts with all its service providers and does not adequately monitor monies provided to the entities.

The board received approximately \$96,000 during the two years ended December 31, 2005 from property taxes with the monies used to fund various programs, operated by several non-profit and governmental agencies, benefiting senior citizens of Andrew County.

- A. The board has not entered into written contracts with the Andrew County Senior Citizen Center, Retired Senior Volunteer Program, and the Andrew County Older Adults Transportation Service Incorporated (OATS) as required by Section 432.070, RSMo. These three entities received approximately \$96,000 during our audit period. While two of the entities periodically provide the board with some type of report of their activity, the board did not require any specific type of report documenting how these monies were used nor did the board retain the reports they did receive. Written agreements are necessary to specify the services to be performed and the consideration to be paid for the services, provide a means for the board to monitor compliance with the contract terms, and protect the board in the event of a dispute over the terms of the agreement.
- B. Budgets prepared were not accurate and sufficient procedures are not in place to adequately monitor the budget causing expenditures to exceed budget amounts by \$2,395 during the year ended December 31, 2004. During 2005 and 2004, actual receipts and disbursements reported in the budget were not correctly stated. Receipts and disbursements were understated by approximately \$1,500 in 2004 and overstated by approximately \$3,000 in 2005. The Treasurer for the board was unsure how these incorrect amounts were determined or where they came from. The board indicated they review monthly financial reports and compare budget to actual amounts, but copies of these reports are not included with the minutes and monitoring procedures do not appear effective as budgeted disbursements were overspent.

To be of maximum assistance to the board and to adequately inform citizens of the board's operations and financial position, budget documents need to be accurate and include proper classifications of receipts and disbursements. This is also necessary so that the board can prepare useful and accurate financial statements. A thorough review process needs to be implemented to ensure budget documents are accurate and complete prior to approval.

It was ruled in State ex rel. Strong v. Cribb, 364 Mo. 1122, 273 S.W.2d 246 (1954) that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- C. Most of the board minutes were signed by the preparer only, who is the secretary of the board. The board minutes should be signed by the preparer and by the board chairman to provide attestation that the minutes are complete and accurate. In addition, the minutes indicate financial reports were presented to the board; however, copies of these reports are not maintained.
- D. The board held discussions on how monies were going to be distributed, and to whom, in closed session, and failed to document which section of the Sunshine Law these topics fell under. The Sunshine Law, Chapter 610, RSMo, provides for topics that are allowed to be discussed in closed meetings. Discussions in closed meetings should relate to the specific topics used to justify the meeting closure. In addition, the law requires certain votes taken in closed session to be disclosed in open session.

WE RECOMMEND the Senior Citizen Board of Directors:

- A. Enter into written contracts with all entities which receive funding from the board and require and periodically review records of services provided to residents of Andrew County. At a minimum, the records should contain the names of citizens participating in the program, the services provided, and the cost of each service.
- B. Ensure steps are taken to adequately monitor financial activity on a monthly basis and to see that expenditures are kept within the amounts budgeted. If additional disbursements are necessary, the circumstances should be fully documented and the budgets properly amended. In addition, ensure the budget is prepared accurately to reflect the financial activity of the board.
- C. Ensure board minutes are signed by the board chairman and the minutes preparer. Include a copy of the financial reports in the official minutes.
- D. Ensure only topics allowed by state law are discussed in closed session and decisions made in closed session are properly reported in the open minutes when required.

AUDITEE'S RESPONSE

- A. *We will enter into contracts for funding for 2007 and will develop procedures for monitoring activities.*
- B. *We have appointed a new treasurer to handle financial activity and will closely monitor actual expenditures in the future.*
- C. *This has been implemented.*
- D. *We have only had one closed session and do not plan to have any in the future.*

Follow-Up on Prior Audit Findings

ANDREW COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Andrew County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the 2 years ended December 31, 2001. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices and Published Financial Statements

- A. Budgets were not prepared for all county funds.
- B. The published financial statements did not include required financial activity of several county funds.

Recommendations:

The County Commission and County Clerk:

- A. Ensure budgets are obtained or prepared for all county funds and submitted to the SAO as required by state law.
- B. Ensure financial information for all county funds is properly reported in the annual published financial statements in accordance with state law.

Status:

- A. Not implemented. See MAR finding number 1.
- B. Partially implemented. The published financial statements included all funds for which budgets were submitted; however, they did not include the required revenue or detailed disbursement information for all funds. Although not repeated in the current MAR, our recommendation remains as stated above.

2. County Commission Minutes and County Records

- A.1. The daily business of the County Commission was not adequately documented in the County Commission minutes.
 - 2. Minutes were not always prepared for closed meetings and some topics discussed in closed meetings were not allowable under Section 610.021, RSMo.
- B. The County Commission did not retain records which they had signed or reviewed in the course of their duties.

Recommendations:

The County Commission:

- A.1. Ensure a complete record of the meetings is prepared and approved on a timely basis.
- 2. Ensure minutes are prepared for all closed meetings, and the reasons for closing the meetings are documented in the board minutes. Document the vote to go into closed session, and publicly disclose the final disposition of matters discussed in closed session. In addition, ensure only allowable, specific subjects are discussed in closed session as required by state law.
- B. Retain records in a secure location in accordance with state law.

Status:

- A.1.
- &B. Implemented.

- A.2. Partially implemented. While closed meeting minutes are being maintained and only allowable specific subjects appear to be discussed, the reason documented for closing the meetings is always noted as legal matters regardless of the actual topic to be covered. Although not repeated in the current MAR, our recommendation remains as stated above.

3. County Expenditures

- A. The approval stamps used by the County Commissioners to approve invoices were not kept in a secure location.
- B. The County Commission approved some payments to vendors without requiring acknowledgment of receipt of goods or services. In addition, invoices were not always marked paid.
- C. The county pays the contracted Emergency Management employee \$250 monthly, regardless of the number of hours worked, but does not have a written agreement detailing the responsibilities of the employee and the payment rate.

Recommendations:

The County Commission:

- A. Ensure approval stamps are maintained in a secure location and are accompanied by the user's initials.

- B. Require acknowledgment of receipt of goods and/or services prior to payment and ensure all invoices are canceled when paid.
- C. Ensure all agreements entered into by the county are in writing.

Status:

- A. Implemented.
- B. Not implemented. See MAR finding number 2.
- C. Implemented.

4. Multi-County (ACCD) 911 System

Andrew County received \$185,000 for 911 mapping expenditures from DeKalb County, but provided documentation for only \$104,680 of mapping related expenditures.

Recommendation:

The County Commission review supporting documentation for mapping expenditures and refund any advances not used for allowable mapping expenditures.

Status:

Implemented. The county used the remaining monies to pay for mapping expenses during 2004 and 2003.

5. Senate Bill 40 Board

- A. In the first half of 2000, the Senate Bill 40 Board's financial records were neither accurate nor complete and bank reconciliations were either not performed or not adequately documented since late 2000. In addition, actual receipts and disbursements reported on the 2001 and 2000 budgets were inaccurate.
- B. The fund balance increased from \$214,750 at January 1, 2000, to \$318,472 at December 31, 2001.
- C. The Board could not locate various financial records.
- D. Board minutes were not signed.

Recommendations:

The Senate Bill 40 Board:

- A. Ensure financial reports are prepared in a complete and accurate manner and presented to the board timely and formal bank reconciliations are performed on a monthly basis. In addition, ensure receipts and disbursements are accurately reported in the Senate Bill 40 Board budget.
- B. Budget more reasonable disbursement estimates. In addition, determine the funding required for the Senate Bill 40 Fund and give consideration to reducing or eliminating the property tax levy until such time as additional revenues are needed to fund current operations and provide a reasonable surplus.
- C. Retain records in a secure location in accordance with state law.
- D. Ensure the board minutes are signed by the preparer and Board President or a designated member of the board to attest to their accuracy.

Status:

A&C. Implemented.

B. Implemented. Rather than reducing the property tax levy, the Board increased disbursements to reduce the accumulated fund balance. Funding for proposals submitted by citizens was increased and two vans were purchased to start a transportation program.

D. Implemented.

6. Health Center Board

- A.1. Monies received were not deposited on a timely basis.
 - 2. The checkbook balance maintained by the Health Center was inaccurate and differences between bank and book balances were not identified or investigated.
 - 3. Actual expenditures for 2001 and 2000 were not accurately presented in the budgets.
 - 4. The Health Center did not retain adequate supporting documentation for some expenditures.
- B.1. The Health Center had not filed all applicable tax returns in a timely manner and incurred unnecessary interest and penalty charges.

2. The Health Center's employees earned one hour of compensatory time for each hour of overtime worked, instead of at the rate of time and a half and compensatory time was lost if not used within the month earned.
- C.1. The board regularly conducted closed sessions during its meetings. Minutes were not always prepared to document the matters discussed in closed sessions, and board minutes did not always indicate the reasons for closing the meeting.
2. The board minutes did not adequately document matters discussed and actions taken by the board.

Recommendations:

The Health Center Board:

- A.1. Deposit monies intact daily or when accumulated receipts exceed \$100.
2. Prepare accurate monthly bank reconciliations and investigate unreconciled differences. In addition, the board should ensure that accurate checking account balances are maintained.
3. Ensure actual revenues and expenditures in the annual budgets are correct to ensure accountability of health center funding.
4. Maintain adequate supporting documentation for expenditures.
- B.1. File all applicable tax returns on a timely basis and disburse the required payroll taxes timely.
2. Review the current overtime and compensatory time policies to ensure such policies comply with the FLSA.
- C.1. Ensure minutes are prepared for all closed meetings, and the reasons for closing the meeting are documented in the board minutes as required by law.
2. Ensure all significant discussions and actions taken are included in the minutes.

Status:

- A.1. Partially implemented. Deposits were being made at least once a week during the audit period; however, they were not being made intact. Cash was being withheld to replenish the Health Center's \$20 petty cash fund. Although not repeated in the current MAR, our recommendation remains as stated above.
- A.2
&B. Implemented.

A.3&

A.4. Not implemented. See MAR finding number 7.

C. Partially implemented. Minutes are now being maintained for closed minutes; however, the actions taken during the closed sessions is not disclosed in the open minutes. See MAR finding number 7.

7. County Collector's Controls and Procedures

A. There was no independent and subsequent comparison of approved court-ordered additions and abatements to actual changes to the property tax data files.

B. Receipts were not always deposited intact.

C. The County Collector prepared monthly reconciliations of his bank account; however, the reconciled cash balance exceeded identified liabilities.

D. The County Collector's bank account had four checks which had been outstanding for more than two years.

Recommendations:

A. The County Commission revise the addition/abatement process so that the County Collector does not have the capability to make changes to computerized property tax data, or ensure that independent, subsequent comparisons of these changes to tax book change orders are performed. In addition, the County Commission should individually approve additions and abatements, rather than in total.

B. The County Collector deposit all monies received intact daily. If a change fund is needed, it should be established and maintained at a constant amount.

C. The County Collector attempt to identify the excess cash balance which currently exists. Any amounts which remain unidentified should be disposed of in accordance with state law.

D. The County Collector routinely attempt to locate the payees of the old outstanding checks and reissue the checks, if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.

Status:

A-C. Not implemented. See MAR finding number 3.

D. Implemented.

8. County Officials' Salaries

- A. The salary commission minutes did not clearly document all decisions made.
- B. Raises given to elected officials during the audit period did not appear to have been calculated appropriately.
- C. Associate County Commissioners received a mid-term salary increase in accordance with Section 50.333.13, RSMo, enacted in 1997. In May 2001 the Missouri Supreme Court challenged the validity of that statute and held that this section of statute violated Article VII, Section 13 of the Missouri Constitution.

Recommendations:

The County Commission and the salary commission:

- A. Ensure all salary commission minutes clearly document all decisions made and that all future elected officials' salaries are supported by actions of the salary commission. In addition, obtain written legal opinions from the Prosecuting Attorney to support all decisions.
- B. Request a written opinion from the Prosecuting Attorney as to the legality of the salary increases that went into effect on January 1, 2000, and January 1, 2001 and proceed accordingly.
- C. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

Status:

- A. Implemented.
- B. Partially implemented. A written opinion was received from the Prosecuting Attorney agreeing with our position on these raises, however, raises given in 2005 due to changes in the county's assessed valuation were given to both the County Collector and County Assessor in February 2005, which also appears to be incorrect. It is unclear whether the county ignored the opinion of the Prosecuting Attorney or made an error when determining the date to give these raises. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Not implemented. The County Commission responded in the prior report that they had discussed the issue with the former associate commissioners and they did not plan to repay these funds. In 2003, they obtained a written opinion from the prosecuting attorney indicating the salaries were paid and received in good faith based upon existing law at the time and equitable estoppel would bar any attempts at recovery of same.

9. Associate and Probate Divisions' Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. There were twenty-six checks totaling approximately \$434, which had been outstanding for up to six years.
- C. The Divisions' did not deposit intact daily or when receipts exceeded \$100, maintain receipts in a secure location, immediately issue receipt slips, endorse checks upon receipt, or remit all fees to the County Treasurer.
- D. At December 31, 2001, the open items listing exceeded the reconciled cash balance by \$48 in the old criminal account, and the reconciled cash balance exceeded the open items listing by \$15 in the old probate account.
- E. The Probate Division's charge for copies and postage was not based on actual usage.

Recommendations:

The Associate Circuit Division Judge ensure:

- A. Accounting and bookkeeping duties are adequately segregated to the extent possible or that periodic supervisory reviews are performed and documented.
- B. Routine attempts are made to locate the payees of the old outstanding checks and that the checks are reissued, if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.
- C. Receipts are deposited intact daily or when accumulated receipts exceed \$100, monies are maintained in a secure location until deposited, receipt slips are issued for all monies received, and all checks and money orders are restrictively endorsed immediately upon receipt. Ensure all copy monies are remitted to the County Treasurer at least monthly for deposit into the General Revenue Fund.
- D. Attempts are made to identify the excess cash balance which currently exists in the old criminal and old probate accounts, and that any amounts that cannot be identified are disposed of in accordance with state law.
- E. Court costs and fees are collected in accordance with state law.

Status:

A, B,
D&E. Implemented.

C. Not implemented. See MAR finding number 5.

10. Sheriff's Controls and Procedures

- A. Receipts were not always deposited intact on a timely basis.
- B. Check and money orders received were not restrictively endorsed immediately upon receipt.
- C.1. Formal bank reconciliations for the partition sales and general bank accounts were not prepared on a timely basis.
 - 2. The Sheriff's partition sales bank account had one check for approximately \$110,000 which had been outstanding for more than one year.
 - 3. Monthly listings of open items (liabilities) were not prepared for any of the Sheriff's bank accounts.
- D. The interest earned on the partition sales bank account was not recorded or remitted to the County Treasurer.

Recommendations:

The Sheriff:

- A. Deposit receipts intact daily or when accumulated receipts exceed \$100.
- B. Restrictively endorse checks and money orders immediately upon receipt.
- C.1. Prepare formal bank reconciliations on a monthly basis.
 - 2. Routinely attempt to locate the payee of the old outstanding check and reissue the check, if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.
 - 3. Prepare monthly listings of open items and reconcile to the cash balance.
- D. Ensure all interest monies are recorded and remitted to the County Treasurer at least monthly.

Status:

A, C.1
&C.3. Not implemented. See MAR finding number 4.

B&D. Implemented.

- C.2. Not implemented. A written opinion regarding the correct way to dispose of these funds was not obtained from the Prosecuting Attorney as indicated by the Sheriff in his response in our prior report. The Sheriff indicated he received a verbal opinion from the Prosecuting Attorney to turn the funds over to the County Treasurer. While he did turn the monies for the old outstanding check to the Treasurer to be put into the Unclaimed Fees Fund, see MAR finding number 2, the interest earned on those monies was put into the Sheriff's Civil Fees Fund. Although not repeated in the current MAR, our recommendation remains as stated above.

11. Prosecuting Attorney Controls and Procedures

- A. Receipts were not deposited on a timely basis. In addition, the method of payment received was not always accurately indicated on the receipt slip and the composition of deposits was not reconciled to receipts slips issued.
- B. An adequate system to account for all bad checks received by the Prosecuting Attorney's office as well as the subsequent disposition of these bad checks had not been established.
- C. The Prosecuting Attorney's bank account had five checks which had been outstanding for more than two years.
- D.1. Interest earned on the Prosecuting Attorney's bank account was not being tracked or remitted to the County Treasurer.
2. Monthly listings of open items (liabilities) were not prepared.
- E. The Prosecuting Attorney's office was unable to locate a check register and two voided receipt slips.

Recommendations:

The Prosecuting Attorney:

- A. Deposit daily or when accumulated receipts exceed \$100. Indicate the method of payment on all receipt slips and reconcile the composition of deposits to receipt slips issued.
- B. Implement procedures to adequately account for bad checks received, as well as the ultimate disposition through the use of sequential numbers assigned to each bad check complaint form or bad check received and a log to account for the numerical sequence and disposition of each bad check.
- C. Routinely attempt to locate the payees of old outstanding checks and reissue the checks, if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.

- D.1 Record and remit all interest monies to the County Treasurer at least monthly for deposit into the General Revenue Fund.
- 2. Prepare monthly listings of open items and reconcile to the cash balance. Any differences between open items and cash balances should be investigated and resolved. Any remaining unidentified amounts should be disbursed in accordance with state law.
- E. Retain records in a secure location in accordance with state law.

Status:

- A. Not implemented. Deposits are still being made only once a week; however, money orders and cashier checks make up the majority of the receipts. Although not repeated in the current MAR, our recommendation remains as stated above.

B-E. Implemented.

12. John Glenn Road Neighborhood Improvement District

- A. \$25,000 was deposited into a fund set aside for future maintenance expenditures on John Glenn Road without statutory authority.
- B. Under the current procedures, the assessments against each property vary from year to year since they are being recalculated annually based upon current assessed valuations.

Recommendations:

The County Commission:

- A. Determine the amount of bond proceeds currently remaining and distribute those monies in accordance with state law.
- B. Ensure the method used to allocate project costs to owners complies with state law. In addition, the County Commission should determine the amount of over/underbilling to property owners within the NID as a result of the incorrect method used to allocate the project costs, and make adjustments where necessary.

Status:

- A. Not implemented. This road is going to be annexed into a city so the county will no longer be responsible for its maintenance. The county intends to use the monies towards retiring the bonds as soon as allowable per the bond agreement. Although not repeated in the current MAR, our recommendation remains as stated above.

- B. Not implemented. However, NIDs established after John Glenn Road NID in 1996 have been handled by the county in accordance with state law. Although not repeated in the current MAR, our recommendation remains as stated above.

13. General Fixed Assets

Detailed records of county property had not been maintained for all county departments, various inventories and inspections had not been performed, and detailed records of county property had not been filed with the County Clerk.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

Status:

Not implemented. See MAR finding number 9.

14. Computer Controls

- A. Passwords were not changed on a periodic basis to ensure confidentiality.
- B. Assessor's office employees did not log off the property tax system at the end of the workday.
- C. No security system was in place on the property tax and financial programs to detect and stop incorrect log-on attempts after a certain number of tries.
- D. The Treasurer backed up her financial data and the County Assessor backed up the property tax system; however, the backup disks were not stored at an off-site location.
- E. The areas housing computer hardware and software were not equipped with fire detection or smoke detection systems.

Recommendations:

The County Commission:

- A. Ensure passwords are periodically changed and remain confidential.

- B. Establish procedures to restrict access to authorized individuals.
- C. Establish a security system to stop and report incorrect log-on attempts after a certain number of tries.
- D. Ensure backup disks are prepared and stored in a secure, off-site location.
- E. Equip areas that house computer hardware and software with fire detectors or smoke detectors.

Status:

A, C

&E. Not implemented. Passwords are still not changed for the Assessor's office, but other offices are now changing passwords periodically. Each floor of the courthouse is equipped with smoke detectors and a fire extinguisher is located near areas that house computers. Although not repeated in the current MAR, our recommendation remains as stated above.

B&D. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

ANDREW COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1841, the county of Andrew was named after Andrew Jackson Davis, a prominent citizen of St. Louis. Andrew County is a county-organized, third-class county and is part of the Fifth Judicial Circuit. The county seat is Savannah.

Andrew County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 570 miles of county roads and 123 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 13,980 in 1980 and 16,492 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2005	2004	2003	2002	1985*	1980**
		(in millions)					
Real estate	\$	118.6	114.6	110.5	98.9	51.8	25.8
Personal property		42.8	42.1	40.8	40.1	17.4	12.1
Railroad and utilities		11.3	13.6	14.1	14.4	11.4	11.3
Total	\$	172.7	170.3	165.4	153.4	80.6	49.2

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Andrew County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2005	2004	2003	2002
General Revenue Fund	\$	.1903	.2000	.2000	.1649
Special Road and Bridge Fund		.5000	.4917	.4917	.5047
Health Center Fund		.0918	.0912	.0912	.0943
Senate Bill 40 Board Fund		.0826	.0821	.0821	.0849
Johnson Grass		.0250	.0200	.0200	.0200
Senior Services		.0292	.0290	.0290	.0300

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

Year Ended February 28 (29),				
	2006	2005	2004	2003
State of Missouri	\$ 52,557	51,758	50,424	46,341
General Revenue Fund	337,157	347,303	336,284	268,147
Special Road and Bridge Fund	863,798	837,777	818,074	771,964
Assessment Fund	121,231	117,850	91,832	85,811
Health Center Fund	158,749	155,383	151,775	144,078
Senate Bill 40 Board Fund	142,554	139,656	136,440	129,515
School districts	6,067,863	5,930,987	5,679,144	5,402,810
Library district	535,346	527,429	514,101	471,818
Ambulance districts	468,860	459,412	448,695	423,797
Fire protection districts	692,525	669,278	669,677	592,012
Levees and NIDs	60,914	56,315	56,198	40,527
Nursing home district	52,040	51,221	49,896	45,932
Senior Citizens Service Fund	50,414	48,999	47,391	42,568
Tax Maintenance Fund	20,938	19,588	19,187	0
Johnson Grass Fund	42,574	34,033	33,197	30,617
Other	133	133	133	133
Tax Sale Overplus	1,267	367	959	1,108
Sur tax	30,128	33,208	33,716	32,930
Cities	38,638	37,288	35,920	31,041
County Employees' Retirement	69,593	61,095	68,144	45,893
Commissions and fees:				
County Collector	285	253	222	171
General Revenue Fund	161,824	156,140	153,133	153,531
Total	\$ 9,969,388	9,735,473	9,394,542	8,760,744

Percentages of current taxes collected were as follows:

Year Ended February 28 (29),				
	2006	2005	2004	2003
Real estate	95.0	94.8	93.7	94.6 %
Personal property	90.7	88.9	88.9	89.7
Railroad and utilities	93.8	100.0	100.0	100.0

Andrew County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	%
General	.00500	None	50	
Capital improvements	.00125	December 2006	None	
Road and Bridge	.00375	December 2006	None	
Law Enforcement	.00500	None	None	
Museum	.00200	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2006	2005	2004	2003	2002
County-Paid Officials:	\$				
Larry L. Atkins, Presiding Commissioner		29,540	28,880	28,880	28,880
Greg Wall, Associate Commissioner		27,540	26,880	26,880	26,880
Dick Townsend, Associate Commissioner		27,540	26,880	26,880	26,880
Dan Hegeman, County Clerk		41,480	40,480	40,480	
Betty Williams, County Clerk					40,480
Steve Stevenson, Prosecuting Attorney		49,480	47,480	47,480	
Jerry Biggs, Prosecuting Attorney					47,480
Gary Howard, Sheriff		45,480	44,480	44,480	44,480
Janet Shell, County Treasurer		41,480	40,480	40,480	30,080
Ron Crouse, County Coroner		13,480	12,480	11,480	12,480
Karen Keller, Public Administrator		20,000			
Vickie Keller, Public Administrator			20,000	20,000	20,000
Ron Wampler, County Collector (1), year ended February 28 (29),	41,806	40,804	40,687	40,641	
Ron Christmas, County Assessor (2), year ended August 31,		41,751	41,054		
Jerry Joe, County Assessor (3), year ended August 31,				41,380	41.155
Shane Terhune, County Surveyor (4)		800	1210	700	

(1) Includes \$326, \$241, \$207, and \$161, respectively, of commissions earned for collecting city property taxes.

(2) Includes \$688 and \$574 annual compensation received from the state in 2005 and 2004, respectively.

(3) Includes \$900 and \$675 annual compensation received from the state in 2005 and 2004, respectively.

(4) Compensation on a fee basis.

State-Paid Officials:

Rose Lancey, Circuit Clerk and Ex Officio Recorder of Deeds	48,500	47,900	47,300	47,300
Michael Ordnung, Associate Circuit Judge	96,000	96,000	96,000	96,000



Claire McCaskill

Missouri State Auditor

September 2006

Scott County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of
Missouri State Auditor
Claire McCaskill

September 2006

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Scott, that do not have a county auditor. In addition to a financial audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

Actual expenditures exceeded the budgeted amounts in various funds and the minutes showed no documentation of discussion of budget status. In addition, fuel usage and operating costs are not adequately monitored, and reviews are not documented.

In the Collector's office, monthly liability listings are not prepared and reconciled with cash balances. A comparison of various dates' reconciled bank balance to identified liabilities showed fluctuating unidentified balances.

In the Circuit Clerk's office, open items exceeded reconciled cash balances by approximately \$5,140 at December 31, 2005, because monies were transferred from the fee account to the jury account to pay jury fees, instead of obtaining reimbursement from the county. At December 31, 2005 and 2004, the balance in the fee account plus the amount due from the jury account, exceeded the open items by approximately \$10,860 more than the old unidentified open items of approximately \$17,300 being carried in the fee account. In addition, deposits were not made on a timely basis, and checks and money orders were not restrictively endorsed immediately upon receipt.

In the Sheriff's office, receipt slips issued for some monies received are not prenumbered, monies received are not always deposited in a timely manner, and not all disbursements are made by check. In addition, the Sheriff's Office does not maintain a bank account for the deposit of inmate funds and monies from the DARE Fund were not accounted for properly. Some seized property items are not always tagged, access to seized property is not adequately restricted, and the disposition of some items is questionable. Also, adequate mileage logs were not maintained for some vehicles.

The Prosecuting Attorney's Office does not deposit monies in a timely manner and some money orders are not restrictively endorsed immediately upon receipt. In addition, open items listings are not prepared and reconciled with cash balances, outstanding checks are not properly investigated and receipt slips are not issued for some monies received.

In the Associate Court, some monies are not deposited in a timely manner, checks and money orders are not restrictively endorsed immediately upon receipt, and monies received are not maintained in a secure location. In addition, the Associate Clerk's Office

YELLOW SHEET

has not established procedures to routinely follow-up on outstanding checks, and to ensure accrued costs are adequately identified and pursued.

The county and Health Center do not have adequate procedures in place to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA), and as a result, the county's SEFA contained several errors and omissions. Expenditures were understated by \$58,168 and by \$157,865 for the years ended December 31, 2005 and 2004, respectively.

The Health Center Board approved disbursements in excess of budgeted amounts. In addition, the Health Center does not issue prenumbered receipt slips for some monies received, receipt slips issued do not always indicate the method of payment received, the composition of the receipt slips is not reconciled to deposits, and receipts are not posted to the accounting records on a timely basis or deposited in a timely manner.

The Senate Bill 40 Board approved disbursements in excess of budgeted amounts by approximately \$265,200 and did not enter into contractual agreements with some entities.

Another area where concerns were noted related to computer controls. In addition, the audit included recommendations to the Recorder and the Public Administrator.

All reports are available on our Web site: www.auditor.mo.gov

SCOTT COUNTY, MISSOURI

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SCOTT COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL
STATEMENTS, REQUIRED SUPPLEMENTARY INFORMATION, AND
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Scott County, Missouri

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Scott County, Missouri, as of and for the years ended December 31, 2005 and 2004, which collectively comprise the county's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed more fully in Note 1, the county prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position—cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of Scott County, Missouri, as of December 31, 2005 and 2004, and the respective changes in financial position—cash basis thereof for the years then ended in conformity with the basis of accounting discussed in Note 1.

As discussed more fully in Note 1, for the years ended December 31, 2005 and 2004, the county implemented applicable provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*; Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Note Disclosures*. The implementation of these Statements resulted in significant changes in the format and contents of the basic financial statements and other information in the county's financial report. The county also implemented the provisions of Statement No. 40, *Deposit and Investment Risk Disclosures*.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 15, 2006, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, Schedule of Funding Progress for Missouri Local Government Employees Retirement System, and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required to accompany those financial statements. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements, that collectively comprise the county's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Scott County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

June 15, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditors:	Tsetsegsaikhan (Flower) Chadraabal
	Jeffrey Wilson
	Julie Moore
Audit Staff:	Carrie Koprowski



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Scott County, Missouri

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Scott County, Missouri, as of and for the years ended December 31, 2005 and 2004, which collectively comprise the county's basic financial statements, and have issued our report thereon dated June 15, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of Scott County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of Scott County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Scott County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

June 15, 2006 (fieldwork completion date)

Management's Discussion and Analysis

SCOTT COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2005 AND 2004

This discussion and analysis of Scott County's financial performance provides an overview of the county's financial activity for the years ended December 31, 2005 and 2004. The information below, prepared by the county's management, should be read in conjunction with the county's financial statements that immediately follow.

OVERVIEW OF THE FINANCIAL STATEMENTS

The contents of this report comply with the presentation requirements of Statement No. 34 of the Governmental Accounting Standards Board, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as applicable to the cash basis of accounting. The county's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. The notes are an integral part of the government-wide and fund financial statements and provide more detail about the information presented in the statements. This report also contains other financial information in addition to the basic financial statements.

The county has elected to present its financial statements on the cash basis of accounting, a basis of accounting other than accounting principles generally accepted in the United States of America. "Basis of accounting" refers to when financial events are recorded. Under the cash basis of accounting, revenues are recorded when received rather than when earned, and expenditures are recorded when paid rather than when the related liabilities are incurred. Therefore, when reviewing the financial information and discussion in this report, the reader should recall the limitations resulting from use of the cash basis of accounting.

Government-Wide Financial Statements

The Government-Wide Statement of Net Assets and the Government-Wide Statement of Activities report information about the county as a whole. These statements present the county's net assets and show how they have changed. Over time, increases or decreases in the county's net assets are one indicator of whether its financial health or position is improving or deteriorating. However, to assess the county's overall financial health, the reader needs to consider additional nonfinancial factors. The government-wide financial statements report only governmental activities—activities such as general government operations, public safety, and health and welfare that are usually financed through taxes and intergovernmental revenues. The county has no business-like activities—activities financed wholly or partially by fees charged to external parties for goods or services.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the county as a whole. Some funds are required to be established by state law or by bond covenants. However, the County Commission establishes other funds to help it control and

manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, or other revenue sources. The fund financial statements include only governmental funds, which focus on the flow of money into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed view of the county's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether more or fewer financial resources can be spent in the near future to finance the county's programs.

The County as Trustee

The county is the trustee, or fiduciary, for its trust and agency funds that are used to account for assets held by the county's elected officials in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The county's fiduciary assets are reported in a separate Fiduciary Funds Statement of Net Assets. Fiduciary funds are excluded from the county's other financial statements because the county cannot use these assets to finance its operations. The county is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Other Information

The report also includes as required supplementary information this Management's Discussion and Analysis, the Schedule of Funding Progress for Missouri Local Government Employees Retirement System, and the Budgetary Comparison Schedule - General Fund and Major Special Revenue Funds - Cash Basis. Such information is intended to supplement the government-wide financial statements, fund financial statements, and notes to the financial statements but is not a part of those statements.

In addition, the report includes the following components that are not a required part of the financial statements: the Schedule of Expenditures of Federal Awards, required for audits of federal program expenditures conducted in accordance with Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the History, Organization, and Statistical Information.

FINANCIAL HIGHLIGHTS

- The County's total governmental funds expenses exceeded total revenues by \$230,655 in 2005 and \$414,865 in 2004.
- The County's governmental funds ended 2005 with a Combined Cash Balance of \$3,120,275 and 2004 with \$3,350,930.

THE COUNTY AS A WHOLE

		Year Ended December 31,	
		2005	2004
Net Assets	\$	3,120,275	3,350,930
Program Receipts		3,741,977	3,346,864
General Receipts		5,140,965	4,938,692
Disbursements		9,113,597	8,700,421
Change in Cash Balances		(230,655)	(414,865)

For the two years disclosed in this audit, you can see that the Net Assets decreased each year. Due to County policy, the County does not use long-term debt such as Lease Purchases or Loans to procure new equipment. These types of purchases are paid for with cash reserves and appear on the Financial Statements as expense.

THE COUNTY'S FUNDS

General Fund Budgetary Highlights

There were no significant changes in the budget for 2005.

General Revenue Fund - the 2004 final budget had an increase of \$425,620 for expenditures from the original budget due to renovations in the Courthouse.

General Revenue Fund - ending cash balance of \$1,237,399 in 2005 compared to \$1,043,108 in 2004 is mainly due to the State refunding board of prisoners and more grants issued.

Special Road and Bridge Fund - ending cash balance of \$61,789 in 2005 was significantly less than the balance of \$276,437 in 2004, due to the purchase of equipment and more paving and ditching projects paid by the County instead of grants as in 2004.

CAPITAL ASSET AND DEBT ADMINISTRATION

There were no significant changes in the county's capital assets.

At the year-end of 2005, the County had the following long-term debt:

The citizens of Scott County approved a ½% sales tax in 2000 to build a new jail. The bond was for 8 years in the amount of \$4,995,000. Remaining payments on the bond equal \$2,273,342 at the end of 2005 and \$2,989,564 at the end of 2004.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The increase costs of fuel and utilities to operate machinery, vehicles and buildings have increased dramatically for a couple of years now. If this continues, budgets will have to be increased coming from the General Revenue Fund. The Scott County Communication Center continues to grow due to the increase of calls which requires more personnel to manage this department. The State or County may need to look at passing a sales tax to include cell phones to help fund the Scott County Communication Center or the General Revenue Fund will have to pick up this expense. The property tax rates set for the General Revenue Fund and the Special Road and Bridge Fund will remain around the same as in the past due to the assessed valuation. Unless voters renew the Law Enforcement Sales Tax, the County will have to be very frugal with budgets.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

Questions about this report or requests for additional information should be addressed to the Rita Milam, Scott County Clerk, PO Box 188, Benton, MO 63736, (573) 545-3549.

Basic Financial Statements

Government-Wide Financial Statements

Exhibit A-1

SCOTT COUNTY, MISSOURI
GOVERNMENT-WIDE STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2005

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ <u>3,120,275</u>
Total Assets	<u>3,120,275</u>
NET ASSETS	
Restricted	1,882,876
Unrestricted	<u>1,237,399</u>
Total Net Assets	\$ <u><u>3,120,275</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

SCOTT COUNTY, MISSOURI
GOVERNMENT-WIDE STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2004

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ <u>3,350,930</u>
Total Assets	<u>3,350,930</u>
NET ASSETS	
Restricted	2,307,822
Unrestricted	<u>1,043,108</u>
Total Net Assets	\$ <u><u>3,350,930</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B-1

SCOTT COUNTY, MISSOURI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - CASH BASIS
YEAR ENDED DECEMBER 31, 2005

				Net (Disbursements) Receipts and Changes in Cash Balances
Program Receipts				Primary Government Governmental Activities
	Disbursements	Charges for Services	Intergovernmental	
GOVERNMENTAL ACTIVITIES				
General county government	\$ 2,239,717	804,658	1,331,811	(103,248)
Roads and bridges	1,326,255	46,000	548,411	(731,844)
Public safety	3,427,894	166,283	275,492	(2,986,119)
Health and welfare	1,362,600	232,686	336,636	(793,278)
Debt service	745,359	0	0	(745,359)
Other	11,772	0	0	(11,772)
				0
Total Governmental Activities	<u>9,113,597</u>	<u>1,249,627</u>	<u>2,492,350</u>	<u>(5,371,620)</u>
Total Primary Government	<u>\$ 9,113,597</u>	<u>1,249,627</u>	<u>2,492,350</u>	<u>(5,371,620)</u>
GENERAL RECEIPTS				
Taxes				
Property taxes				1,464,529
Sales taxes				3,239,635
Telephone tax				205,528
Interest				130,954
Other				100,319
Total General Receipts				<u>5,140,965</u>
Change in Cash Balances				(230,655)
NET ASSETS, JANUARY 1				<u>3,350,930</u>
NET ASSETS, DECEMBER 31				<u>\$ 3,120,275</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SCOTT COUNTY, MISSOURI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - CASH BASIS
YEAR ENDED DECEMBER 31, 2004

The accompanying Notes to the Financial Statements are an integral part of this statement.

Fund Financial Statements

Exhibit C-1

SCOTT COUNTY, MISSOURI
GOVERNMENTAL FUNDS BALANCE SHEET - CASH BASIS
DECEMBER 31, 2005

	General Revenue Fund	Special Road and Bridge Fund	Law Enforcement Sales Tax Fund	Housing and County Development Fund	Scott County Communications Center Fund	Health Center Fund	Senate Bill 40 Board Fund	Other Governmental Funds	Total Governmental Funds
ASSETS									
Cash	\$ 1,237,399	61,789	250	610,591	198,429	259,449	214,843	537,525	3,120,275
Total Assets	<u>\$ 1,237,399</u>	<u>61,789</u>	<u>250</u>	<u>610,591</u>	<u>198,429</u>	<u>259,449</u>	<u>214,843</u>	<u>537,525</u>	<u>3,120,275</u>
FUND BALANCES									
Unreserved	\$ 1,237,399	0	0	0	0	0	0	0	1,237,399
Unreserved special revenue funds	0	61,789	250	610,591	198,429	259,449	214,843	0	1,345,351
Unreserved reported in nonmajor funds	0	0	0	0	0	0	0	537,525	537,525
Total Fund Balances	<u>\$ 1,237,399</u>	<u>61,789</u>	<u>250</u>	<u>610,591</u>	<u>198,429</u>	<u>259,449</u>	<u>214,843</u>	<u>537,525</u>	<u>3,120,275</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C-2

SCOTT COUNTY, MISSOURI
GOVERNMENTAL FUNDS BALANCE SHEET - CASH BASIS
DECEMBER 31, 2004

	General Revenue Fund	Special Road and Bridge Fund	Law Enforcement Sales Tax Fund	Housing and County Development Fund	Scott County Communications Center Fund	Health Center Fund	Senate Bill 40 Board Fund	Other Governmental Funds	Total Governmental Funds
ASSETS									
Cash	\$ 1,043,108	276,437	273	623,805	350,973	151,255	490,998	414,081	3,350,930
Total Assets	<u>\$ 1,043,108</u>	<u>276,437</u>	<u>273</u>	<u>623,805</u>	<u>350,973</u>	<u>151,255</u>	<u>490,998</u>	<u>414,081</u>	<u>3,350,930</u>
FUND BALANCES									
Unreserved	\$ 1,043,108	0	0	0	0	0	0	0	1,043,108
Unreserved special revenue funds	0	276,437	273	623,805	350,973	151,255	490,998	0	1,893,741
Unreserved reported in nonmajor funds	0	0	0	0	0	0	0	414,081	414,081
Total Fund Balances	<u>\$ 1,043,108</u>	<u>276,437</u>	<u>273</u>	<u>623,805</u>	<u>350,973</u>	<u>151,255</u>	<u>490,998</u>	<u>414,081</u>	<u>3,350,930</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D-1

SCOTT COUNTY, MISSOURI
 GOVERNMENTAL FUNDS STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
 YEAR ENDED DECEMBER 31, 2005

	General Revenue Fund	Special Road and Bridge Fund	Law Enforcement Sales Tax Fund	Housing and County Development Fund	Scott County Communications Center Fund	Health Center Fund	Senate Bill 40 Board Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS									
Property taxes	\$ 390,896	499,389	0	0	0	378,526	154,502	41,216	1,464,529
Sales taxes	1,622,224	0	1,617,411	0	0	0	0	0	3,239,635
Telephone tax	0	0	0	0	205,528	0	0	0	205,528
Intergovernmental	925,232	548,411	0	0	72,100	336,431	205	609,971	2,492,350
Charges for services	698,505	46,000	8,980	0	18,458	219,761	0	257,923	1,249,627
Interest	52,568	11,193	1,916	18,731	10,242	2,146	13,099	21,059	130,954
Other	3,461	6,614	5,692	0	510	72,720	1,808	9,514	100,319
Total Receipts	<u>3,692,886</u>	<u>1,111,607</u>	<u>1,633,999</u>	<u>18,731</u>	<u>306,838</u>	<u>1,009,584</u>	<u>169,614</u>	<u>939,683</u>	<u>8,882,942</u>
DISBURSEMENTS									
General county government	1,678,779	0	0	31,945	0	0	0	528,993	2,239,717
Roads and bridges	0	1,326,255	0	0	0	0	0	0	1,326,255
Public safety	515,116	0	2,210,167	0	430,632	0	0	271,979	3,427,894
Health and welfare	2,180	0	0	0	0	901,390	445,769	13,261	1,362,600
Debt service	0	0	745,359	0	0	0	0	0	745,359
Other	0	0	0	0	0	0	0	11,772	11,772
Total Disbursements	<u>2,196,075</u>	<u>1,326,255</u>	<u>2,955,526</u>	<u>31,945</u>	<u>430,632</u>	<u>901,390</u>	<u>445,769</u>	<u>826,005</u>	<u>9,113,597</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>1,496,811</u>	<u>(214,648)</u>	<u>(1,321,527)</u>	<u>(13,214)</u>	<u>(123,794)</u>	<u>108,194</u>	<u>(276,155)</u>	<u>113,678</u>	<u>(230,655)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	29,940	0	1,321,504	0	0	0	0	17,816	1,369,260
Transfers out	(1,332,460)	0	0	0	(28,750)	0	0	(8,050)	(1,369,260)
Total Other Financing Sources (Uses)	<u>(1,302,520)</u>	<u>0</u>	<u>1,321,504</u>	<u>0</u>	<u>(28,750)</u>	<u>0</u>	<u>0</u>	<u>9,766</u>	<u>0</u>
NET CHANGE IN CASH BALANCES	194,291	(214,648)	(23)	(13,214)	(152,544)	108,194	(276,155)	123,444	(230,655)
CASH BALANCES, JANUARY 1	<u>1,043,108</u>	<u>276,437</u>	<u>273</u>	<u>623,805</u>	<u>350,973</u>	<u>151,255</u>	<u>490,998</u>	<u>414,081</u>	<u>3,350,930</u>
CASH BALANCES, DECEMBER 31	<u>\$ 1,237,399</u>	<u>61,789</u>	<u>250</u>	<u>610,591</u>	<u>198,429</u>	<u>259,449</u>	<u>214,843</u>	<u>537,525</u>	<u>3,120,275</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D-2

SCOTT COUNTY, MISSOURI
 GOVERNMENTAL FUNDS STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
 YEAR ENDED DECEMBER 31, 2004

	General Revenue Fund	Special Road and Bridge Fund	Law Enforcement Sales Tax Fund	Housing and County Development Fund	Scott County Communications Center Fund	Health Center Fund	Senate Bill 40 Board Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS									
Property taxes	\$ 378,914	466,297	0	0	0	403,845	148,043	39,315	1,436,414
Sales taxes	1,577,004	0	1,571,884	0	0	0	0	0	3,148,888
Telephone tax	0	0	0	0	237,810	0	0	0	237,810
Intergovernmental	487,099	696,892	0	0	440	301,362	462	659,939	2,146,194
Charges for services	681,749	53,000	0	0	17,500	228,028	0	220,393	1,200,670
Interest	29,283	7,280	655	9,897	5,890	3,913	8,143	10,148	75,209
Other	765	5,258	16,953	0	0	7,514	0	9,881	40,371
Total Receipts	3,154,814	1,228,727	1,589,492	9,897	261,640	944,662	156,648	939,676	8,285,556
DISBURSEMENTS									
General county government	1,740,080	0	0	161	0	0	0	422,146	2,162,387
Roads and bridges	0	1,378,909	0	0	0	0	0	127,530	1,506,439
Public safety	461,310	0	2,184,144	0	220,865	0	0	350,522	3,216,841
Health and welfare	2,425	0	0	0	0	999,333	125,073	12,012	1,138,843
Debt service	0	0	668,047	0	0	0	0	0	668,047
Other	0	0	0	0	0	0	0	7,864	7,864
Total Disbursements	2,203,815	1,378,909	2,852,191	161	220,865	999,333	125,073	920,074	8,700,421
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	950,999	(150,182)	(1,262,699)	9,736	40,775	(54,671)	31,575	19,602	(414,865)
OTHER FINANCING SOURCES (USES)									
Transfers in	142,323	0	1,262,972	0	0	0	0	42,513	1,447,808
Transfers out	(1,290,580)	0	0	0	(28,600)	0	0	(128,628)	(1,447,808)
Total Other Financing Sources (Uses)	(1,148,257)	0	1,262,972	0	(28,600)	0	0	(86,115)	0
NET CHANGE IN CASH BALANCES	(197,258)	(150,182)	273	9,736	12,175	(54,671)	31,575	(66,513)	(414,865)
CASH BALANCES, JANUARY 1	1,240,366	426,619	0	614,069	338,798	205,926	459,423	480,594	3,765,795
CASH BALANCES, DECEMBER 31	\$ 1,043,108	276,437	273	623,805	350,973	151,255	490,998	414,081	3,350,930

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E-1

SCOTT COUNTY, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
DECEMBER 31, 2005

ASSETS

Cash	\$	<u>2,532,081</u>
Total Assets		<u>2,532,081</u>

NET ASSETS

Restricted		2,532,081
Unrestricted		<u>0</u>
Total Net Assets	\$	<u><u>2,532,081</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E-2

SCOTT COUNTY, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
DECEMBER 31, 2004

ASSETS

Cash	\$ <u>1,841,998</u>
Total Assets	<u>1,841,998</u>

NET ASSETS

Restricted	1,841,998
Unrestricted	<u>0</u>
Total Net Assets	\$ <u><u>1,841,998</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

SCOTT COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

As Note 1.C. discusses further, the accompanying financial statements of Scott County, Missouri, are presented in conformity with the cash basis of accounting, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles for state and local governments. The significant accounting policies related to those principles and used by the county are described below.

A. Reporting Entity

A financial reporting entity consists of (1) the primary government, (2) component units, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading or incomplete. The primary government of Scott County consists of all funds, departments, offices, or organizations that are not legally separate from the county.

Component units are legally separate organizations for which the county government is financially accountable. The county is financially accountable for an organization if the county appoints a voting majority of the organization's governing board and (1) is able to significantly influence the programs or services provided or performed by the organization or (2) is legally entitled to and or can otherwise access the organization's resources; is legally obligated for or has otherwise assumed the obligation to finance the organization's deficits or provide financial support to it; or is obligated in some manner for the organization's debt. Component units also may include organizations that are fiscally dependent on the county because their budgets, tax levies, or debt issuances are approved by the county.

Based on application of the above criteria, the county has no component units.

B. Basis of Presentation

1. Government-Wide Financial Statements

The government-wide financial statements display information about the county as a whole. These statements include the financial activities of the primary government, except for the activities of fiduciary funds. The primary government's financial activities are required to be classified as governmental or business-like. Governmental activities generally are financed through taxes, intergovernmental receipts, and other nonexchange transactions. Business-like activities are financed wholly or partially by fees

charged to external parties for goods or services. For the years ended December 31, 2005 and 2004, the county had only governmental activities.

The Government-Wide Statement of Net Assets presents the financial condition of the county's governmental activities at year-end. The Government-Wide Statement of Activities presents a comparison between direct disbursements and program receipts for each program or function of the county's governmental activities. Direct disbursements are specifically associated with and clearly identifiable to a particular function. The county does not allocate indirect costs to those functions. Program receipts include (a) charges paid by the recipients of goods or services offered by the programs and (b) intergovernmental receipts that are restricted to meeting the operational or capital requirements of a particular program. Receipts not classified as program receipts, including all taxes, are presented as general receipts. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the county.

2. Fund Financial Statements

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The county uses funds to segregate transactions related to certain functions or activities in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the county primary government at this detailed level. The fund financial statements focus on major funds. Each major fund is presented in a separate column, and nonmajor funds are aggregated and presented in a single column. Major funds include (a) the county's primary operating fund, (b) any fund for which total cash, receipts, or disbursements of an individual fund are at least 10 percent of the corresponding element total for all funds of that type, and (c) any other fund that county officials believe is particularly important to financial statement users.

The accompanying financial statements are structured into two categories of funds—governmental and fiduciary. Governmental funds are those through which most governmental functions typically are financed. Reporting for such funds focuses on the sources, uses, and balances of current resources. The county's major governmental funds are as follows:

General Revenue Fund: The General Fund is the primary operating fund of the county, accounting for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Road and Bridge Fund: This fund accounts for property tax collections and other receipts that are legally restricted to disbursements for road and bridge purposes.

Law Enforcement Sales Tax Fund: This fund accounts for sales tax collections that are legally restricted to disbursements for law enforcement purposes.

Housing and Development Fund: This fund accounts for the usage of monies set aside for disbursements related to housing and county development.

Scott County Communications Center Fund: This fund accounts for telephone tax collections that are legally restricted to disbursements for implementing and operating an emergency response system.

Health Center Fund: This fund accounts for property taxes and other monies that are legally restricted to disbursements for public health and welfare purposes.

Senate Bill 40 Board Fund: This fund accounts for property taxes and other monies that are legally restricted to disbursements for establishing and maintaining a county sheltered workshop, residence facilities, or related services.

The county's nonmajor governmental funds are also special revenue funds.

Fiduciary funds account for assets held by the county as a trustee or an agent for individuals, private organizations, other governments, or other funds. Fiduciary fund reporting focuses on net assets and changes in net assets; fiduciary assets are reported in a separate Statement of Fiduciary Net Assets because the county cannot use those assets to finance its operations. The county's fiduciary funds consist of agency funds, which report assets held in a purely custodial capacity and do not involve measurement of results of operations.

The agency funds include the County Collector's fund which has a fiscal year ending February 28; therefore, financial information for its reporting periods is included in the accompanying Statement of Fiduciary Net Assets.

C. Basis of Accounting

Basis of accounting refers to when transactions are recorded in the financial records and reported in the financial statements. The government-wide and fund financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. Consequently, certain assets and their related revenues (such as accounts receivable and revenues billed but not yet collected for goods and services provided) and certain liabilities and their related expenditures (such as accounts payable and expenditures for goods and services received but not yet paid for) are not recorded in these financial statements. Generally accepted accounting principles for state and local governments require revenues to be recognized when they are earned or when they become available and measurable and expenditures or expenses to be recognized when the related liabilities are incurred.

The accounting treatment for specific account balances and transaction types is as follows:

Equity classifications: On the Government-Wide Statement of Net Assets, equity is classified as net assets and displayed in two components: restricted and unrestricted. Net assets are reported as restricted when limitations are imposed on their use through either the enabling legislation adopted by the County Commission or external restrictions imposed by creditors, grantors, or the laws and regulations of other governments. All other net assets are reported as unrestricted. The county applies restricted resources first when a disbursement is made for which both restricted and unrestricted net assets are available.

In the fund financial statements, equity is classified as fund balance and also may be displayed in two components: reserved and unreserved. Fund balance is reported as reserved to indicate that a portion of the fund balance is not available for appropriation or is legally segregated for a specific future use. When such restrictions do not exist, fund balance is reported as unreserved.

Inventories and capital assets: Inventories include office, housekeeping, medical and road maintenance supplies. Capital assets consist of land, buildings, furniture, equipment, vehicles, and infrastructure such as roads and bridges. Both inventories and capital assets are recorded as disbursements when they are purchased or constructed.

Compensated absences: The county provides vacation and sick leave to its employees. Full-time county employees accrue four hours of sick leave per full month of employment. Sick leave can be accumulated up to a maximum of 560 hours. Upon termination, accumulated sick leave from prior to May 31, 2002 will be paid to the employee, but accumulated hours from after this date are not compensated.

Full-time county employees accrue one week vacation leave after the first full year of employment, two weeks after the second full year of employment, three weeks after fifteen years of employment, and four weeks after twenty-five years of employment. Vacation leave must be taken by December 31 of the year in which it is earned or that time is forfeited. Upon termination, unused vacation leave from the current year is paid to the employee.

Part-time employees are not eligible to accumulate vacation or sick leave.

The Health Center provides vacation and sick leave to its employees. Full-time employees accrue 10 hours of sick leave per month for 160 or more hours in active pay status per month, 7.5 hours for 120 to 159 hours in active pay status per month, and 5 hours for 80 to 119 hours in active pay service per month. Employees who have less than 80 hours per month in active pay status are not eligible to earn sick leave. Accumulated sick leave is not paid to the employee upon termination of employment.

Full-time health center employees (160 or more hours per month in active pay status) accrue 10 hours of vacation leave per month for one to 10 years of service, 12 hours per month for 10 to 15 years of service, and 14 hours per month for 15 or more years of service. Employees can accumulate up to 2 years of vacation leave (240 to 336 hours, based on the years of service).

Part-time health center employees earn vacation leave on a sliding scale depending on their hours per month in active pay status and their years of service.

Upon termination, accumulated vacation leave will be paid to the employee.

Vacation and sick leave amounts are reported as disbursements when they are paid. Accrued liabilities related to compensated absences and any employer-related costs earned and unpaid are not reflected in the government-wide or fund financial statements. The county has not restricted any net assets or reserved any fund balance for these commitments.

Other postemployment benefits: The county does not provide postemployment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). Under the COBRA the county provides health care benefits to eligible former employees and their dependents. The premiums are paid by the former employees. The county incurs no cost for these benefits.

Long-term debt: Consistent with the cash basis of accounting, long-term debt is not reported in the government-wide or fund financial statements. Proceeds from debt issuances are reported when received, and payments of principal and interest are reported when disbursements are made.

D. Accounting Changes

For the years ended December 31, 2005 and 2004, the county implemented applicable provisions of the following GASB Statements:

Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*; Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Note Disclosures*: The implementation of these Statements resulted in significant changes in the format and contents of the basic financial statements and other information in the county's financial report. As Note 1.B. discusses, the basic financial statements now include government-wide financial statements that report information for the county as a whole and fund financial statements that focus on major funds. However, as Note 1.C. discusses, because the basic financial statements are prepared on the cash basis of accounting, they exclude certain items and amounts that would be recorded under the bases of accounting prescribed by generally accepted accounting principles for state and local governments. Also, agency funds, a type of fund not reported in the county's prior-period financial statements, are now included in the Statement of Fiduciary Net Assets.

Statement No. 40, *Deposit and Investment Risk Disclosures*: This Statement amends Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*. Statement No. 40 revises Statement No. 3's requirements regarding disclosure of custodial credit risk and establishes new requirements for disclosures regarding credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

2. Deposits and Investments

Disclosures are provided below to comply with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit. To protect the safety of county deposits, Section 110.020, RSMo, requires depositories to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities must be of the types specified by Section 30.270, RSMo, for the collateralization of state funds and held by either the county, or a financial institution other than the depository bank. Section 67.085, RSMo, also requires certificates

of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depository bank fails, Scott County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The County Treasurer's, Health Center's, and Senate Bill 40 Board's deposits at December 31, 2005 and 2004, and the County Collector's deposits at February 28, 2006 and 2005, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance, by collateral securities held by the county's custodial bank in the county's or the board's name or by an irrevocable standby letter of credit issued by a Federal Home Loan Bank.

Investments

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. At December 31, 2005 and 2004, the county had no such investments. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

3. Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects its own property taxes and also taxes for most other local governments (except some cities). Collections for other governments and remittances to those governments are accounted for in various County Treasurer's agency funds.

4. Defined Benefit Pension Plan

Plan Description

Scott County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments in Missouri. The LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. Created and governed by Sections 70.600 through 70.755, RSMo, the system is responsible for administering the law in accordance with the expressed intent of the Missouri General Assembly. The plan is qualified under Internal Revenue Code Section 401(a) and is tax-exempt. The LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. Copies of the report may be requested from:

Missouri Local Government Employees Retirement System
P.O. Box 1665
Jefferson City, MO 65102

Funding Policy

Scott County's full-time employees do not contribute to the pension plan. The county is required to contribute at an actuarially determined rate; the current rate is 9.4 percent (general) and 9.0 percent (law enforcement) of annual covered payroll. The contribution requirements of plan members are determined by the County Commission. The contribution provisions of the county are established by statute.

Annual Pension Cost

For 2005 and 2004, the county's annual pension cost of \$214,213, and \$195,587, respectively, was equal to the county's required and actual contributions. The required contributions were determined, respectively, as part of the February 28, 2004, and February 28, 2003, actuarial valuations using the entry age actuarial cost method.

The actuarial assumptions included (a) an investment rate of return of 7.5 percent per year, compounded annually; (b) projected salary increases of 4 percent per year, compounded annually, attributable to inflation; (c) additional projected salary increases ranging from 0 to 4.2 percent per year, depending on age, attributable to seniority or merit; (d) pre-retirement mortality based on the 1983 Group Annuity Mortality Table; and (e) post-retirement mortality based on the 1971 Group Annuity Mortality Table projected to 2000, set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 5-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2005, was 15 years.

3-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2005 \$	214,213	100 %	\$ 0
2004	195,587	100	0
2003	178,301	100	0

5. Defined Benefit Pension Plan

Plan Description

Scott County contributes to the County Employees' Retirement System (CERS), a mandatory cost-sharing multiple-employer public employee retirement system for Missouri counties, excluding first-class counties with a charter form of government and any city not within a county. The CERS, a defined benefit plan, provides retirement and death benefits to its members and is administered in accordance with Sections 50.1000 through 50.1300, RSMo. Responsibility for the operation and administration of the system is vested in the CERS Board of Directors. The CERS issues a publicly available financial report that includes financial statements and required supplementary information. Copies of the report may be requested from:

County Employees' Retirement System
2121 Schotthill Woods Drive
Jefferson City, MO 65101

Funding Policy

Before January 1, 2003, members, except for those who participated in the LAGERS, were required to make contributions equal to 2 percent of gross compensation. Effective January 1, 2003, in addition to the prior contribution requirements, members hired on or after February 25, 2002, must contribute 4 percent if they participate in the LAGERS and 6 percent if they do not participate in it. If an employee terminates employment before attaining 8 years of creditable service, the CERS refunds the accumulated contributions to the employee. The contribution rate is set by statute.

In addition, the CERS receives a portion of delinquent property tax penalties, penalties for late filing of personal property tax declarations, a portion of document recording fees, a portion of fees for merchants and manufacturers licenses, and any interest derived from the collection and investment of any part of the penalties and fees. The Office of Secretary of State also collects and remits fees for certain filing transactions to the system.

The county's contributions to the CERS for the years ending December 31, 2005, 2004, and 2003, were \$189,285, \$186,840, and \$176,819, respectively, equal to the required contributions for each year.

6. Defined Contribution and Deferred Compensation Plans

Plan Description

Scott County offers employees the opportunity to participate in the CERS defined contribution plan and Internal Revenue Code (IRC) Section 457 deferred compensation plan. The plans' provisions and contribution requirements are established and may be amended only by the Missouri General Assembly. Pension plan members are eligible to participate.

Contributions

Pension plan members who are not LAGERS members are required to contribute 0.7 percent of gross compensation to the defined contribution plan. Contributions of \$1,800 were made during each of the years ended December 31, 2005 and 2004. Participation in the deferred compensation plan is voluntary, and the employee elects the contribution level, subject to the limitations of IRC Sections 401(a) and 457. The CERS Board of Directors decides if matching contributions from the pension plan trust funds for a calendar year will be made to the defined contribution plan accounts of those who participated in the deferred compensation plan. The amount of any matching contribution is determined by the Board and is limited to 50 percent of a non-LAGERS member's (25 percent of a LAGERS member's) voluntary contributions to the deferred compensation plan, up to 3 percent of the non-LAGERS member's (2.5 percent for the LAGERS member's) compensation. Matching contributions for the years ended December 31, 2005 and 2004, were \$450.

Administration

Maintenance of individual member accounts and custody of assets have been contracted to a third-party administrator and investment custodian, respectively. The counties send member contributions directly to the third-party administrator. Members have several options for investing their contributions and respective share of matching contributions.

7. Interfund Transfers

Interfund transfers, the flow of assets from one fund to another when repayment is not expected, are reported as transfers in and out. The county made the following interfund transfers:

Year Ended December 31, 2005			
Transfers In:			
	General Revenue Fund	Law Enforcement Sales Tax Fund	Nonmajor Governmental Funds
Transfers Out:			
General Revenue Fund	\$ 0	1,314,644	17,816
Scott County Communications Center Fund	28,750	0	0
Nonmajor Governmental Funds	1,190	6,860	0

Year Ended December 31, 2004

Transfers In:				
		General Revenue Fund	Law Enforcement Sales Tax Fund	Nonmajor Governmental Funds
Transfers Out:				
General	\$			
Revenue Fund		0	1,262,972	27,608
Scott County Communications Center Fund		28,600	0	0
Nonmajor Governmental Funds		62,733	0	14,905

Interfund transfers occurred primarily because they were statutorily required or allowed—for example, transfer of an administrative service fee to the General Fund from the Special Road and Bridge Fund or contribution of General Fund monies to the Assessment Fund to pay for assessment and equalization maintenance costs not met by other sources of receipts. The General Fund also contributed monies to certain other funds when fund receipts were insufficient for specific purposes.

8. Prior Period Adjustment

The Health Center Fund's cash balance at January 1, 2003, as previously stated has been decreased by \$5,894 to reflect revisions to the prior years statements by the Health Center.

The Housing and Development Fund's cash balance of \$614,069 at January 1, 2003, was not previously reported but has been added.

The cash balance for other governmental funds at January 1, 2003, as previously stated has been increased by \$130,963 to reflect the following funds not previously included:

Funds	Balance
Economic Development Fund	\$ 5,500
Crime Victim Fund	(1,900)
Juvenile Grant Fund	(23,099)
TIF Fund	3,637
Federal Seizure Fund	18,620
Community Emergency Response Team Fund	(1,396)
Levee District #2 Fund	120,109
Juvenile Restitution Fund	4,992
Law Enforcement State Grant and MOSMART Fund	4,500
Total	\$ <u>130,963</u>

9. Risk Management

The county carries commercial insurance for various risks of loss to which it is exposed, including risks related to torts; theft of, damage to, or destruction of assets; natural disasters; errors and omissions; injuries to employees; and employees' health and life. No significant reductions in coverage were made since December 31, 2001, and settlements have not exceeded coverage in the past 3 years.

The county is a participant in the Missouri Public Entity Risk Management Fund, a body corporate and politic created and governed by Sections 537.700-537.756, RSMo. The purpose of the fund is to provide liability protection to participating public entities and their officials and employees. Annual contributions are collected based on actuarial projections sufficient to pay losses and expenses. Should contributions not be sufficient to meet the fund's obligations, the fund's board can make special assessments. Participants are jointly and severally liable for all claims against the fund.

The county is a member of the Missouri Association of Counties Self-Insurance Workers' Compensation and Insurance Fund. The county purchases workers' compensation insurance through this fund, a non-profit corporation established to provide insurance coverage to Missouri counties. The fund is self-insured up to \$2,000,000 per occurrence and reinsured up to the statutory limit through excess insurance.

10. Related Organizations

The County Commission is responsible for appointing the members of the boards of certain other organizations, but the county's accountability for these organizations does not extend beyond making the appointments. The County Commission appoints the board members of the Levee District #2, Delta Area Economic Opportunity Council Board, Scott County Law Enforcement Restitution Fund Board, Riverside Regional Library Board, Sikeston Area

Higher Education Center Board, SEMO Port Authority Board, Scott County Communication Center Board, Bootheel Solid Waste Board, and the University Extension Council.

11. Jointly Governed Organizations

The county, in conjunction with Mississippi County, New Madrid County and the State Highway Patrol, has created the Midwest High Intensity Drug Traffic Area. Scott County has hired a High Intensity Drug Traffic Area Assistant Prosecuting Attorney. This individual prosecutes all drug related cases for Scott, Mississippi, and New Madrid Counties.

Required Supplementary Information

Schedule 1

SCOTT COUNTY, MISSOURI
SCHEDULE OF FUNDING PROGRESS FOR
MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)— Entry Age (b)	Unfunded AAL (UAAL) (b-a) or (Excess of Assets over AAL) (a-b)	Funded Ratio (a/b)		Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c] or (Excess as a Percentage of Covered Payroll) [(a-b)/c]	
02/28/05	\$ 3,474,559	\$ 3,109,468	\$ (365,091)	112	%	\$ 2,128,020	\$ 18	%
02/29/04	3,630,146	3,390,340	(239,806)	107		2,210,910	11	
02/28/03	3,545,768	3,194,787	(350,981)	111		1,998,839	18	

See related Note 4 (Defined Benefit Pension Plan) to the financial statements.

Schedule 2

SCOTT COUNTY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS - CASH BASIS

Year Ended December 31,								
2005					2004			
Budgeted Amounts		Actual	Variance with		Budgeted Amounts		Actual	Variance with
Original	Final	Cash Basis	Final Budget--		Original	Final	Cash Basis	Final Budget--
			Favorable					Favorable
			(Unfavorable)					(Unfavorable)
GENERAL REVENUE FUND								
RECEIPTS								
Property taxes	\$ 384,300	384,300	390,896	6,596	380,300	395,450	378,914	(16,536)
Sales taxes	1,575,000	1,575,000	1,622,224	47,224	1,500,000	1,500,000	1,577,004	77,004
Intergovernmental	707,725	892,155	925,232	33,077	792,992	873,978	487,099	(386,879)
Charges for service	733,375	704,075	698,505	(5,570)	888,340	889,340	681,749	(207,591)
Interest	31,000	54,000	52,568	(1,432)	17,000	17,000	29,283	12,283
Other	8,581	3,266	3,461	195	761	761	765	4
Transfers in	35,750	36,940	29,940	(7,000)	28,600	88,600	142,323	53,723
Total Receipts	3,475,731	3,649,736	3,722,826	73,090	3,607,993	3,765,129	3,297,137	(467,992)
DISBURSEMENTS								
County Commission	101,522	101,522	95,494	6,028	99,600	99,600	93,269	6,331
County Clerk	74,537	74,537	73,421	1,116	69,326	69,326	68,039	1,287
Elections	60,201	60,201	42,024	18,177	100,008	100,008	78,414	21,594
Buildings and grounds	690,000	690,000	480,011	209,989	468,180	878,200	677,451	200,749
Employee fringe benefits	305,000	305,000	266,801	38,199	334,000	334,000	220,735	113,265
County Treasurer	57,094	57,094	53,152	3,942	52,754	52,754	52,449	305
County Collector	120,689	120,689	115,195	5,494	112,346	112,346	110,048	2,298
Recorder of Deeds	104,714	104,714	99,958	4,756	93,232	93,232	90,641	2,591
Circuit Clerk	23,000	13,500	12,175	1,325	8,000	8,000	7,366	634
Associate Circuit Court	12,600	12,600	12,150	450	17,200	17,200	10,904	6,296
Associate Circuit (Probate)	16,100	16,100	13,191	2,909	15,750	20,750	16,081	4,669
Court administration	23,000	23,000	13,094	9,906	23,100	23,100	9,203	13,897
Public Administrator	54,900	54,900	53,669	1,231	48,500	48,500	47,373	1,127
Sheriff	1,556	1,556	1,556	0	0	0	0	0
Prosecuting Attorney	285,720	285,720	284,075	1,645	258,417	258,417	231,548	26,869
Juvenile Officer	130,000	130,000	113,633	16,367	130,000	130,000	114,116	15,884
County Coroner	36,780	36,780	24,890	11,890	33,610	35,610	35,476	134
Emergency Management	37,744	37,744	38,070	(326)	33,660	33,660	33,700	(40)
Prosecuting Attorney Child Support	50,168	59,068	52,892	6,176	50,814	50,814	46,470	4,344
Court reporter	2,160	2,160	1,881	279	2,225	2,225	2,005	220
Health and welfare	5,000	5,000	2,180	2,820	5,000	5,000	2,425	2,575
Other	449,765	489,710	346,563	143,147	396,967	405,567	256,102	149,465
Transfers out	1,487,733	1,492,283	1,332,460	159,823	1,672,048	1,672,048	1,290,580	381,468
Emergency Fund	150,000	150,000	0	150,000	150,000	150,000	0	150,000
Total Disbursements	4,279,983	4,323,878	3,528,535	795,343	4,174,737	4,600,357	3,494,395	1,105,962
Net Change in Cash Balances	(804,252)	(674,142)	194,291	868,433	(566,744)	(835,228)	(197,258)	637,970
CASH BALANCE, JANUARY 1	1,043,108	1,043,108	1,043,108	0	1,240,366	1,240,366	1,240,366	0
CASH BALANCE, DECEMBER 31	\$ 238,856	368,966	1,237,399	868,433	673,622	405,138	1,043,108	637,970

Schedule 2

SCOTT COUNTY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS - CASH BASIS

Year Ended December 31,								
2005					2004			
Budgeted Amounts		Actual	Variance with		Budgeted Amounts		Actual	Variance with
Original	Final	Cash Basis	Final Budget--		Original	Final	Cash Basis	Final Budget--
			Favorable					Favorable
			(Unfavorable)					(Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>								
RECEIPTS								
Property taxes	\$ 495,000	495,000	499,389	4,389	492,500	492,500	466,297	(26,203)
Intergovernmental	566,600	566,600	548,411	(18,189)	655,600	724,531	696,892	(27,639)
Charges for service	46,000	46,000	46,000	0	53,000	53,000	53,000	0
Interest	7,000	7,000	11,193	4,193	6,500	6,500	7,280	780
Other	8,200	8,200	6,614	(1,586)	8,000	13,000	5,258	(7,742)
Total Receipts	1,122,800	1,122,800	1,111,607	(11,193)	1,215,600	1,289,531	1,228,727	(60,804)
DISBURSEMENTS								
Salaries	300,000	300,000	283,471	16,529	285,000	285,000	267,559	17,441
Employee benefits	123,000	123,000	117,380	5,620	125,700	125,700	99,011	26,689
Supplies	103,000	103,000	117,070	(14,070)	107,500	107,500	86,188	21,312
Insurance	36,000	36,000	35,192	808	28,000	28,000	30,036	(2,036)
Materials	568,000	568,000	482,112	85,888	775,500	820,278	717,422	102,856
Equipment repairs	60,000	60,000	35,062	24,938	70,000	70,000	34,626	35,374
Rentals	2,500	2,500	615	1,885	1,000	1,000	665	335
Road and bridge construction	0	0	0	0	11,500	11,500	10,831	669
Property, equipment and buildings	150,760	150,760	240,541	(89,781)	125,760	125,760	116,799	8,961
Other	21,350	21,350	14,812	6,538	26,850	26,850	15,772	11,078
Total Disbursements	1,364,610	1,364,610	1,326,255	38,355	1,556,810	1,601,588	1,378,909	222,679
Net Change in Cash Balances	(241,810)	(241,810)	(214,648)	27,162	(341,210)	(312,057)	(150,182)	161,875
CASH BALANCE, JANUARY 1	276,437	276,437	276,437	0	426,619	426,619	426,619	0
CASH BALANCE, DECEMBER 31	\$ 34,627	34,627	61,789	27,162	85,409	114,562	276,437	161,875
<u>LAW ENFORCEMENT SALES TAX FUND</u>								
RECEIPTS								
Sales taxes	\$ 1,575,000	1,575,000	1,617,411	42,411	1,500,000	1,500,000	1,571,884	71,884
Charges for service	0	0	8,980	8,980	0	0	0	0
Interest	600	600	1,916	1,316	1,200	1,200	655	(545)
Other	55,100	55,100	5,692	(49,408)	30,200	30,200	16,953	(13,247)
Transfers in	1,472,850	1,472,850	1,321,504	(151,346)	1,502,870	1,502,870	1,262,972	(239,898)
Total Receipts	3,103,550	3,103,550	2,955,503	(148,047)	3,034,270	3,034,270	2,852,464	(181,806)
DISBURSEMENTS								
Sheriff's salaries	580,100	580,100	574,416	5,684	525,863	525,863	511,467	14,396
Jail salaries	776,009	776,009	733,363	42,646	791,707	791,707	799,297	(7,590)
Vehicle expense	223,700	223,700	234,934	(11,234)	275,200	275,200	224,975	50,225
Building and other	391,000	391,000	299,620	91,380	402,000	402,000	302,264	99,736
Employee benefits	378,000	378,000	367,834	10,166	359,500	359,500	346,141	13,359
Debt Service	755,000	755,000	745,359	9,641	680,000	680,000	668,047	11,953
Total Disbursements	3,103,809	3,103,809	2,955,526	148,283	3,034,270	3,034,270	2,852,191	182,079
Net Change in Cash Balances	(259)	(259)	(23)	236	0	0	273	273
CASH BALANCE, JANUARY 1	273	273	273	0	0	0	0	0
CASH BALANCE, DECEMBER 31	\$ 14	14	250	236	0	0	273	273

Schedule 2

SCOTT COUNTY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS - CASH BASIS

		Year Ended December 31,							
		2005				2004			
		Budgeted Amounts		Actual Amounts	Variance with Final Budget-- Favorable	Budgeted Amounts		Actual Amounts	Variance with Final Budget-- Favorable
		Original	Final	Cash Basis	(Unfavorable)	Original	Final	Cash Basis	(Unfavorable)
<u>HOUSING AND COUNTY DEVELOPMENT FUND</u>									
RECEIPTS									
Interest	\$	10,000	18,500	18,731	231	6,000	6,000	9,897	3,897
Total Receipts		10,000	18,500	18,731	231	6,000	6,000	9,897	3,897
DISBURSEMENTS									
Housing and county development		600,000	60,000	31,945	28,055	620,000	620,000	161	619,839
Total Disbursements		600,000	60,000	31,945	28,055	620,000	620,000	161	619,839
Net Change in Cash Balances		(590,000)	(41,500)	(13,214)	28,286	(614,000)	(614,000)	9,736	623,736
CASH BALANCE, JANUARY 1		623,805	623,805	623,805	0	614,069	614,069	614,069	0
CASH BALANCE, DECEMBER 31	\$	33,805	582,305	610,591	28,286	69	69	623,805	623,736
<u>SCOTT COUNTY COMMUNICATIONS CENTER FUND</u>									
RECEIPTS									
Telephone tax	\$	240,200	240,200	205,528	(34,672)	217,500	217,500	237,810	20,310
Intergovernmental		0	0	72,100	72,100	0	0	440	440
Charges for service		17,500	17,500	18,458	958	17,500	17,500	17,500	0
Interest		4,000	4,000	10,242	6,242	4,000	4,000	5,890	1,890
Other		0	0	510	510	0	0	0	0
Total Receipts		261,700	261,700	306,838	45,138	239,000	239,000	261,640	22,640
DISBURSEMENTS									
Personnel expenses		232,500	232,500	229,039	3,461	192,900	192,900	159,489	33,411
Equipment and repairs		66,000	66,000	201,593	(135,593)	75,150	75,150	61,376	13,774
Transfers out		28,750	28,750	28,750	0	28,600	28,600	28,600	0
Total Disbursements		327,250	327,250	459,382	(132,132)	296,650	296,650	249,465	47,185
Net Change in Cash Balances		(65,550)	(65,550)	(152,544)	(86,994)	(57,650)	(57,650)	12,175	69,825
CASH BALANCE, JANUARY 1		350,973	350,973	350,973	0	338,798	338,798	338,798	0
CASH BALANCE, DECEMBER 31	\$	285,423	285,423	198,429	(86,994)	281,148	281,148	350,973	69,825

Schedule 2

SCOTT COUNTY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS - CASH BASIS

Year Ended December 31,								
2005					2004			
Budgeted Amounts		Actual	Variance with		Budgeted Amounts		Actual	Variance with
Original	Final	Cash Basis	Final Budget--		Original	Final	Cash Basis	Final Budget--
			Favorable					Favorable
			(Unfavorable)					(Unfavorable)
HEALTH CENTER FUND								
RECEIPTS								
Property taxes	\$ 354,000	354,000	378,526	24,526	340,000	380,000	403,845	23,845
Intergovernmental	287,781	319,518	336,431	16,913	302,012	289,985	301,362	11,377
Charges for service	219,761	219,761	219,761	0	228,121	228,121	228,028	(93)
Interest	4,500	2,500	2,146	(354)	5,000	4,300	3,913	(387)
Other	43,441	43,441	72,720	29,279	19,929	0	7,514	7,514
Total Receipts	909,483	939,220	1,009,584	70,364	895,062	902,406	944,662	42,256
DISBURSEMENTS								
Salaries	494,265	494,265	525,444	(31,179)	502,000	476,500	480,966	(4,466)
Employee benefits	187,789	187,789	200,256	(12,467)	177,691	165,744	173,647	(7,903)
Travel expenses	12,000	12,000	33,569	(21,569)	12,100	11,950	11,110	840
Supplies	108,883	113,768	105,667	8,101	107,981	136,059	136,661	(602)
Office expenses	31,500	32,850	29,170	3,680	35,850	27,091	31,412	(4,321)
Equipment purchases	2,000	2,000	684	1,316	2,300	6,500	6,483	17
Contract services		7,200	6,600	600	10,000	616	631	(15)
Building expenses	0	0	0	0	189,319	158,123	158,123	0
Other	0	0	0	0	500	300	300	0
Total Disbursements	836,437	849,872	901,390	(51,518)	1,037,741	982,883	999,333	(16,450)
Net Change in Cash Balances	73,046	89,348	108,194	18,846	(142,679)	(80,477)	(54,671)	25,806
CASH BALANCE, JANUARY 1	314,259	151,255	151,255	0	345,741	205,926	205,926	0
CASH BALANCE, DECEMBER 31	\$ 387,305	240,603	259,449	18,846	203,062	125,449	151,255	25,806
SENATE BILL 40 BOARD FUND								
RECEIPTS								
Property taxes	\$ 150,500	150,500	154,502	4,002	138,400	138,400	148,043	9,643
Intergovernmental	500	500	205	(295)	150	150	462	312
Interest	8,203	8,203	13,099	4,896	5,225	5,225	8,143	2,918
Other	0	0	1,808	1,808	0	0	0	0
Total Receipts	159,203	159,203	169,614	10,411	143,775	143,775	156,648	12,873
DISBURSEMENTS								
Office expenses	200	200	212	(12)	100	100	203	(103)
Legal fees	500	500	0	500	500	500	500	0
Audit fees	0	0	0	0	0	0	624	(624)
Insurance	1,850	1,850	1,845	5	1,500	1,500	1,601	(101)
Programs	139,000	139,000	95,105	43,895	133,500	133,500	105,520	27,980
Other projects	38,500	38,500	348,607	(310,107)	30,000	30,000	16,450	13,550
Other	500	500	0	500		0	175	(175)
Total Disbursements	180,550	180,550	445,769	(265,219)	165,600	165,600	125,073	40,527
Net Change in Cash Balances	(21,347)	(21,347)	(276,155)	(254,808)	(21,825)	(21,825)	31,575	53,400
CASH BALANCE, JANUARY 1	490,857	490,857	490,998	141	459,423	459,423	459,423	0
CASH BALANCE, DECEMBER 31	\$ 469,510	469,510	214,843	(254,667)	437,598	437,598	490,998	53,400

The accompanying Note to the Required Supplementary Information is an integral part of this information.

Note to the Required Supplementary Information

SCOTT COUNTY, MISSOURI
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the Scott County Communications Center Fund and the Senate Bill 40 Board Fund in 2005, and the Health Center Fund in 2005 and 2004.

Other Supplementary Information

Schedule 3

SCOTT COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
OFFICE OF NATIONAL DRUG CONTROL POLICY				
Passed through state Department of Public Safety:				
7	High Intensity Drug Trafficking Area Grant	I5PMWP549X I4PMWP549	\$ 24,321	21,212
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state Department of Health and Senior Services:				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-6201 ERS045-5201 ERS045-4201	170,063	168,715
10.559	Summer Food Service Program for Children	ERS146-5201 ERS146-4201I	490	
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	2001-PF-08		3,000
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ER0164	43,416	28,009
U.S. DEPARTMENT OF JUSTICE				
Direct Program:				
16	Equitable Sharing of Seized and Forfeited Property	N/A	21,420	
Passed through:				
Missouri Sheriff's Association -				
16	Domestic Cannabis Eradication/Suppression Program	N/A		260
State Department of Public Safety -				
16.523	Juvenile Accountability Incentive Block Grants	2002 JAIGB	30,430	16,085
16.575	Crime Victim Assistance	2004-VOCA-0059	22,056	29,343
16.579	Byrne Formula Grant Program	2002-NCD10-29		45,682
Cape Girardeau County -				
16.580	Edward Byrne Memorial St ate and Local Law Enforcement Assistance Discretionary Grants Program	FD-2004-33		34,913
16.592	Local Law Enforcement Block Grants Program	2004-LB-BX-XXXX		6,504

Schedule 3

SCOTT COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission:				
20.205	Highway Planning and Construction	BRO-100 (13)		10,831
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	HMEM03045220		7,200
GENERAL SERVICES ADMINISTRATION				
Passed through state:				
Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A	1,001	
Office of Secretary of State -				
39.011	Election Reform Payments	N/A		23,000
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through State Emergency Managerment Agency -				
83.564	Citizens Corps	EMK-2003-GR-2541		1,443
DELTA REGIONAL AUTHORITY				
Direct program:				
90.200	Delta Regional Program	N/A		127,500
ELECTION ASSISTANCE COMMISSION				
Passed through state Office of Secretary of State -				
90.401	Help America Vote College Poll Worker Program	SCS 231 SEL000023	7,999	
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Program:				
93.569	Community Services Block Grant	ERO-1640657		5,840
Passed through state:				
Department of Health and Senior Services -				
93.268	Immunization Grants	DHO50004014	3,147	14,857
		N/A	40,988	25,563
	Program Total		44,135	40,420

Schedule 3

SCOTT COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2005	2004
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	DHO50038002	15,077	7,255
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	81,811	51,356
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Grant	PGA067-1201	5,760	4,640
	Department of Health and Senior Services -			
93.991	Preventive Health and Health Services Block Grant	N/A		4,466
93.994	Maternal and Child Health Services Block Grant to the States	AOC06380153 ERS146-5201M ERS146-4201M	34,696	33,208
93.977	Preventive Health Services-Sexually Transmitted Diseases Control Grants	N/A	588	
U. S. DEPARTMENT OF HOMELAND SECURITY				
Passed through state Department of Emergency Management Agency:				
97.004	State Domestic Preparedness Equipment Support Program	2004-GE-T4-0049	139,874	4,000
97.036**	Public Assistance Grants	DR-MO-1412-60		10,437
97.042	Emergency Management Performance Grants	N/A	15,327	15,204
97.051 *	State & Local All Hazards Emergency Operations Planning	EMK-2003-GR-2540		5,700
Total Expenditures of Federal Award:			\$ <u>658,464</u>	<u>706,223</u>

* These expenditures include awards made under CFDA number 83.562 and CFDA number 97.051.

** These expenditures include awards made under CFDA number 83.554 and CFDA number 97.036.

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Schedule of Expenditures of Federal Awards

SCOTT COUNTY, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Scott County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for the Immunization Grant (CFDA number 93.268) represent both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$5,840 to a subrecipient under the Community Services Block Grant (CFDA number 93.569) during the year ended December 31, 2004.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Scott County, Missouri

Compliance

We have audited the compliance of Scott County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Scott County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 05-1.

Internal Control Over Compliance

The management of Scott County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 05-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Scott County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

June 15, 2006 (fieldwork completion date)

Schedule

SCOTT COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2005 AND 2004

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
90.200	Delta Regional Program
93.563	Child Support Enforcement
97.004	State Domestic Preparedness Equipment Support Program

Dollar threshold used to distinguish between Type A
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

05-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity Identifying Number:	ERS045-5201
Award Year:	2005 and 2004
Questioned Costs:	Not Applicable

Federal Grantor: Delta Regional Authority
Pass-Through Grantor: Not Applicable
Federal CFDA Number: 90.200
Program Title: Delta Regional Program
Pass-Through Entity
Identifying Number: Not Applicable
Award Year: 2005 and 2004
Questioned Costs: Not Applicable

Federal Grantor: U.S. Department of Health and Human Services
Pass-Through Grantor: Department of Health and Senior Services
Federal CFDA Number: 93.563
Program Title: Child Support Enforcement
Pass-Through Entity
Identifying Number: Not Applicable
Award Year: 2005 and 2004
Questioned Costs: Not Applicable

Federal Grantor: U.S. Department of Homeland Security
Pass-Through Grantor: State Department of Public Safety Federal
CFDA Number: 97.004
Program Title: State Domestic Preparedness Equipment Support Program
Pass-Through Entity
Identifying Number: 2004-GE-T4-0049
Award Year: 2005 and 2004
Questioned Costs: Not Applicable

The county and Health Center do not have adequate procedures in place to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA), and as a result, the county's SEFA contained several errors and omissions. Expenditures were understated by \$58,168 and by \$157,865 for the years ended December 31, 2005 and 2004, respectively.

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the county to prepare a SEFA) for the period covered by the county's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

Expenditures relating to several federal grants were reported incorrectly or not included on the schedule. For example, in 2005 and 2004 the County Clerk failed to include \$34,537 for the High Intensity Drug Trafficking Area (HIDTA) Grant. In addition, the Health Center information presented for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) did not agree with expenditures for that program, a difference of \$17,206. The County Clerk indicated she was not aware that the HIDTA monies were required to be reported on the SEFA and the Health Center stated that they had mistakenly reflected revenues instead of expenditures for the WIC program on the SEFA. Compilation

of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The County Commission should take steps to ensure all departments and/or officials properly track federal awards to ensure all federal awards are properly accounted for on the SEFA.

Without an accurate and complete SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

Similar conditions were noted in prior reports. Although the County Clerk and the Health Center indicated they would implement the recommendations, the county has not improved these controls and procedures.

WE AGAIN RECOMMEND the County Commission, County Clerk and Health Center work to ensure the SEFA is complete and accurate.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission and County Clerk indicated:

We will continue to try to prepare a complete and accurate SEFA.

The Health Center Administrator and Office Manager indicated:

The Health Center is now accurately tracking all federal expenditures in the Special Supplemental Nutrition Program Women, Infants, and Children. In the future, we will report all expenditures during the year for each program.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

SCOTT COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2003, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

SCOTT COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

Finding – Two Years Ended December 31, 2003

03-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	State Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for WIC
Pass-Through Entity	
Identifying Number:	ERS045-2201, ERS045-3201W, and ERS045-4201
Award Year:	2003 and 2002
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	State Department of Economic Development
Federal CDFA Number:	14.288
Program Title:	Community Development Block Grant Program
Pass-Through Entity	
Identifying Number:	2001-PF-08
Award Year:	2003 and 2002
Questioned Costs:	Not applicable

Federal Grantor: U.S. Department of Transportation
Pass-Through Grantor: State Highway and Transportation Commission
Federal CDFA Number: 20.205
Program Title: Highway Planning and Construction
Pass-Through Entity
Identifying Number: BRO-100(12) and BRO-100(13)
Award Year: 2003 and 2002
Questioned Costs: Not applicable

Federal Grantor: U.S. Department of Health and Human Services
Pass-Through Grantor: State Department of Health
Federal CDFA Number: 93.994
Program Title: Maternal and Child Health Services Block Grant
Pass-Through Entity
Identifying Number: ERS146-2201M, ERS146-3201M, ERS146-4201M,
ERS175-2064F, ERS175-3065F, and ACOC1380010
Award Year: 2003 and 2002
Questioned Costs: Not applicable

The County and the Health Center did not have adequate procedures in place to track federal awards for the preparation of the SEFA. Information presented did not agree with expenditure records for some programs. In addition, some programs were not included on the SEFA schedules while other programs were understated or overstated. As a result, the County and the Health Center under reported federal expenditures by approximately \$141,043 and \$212,470, for 2003 and 2002, respectively.

Recommendation:

The County Clerk and the Health Center Administrator prepare a complete and accurate schedule of federal awards. The County Clerk and Health Center Administrator should ensure that the various program administrators are aware of the importance of the accurate calculation and reporting of the federal program expenditures and provide guidance to them if necessary.

Status:

Not implemented. See finding number 05-1.

Finding –Two Years Ended December 31, 2001

01-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Number:	ERS045-2201, E4S0451201W, and ER0045-201
Award Year:	2001 and 2000
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	93.994
Program Title:	Maternal and Child Health Services Block Grant to the States
Pass-Through Entity	
Identifying Number:	ERS146-1201M, A0C01380010, C100015066 A0C00380038, ERS175-2064F, ERS175-1201F, and ERS175-0201F
Award Year:	2001 and 2000
Questioned Costs:	Not Applicable

The County and the Health Center did not have adequate procedures in place to track federal awards for the preparation of the SEFA. Information presented did not agree with expenditure records for some programs. In addition, some programs were not included on the SEFA schedules while other programs were understated or overstated.

Recommendation: The County Clerk and Health Center prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

Status:

Not implemented. See finding number 05-1.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

SCOTT COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Scott County, Missouri, as of and for the years ended December 31, 2005 and 2004, which collectively comprise the county's basic financial statements, and have issued our report thereon dated June 15, 2006. We also have audited the compliance of Scott County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 15, 2006.

This Management Advisory Report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Scott County or of its compliance with the types of compliance requirements applicable to its major federal program but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1.	Budgets
-----------	----------------

Actual disbursements exceeded budgeted amounts for several funds, as follows:

Fund		Year Ended December 31,	
		2005	2004
Scott County	\$	132,132	N/A
Communications Center			
Juvenile Grant		20,845	N/A
Crime Victim		N/A	173
House of Refuge Grant		N/A	340
Law Library		N/A	36,029

The County Commission receive budget to actual comparison reports monthly. However, there were no notations in the commission meeting minutes of discussion regarding the budget status. The Law Library Clerk indicated she does not review a budget to actual comparison report on a monthly basis.

Case law provides that strict compliance with county budget laws is required by county officials. If there are valid reasons which require excess disbursements (i.e., emergencies, unforeseen occurrences, and statutorily required obligations), amendments should be made

following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. To improve the effectiveness of the budgets as a planning tool and ensure compliance with state law, budget to actual comparison reports need to be reviewed and used when making spending decisions throughout the year.

WE RECOMMEND the County Commission and other county officials review budget to actual reports carefully and refrain from approving disbursements which exceed budgeted amounts.

AUDITEE'S RESPONSE

The County Commission indicated:

We will review budgets more closely in the future before approving disbursements. We did prepare a memo regarding the overage in the Scott County Communications on January 12, 2006, which indicated the overage was due to combining dispatching services for the Jail, Sheriff's Office, and 911; however, the final costs for this project were not received until after the hearing to amend the 2005 budgets had already been held.

The Law Library custodian indicated:

We will do this in the future, but during these renovations, we simply did not think of doing this.

2. Computer Controls

Computer systems and data are vulnerable to unauthorized use, modification or destruction. Passwords used for the property tax system are not unique for each employee and are not changed periodically.

Access to computer property tax system and data is not adequately restricted to only authorized users. Passwords which restrict employee access to computer files are used by the Collector's, Assessor's, and County Clerk's office; however, they are not unique to each employee. In addition, passwords are not periodically changed to help ensure they remain known only to the assigned user and to reduce the risk of compromised passwords. An ineffective password system increases the risk of unauthorized access and changes to the computer systems and county data.

To establish individual responsibility and to help preserve the integrity of computer systems and data files, access should be limited to authorized individuals through the use of access controls such as passwords. Unauthorized access can result in the disclosure of confidential county information and the deletion or alteration of data files and programs. A unique password should be assigned to each user of a system and passwords should be kept

confidential and changed periodically to help prevent unauthorized access to computer systems and data files.

WE RECOMMEND the Collector, Assessor, and County Clerk require unique passwords for all employees which are confidential and periodically changed to prevent unauthorized access to the county's computer systems and data.

AUDITEE'S RESPONSE

The County Commission indicated:

The security on the computers has been addressed with the recent change of servers. Passwords are now changed quarterly and are unique to each office. We will further review the need for individual passwords for each employee.

3. Vehicles and Equipment

Fuel usage and operating costs of the Road and Bridge Department are not adequately monitored. For the years ended December 31, 2005 and 2004, the county paid \$55,671 and \$77,103, respectively, for bulk fuel. Also, the review of vehicle logs by the Sheriff's Department is not documented.

The county has three bulk fuel tanks used for Road and Bridge department's ten vehicles and fifteen pieces of equipment. A mileage log is not maintained to document the usage of the vehicles. The county maintains fuel logs for the Road and Bridge department vehicles and equipment; however, this log is not reviewed, or reconciled to fuel purchases and the amount of fuel on hand.

The Sheriff Department maintains vehicle usage and maintenance logs for each of their twelve cars and three trucks. The Sheriff Department obtains their fuel from local convenience stores. Sheriff personnel indicated the usage logs are reviewed; however, there was no documentation of this review.

Without adequate vehicle logs, the county cannot effectively monitor that vehicles are used for official business only, that fuel costs for vehicles are reasonable, and that billings to the county represent legitimate and appropriate charges. Effective monitoring procedures which include reviews of vehicle logs and comparison of log information to fuel purchases and maintenance charges, are necessary to prevent paying vendors for improper billing amounts and decrease the risk of theft or misuse of fuel or other maintenance items occurring without being detected.

WE RECOMMEND the County Commission require usage logs be maintained for all county owned vehicles and equipment, and fuel logs be reconciled to fuel purchases. A

periodic review should be performed to ensure the reasonableness of the fuel purchases and usage. In addition, all reviews and reconciliations should be documented.

AUDITEE'S RESPONSE

The County Commission indicated:

We are currently keeping some of this information and will try to add the additional information to allow for a more complete review.

4. Collector's Accounting Controls and Procedures

Monthly liability listings are not prepared and reconciled with cash balances. The County Collector is responsible for collecting and distributing property taxes for most political subdivisions within the county. During the years ended February 28, 2006 and 2005, property taxes and other monies totaling approximately \$19.7 and \$18.3 million, respectively, were collected.

The County Collector does not prepare monthly listings of liabilities, and as a result liabilities are not reconciled to cash balances. A comparison of the May 31, 2006, January 31, 2006, and January 31, 2005, reconciled bank balance to identified liabilities showed an unidentified balance of approximately \$2,061, \$2,700 and \$1,273, respectively.

Monthly reconciliations of the cash balances to liabilities are necessary to ensure the cash balances are sufficient to cover liabilities. Without the preparation of such reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded.

WE RECOMMEND the Collector prepare a monthly listing of liabilities, reconcile this listing to the reconciled bank balances, investigate any unreconciled differences, and make the appropriate adjustments to correct any differences noted.

AUDITEE'S RESPONSE

The County Collector indicated:

We have already developed one reconciliation, and are working on combining it with this reconciliation. In addition, our next step is to work with our computer programmer to integrate this information into a more computerized format.

5.**Circuit Clerk's Accounting Controls and Procedures**

At December 31, 2005, open items exceeded reconciled cash balances by approximately \$5,140. Old unidentified open items of approximately \$17,300 remained in the Circuit Clerk's fee account. In addition, monies were transferred from the fee account to the jury account to pay jury fees, instead of obtaining reimbursement from the county. Also, deposits were not made on a timely basis, and checks and money orders were not restrictively endorsed immediately upon receipt.

The Circuit Clerk processed approximately \$890,600 and \$508,700 in receipts in 2005 and 2004, respectively, in civil and criminal case fees, fines, bonds, and restitution.

A. The following concerns were noted regarding the open items reconciliation:

1. The Circuit Clerk does not properly include the balances of the money market accounts and the interest fund (these monies are maintained in the fee account) in her reconciliation of open items, as a result, she was not aware that the fee account was short at December 31, 2005. A comparison of cash balances to open items, including the actual balances in the money market accounts and the interest fund, showed that at December 31, 2005, the open items exceeded the reconciled cash balance by approximately \$5,140. The shortage in the fee account is due to transfers from the fee account to the jury account, as discussed in part 2 below. At December 31, 2005 and 2004, the balance in the account plus the amount due from the jury account, exceeds the open items by approximately \$10,860. Because the Circuit Clerk did not properly include all reconciling items (including amounts due from the jury account), she was not aware of this unidentified amount.

To ensure that receipts and disbursements are properly handled and accurately posted to the case files, and that there is sufficient cash to cover all liabilities for open cases, a complete and accurate open-items listing should be prepared monthly and reconciled to the cash balance. Such reconciliations would allow for prompt detection of errors and allow the Circuit Clerk to determine disposition of any unidentified monies remaining over a period of time. Any amounts remaining that cannot be distributed should be turned over to the state's Unclaimed Property Section in accordance with state law.

2. The Circuit Clerk transfers monies from her fee account to the jury account to pay jury fees, instead of obtaining the funds from the county. As of December 31, 2005, the Circuit Clerk had not obtained reimbursement from the County for jury fees totaling approximately \$9,800. At December 31, 2005, \$16,000 was due from the jury account to the fee account. The Circuit Clerk indicated she did not know the total owed from the County for jury fees or how much she had transferred from the fee account to the jury account. As a result, the shortage noted in part 1 above went undetected by

the Circuit Clerk's office.

The Circuit Clerk's fee account monies are restricted funds that are due to various individuals and entities and should not be used to supplement the jury account. The Circuit Clerk should obtain reimbursement from the county for the jury fees paid, establish a balance to be maintained for the jury account (which would adequately cover expenses), obtain an advance from the county for future jury fees to achieve this balance, and maintain the jury account on an imprest basis. After the initial advance is received, the Circuit Clerk should submit documentation to the county for reimbursement for actual disbursements from the jury account to bring the account back to its established balance. In addition, the Circuit Clerk should transfer \$16,000 from the jury account to the fees account, and refrain from utilizing these monies to supplement other accounts in the future.

- B. Some monies received were not deposited intact in a timely manner. At the end of each day, the clerks close their cashier sessions and reconcile monies collected to their cashier report. The Deputy Circuit Clerk prints a report of all closed cashier sessions, compares it to monies transmitted to her for deposit, and prepares the deposit. There were at least two instances when clerks failed to close their cashiers session at the end of the day, and as a result, one receipt was not deposited for nineteen days, and another receipt for two days. In addition, checks and money orders are not endorsed immediately upon receipt. Checks and money orders are not endorsed until they are posted to the court's computerized accounting system.

To reduce the risk of loss or misuse of funds, cashier sessions should be closed daily and deposits should be made intact on a timely basis and checks and money orders should be restrictively endorsed immediately upon receipt. Deposits should be more frequent if significant amounts of cash are collected.

- C. The Circuit Clerk's monthly reconciliation included approximately \$17,300 of old open items. For some of these old open items, the individuals owed the monies can not be located, however, some of the difference can not be identified to a case (these open items were from prior to 1995). Various statutory provisions provide for the disposition of unclaimed monies.

WE RECOMMEND the Circuit Clerk:

- A.1. Determine what the additional funds represents, or dispose of these monies in accordance with state law. In addition, the Circuit Clerk should attempt to identify all cases with open items, any excess monies should be disposed of in accordance with state law.

2. Refrain from using Circuit monies to pay jury fees, obtain reimbursement from the county for the additional \$9,800 for jury fees and transfer \$16,000 from the jury account to repay the fee account. In addition, the jury account should be maintained on an imprest basis in the future.
- B. Ensure that all monies are deposited intact on a timely basis, all cashier's sessions are closed out daily, and all checks and money orders are restrictively endorsed immediately upon receipt.
- C. Attempt to identify all cases with open items, any excess monies should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

The Circuit Clerk indicated:

- A.1. *Our checking account maintains a large balance, therefore money is kept in a money market account to get the best interest rate. Our checking account balance is checked daily to see if money needs to be transferred. There was money transferred from the money market account to the jury account. This never deprived any individual or entity from receiving any monies that were due them from the fee account. We have identified the additional funds and entered them into the JIS.*
2. *\$6000 was reimbursed to the fee account in January 2006. Monies are being requested from the county to reimburse the money market account and procedures are being put in place to obtain advance jury fees.*
- B. *Monies are normally deposited daily; however, we are now ensuring all cashier sessions are closed as recommended. Checks and money orders received on criminal cases are endorsed daily, and in the future all civil receipts will be endorsed daily instead of waiting on information needed to enter the receipt into the JIS.*
- C. *The money from prior clerks that could be identified are being disbursed. We are presently in the process of disbursing the remainder of the money that is unidentified. This will be completed by the end of September 2006.*

6.**Sheriff's Controls and Procedures**

Receipt slips issued for some monies received are not prenumbered, monies received are not always deposited in a timely manner, and not all disbursements are made by check. In addition, the Sheriff's Office does not maintain a bank account for the deposit of inmate funds, issue prenumbered property tags for some seized property items, or adequately restrict access to seized property. Also, adequate mileage logs were not maintained for some vehicles, and monies from the DARE Fund were not accounted for properly.

The Sheriff's Office processed approximately \$269,670 and \$209,550 in 2005 and 2004, respectively, in inmate monies, fees, and commissary commissions. On May 11, 2006, the Sheriff's Office held approximately \$6,890 of inmate monies in cash. In addition, the Sheriff is responsible for accounting for seized property.

A. The following concerns were noted regarding receipts and disbursements:

1. Receipt slips issued for some monies received are not prenumbered. Various office personnel collect the various fees of the Sheriff's office, issue unnumbered receipt slips, and then transmit copies of the receipt slips issued and the monies collected to the Office Clerk for deposit. The Office Clerk issues a prenumbered receipt slip for all monies collected and transmitted; however, there is no reconciliation of these receipts to monies received by other personnel to ensure all monies were properly transmitted to the Office Clerk. In addition, the composition of receipt slips issued is not reconciled to the composition of deposits. Without issuing and accounting for prenumbered receipt slips for all monies collected and reconciling the composition, the Sheriff's Office cannot ensure all monies collected are ultimately recorded and deposited.
2. Monies received are not always deposited in a timely manner. Monies are collected each business day, but deposits are normally made weekly for the Sheriff's Fee Account, averaging approximately \$1,670 per deposit for August 2005. In addition, checks and money orders received are not restrictively endorsed immediately upon receipt. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt and deposits should be made intact on a timely basis. Deposits should be more frequent if significant amounts of cash are collected.
3. Some disbursements are not made by check. When an individual over pays for mileage to serve a document, a money order is obtained from the bank and mailed to the individual. The Office Clerk does not maintain a copy of the money order, but documents the refunds in the cash control log when the money order is purchased. The Office Clerk indicated refunds were done this

way to avoid numerous outstanding checks. To ensure the proper accounting of disbursements all refunds should be issued by check.

- B. The Sheriff's Office does not maintain a bank account for inmate funds. In addition, the cash held for the inmates is not reconciled to the accounting records, and the balance of an inmate's funds is not refunded upon their release unless specifically requested by the inmate.

The Sheriff's Office maintains an envelope for each inmate with their funds in cash. Records of the receipts, disbursements, and balance are maintained by inmate. When monies are received on the behalf of an inmate, the amount received is posted to the inmate's account, and the cash is placed in that inmate's envelope (checks and money orders received are taken to the bank and cashed). When an inmate makes a purchase from the commissary (and signs a commissary order), visits the doctor or receives medicine, the appropriate disbursement is posted to their account, and the monies are removed from their envelope and placed in a "commissary", "medical", or "prescriptions" envelope. Periodically, the monies from these envelope are used to purchase a money order to pay the commissary vendor, or deposited into the Sheriff's Fee account (commissions, and doctor and prescription fees). The commissary commission, doctor fees, and charges for medicine are then disbursed to the County Treasurer at the end of the month from the Fee Account.

The cash in the inmate's envelopes is not reconciled to the inmate records to ensure all monies have been accounted for properly. In addition, when an inmate is released the cash remaining in their envelope is not refunded unless the inmate specifically requests the balance, instead the Sheriff's Office will keep these monies on hand. Upon our request, the Sheriff's Office reconciled the inmate balances to the monies held in the inmate's envelopes on May 11, 2006, and determined that approximately \$2,930 was held for inmates that had previously been released.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, a bank account should be maintained for inmate monies, all receipts should be deposited intact on a timely basis, all disbursements should be made by check, and the account balance should be reconciled to the list of inmate balances monthly. In addition, the balance of an inmate's account should be paid to the inmate upon his release. The Sheriff's Office should investigate the excess inmate funds held and disburse the funds appropriately.

- C. Several concerns were noted regarding seized property records:

1. Seized property items are not always tagged to identify the property to a specific case and the property tags utilized are not prenumbered. An inventory listing of seized property is maintained; however, the listing does not appear complete. Several items located in the evidence room were not included on the inventory listing. In addition, the former Sheriff stated that he and the seized property officer had kept several of their personal guns in

the seized property vault.

Adequate seized property inventory records are necessary to deter and identify loss, misuse, or theft of such items. An inventory record should include information such as date of seizure, description, persons involved, current location of the property, case name and number, and date and method of release or disposition of the property. In addition, all items should be tagged and identified to a specific case.

2. Access to seized property is not adequately restricted. Eight employees of the Sheriff's Office have access to the seized property. To adequately safeguard seized property and reduce the risk of loss, theft, or misuse, restricted access to the property should be enforced.
3. The seized property inventory log indicated ten guns were released to the former Sheriff during the week immediately prior to the end of his term, and were not returned. The cases involving the missing guns appeared to be for old cases which had been closed or resolved, but the guns had not been disposed of properly. The former Sheriff indicated that he had retrieved some guns from the gun vault and returned them to their owners before he left office. There was no documentation available to determine the actual disposition of these guns. The proper authorities were notified of these missing guns.

The Sheriff's Office should continue to investigate the ten guns that were noted as released to the prior Sheriff. In the future, the disposition of all seized property should be properly documented.

D. Several concerns were noted regarding mileage:

1. The Sheriff provides a personal vehicle for employees to serve court documents and is paid \$15 per document served. During 2005, the Sheriff was paid approximately \$10,000 in mileage fees. The Sheriff indicated his personal vehicle is used because the Sheriff's Office does not have a county vehicle available to perform these duties, and the flat rate is charged since actual mileage would often exceed the \$35 fee allowed to be charged for this service, thus the county would not receive a portion of this fee. Currently, the county receives \$20 of this fee for each paper served. No documentation of actual miles driven is prepared to support these payments. In addition, the mileage reimbursements were not properly reported on the Sheriff's W2.

Internal Revenue Code (IRC) Ruling 12-110 specifically requires employee expenses that are not accounted for to the employer to be considered gross income. To comply with the IRC, all compensation paid to county employees should have the required payroll taxes withheld and be properly reported.

2. In 2004, the former Sheriff had a fleet of personnel vehicles used by sheriff personnel, for which he received reimbursement for mileage from the county. The only documentation available was the checks written to the former Sheriff. The former Sheriff indicated mileage logs were not maintained during his term of office. The former Sheriff was paid approximately \$33,760 for mileage reimbursement during the year ended December 31, 2004. This condition was noted in the prior audit report.

Without adequate documentation to ensure the Sheriff's personal vehicle is used only when county vehicles are not available, the County Commission has no assurance county vehicles are being fully utilized or that only actual miles traveled are being reimbursed.

- E. The former Sheriff did not turn DARE funds and records over to the new Sheriff. The December 31, 2004, bank statement indicated a balance of \$10,872 in the DARE Fund. The current Sheriff indicated that when he discussed this account with the bank, he was informed that the DARE account was in the former Sheriff's personal name. The Sheriff wrote a letter on February 18, 2005, to the former Sheriff requesting the DARE monies be turned over to the County Treasurer. The former Sheriff responded that there were no DARE monies held in that bank account and that the account was closed during February 2005. The Sheriff's office could not locate any documentation of the receipts and disbursements occurring in this fund during 2004.

Per copies of bank statements and canceled checks obtained from the bank, receipts and disbursements for 2004, were \$8,674 and \$14,752, respectively. In 2005 the DARE Account receipts and disbursements were \$900 and \$11,772, respectively. During the two years ended December 31, 2005, approximately \$18,200 in disbursements from this account did not appear to be a prudent or necessary use of county funds. For example, there were donations to various not-for-profit organizations(Sikeston Jaycees, Kenny Rogers CP Center, and the State Highway Patrol golf tournament), and disbursements for the former Sheriff's retirement party and to move his personal items from the Sheriff's Department, for building a picnic shelter in the Veteran's Park in Sikeston, and for a \$10,000 Scholarship to Southeast Missouri University. When closing this account out in February 2005, the former Sheriff received a cashiers check in the amount of \$1,772, to which there is no documentation of how these funds were used. The Sheriff's office has notified the Prosecuting Attorney of this situation.

The former Sheriff indicated the receipts into this account represented monies raised through various fund raising activities, were not county monies, and thus were not turned over to the new Sheriff at the end of his term. Section 50.330, RSMo, requires every county official who receives any fees or other remuneration for official services to pay such money to the county treasurer. Accountable fees should be turned over to the County Treasurer. Section 50.550, RSMo, authorizes the County Commission to establish separate funds as necessary.

In addition, Attorney General's Opinion No. 45, 1992 to Henderson, states "... sheriffs of third class counties are not authorized to maintain a bank account for law enforcement purposes separate from the county treasury."

WE RECOMMEND the Sheriff:

- A.1. Issue prenumbered receipts slips for all monies received.
- 2. Properly safeguard receipts by restrictively endorsing money order immediately upon receipt, and making deposits timely.
- 3. Make all refunds by check.
- B. Open and maintain a bank account for all inmate monies and disburse inmate funds upon their release. In addition, the balance of the inmates account should be reconciled to the inmate records monthly. Any differences should be investigated and the funds disbursed to the appropriate parties.
- C.1. Issue a prenumbered property tag for all seized property.
- 2. Restrict access to seized property.
- 3. Continue investigating the missing guns and determine whether legal actions should be taken. In addition, ensure the disposition of all seized property is properly documented.
- D. Require a mileage log be maintained that reflects business and personal miles driven and review this log periodically for reasonableness. In addition, the Board should comply with IRS guidelines for the reporting of fringe benefits relating to personal vehicle use.
- E. Continue investigating this issue and determine whether legal action should be taken.

AUDITEE'S RESPONSE

The current Sheriff indicated:

- A. *We have implemented these recommendations.*
- B. *We have opened a bank account for inmate funds. We will start reconciling the cash on hand to the accounting records as of the end of October.*
- C.1. *We are currently numbering items, but realize we had missed some, so we plan on implementing this recommendation at the beginning of September to make a better process of keeping up with the inventory. In addition, we are looking at purchasing a software package to help implement this recommendation.*
- 2. *We have implemented this recommendation. Currently, the Sheriff, the seized property deputy, and one additional deputy have keys to the seized property room.*
- 3. *We are still investigating this matter.*
- D. *We discontinued this practice as of January 2006. We only used the personal vehicle due to a temporary shortage of county vehicles. It should be noted that I did include these payments on my personal taxes.*
- E. *We will continue to investigate this matter.*

The former Sheriff indicated:

- C.3. *Near the end of my term as Scott County Sheriff, I removed 5 guns from the Sheriff's office to return to their owners. These guns were not needed as evidence in any pending cases and I felt that there was no reason not to return them to their owners. I have provided the auditors with statements from the owners indicating these guns were received by them. I did not take any of the other guns referred to, nor am I aware of their location.*
- D. *I do not have any more information regarding the mileage.*
- E. *The receipts in this account represent money raised through various fund-raising activities; were not county monies; were not remuneration for official services; they were not accountable fees and were only spent as benevolent gestures. This account was not for "law enforcement purposes".*

The \$900 which was applied to the retirement dinner was reimbursed to the fund in the 2005 receipts. The cashiers check in the amount of \$1,771.82 was made payable to the St. Louis Shriner's Hospital.

7.**Prosecuting Attorney's Accounting Controls and Procedures**

The Prosecuting Attorney's Office does not deposit monies in a timely manner and some money orders are not restrictively endorsed immediately upon receipt. In addition, open items listings are not prepared and reconciled with cash balances, outstanding checks are not properly investigated and receipt slips are not issued for some monies received.

A. The following concerns were noted regarding receipts and disbursements:

1. Some monies received are not deposited in a timely manner. Monies are normally collected each business day, but deposits are normally made only once a week. During December 2005, only four deposits were made, averaging approximately \$2,000 per deposit. In addition, some money orders received are not restrictively endorsed immediately upon receipt. A cash count performed on March 27, 2006, showed 14 money orders, which had been received after the last deposit on March 23, 2006, to which only ten had not been restrictively endorsed for deposit only.

To reduce the risk of loss or misuse of funds, deposits should be made intact on a timely basis and money orders should be restrictively endorsed immediately upon receipt. Deposits should be more frequent if significant amounts of cash are collected.

2. Listings of open items are not prepared and reconciled with cash balances on a monthly basis. Upon our request, an open items list was prepared for December 31, 2005. The reconciled bank balance as of December 31, 2005, was approximately \$33,852 more than the open items list. In addition, the December 31, 2005, bank reconciliation showed a \$359 unreconciled difference between the book balance and the reconciled bank balance. Prosecuting Attorney personnel indicated this difference is the same each month, and has been there since they took office.

Monthly listings of open items should be prepared and reconciled to cash balances to ensure accounting records are in balance and sufficient funds are available for the payment of liabilities. Various statutory provisions provide for the disposition of unclaimed monies.

3. Outstanding checks are not properly investigated and disposed of in accordance with state law. On December 31, 2005, the Prosecuting Attorney's office had approximately \$2,042 in outstanding checks for restitution that were over a year old. These checks should be canceled and reissued if the payee can be located. For those payees who cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

- B. Receipt slips are not issued for some monies received. Receipt slips are issued for restitution receipts; however, their numerical sequence is not accounted for properly. Receipt slips are not issued for bad check restitution or fees received. When the bad check receipts are received they are attached to the case file, and placed in the safe. Once a week, a transmittal is prepared and turned over with the bad check fees to the Treasurer, and the vendors money orders are mailed out.

Without issuing and accounting for prenumbered receipt slips for all monies collected, the Prosecuting Attorney cannot ensure all monies collected are ultimately recorded and deposited.

WE RECOMMEND the Prosecuting Attorney:

- A.1. Deposit all monies on a timely basis, and restrictively endorse money orders immediately upon receipt.
2. Prepare a monthly listing of open items and reconcile it to the cash balance. In addition, the Prosecuting Attorney should attempt to identify all cases with open items, any excess monies should be disposed of in accordance with state law.
3. Attempt to contact the payees of the old outstanding checks and reissue checks if possible. If the payee cannot be contacted, these monies should be disposed of in accordance with state law.
- B. Issue prenumbered receipt slips for all monies received and account for the numerical sequence of those receipt slips.

AUDITEE'S RESPONSE

The Prosecuting Attorney indicated:

A1&B. These recommendations have already been implemented.

- A.2. *We started at an excess of \$65,000 and have investigated and reduced this balance to \$31,000. We will implement this recommendation by September 1, 2006.*
3. *We will put a notice in the paper by October 1, 2006 of the outstanding balances we have at this time and give them 40 days to respond. After 40 days, we will request the County Treasurer to turn the monies in her possession over to the state. In the future, any monies of this nature will be turned over directly to the state in compliance with state law.*

8. Associate Clerk's Accounting Controls and Procedures

Associate Court procedures related to the processing of monies, and monitoring and pursuing accrued costs are in need of improvement. Some monies are not deposited in a timely manner, checks and money orders are not restrictively endorsed immediately upon receipt, and monies received are not maintained in a secure location. In addition, the Associate Clerk's Office has not established procedures to routinely follow-up on outstanding checks, and to ensure accrued costs are adequately identified and pursued.

The Associate Clerk processed approximately \$1,360,190 and \$1,140,300 in 2005 and 2004, respectively, in civil and criminal case fees, fines, and bonds.

A. The following concerns were noted regarding receipts:

1. Some monies received are not deposited in a timely manner. Monies are normally collected each business day; however, deposit slips for December 2004 and 2005, indicated deposits were made approximately once a week and averaged approximately \$17,400. In addition, some receipts were not deposited timely, due to the fact that a clerk had not closed out her cashier's session on a timely basis. In addition, checks and money orders are not restrictively endorsed immediately upon receipt.

To safeguard receipts and reduce the risk of loss, theft or misuse of funds, cashier sessions should be closed daily and receipts should be deposited intact on a timely basis. Deposits should be more frequent if significant amounts of cash are collected. In addition, checks and money orders should be restrictively endorsed immediately upon receipt.

2. Some monies received are not maintained in a secure location until deposited. Garnishment checks are kept on top of the deputy clerk's desk, until they are entered into the accounting records. To adequately safeguard against theft or misuse of funds and to provide assurance that all receipts are accounted for properly, monies should be maintained in a secure location until deposited.

B. The Associate Clerk has not established procedures to routinely follow-up on outstanding checks. The December 31, 2005, outstanding check listing showed 16 checks that were over one year old totaling \$1,613, with two of the checks payable to other governments. The Associate Clerk should adopt procedures to routinely follow-up on outstanding checks and reissue them if the payee can be located. If the payee cannot be located, these monies should be disposed of in accordance with state law. In addition, routine procedures should be established to investigate checks outstanding for a considerable time.

- C. The Associate Clerk does not generate a monthly accrued cost listing, and as a result these records are not adequately monitored or their collection pursued. A listing of accrued costs owed to the court is maintained in the Associate Clerk's computer system, the Justice Information System (JIS); however, the Associate Clerk was not aware this information was available or that a report could be generated. Upon our request, the Associate Clerk contacted the Office of the State Courts Administrator and generated the report. As of March 2006, the accrued cost balance was approximately \$182,000; however, this listing was not accurate. The listing included some court costs posted to the JIS twice in error, and some which were posted to the JIS incorrectly. In addition, some accrued costs listed were associated with state agencies which are not required to pay. As a result, the accrued costs were overstated. The Associate Clerk indicated she was not aware of these problems.

In addition, monitoring procedures related to accrued costs are not adequate. When a case is closed and the costs determined, the Associate Court Clerk prepares and sends a cost bill to the defendant. If payment is not received, the Associate Court Clerk does not initiate any further collection procedures. Although the Associate Circuit Clerk's office does utilize show cause orders and issue warrants for failure to appear, these procedures are applied early in the case process and minimal future efforts are made to collect amounts due the Associate Court Clerk's office if these procedures are not successful.

A complete and accurate listing of accrued costs would allow the Associate Clerk to more easily review the amounts due to the court and to take appropriate steps to ensure amounts owed are collected or to determine if amounts are uncollectible. Establishing procedures to ensure cases are updated or removed from the accrued cost list as appropriate would help ensure the list is complete and accurate. Inadequate procedures for the collection of accrued court costs may result in lost revenues.

WE RECOMMEND the Associate Clerk:

- A.1. Deposit all monies intact on a timely basis, and restrictively endorse checks and money orders immediately upon receipt.
2. Maintain monies received in a secure location until deposited.
- B. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- C. Establish procedures to monitor and collect accrued costs.

AUDITEE'S RESPONSE

The Associate Clerk indicated:

- A.1. We have limited personnel, monies are now being deposited two or three times a week.*
- 2. This recommendation has been implemented.*
- B. We will implement this recommendation before the end of the year.*
- C. When we consolidate with the Circuit Court, we will hopefully have the time and personnel to investigate this listing. We do plan to start participating in the debt offset program.*

9. Public Administrator's Accounting Controls and Procedures

Public Administrator procedures related to processing of monies, and the sale of property are in need of improvement. Checks are not restrictively endorsed immediately upon receipt, and formal appraisals are not obtained prior to the sale of real property.

- A. Checks and money orders are not restrictively endorsed immediately upon receipt. A cash count performed on February 21, 2006, showed 16 money orders totaling \$9,061, which had not been restrictively endorsed for deposit only. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- B. Formal appraisals are not obtained prior to the sale of a ward's real estate. The Public Administrator indicated she had obtained an appraisal for one ward's property which was ordered to be sold by the judge's order; however, documentation of this appraisal was not retained. The Public Administrator indicated she was not aware that she should obtain a formal appraisal on real estate prior to selling. Good business practice requires obtaining a formal appraisal to ensure the price obtained for the property is reasonable and represents the fair value of the property. The Public Administrator should obtain formal appraisals for all property sold.

WE RECOMMEND the Public Administrator:

- A. Deposit and record monies on a timely basis, and restrictively endorse checks and money orders immediately upon receipt.
- B. Obtain formal independent appraisals for all property sold.

AUDITEE'S RESPONSE

The Public Administrator indicated:

- A. *The checks that were not yet endorsed were tax credit refunds that I had just received that day and the day before. Most of them required opening new accounts at the bank and I simply had not had time to do so yet. They were, however all paper clipped together and in my fire proof file.*

Your recommendation to restrictively endorse receipts and to deposit them in a timely manner has already been implemented. We also make a photocopy of all checks received and file it in the proper ward's file.

- B. *Formal appraisals from an appraiser are not always possible when there are no funds in an estate with which to pay for the appraisal. I have had only one other house to sell since the audit, and again, no funds with which to pay for a formal appraisal. I had a real estate appraisal done by a local realtor who has been doing this type of appraisal for several years. He emailed me his recommendations and I printed a copy of this appraisal for my files. The time frame does not always allow a formal appraisal. The local appraisal firms take anywhere from 3 to 6 weeks to complete an appraisal, and the fee is usually around \$350 to \$500.*

If funds are available when I need to sell real estate, with the judge's permission, I will certainly obtain a formal appraisal. If there are no funds or if time is of the essence, I will use the real estate broker but keep a written copy of his appraisal.

10. Recorder of Deeds' Accounting Controls and Procedures

The Recorder's office processed approximately \$360,000 and \$370,000 in 2005 and 2004, respectively, for deeds, tax liens, warranties, marriage licenses, and copies.

Cash custody and recordkeeping duties have not been adequately segregated in the Recorder's Office. The Recorder collects monies, records transactions, prepares deposits, prepares and signs checks, and prepares bank reconciliations.

Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

WE RECOMMEND the Ex Officio Recorder of Deeds adequately segregate accounting duties to the extent possible or ensure independent periodic reviews are performed and documented.

AUDITEE'S RESPONSE

The Recorder indicated this recommendation has already been implemented.

11. Health Center's Accounting Controls and Procedures

The Health Center Board approved disbursements in excess of budgeted amounts. In addition, the Health Center does not issue prenumbered receipt slips for some monies received, receipt slips issued do not always indicate the method of payment received, the composition of the receipt slips is not reconciled to deposits, and receipts are not posted to the accounting records on a timely basis or deposited in a timely manner.

The Health Center processed approximately \$1,009,600 and \$944,600 in 2005 and 2004, respectively, for property taxes, vaccination fees, donations, family planning fees, birth and death certificates, and various grants.

- A. The Health Center Board approved disbursements in excess of budgeted amounts by \$51,518 and \$16,450 during the years ended December 31, 2005 and 2004, respectively. There was no budget amendment filed to authorize the additional disbursements. The Board receives budget to actual comparison reports monthly. However, there were no notations on the report copies or evidence in the Board meeting minutes of discussion regarding the budget status. The Health Center Director of Accounting indicated that the Health Center hired a new employee in February 2005 and an employee changed from contract labor status to a Health Center employee in 2004, which caused the excess spending.

Case law provides that strict compliance with county budget laws is required by county officials. If there are valid reasons which require excess disbursements (i.e., emergencies, unforeseen occurrences, and statutorily required obligations), amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. To improve the effectiveness of the budgets as a planning tool and ensure compliance with state law, budget to actual comparison reports need to be reviewed and used when making spending decisions throughout the year.

- B. The following concerns were noted regarding receipts:
1. Prenumbered receipt slips are not issued for some monies received. In addition, the method of payment is not always noted on the receipt slip and the composition of receipt slips issued is not reconciled to the composition of deposits. Without issuing and accounting for prenumbered receipt slips for all monies collected, including the method of payment, the Health Center cannot ensure all monies collected are ultimately recorded and deposited.
 2. Receipts are not posted to the accounting records on a timely basis. Medicaid receipts are posted to the accounting records the following month after they are received. The Health Center stated that they do not receive notification of these receipts until they receive the bank statement the following month. In addition, other receipts are posted on a weekly basis. Complete and accurate accounting records are necessary to provide summarized financial information and facilitate reconciliations with bank accounts.
- C. Monies received are not always deposited in a timely manner. Monies are normally collected each business day, but deposits are made on a weekly basis. Deposit slips for September 2005 indicated that four deposits were made averaging \$11,542 per deposit and that approximately 10% of these deposits were cash. A cash count performed on February 28, 2006 showed over six days of undeposited collections, totaling approximately \$3,283 and including approximately \$1,697 in cash. In addition, checks and money orders are not restrictively endorsed immediately upon receipt.

To reduce the risk of loss or misuse of funds, deposits should be made intact on a timely basis and checks and money orders should be restrictively endorsed immediately upon receipt. Deposits should be more frequent if significant amounts of cash are collected.

WE RECOMMEND the Health Center Board:

- A. Review budget to actual reports carefully and refrain from approving disbursements which exceed budgeted amounts.
- B.1. Require prenumbered receipt slips be issued for all monies received. In addition, ensure the method of payment is recorded on the receipt slips and the composition of the receipt slips is reconciled to deposits.
2. Require all receipts be posted to the cash control ledger on a timely basis.
- C. Require all monies be deposited on a timely basis and checks and money orders be restrictively endorsed immediately upon receipt.

AUDITEE'S RESPONSE

The Health Center Administrator and Director of Accounting indicated:

- A. *The Board will review the budget periodically and make revisions as necessary for any increase or decrease in revenues or expenses. This will then be submitted to the State Auditor's Office.*
- B&C. *We have already implemented several changes to the deposits. Deposits are now made on a daily basis. Prenumbered receipt slips are now written for all monies collected and reconciled to deposits. The method of payment is now recorded on each receipt slip and deposits are now entered in the accounting records daily.*

12. Senate Bill 40 Board Policies and Procedures

The Senate Bill 40 (SB40) Board approved disbursements in excess of budgeted amounts by approximately \$265,200 and did not enter into contractual agreements with entities. Also, the Board minutes are not signed by the Board President and did not always include a record of votes taken.

- A. The SB40 Board approved disbursements in excess of budgeted amounts by \$265,200 during the year ended December 31, 2005. There was no budget amendment filed to authorize the additional disbursements. The Board does not review a budget to actual statement on a monthly basis. The President of the Board indicated the main reason for the excess spending was that they did not anticipate funding a dust collection system for the Scott County Community Shelter Workshop, which totaled approximately \$321,000.

Case law provides that strict compliance with county budget laws is required by county officials. If there are valid reasons which require excess disbursements (i.e., emergencies, unforeseen occurrences, and statutorily required obligations), amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. To improve the effectiveness of the budgets as a planning tool and ensure compliance with state law, budget to actual comparison reports need to be reviewed and used when making spending decisions throughout the year.

- B. The SB40 Board did not always enter into contracts when appropriate. The SB40 Board entered into verbal agreements with the People First of Sikeston for \$8,500 to provide services to applicable recipients and a local school district for \$4,136 to establish a print shop. No contract or agreement was signed between the parties indicating what supporting documentation was to be submitted to the SB40 Board to indicate that bids were obtained, the services to be provided and the funds were spent in accordance with state law.

In addition, the Senate Bill 40 Board provided the Sheltered Workshop an additional \$321,000 for the purchase of a dust control system. The SB40 Board did not clearly document what additional services they would receive from the Sheltered Workshop for this additional amount, which was not part of their original contract.

Written contracts are necessary to ensure all parties are aware of their duties, rights, and responsibilities and to provide protection to all parties. In addition, without a contract or proper documentation the SB40 Board lacks adequate assurance that funds are being spent and bid in accordance with state law.

- C. The SB40 Board minutes do not always include sufficient detail of actions and votes taken. In addition, the board minutes are not signed by Board President to attest to their completeness and accuracy.

The Sunshine Law, Chapter 610, RSMo, requires governmental bodies to prepare and maintain minutes of open and closed meetings, and specifies details that must be recorded. Minutes are required to include, but not limited to, the date, time, place, members present, members absent, and a record of votes taken. In addition, the minutes should provide details regarding discussions that take place during meetings. Complete and accurate minutes are necessary to retain a record of the business conducted and actions taken by the board. In addition, minutes should be signed by the Board President to show that the minutes have been reviewed and accurately reflect the discussions held and actions taken in the previous meeting.

These conditions were noted in the prior audit.

WE RECOMMEND the Senate Bill 40 Board:

- A. Review budget to actual reports carefully and refrain from approving disbursements which exceed budgeted amounts.
- B. Enter into a written contract with all service providers detailing the responsibilities of each party involved.
- C. Ensure complete and accurate minutes of the commission's meetings are maintained; including, but not limited to, a record of any votes taken, and other information required by state law. In addition, minutes should be signed to attest to their accuracy.

AUDITEE'S RESPONSE

The SB40 Board Treasurer indicated:

A&C. We have already implemented these recommendations.

B. We will implement this recommendation.

Follow-Up on Prior Audit Findings

SCOTT COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with Government Auditing Standards, this section reports the auditor's follow-up on action taken by Scott County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2001.

Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Vehicle Procedures

- A. Logs, which document vehicle usage, were not maintained for road and bridge and law enforcement vehicles.
- B. The Sheriff provided a fleet of vehicles for use by his office, which included six cars and one motorcycle. In addition, the county provided the Sheriff's department with a fleet of thirteen vehicles. It appeared some of the county vehicles were not being fully utilized.

None of the various mileage reimbursement documents indicated which vehicle was used and usage logs were not maintained for any vehicles within the department (see part A above).

Recommendation:

- A. Require usage logs to be maintained on all county vehicles which identify the vehicle operator, dates of use, miles driven, destination and purpose of trips, and the fuel and maintenance expenses incurred.
- B. Develop policies and procedures to ensure the vehicles provided by the county are utilized to their fullest potential and to ensure only actual miles traveled are being reimbursed.

Status:

- A. Partially implemented. In 2005, the Sheriff's Office began maintaining usage logs for their vehicles, but the Road and Bridge Department has not. See MAR finding number 3.
- B. Partially implemented. In 2005, the Sheriff's office began utilizing only the county vehicles; however, in August 2005, the Sheriff provided one personal vehicle for the serving of papers. See MAR finding number 6.

2. Salaries and Personnel Procedures

- A. The Scott County Associate County Commissioners each received a mid-term salary increase totaling approximately \$6,700 yearly in 1999. A subsequent Supreme Court decision held the statute section unconstitutional.
- B. The 911 Director and Highway Supervisor did not prepare timesheets. The County Commission considered these two positions to be exceptions to the county policy; however, this was not formally documented.

Recommendation:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Establish a policy or job description for the 911 Director and Road and Bridge supervisor and require all county employees to prepare detailed time sheets.

Status:

- A. Partially implemented. One of the former Associate Commissioners provided documentation of mileage that he did not request reimbursement for during his term as documentation of repayment of this raise. This former Associate Commissioner did not request mileage reimbursement during his term prior to our recommendation. However, the other former Associate Commissioner did not return the monies to the county. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented.

3. Budgetary Practices

Expenditures exceeded the original budgeted amounts in various funds.

Recommendation:

The County Commission ensure expenditures are kept within the amounts budgeted. If additional funds are received which could not be estimated when the budget was adopted, the budget should be amended by following the procedures required by state law.

Status:

Not implemented. See MAR finding number 1.

4. Collateral Security

Collateral securities pledged by the county's depository bank to cover deposits of the County Treasurer and the County Collector were insufficient.

Recommendation:

The County Commission ensure adequate collateral securities are pledged to protect county funds. This can be done by monitoring bank activity and providing timely notice to the depository banks of the need for additional collateral securities to be pledged.

Status:

Implemented.

5. Sheriff's Accounting Controls and Procedures

- A. The DARE funds are not budgeted or published in the county's annual financial statements.
- B. Transportation fees for the delivery of inmates from the Department of Corrections were deposited into the Sheriff's fee account and used to pay mileage to various Sheriff personnel. These are accountable fees of the Sheriff's office. Any costs incurred in transporting convicted offenders should be billed to and paid by the county.

The Sheriff considered the employees to be off-duty when transporting prisoners and these fees were not subjected to payroll withholdings or reported on the respective W-2 forms. In addition, the hours spent in transporting prisoners were not included on timesheets.

Recommendation:

- A. Turn all monies over to the County Treasurer or work with the County Commission to budget and report all county funds.
- B. The Sheriff and County Commission review this situation. Sheriff's Department personnel who serve as transporters or guards should be paid their normal salary for the amount of time spent, and all payments should be included on W-2 forms.

Status:

- A. Partially implemented. When the new Sheriff took office in January 1, 2005, a new DARE fund was established and handled by the Treasurer. A budget was prepared

for the DARE fund in 2006. However, the old DARE fund was never turned over to the County Treasurer. See MAR finding number 6.

- B. Implemented. Since the new Sheriff took office in January 1, 2005, the deputies are compensated for the transport of prisoners through normal county payroll procedures and all monies received from the State for the transportation of prisoners are turned over to the County.

6. Prosecuting Attorney's Accounting Controls and Procedures

- A. Checks and money orders received were not adequately safeguarded against theft or destruction, deposited timely, or restrictively endorsed.
- B. Listings of open items were not prepared and reconciled with cash balances on a monthly basis. The cash balance as of January 31, 2002, was approximately \$15,000 more than the open items list. From April 30, 1998 this unidentified difference had increased approximately \$10,000.
- C. The duties of receiving, recording, and depositing were not adequately segregated.
- D. An adequate system to account for all bad checks received by the Prosecuting Attorney's office as well as subsequent disposition of these bad checks had not been established.
- E. Outstanding checks were not properly investigated and turned over to the County Treasurer.

Recommendation:

- A. Properly safeguard receipts by restrictively endorsing checks immediately upon receipt, making deposits daily or when receipts exceed \$100, and ensuring any undeposited monies are maintained in a secure location.
- B. Prepare a monthly listing of open items and reconcile it to the cash balance. In addition, the Prosecuting Attorney should attempt to identify all cases with open items, any excess monies should be disposed of in accordance with state law.
- C. Adequately segregate accounting duties to extent possible or ensure periodic supervisory reviews are performed and documented.
- D. Implement procedures to adequately account for bad checks received as well as the ultimate disposition through the use of sequential numbers assigned to each bad check affidavit from and a log to account for the numerical sequence and ultimate disposition of each bad check. In addition, the Prosecuting Attorney should attempt to determine the proper disposition of the unidentified monies.

- E. Attempt to contact the payees of the old outstanding checks and reissue checks if possible. If the payee cannot be contacted, these monies should be turned over to the state's Unclaimed Property Section in accordance with state law.

Status:

- A. Partially implemented. Money orders for restitution payments are restrictively endorsed when they are received; however, money orders for bad checks fees are not restrictively endorsed until they are turned over to the Treasurer. In addition, money orders are maintained in a secure location until deposited or transmitted. Monies are not deposited on a timely basis. See MAR finding number 7.
- B. Not implemented. See MAR finding number 7.
- C,D,
&E. Implemented.

7. Health Center

- A. The Health Center Board approved expenditures in excess of budgeted expenditures.
- B. Real estate was purchased without obtaining an appraisal of the land.

Recommendation:

- A. Not authorize warrants in excess of the budgeted amounts. If amendments are necessary, the board should pay strict attention to the state law governing budget amendments and ensure amendments are made prior to incurring the expense.
- B. Obtain an independent appraisal for any property being considered for purchase.

Status:

- A. Not implemented. See MAR finding number 11.
- B. Implemented.

8. Senate Bill 40 Board Policies and Procedures

- A. The Senate Bill 40 had accumulated a significant cash reserve. In addition, the Board budgeted \$50,000 for "potential new projects" each year.
- B. The Senate Bill 40 Board expended approximately \$595 for dinner meetings for the board and \$83 in gifts and flowers to board members and county officials.

- C. Proper notice was not given to the public when the Senate Bill 40 Board's normal meeting time and location were changed.
- D. Bids were not obtained or bid documentation was not retained for various equipment purchases made by the Senate Bill 40 Board.
- E. No contract or agreement was signed between the parties indicating what supporting documentation was to be submitted to the Senate Bill 40 Board to indicate how the funds were being spent
- F. The Senate Bill 40 Treasurer was not bonded.

Recommendations:

- A. Review the cash balance and consider reducing the property tax levy. If plans have been made for expending the accumulated fund balance, such plans should be set forth publicly in the budget document. In addition, the Board should establish all funding projects prior to approving the budget.
- B. Ensure all expenditures are reasonable and necessary and a prudent use of public funds.
- C. Post all changes to meeting locations, dates, and times to accordance with state law.
- D. Require all entities to submit proper bid documentation with all requests for purchases by the SB40 Board over \$4,500. In addition, the bid documentation should be retained by SB40 Board to show compliance with state law.
- E. Enter into a written contract with all service providers detailing the responsibilities of each party involved.
- F. Ensure all employees handling funds are adequately bonded.

Status:

- A. Partially implemented. The cash balance decreased in 2005; however, some funding projects were not established prior to approving the budget. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Not implemented. The SB40 Board expended approximately \$265 for dinner meetings for the board and \$30 for flowers during the two years ended December 31, 2005. Although not repeated in the current MAR, our recommendation remains as stated above.

C. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

D&E. Not implemented. See MAR finding number 12.

F. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

SCOTT COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1821, the county of Scott was named after John Scott, the first congressman from Missouri. Scott County is a county-organized, third-class county and is part of the Thirty-third Judicial Circuit. The county seat is Benton.

Scott County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 325 miles of county roads and 55 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 39,647 in 1980 and 40,422 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2005	2004	2003	2002	1985* 1980**
		(in millions)				
Real estate	\$	231.8	222.4	219.5	215.5	148.7 61.5
Personal property		104.4	97.0	95.0	93.5	28.7 16.1
Railroad and utilities		37.0	37.0	34.4	36.0	37.5 19.5
Total	\$	373.2	356.4	348.9	345.0	214.9 97.1

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Scott County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2005	2004	2003	2002
General Revenue Fund	\$	0.1000	0.1000	0.1000	0.1000
Special Road and Bridge Fund *		0.2992	0.2992	0.2992	0.2989
Johnson Grass		0.0100	0.0100	0.0100	0.0100
Health Center Fund		0.1000	0.1000	0.1000	0.1000
Senate Bill 40 Board Fund		0.0400	0.0400	0.0400	0.0400

* The county retains all tax proceeds from areas not within road districts. The county has two road districts that receive four-fifths of the tax collections from property within these

districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2006	2005	2004	2003
State of Missouri	\$ 112,539	109,250	105,391	103,785
General Revenue Fund	385,578	381,213	352,659	353,594
Assessment Fund	233,819	191,467	146,877	145,318
Health Center Fund	369,654	360,055	347,759	342,468
Senate Bill 40 Board Fund	147,861	144,022	139,103	136,988
Johnson Grass Fund	36,983	36,023	34,794	34,267
Roads	824,704	800,164	759,914	747,851
School districts	12,464,608	11,876,808	11,430,195	11,281,934
Library district	232,946	224,774	211,007	208,725
Ambulance district	1,043,652	1,013,308	940,022	926,584
Fire protection district	301,495	293,528	283,133	261,486
Water district	29	112	513	1,571
Tax Sale Surplus	0	6,494	27	3,528
Surtax	317,130	319,716	304,920	305,692
Tax Maintenance Fund	43,390	48,431	41,489	13,511
Special Drainage Districts	389,018	207,119	234,210	186,585
Cities	80,504	82,106	77,631	83,520
County Clerk	533	587	575	557
County Employees' Retirement	125,306	130,470	113,742	103,550
Interest	0	18,700	0	9,651
Commissions and fees:				
County Collector	8,037	4,249	4,775	3,814
General Revenue Fund	275,964	269,159	254,689	247,673
Total	\$ 17,393,750	16,517,755	15,783,425	15,502,652

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2006	2005	2004	2003	
Real estate	93	93	92	93	%
Personal property	92	91	90	91	
Railroad and utilities	92	100	100	100	

Scott County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	%
General	\$.0050	None	50	
Law Enforcement	.0050	2008	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2006	2005	2004	2003	2002
County-Paid Officials:	\$				
Martin Priggel, Presiding Commissioner		32,334	31,700	31,700	31,700
Walter Bizzell, Associate Commissioner			29,700	29,700	29,700
Jamie Burger, Associate Commissioner		30,294	29,700	29,700	29,700
Dennis Ziegenhorn, Associate Commissioner		30,294			
Tom Dirnberger, Recorder of Deeds		45,900	45,000	45,000	45,000
Rita Milam, County Clerk		45,900	45,000	45,000	45,000
Christy Baker-Neel, Prosecuting Attorney					55,000
Paul Boyd, Prosecuting Attorney		96,000	96,000	96,000	
William F. Ferrell, Sheriff			50,000	50,000	50,000
Rick Walter, Sheriff		51,000			
Glenda Enderle, County Treasurer		33,966	33,300	33,300	33,300
Scott C. Amick, County Coroner		16,320	16,000	16,000	16,000
Henry J. Holyfield, Public Administrator			45,000	45,000	45,000
Pam Dirnberger, Public Administrator		45,900			
Mark Hensley, County Collector (1), year ended February 28 (29),	54,243	49,399	49,775	48,814	48,742
Teresa Houchin, County Assessor (2), year ended August 31,		46,288	45,765	45,900	45,900

(1) Includes commissions from drainage districts of \$8,037, \$4,249, \$4,775, \$3,814, and \$3,808 for 2006, 2005, 2004, 2003, and 2002 respectively.

(2) Includes \$688, \$765, \$900, and \$900 compensation received from the state in 2005, 2004, 2003, and 2002 respectively.

State-Paid Officials:

Pam Glastetter, Circuit Clerk	48,500	47,900	47,300	47,300
David Mann, Associate Circuit Judge	96,000	96,000	96,000	96,000
William Winchester, Associate Circuit Judge	96,000	96,000	96,000	96,000

In April 2000, the county passed a half-cent sales tax for the purpose of constructing a new jail. Leasehold Revenue Bonds dated 2000 were issued in the original amount of \$4,995,000 for the purpose of constructing a new jail. Bond principal and interest are due annually on November 15 and May 15, respectively. At December 31, 2005, the county owed \$2,273,342 for the lease.



Claire McCaskill

Missouri State Auditor

September 2006

Monroe County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2006

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Monroe, that do not have a county auditor. In addition to a financial audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

The county's Enhanced 911 Fund is experiencing a declining financial condition. Disbursements have exceeded receipts by a total of \$74,167 during 2004 and 2005, leaving an ending balance of \$7,536 at December 31, 2005. The budget for 2006 indicates that disbursements will exceed receipts by an additional \$5,400. The Enhanced 911 Board also has outstanding liabilities at December 31, 2005, totaling \$36,652 for a lease/purchase of computer equipment and past due phone service charges. The board needs to consider alternatives of increasing receipts and/or reducing disbursements to improve the financial condition of the fund.

The Enhanced 911 Board's budgets did not include actual beginning balances and projected ending balances, and actual disbursements exceeded the budgeted amounts by \$65,920 during 2004 and 2005. A 911 dispatch employee was provided payroll advances, and the board spent \$1,389 on certain trinkets which were given away at elementary and high schools and which do not appear necessary for 911 operations. Minutes of open board meetings do not document the reasons for going into closed session, and the board did not document how some items discussed in closed session complied with the Sunshine Law.

The county made two land purchases, totaling \$74,500, without obtaining independent appraisals. In addition, the county does not have policies regarding the use of cellular phones and has not evaluated the cost of providing county-owned cellular phones versus reimbursing certain officials for the use of their personal phones.

The county's personnel and payroll procedures need to be improved to ensure actual time worked is recorded on employees' timesheets, county policy is followed for awarding overtime and compensatory time, employee leave balances are accurate, and the county's policy for compensating Sheriff's deputies complies with the Fair Labor Standards Act.

The audit also included findings regarding budgets and collateral securities, the property tax system, and controls and procedures of the Public Administrator, Prosecuting Attorney, Sheriff, and Handicapped Board.

All reports are available on our Web site: www.auditor.mo.gov

YELLOW SHEET

MONROE COUNTY, MISSOURI

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MONROE COUNTY, MISSOURI

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MONROE COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Monroe County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Monroe County, Missouri, as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Monroe County, Missouri, as of December 31, 2005 and 2004, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Monroe County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2005 and 2004, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 29, 2006, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Monroe County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

June 29, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	David Gregg
Audit Staff:	Jennifer L. Carter
	James A. Samek
	Ali Arabian



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Monroe County, Missouri

We have audited the financial statements of various funds of Monroe County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 29, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Monroe County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 05-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over


financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 05-1, to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Monroe County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 05-1.

We also noted certain additional matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Monroe County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

June 29, 2006 (fieldwork completion date)

Financial Statements

Exhibit A-1

MONROE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2005

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 177,305	1,400,388	1,334,973	242,720
Special Road and Bridge	408,413	1,483,892	1,580,738	311,567
Assessment	2,886	131,739	122,249	12,376
Law Enforcement Training	3,562	4,517	4,248	3,831
Prosecuting Attorney Training	104	828	588	344
Mark Twain Reservoir	596,567	38,845	22,540	612,872
Recorders	11,990	8,860	6,716	14,134
Pleasant View Economic Development	15,988	11,671	18	27,641
Domestic Violence	5	288	0	293
Election Machine	16,081	1,959	2,000	16,040
Sheriff Civil Fees	12,184	17,458	13,515	16,127
Prosecuting Attorney Bad Check	12,321	3,238	4,699	10,860
Election Services	2,423	906	2,164	1,165
Prosecuting Attorney Delinquent Sales Tax	3,538	1,235	1,112	3,661
Local Emergency Planning Commission	11,769	6,556	451	17,874
Collectors Tax Maintenance	5,119	10,396	7,166	8,349
Election Improvement	15,046	162	15,000	208
County Law Enforcement Restitution	0	7,879	0	7,879
Handicapped Board	14,443	87,054	90,848	10,649
Enhanced 911	33,566	283,537	309,567	7,536
Associate Judge Interest	3,618	449	0	4,067
Circuit Clerk Interest	2,093	1,482	2,178	1,397
DARE Program	63	335	0	398
Total	\$ 1,349,084	3,503,674	3,520,770	1,331,988

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

MONROE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 181,445	1,362,110	1,366,250	177,305
Special Road and Bridge	501,279	1,285,747	1,378,613	408,413
Assessment	1,071	117,027	115,212	2,886
Law Enforcement Training	2,748	4,362	3,548	3,562
Prosecuting Attorney Training	228	717	841	104
Mark Twain Reservoir	591,015	34,782	29,230	596,567
Recorders	11,229	9,318	8,557	11,990
Pleasant View Economic Development	52,921	40,003	76,936	15,988
Domestic Violence	0	281	276	5
Election Machine	11,379	7,702	3,000	16,081
Sheriff Civil Fees	7,392	21,658	16,866	12,184
Prosecuting Attorney Bad Check	13,982	2,232	3,893	12,321
Election Services	1,267	3,805	2,649	2,423
Prosecuting Attorney Delinquent Sales Tax	1,435	2,184	81	3,538
Local Emergency Planning Commission	11,399	2,830	2,460	11,769
Collectors Tax Maintenance	4,232	8,845	7,958	5,119
Election Improvement	0	15,046	0	15,046
Handicapped Board	25,603	85,855	97,015	14,443
Enhanced 911	81,703	259,616	307,753	33,566
Associate Judge Interest	3,252	366	0	3,618
Circuit Clerk Interest	1,459	924	290	2,093
DARE Program	150	30	117	63
Total	\$ 1,505,189	3,265,440	3,421,545	1,349,084

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

MONROE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 3,737,935	3,503,339	(234,596)	3,362,275	3,250,364	(111,911)
DISBURSEMENTS	4,343,818	3,520,770	823,048	3,861,842	3,421,428	440,414
RECEIPTS OVER (UNDER) DISBURSEMENTS	(605,883)	(17,431)	588,452	(499,567)	(171,064)	328,503
CASH, JANUARY 1	1,301,012	1,349,021	48,009	1,397,733	1,505,039	107,306
CASH, DECEMBER 31	695,129	1,331,590	636,461	898,166	1,333,975	435,809
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	287,450	300,502	13,052	282,200	286,941	4,741
Sales and use taxes	483,000	482,958	(42)	487,050	482,060	(4,990)
Intergovernmental	292,570	300,137	7,567	272,683	270,525	(2,158)
Charges for services	179,212	193,222	14,010	183,452	183,009	(443)
Interest	5,600	11,679	6,079	4,650	5,751	1,101
Other	72,400	83,797	11,397	92,995	104,665	11,670
Transfers in	31,481	28,093	(3,388)	29,378	29,159	(219)
Total Receipts	1,351,713	1,400,388	48,675	1,352,408	1,362,110	9,702
DISBURSEMENTS						
County Commissior	102,611	98,556	4,055	74,329	70,904	3,425
County Clerk	108,288	106,315	1,973	82,148	80,429	1,719
Elections	20,000	19,395	605	45,000	50,418	(5,418)
Buildings and grounds	100,933	92,687	8,246	83,071	66,986	16,085
Employee fringe benefit	2,000	0	2,000	203,900	198,909	4,991
County Treasurer	36,678	35,865	813	28,175	27,203	972
County Collector	84,702	86,248	(1,546)	67,439	63,729	3,710
Recorder of Deeds	57,542	58,217	(675)	43,790	43,191	599
Circuit Clerk	24,134	22,503	1,631	20,130	22,361	(2,231)
Associate Circuit Court	12,049	5,567	6,482	10,825	7,919	2,906
Court administration	6,602	3,866	2,736	6,560	4,489	2,071
Public Administrator	23,719	21,832	1,887	21,335	21,366	(31)
Sheriff	393,847	390,495	3,352	305,950	316,485	(10,535)
Jail	40,196	41,837	(1,641)	80,000	41,222	38,778
Prosecuting Attorney	92,322	88,810	3,512	73,560	67,585	5,975
Juvenile Office	48,156	21,510	26,646	48,161	20,847	27,314
County Coroner	18,789	16,866	1,923	12,100	8,802	3,298
Enhanced 911	85,333	85,333	0	85,333	85,333	0
Other	166,022	133,971	32,051	135,295	134,072	1,223
Transfers out	20,500	5,100	15,400	39,000	34,000	5,000
Emergency Fund	42,800	0	42,800	41,600	0	41,600
Total Disbursements	1,487,223	1,334,973	152,250	1,507,701	1,366,250	141,451
RECEIPTS OVER (UNDER) DISBURSEMENTS	(135,510)	65,415	200,925	(155,293)	(4,140)	151,153
CASH, JANUARY 1	177,305	177,305	0	181,445	181,445	0
CASH, DECEMBER 31	41,795	242,720	200,925	26,152	177,305	151,153

Exhibit B

MONROE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	196,127	201,329	5,202	196,300	195,504	(796)
Sales taxes	87,000	86,348	(652)	83,500	86,903	3,403
Intergovernmental	1,395,971	1,132,551	(263,420)	1,059,940	965,908	(94,032)
Interest	10,864	13,804	2,940	6,600	8,864	2,264
Other	28,256	49,860	21,604	21,925	28,568	6,643
Total Receipts	1,718,218	1,483,892	(234,326)	1,368,265	1,285,747	(82,518)
DISBURSEMENTS						
Salaries	315,000	286,930	28,070	292,420	290,845	1,575
Employee fringe benefit	127,160	106,611	20,549	128,400	101,752	26,648
Supplies	93,110	82,577	10,533	81,560	83,892	(2,332)
Insurance	30,000	29,184	816	26,000	28,045	(2,045)
Road and bridge materials	295,500	244,562	50,938	276,000	279,591	(3,591)
Equipment repairs	30,000	26,939	3,061	30,000	27,984	2,016
Equipment purchases	180,000	150,448	29,552	185,000	125,719	59,281
Construction, repair, and maintenance	3,000	823	2,177	2,150	1,046	1,104
Bridge projects	854,962	600,683	254,279	539,000	388,161	150,839
Transfers out	51,981	51,981	0	51,578	51,578	0
Emergency Fund	40,000	0	40,000	45,000	0	45,000
Total Disbursements	2,020,713	1,580,738	439,975	1,657,108	1,378,613	278,495
RECEIPTS OVER (UNDER) DISBURSEMENTS	(302,495)	(96,846)	205,649	(288,843)	(92,866)	195,977
CASH, JANUARY 1	408,413	408,413	0	501,279	501,279	0
CASH, DECEMBER 31	105,918	311,567	205,649	212,436	408,413	195,977
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	125,600	124,300	(1,300)	104,000	105,103	1,103
Interest	800	765	(35)	540	208	(332)
Other	1,226	1,574	348	1,255	716	(539)
Transfers in	3,000	5,100	2,100	16,000	11,000	(5,000)
Total Receipts	130,626	131,739	1,113	121,795	117,027	(4,768)
DISBURSEMENTS						
Assessor	128,295	122,249	6,046	121,804	115,212	6,592
Total Disbursements	128,295	122,249	6,046	121,804	115,212	6,592
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,331	9,490	7,159	(9)	1,815	1,824
CASH, JANUARY 1	2,886	2,886	0	1,071	1,071	0
CASH, DECEMBER 31	5,217	12,376	7,159	1,062	2,886	1,824

Exhibit B

MONROE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	1,450	1,185	(265)	1,250	1,303	53
Charges for service:	2,900	3,234	334	2,300	2,864	564
Interest	45	98	53	40	45	5
Other	0	0	0	0	150	150
Total Receipts	4,395	4,517	122	3,590	4,362	772
DISBURSEMENTS						
Sheriff	4,347	4,248	99	5,700	3,548	2,152
Total Disbursements	4,347	4,248	99	5,700	3,548	2,152
RECEIPTS OVER (UNDER) DISBURSEMENTS	48	269	221	(2,110)	814	2,924
CASH, JANUARY 1	3,562	3,562	0	2,748	2,748	0
CASH, DECEMBER 31	3,610	3,831	221	638	3,562	2,924
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	700	811	111	600	713	113
Interest	4	17	13	3	4	1
Total Receipts	704	828	124	603	717	114
DISBURSEMENTS						
Prosecuting Attorney	700	588	112	700	841	(141)
Total Disbursements	700	588	112	700	841	(141)
RECEIPTS OVER (UNDER) DISBURSEMENTS	4	240	236	(97)	(124)	(27)
CASH, JANUARY 1	104	104	0	228	228	0
CASH, DECEMBER 31	108	344	236	131	104	(27)
<u>MARK TWAIN RESERVOIR FUND</u>						
RECEIPTS						
Interest	4,555	13,845	9,290	0	9,782	9,782
Other	150,771	0	(150,771)	0	0	0
Transfers in	25,000	25,000	0	25,000	25,000	0
Total Receipts	180,326	38,845	(141,481)	25,000	34,782	9,782
DISBURSEMENTS						
Equipment	25,000	22,540	2,460	25,000	26,507	(1,507)
Road projects	5,000	0	5,000	25,000	2,723	22,277
Other	188,464	0	188,464	6,000	0	6,000
Total Disbursements	218,464	22,540	195,924	56,000	29,230	26,770
RECEIPTS OVER (UNDER) DISBURSEMENTS	(38,138)	16,305	54,443	(31,000)	5,552	36,552
CASH, JANUARY 1	596,567	596,567	0	591,015	591,015	0
CASH, DECEMBER 31	558,429	612,872	54,443	560,015	596,567	36,552

Exhibit B

MONROE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDERS FUND</u>						
RECEIPTS						
Charges for services	9,100	8,287	(813)	9,000	9,062	62
Interest	250	573	323	130	256	126
Total Receipts	9,350	8,860	(490)	9,130	9,318	188
DISBURSEMENTS						
Recorder of Deeds	6,850	6,716	134	10,000	8,557	1,443
Total Disbursements	6,850	6,716	134	10,000	8,557	1,443
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,500	2,144	(356)	(870)	761	1,631
CASH, JANUARY 1	11,990	11,990	0	11,229	11,229	0
CASH, DECEMBER 31	14,490	14,134	(356)	10,359	11,990	1,631
<u>PLEASANT VIEW ECONOMIC DEVELOPMENT FUND</u>						
RECEIPTS						
Interest	550	619	69	500	552	52
Other	2,552	11,052	8,500	40,052	16,451	(23,601)
Transfer in	17,500	0	(17,500)	23,000	23,000	0
Total Receipts	20,602	11,671	(8,931)	63,552	40,003	(23,549)
DISBURSEMENTS						
Land purchase	0	0	0	70,000	75,174	(5,174)
Other	36,000	18	35,982	8,000	1,762	6,238
Total Disbursements	36,000	18	35,982	78,000	76,936	1,064
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,398)	11,653	27,051	(14,448)	(36,933)	(22,485)
CASH, JANUARY 1	15,988	15,988	0	52,921	52,921	0
CASH, DECEMBER 31	590	27,641	27,051	38,473	15,988	(22,485)
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	325	284	(41)	325	279	(46)
Interest	2	4	2	2	2	0
Total Receipts	327	288	(39)	327	281	(46)
DISBURSEMENTS						
Domestic violence shelter	325	0	325	327	276	51
Total Disbursements	325	0	325	327	276	51
RECEIPTS OVER (UNDER) DISBURSEMENTS	2	288	286	0	5	5
CASH, JANUARY 1	5	5	0	0	0	0
CASH, DECEMBER 31	7	293	286	0	5	5

Exhibit B

MONROE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION MACHINE FUND</u>						
RECEIPTS						
Charges for services	3,000	1,500	(1,500)	4,800	7,500	2,700
Interest	200	459	259	140	202	62
Total Receipts	3,200	1,959	(1,241)	4,940	7,702	2,762
DISBURSEMENTS						
Equipment rental	10,400	2,000	8,400	6,000	3,000	3,000
Total Disbursements	10,400	2,000	8,400	6,000	3,000	3,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,200)	(41)	7,159	(1,060)	4,702	5,762
CASH, JANUARY 1	16,081	16,081	0	11,379	11,379	0
CASH, DECEMBER 31	8,881	16,040	7,159	10,319	16,081	5,762
<u>SHERIFF CIVIL FEES FUND</u>						
RECEIPTS						
Charges for services	22,000	17,158	(4,842)	21,000	21,576	576
Interest	40	300	260	100	82	(18)
Total Receipts	22,040	17,458	(4,582)	21,100	21,658	558
DISBURSEMENTS						
Sheriff	18,836	13,515	5,321	21,700	16,866	4,834
Total Disbursements	18,836	13,515	5,321	21,700	16,866	4,834
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,204	3,943	739	(600)	4,792	5,392
CASH, JANUARY 1	12,184	12,184	0	7,392	7,392	0
CASH, DECEMBER 31	15,388	16,127	739	6,792	12,184	5,392
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	2,000	2,819	819	2,600	1,978	(622)
Interest	250	419	169	275	254	(21)
Total Receipts	2,250	3,238	988	2,875	2,232	(643)
DISBURSEMENTS						
Prosecuting Attorney	2,500	4,699	(2,199)	2,000	1,393	607
Transfers out	2,500	0	2,500	2,500	2,500	0
Total Disbursements	5,000	4,699	301	4,500	3,893	607
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,750)	(1,461)	1,289	(1,625)	(1,661)	(36)
CASH, JANUARY 1	12,321	12,321	0	13,982	13,982	0
CASH, DECEMBER 31	9,571	10,860	1,289	12,357	12,321	(36)

Exhibit B

MONROE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	900	858	(42)	4,400	3,701	(699)
Interest	29	48	19	0	29	29
Other	0	0	0	0	75	75
Total Receipts	929	906	(23)	4,400	3,805	(595)
DISBURSEMENTS						
Education	2,000	2,164	(164)	1,500	1,248	252
Equipment	1,000	0	1,000	2,000	0	2,000
Training	0	0	0	2,000	1,401	599
Total Disbursements	3,000	2,164	836	5,500	2,649	2,851
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,071)	(1,258)	813	(1,100)	1,156	2,256
CASH, JANUARY 1	2,423	2,423	0	1,267	1,267	0
CASH, DECEMBER 31	352	1,165	813	167	2,423	2,256
<u>PROSECUTING ATTORNEY DELINQUENT</u>						
<u>SALES TAX FUND</u>						
RECEIPTS						
Intergovernmental	2,140	1,146	(994)	300	2,145	1,845
Interest	40	89	49	30	39	9
Total Receipts	2,180	1,235	(945)	330	2,184	1,854
DISBURSEMENTS						
Transfers out	2,000	1,112	888	1,000	81	919
Total Disbursements	2,000	1,112	888	1,000	81	919
RECEIPTS OVER (UNDER) DISBURSEMENTS	180	123	(57)	(670)	2,103	2,773
CASH, JANUARY 1	3,538	3,538	0	1,435	1,435	0
CASH, DECEMBER 31	3,718	3,661	(57)	765	3,538	2,773
<u>LOCAL EMERGENCY PLANNING</u>						
<u>COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	2,000	6,141	4,141	4,087	2,427	(1,660)
Interest	100	415	315	90	153	63
Other	0	0	0	0	250	250
Total Receipts	2,100	6,556	4,456	4,177	2,830	(1,347)
DISBURSEMENTS						
Travel and meals	1,500	0	1,500	1,500	350	1,150
Training	1,500	305	1,195	1,500	763	737
Office expense	800	146	654	800	146	654
Computer equipment	2,500	0	2,500	2,500	1,201	1,299
Resource materials	500	0	500	500	0	500
Total Disbursements	6,800	451	6,349	6,800	2,460	4,340
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,700)	6,105	10,805	(2,623)	370	2,993
CASH, JANUARY 1	11,769	11,769	0	11,399	11,399	0
CASH, DECEMBER 31	7,069	17,874	10,805	8,776	11,769	2,993

Exhibit B

MONROE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COLLECTORS TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	8,400	10,000	1,600	8,000	8,741	741
Interest	100	396	296	48	104	56
Total Receipts	8,500	10,396	1,896	8,048	8,845	797
DISBURSEMENTS						
County Collector	9,000	7,166	1,834	7,950	7,958	(8)
Total Disbursements	9,000	7,166	1,834	7,950	7,958	(8)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	3,230	3,730	98	887	789
CASH, JANUARY 1	5,119	5,119	0	4,232	4,232	0
CASH, DECEMBER 31	4,619	8,349	3,730	4,330	5,119	789
<u>ELECTION IMPROVEMENT FUND</u>						
RECEIPTS						
Interest	100	162	62			
Total Receipts	100	162	62			
DISBURSEMENTS						
Equipment	15,100	15,000	100			
Total Disbursements	15,100	15,000	100			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,000)	(14,838)	162			
CASH, JANUARY 1	15,046	15,046	0			
CASH, DECEMBER 31	46	208	162			
<u>COUNTY LAW ENFORCEMENT RESTITUTION FUND</u>						
RECEIPTS						
Charges for services	0	7,810	7,810			
Interest	0	69	69			
Other	2,500	0	(2,500)			
Total Receipts	2,500	7,879	5,379			
DISBURSEMENTS						
Equipment	1,000	0	1,000			
Total Disbursements	1,000	0	1,000			
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,500	7,879	6,379			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	1,500	7,879	6,379			

Exhibit B

MONROE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HANDICAPPED BOARD FUND</u>						
RECEIPTS						
Property taxes	0	86,544	86,544	91,500	85,633	(5,867)
Interest	0	85	85	235	76	(159)
Other	0	425	425	0	146	146
Total Receipts	0	87,054	87,054	91,735	85,855	(5,880)
DISBURSEMENTS						
Salaries	6,240	6,571	(331)	5,921	5,069	852
Office expense	875	622	253	781	824	(43)
Equipment	100	0	100	100	0	100
Mileage and training	500	1,011	(511)	2,100	694	1,406
Sheltered workshop	46,000	47,509	(1,509)	24,000	57,000	(33,000)
Other	37,950	35,135	2,815	57,850	33,428	24,422
Total Disbursements	91,665	90,848	817	90,752	97,015	(6,263)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(91,665)	(3,794)	87,871	983	(11,160)	(12,143)
CASH, JANUARY 1	0	14,443	14,443	0	25,603	25,603
CASH, DECEMBER 31	(91,665)	10,649	102,314	983	14,443	13,460
<u>ENHANCED 911 FUND</u>						
RECEIPTS						
Charges for service	194,400	190,788	(3,612)	194,300	175,894	(18,406)
Interest	800	262	(538)	1,000	776	(224)
Phone tax	81,000	90,791	9,791	84,000	82,245	(1,755)
Other	0	1,696	1,696	0	701	701
Total Receipts	276,200	283,537	7,337	279,300	259,616	(19,684)
DISBURSEMENTS						
Salaries	186,765	213,715	(26,950)	187,600	209,578	(21,978)
Employee fringe benefit	23,000	28,237	(5,237)	23,000	27,068	(4,068)
Contracted service	1,500	0	1,500	1,500	0	1,500
Office expense	50,535	57,869	(7,334)	49,700	50,545	(845)
Equipment	8,500	5,532	2,968	8,500	7,921	579
Mileage and training	5,400	4,214	1,186	5,400	12,641	(7,241)
Total Disbursements	275,700	309,567	(33,867)	275,700	307,753	(32,053)
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	(26,030)	(26,530)	3,600	(48,137)	(51,737)
CASH, JANUARY 1	0	33,566	33,566	0	81,703	81,703
CASH, DECEMBER 31	500	7,536	7,036	3,600	33,566	29,966
<u>ASSOCIATE JUDGE INTEREST FUND</u>						
RECEIPTS						
Interest	400	449	49	250	366	116
Total Receipts	400	449	49	250	366	116
DISBURSEMENTS						
Associate Circuit Court	400	0	400	3,000	0	3,000
Total Disbursements	400	0	400	3,000	0	3,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	449	449	(2,750)	366	3,116
CASH, JANUARY 1	3,618	3,618	0	3,252	3,252	0
CASH, DECEMBER 31	3,618	4,067	449	502	3,618	3,116

Exhibit B

MONROE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,						
2005			2004			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	1,275	1,482	207	450	924	474
Total Receipts	1,275	1,482	207	450	924	474
DISBURSEMENTS						
Circuit Clerk	2,000	2,178	(178)	1,600	290	1,310
Total Disbursements	2,000	2,178	(178)	1,600	290	1,310
RECEIPTS OVER (UNDER) DISBURSEMENTS	(725)	(696)	29	(1,150)	634	1,784
CASH, JANUARY 1	2,093	2,093	0	1,459	1,459	0
CASH, DECEMBER 31	\$ 1,368	1,397	29	309	2,093	1,784

The accompanying Notes to the Financial Statements are an integral part of this statement

Notes to the Financial Statements

MONROE COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Monroe County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Handicapped Board, or the Enhanced 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the DARE Program Fund for the years ended December 31, 2005 and 2004, and the Election Improvement Fund for the year ended December 31, 2004.

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest	2005
Enhanced 911	2005 and 2004
Prosecuting Attorney Training	2004
Collectors Tax Maintenance	2004
Handicapped Board	2004

Although Section 50.740, RSMo, requires a balanced budget, a deficit balance was budgeted in the Handicapped Board Fund for the year ended December 31, 2005.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund. However, the county's published financial statements did not include the DARE Program Fund for the years ended December 31, 2005 and 2004. In addition, the Handicapped Board and Enhanced 911 Board published their financial statements separately from the county's statements; however, the Handicapped Board did not publish a financial statement for the year ended December 31, 2004.

2. Cash

Disclosures are provided below to comply with Statement No. 40 of the Governmental Accounting Standards Board, *Deposit and Investment Risk Disclosures*. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit. To protect the safety of county deposits, Section 110.020, RSMo, requires depositaries to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities must be of the types specified by Section 30.270, RSMo, for the collateralization of state funds and held by either the county or a financial institution other than the depositary bank. Section 67.085, RSMo, also requires certificates of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depositary bank fails, Monroe County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The financial statements do not include the cash balances of the County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the County Collector's cash balances are included since collateral securities to cover amounts not insured by the FDIC are pledged to the county rather than to specific county officials.

Of the county's bank balance at December 31, 2005, \$1,451,414 was exposed to custodial credit risk because that amount was uncollateralized.

The county's deposits at December 31, 2004, were not exposed to custodial credit risk because they were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Enhanced 911 Board's and the Handicapped Board's deposits at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depositary insurance.

Investments

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. At December 31, 2005 and 2004, the county had no such investments. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

3. Property Taxes

Through December 31, 2005, Monroe County collected \$135,550 in excess property taxes. Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Monroe County voters enacted a one-half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections.

4. Prior Period Adjustments

The cash balances of the following funds at January 1, 2004, were not previously reported but have been added:

<u>Fund</u>	<u>Amount</u>
Recorders	\$11,229
Prosecuting Attorney Bad Check	13,982
Collectors Tax Maintenance	4,232
Handicapped Board	25,603
Enhanced 911	81,703
Associate Judge Interest	3,252
Circuit Clerk Interest	1,459
DARE Program	150

Supplementary Schedule

Schedule

MONROE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state Department of Health and Senior Services			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Childre	ERS045-4169	0	28,292
		ERS045-5169	23,946	0
	Program Total		<u>23,946</u>	<u>28,292</u>
U.S. DEPARTMENT OF JUSTICE				
	Passed through:			
	State Department of Public Safety			
16.554	National Criminal History Improvement Program	N/A	3,364	0
	Missouri Sheriffs' Association -			
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	837	387
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Constructior	BRO 069(23)	227,998	9,400
		BRO 069(24)	2,391	92,638
		BRO 069(25)	31,198	171,445
		BRO 069(26)	172,283	24,571
		BRO 069(27)	13,627	0
		BRO 069(28)	22,559	0
	Program Total		<u>470,056</u>	<u>298,054</u>
	Department of Public Safety -			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	3,788	2,426
GENERAL SERVICES ADMINISTRATION				
	Passed through state			
	Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	308	422
	Office of Secretary of State			
39.011	Election Reform Payment	SC231-S5EL0000192	15,000	1,328
ELECTION ASSISTANCE COMMISSION				
	Passed through state Office of Secretary of State			
90.401	Help America Vote Act Requirements Payment	SC-231-S5EL0000419	5,527	0

Schedule

MONROE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state Department of Health and Senior Services				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-5469L	1,000	0
93.268	Immunization Grants	N/A	32,569	33,895
93.283	Centers for Disease Control and Preventions - Investigations and Technical Assistance	ERS161	4,363	8,076
93.575	Child Care and Development Block Grant	PGA067-4169C	0	958
		PGA067-5169C	1,000	0
	Program Total		<u>1,000</u>	<u>958</u>
93.994	Maternal and Child Health Services Block Grant to the State	ERS146-4169M	17,488	14,870
U. S. DEPARTMENT OF HOMELAND SECURITY				
Passed through State Department of Public Safety				
97.004	State Domestic Preparedness Equipment Support Program	2004-GE-T4-0049	24,300	0
97.051	State and Local All Hazards Emergency Operations Planning	N/A	0	5,700
	Total Expenditures of Federal Award:		<u>\$ 603,546</u>	<u>394,408</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Data are an integral part of this schedule

Notes to the Supplementary Schedule

MONROE COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Monroe County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and Maternal and Child Health Services Block Grant to the States (CFDA number 93.944) include both cash

disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2005 and 2004.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Monroe County, Missouri

Compliance

We have audited the compliance of Monroe County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2005 and 2004. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Monroe County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2005 and 2004. However, the results of our auditing procedures disclosed an instance

of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 05-2.

Internal Control Over Compliance

The management of Monroe County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 05-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Monroe County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

June 29, 2006 (fieldwork completion date)

Schedule

MONROE COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2005 AND 2004

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? x yes no
- Reportable conditions identified that are not considered to be a material weaknesses? yes x none reported

Noncompliance material to the financial statements noted? x yes no

Federal Awards

Internal control over major program:

- Material weaknesses identified? yes x no
- Reportable condition identified that is not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes no

Identification of major program:

CFDA or Other Identifying <u>Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

05-1.	County Sales Tax
--------------	-------------------------

The county has not sufficiently reduced its property tax revenues by 50 percent of the sales tax revenues as provided in the ballot issue passed by the Monroe County voters under the provisions of Section 67.505, RSMo.

Following are the calculations used in determining excess property tax revenues collected for the two years ended December 31, 2005:

		Year Ended December 31,	
		2005	2004
Actual sales tax revenues	\$	259,044	260,713
Required percentage of revenue reduction	X	50%	50%
Required property tax revenue reduction		<u>129,522</u>	<u>130,357</u>
Assessed Valuation		104,470,907	98,142,124
General Revenue Fund tax levy reduction (per \$100 of assessed valuation)	X	<u>0.0836</u>	<u>0.0836</u>
Actual property tax revenue reduction		<u>87,338</u>	<u>82,047</u>
Excess property tax revenues collected		42,184	48,310
Excess property tax revenues collections from prior years		<u>93,366</u>	<u>45,056</u>
Excess at December 31,	\$	<u>135,550</u>	<u>93,366</u>

For 2004 and 2005, the county set the property tax rate without calculating the required rollback. The county has not adopted adequate procedures to monitor or assess the results of the actual tax rollbacks, and has not adequately considered the excess tax collections from prior years when computing the current year's rollback. As a result, property tax collections were not sufficiently offset by 50 percent of sales taxes collected, resulting in excess collections of approximately \$135,550 at December 31, 2005. The county set its 2006 property tax rate at \$.25 per \$100 assessed valuation, and has estimated that the 2006 rollback will reduce this excess by only approximately \$4,000. However, to fully offset the

prior year's excess collections, the 2006 rate should have been set at approximately \$.13 per \$100 assessed valuation. Although the county was aware of the excess tax collections from prior years when it set the 2006 tax rate, the county has apparently chosen not to significantly reduce the excess at this time. The county needs to consider the entire amount of this excess in collections when computing future property tax rollbacks.

WE RECOMMEND the County Commission reduce the county property tax levy adequately to meet the sales tax reduction requirements, including reduction for excess property taxes collected in 2006 and prior years.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We will closely monitor this and reduce the excess over a period of time. For 2006, we did not have sufficient resources to fully reduce the excess.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

05-2.	Schedule of Expenditures of Federal Awards
--------------	---------------------------------------------------

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-069
Award Years:	2005 and 2004
Questioned Costs:	N/A

The county does not have adequate procedures in place to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA), and as a result, the county's SEFA contained several errors and omissions. Total federal expenditures were overstated by \$309,700 and understated by \$2,870 for the years ended December 31, 2005 and 2004, respectively.

Section .310(b) of Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*, requires the county to prepare a SEFA for the period covered by the county's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget.

Expenditures relating to several federal grants were reported incorrectly or not included on the schedule. The most significant error occurred in 2005 when the County Clerk incorrectly

reported \$328,600 as federal expenditures for the Highway Planning and Construction program; however, this amount represented county matching funds. Other smaller errors were noted on various programs, including programs administered by the health center. The audited SEFA was adjusted to correct these errors. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The County Commission should take steps to ensure all departments and/or officials properly track federal awards to ensure all federal awards are properly accounted for on the SEFA.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

WE RECOMMEND the County Commission and County Clerk work to ensure the SEFA is complete and accurate.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We agree and will discuss this with the new county clerk who will take office on January 1, 2007.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

MONROE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Monroe County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2003.

03-1. Budgetary Practices

- A. The County Clerk included the purchase and redemption of certificates of deposit in receipts and disbursements in one county fund on the budget documents. Transfers between the checking accounts and the money market accounts were also shown as receipts in some county funds.
- B. The County Clerk did not properly use the correct receipt classification for some receipts in various county funds on the budget documents.

Recommendation:

The County Clerk:

- A. Discontinue the practice of including the purchase and redemption of certificates of deposit or the transfers between the money market accounts and the checking accounts in receipts and disbursements within the various funds on the budget documents.
- B. Properly classify receipts from the state as intergovernmental receipts and fees from officials as charges for services on the budget documents. The County Clerk should also ensure that all other receipts are properly classified on the budget documents.

Status:

A&B. Not implemented. See Management Advisory Report finding number 3.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

MONROE COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2003, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

MONROE COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Monroe County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 29, 2006. We also have audited the compliance of Monroe County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 29, 2006.

Because the Monroe County Health Center is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed those audit reports and other applicable information.

In addition, to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years, we have audited the operations of elected officials with funds other than those presented in the financial statements. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and the county board referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned

Costs. These MAR findings resulted from our audit of the financial statements of Monroe County or of its compliance with the types of compliance requirements applicable to its major federal program but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. County Expenditures

Professional appraisals were not obtained prior to real estate purchases, and the county does not have policies regarding cellular phones.

- A. On July 16, 2004, the county paid \$71,700 for the purchase of land in Monroe City for an economic development project which will be used for manufacturing plants, and on May 6, 2005, the county paid \$2,800 for the purchase of land next to the road and bridge garage to be used for parking for machinery. Independent appraisals were not obtained prior to these real estate purchases. The County Commission indicated they had compared prices of land in the area and believed that they received the best deal; however, these comparisons were not documented.

The land purchased in Monroe City was classified as agricultural land prior to the county's purchase, and the County Assessor's appraised value was significantly less than the amount paid by the county. County officials indicated that for property tax and assessment purposes, laws and regulations generally require that agricultural land be appraised much lower than its actual market value. Due to this change in the use of the land that was purchased, it would appear even more important to obtain an independent appraisal to ensure the purchase price closely represented the fair market value of the property.

Good business practice requires that major real estate purchases be formally and independently appraised to ensure a reasonable price is paid, and that discussions and reasons supporting the eventual purchase are documented.

- B. The county does not have formal policies regarding use of county cellular phones or monthly allowance payments to officials for use of their personal cellular phones for county business. In addition, the county has not evaluated the cost of providing county-owned cellular phones compared to reimbursing certain county officials for their personal phones. The county spent approximately \$4,400 for cellular phone usage in 2005.

The county provides cell phones to some officials and employees, pays one vendor directly for the use of an employee's personal cell phone, and reimburses some officials for the use of their personal cell phones. Billing details are not required for reimbursement to the applicable officials for the use of their personal cell phones,

and documentation is limited to the front page of the phone bill and provides no detail of the actual usage. Although one county official (County Assessor) reimburses the county for personal usage of his county-provided cell phone, the county does not review the bills for personal usage for the county-provided cell phones or for the personal cell phone bill which is paid directly to the vendor. In addition, the county has not reviewed the various methods of paying for cell phone service (county-provided phones vs. reimbursing for usage of personal phones) to determine which alternatives are the most cost efficient.

To ensure cellular phone expenditures are reasonable, the county should review the various methods of providing cell phone service and ensure the most cost-efficient methods are used. It would appear that using one vendor for all county cell phone service may reduce the overall costs to the county.

In addition, the county needs to adopt a written phone use policy. This policy should provide criteria for determining which employees need a cell phone, proper use of county phones (cellular or courthouse), and a reimbursement policy if the county commission authorizes personal use of a phone. In addition, effective review procedures should be implemented to monitor county phone usage and review detailed billings for propriety prior to approval for payment.

WE RECOMMEND the County Commission:

- A. Ensure independent appraisals are obtained for all future real estate purchases.
- B. Review the various methods of providing cell phone service to county officials and employees to ensure the most cost-efficient method is used. In addition, the County Commission should work with the other officials and departments to develop formal policies and procedures for phone usage and review detailed billings for propriety.

AUDITEE'S RESPONSE

- A. *In regard to the land purchase in Monroe City, we investigated numerous parcels of suitable available land and then compared price, zoning considerations, access to utilities and ease of ingress and regress to public roadways for larger trucks. After looking at all those considerations, we believe that the best possible location at the best possible price was chosen. In the future, we will obtain independent appraisals to substantiate the purchase price of any land purchases.*
- B. *We will develop a cell phone usage policy and review alternatives to ensure we are using the most cost effective method.*

Time sheets prepared by county employees do not always indicate actual hours worked and the county's written personnel policy is not being followed when determining overtime and compensatory time. In addition, centralized leave records are not always correct, and the Sheriff's department may not be complying with the Fair Labor Standards Act (FLSA).

- A. Time sheets prepared by county employees include estimated hours worked instead of actual hours worked for the last day of the pay period. The county's policy is to pay employees on the 15th and the last day of each month. Employees must have time sheets turned into the County Clerk's office one day in advance of the pay date to enable the payroll to be processed. When submitting the time sheets, employees indicate actual hours worked from the beginning of the pay period through the date they are submitting their time sheet and estimate the hours they will work during the last day of the pay period. No documentation was available to indicate that the hours actually worked were compared to the hours estimated. In addition, supervisors are not always documenting approval of employee's timesheets.

The practice of paying county employees for estimated hours may lead to errors, inconsistencies in the calculation of overtime and accumulated leave balances, and the potential for employees to be over/under paid. The County Commission should consider implementing payroll procedures that ensure employees are paid only for actual hours worked. If the county continues to use estimated hours worked for the last day of the pay period, the county should establish procedures to obtain documentation from the employees' supervisors for any differences between estimated and actual time worked, and make any applicable adjustments to the employees' pay or leave records when actual time worked is different from the estimated time worked.

Proper control over payroll requires documentation, such as time sheets prepared and signed by employees and approved by their supervisors, to provide evidence of actual time worked each month. In addition, the FLSA requires accurate records of actual time worked by employees be maintained.

- B. It does not appear that the county is following procedures as stated in the current personnel policy when determining overtime/compensatory time. The county's policy indicates that overtime compensation for time worked in excess of 40 hours within the workweek is computed at the rate of one and one-half times the number of hours worked in excess of 40 hours. In addition, the policy states that, "an employee must meet the 40 hour plus workweek (not simply exceed an 8 hour day) before being eligible for overtime compensation."

Some courthouse employees work a 37.5 hour workweek (7.5 hours per day). Our review noted instances where employees were accruing compensatory time for every

hour of time worked in excess of 7.5 hours per day and where employees were accruing compensatory time for hours worked in excess of 37.5 but less than 40 hours per week.

Adherence to the county's personnel policy regarding overtime/compensatory time is necessary to ensure compliance with the FLSA and to ensure the equitable treatment of all employees. In addition, the FLSA requires employers to keep accurate records of compensatory time earned, taken, or paid.

- C. Employees prepare records of their own leave balances, which are submitted to the County Clerk's office along with the employees' time sheets. The County Clerk prepares leave records for each employee based on the time sheets and leave information submitted by the employees. A comparison of time sheets and leave records prepared by county employees with the leave records maintained by the County Clerk noted discrepancies between the various records. While our review noted instances where it appears the County Clerk discovered and corrected some discrepancies, instances were noted where hours of leave earned and used per the County Clerk's records did not agree to the supporting time sheets. We also noted instances where the accumulated leave balances per the centralized leave records were not mathematically correct as beginning leave balances, plus leave earned, less leave taken, did not always agree to the ending leave balances.

It appears the County Clerk is not adequately comparing time sheets to leave records to ensure leave activity reported on the employee records is accurately posted to the centralized leave records. The activity reflected on employee time sheets and leave records should be carefully reviewed for consistency and mathematical accuracy to ensure that employee leave balances are correct. In addition, because time sheets may include estimated hours, the County Clerk should ensure that all leave activity is based on actual hours worked.

- D. The county's policy for compensating Sheriff's deputies may not be in accordance with the FLSA. The County Commission issued a memo indicating that beginning January 1, 2004, all full-time deputies were to be paid salary only, with no compensatory time or overtime pay. However, the FLSA indicates that overtime or compensatory time is required if more than 171 hours are worked in a 28 day period. It does not appear that the County Commission can circumvent the FLSA requirements by simply issuing such a memo.

Similar conditions were noted in our prior report. Although the County Commission's responses in the prior report indicated agreement with these findings, little corrective action has been taken to implement these recommendations.

WE AGAIN RECOMMEND the County Commission:

- A. Develop payroll procedures which require all county employees to be paid based on actual hours worked. In addition, the county should ensure all time sheets are approved and signed by each employee's supervisor.
- B. Ensure the county's personnel policy is followed when determining overtime/compensatory time.
- C. Ensure that employee leave earned, taken, and the accumulated balances are reported accurately, and require the County Clerk to properly maintain centralized annual, sick, and compensatory leave records.
- D. Compute overtime and compensatory time for law enforcement personnel based on 171 hours over a 28-day period as established in the FLSA.

AUDITEE'S RESPONSE

- A. *We will implement this recommendation and make applicable changes to our personnel policies.*
- B. *We agree, and employees will not be allowed to earn compensatory or overtime time until after they have worked 40 hours in a week.*
- C. *We agree and will try to do a better job of ensuring accurate records are maintained.*
- D. *We have already implemented this recommendation.*

3. Budgets and Collateral Securities

Some receipts and disbursements are not properly classified in the county's budgets, and the county did not ensure that sufficient collateral securities were pledged to protect county monies.

- A. The county needs to improve its procedures to ensure the county's budget documents accurately present the financial activities of the county. The county included the purchase and redemption of certificates of deposit as a receipt and disbursement in the Mark Twain Reservoir Fund. In addition, the proper receipt classification was not used for some receipts. For example, some fees from county officials were classified incorrectly as intergovernmental receipts or as other receipts rather than charges for service, and some state revenues were classified as other receipts rather than intergovernmental.

The county did not consistently record transfers between various funds. Some transfers between funds were classified as other receipts or disbursements. In addition, some disbursements classified as transfers out were actually distributions to other political subdivisions.

Adjustments have been made to the audited financial statements to correct these errors. Complete and accurate budgets are necessary to adequately inform the citizens of the county's financial activities.

Similar conditions were noted in prior reports.

- B. The county has not established adequate procedures to monitor collateral securities pledged by its depository banks, and as a result, county funds were not covered by collateral securities at various times during the audit period. The county changed its depository bank during 2005, and applicable county officials did not adequately monitor the collateral securities pledged by the new bank. Collateral securities pledged by the county's depository banks to cover deposits of the County Treasurer and County Collector were insufficient by approximately \$1,450,000 at December 31, 2005 and approximately \$3,300,000 and \$480,000 during January 2006 and 2005, respectively. The high balance periods were primarily due to deposits of property tax monies collected by the County Collector and disbursed to the County Treasurer.

Section 110.020, RSMo, requires that the value of securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the Federal Deposit Insurance Corporation (FDIC). Inadequate collateral securities leave county funds unsecured and subject to loss in the event of a bank failure.

WE RECOMMEND the County Commission:

- A. Adopt procedures to ensure receipts and disbursements are accurately presented and classified in the budgets.
- B. Ensure adequate collateral securities are pledged to protect county funds. This can be done by monitoring bank activity and providing timely notice to the depository bank of the need for additional collateral securities to be pledged.

AUDITEE'S RESPONSE

- A. *We agree and will attempt to implement this in the future.*
- B. *We agree and will discuss this with the County Treasurer and County Collector to ensure the bank pledges sufficient collateral securities.*

Property tax system procedures and controls need improvement. The County Clerk does not prepare or verify the current and back tax books or maintain an account book with the County Collector. Neither the County Clerk or County Commission document that they verify the County Collector's settlements.

- A. The County Clerk does not prepare or verify the accuracy of the current or back tax books for real and personal property. The County Collector enters the tax rates, which are obtained from the County Clerk, and extends and prints the current tax books. The County Collector also prepares the back tax books. The County Clerk indicated she reviews individual tax entries on a test basis, but does not maintain documentation of her reviews. Further, the County Clerk does not perform tests to verify the totals of the current and back tax books.

Because the County Collector is responsible for collecting property tax monies, good internal controls require that someone independent of that process be responsible for generating and testing the accuracy of the property tax books.

Sections 137.290 and 140.050, RSMo, require the County Clerk to extend the current and back tax books and charge the County Collector with the amount of taxes to be collected. If it is not feasible for the County Clerk to prepare the tax books, at a minimum, she should verify the accuracy of the tax books and document approval of the tax book amounts to be charged to the County Collector. Failure to do so could result in errors or irregularities going undetected.

- B. Neither the County Commission nor the County Clerk provide an adequate review of the activities of the County Collector. The County Clerk does not maintain an account book or other records summarizing property tax transactions and changes, and no evidence was provided to indicate procedures are performed by the County Clerk or the County Commission to verify the County Collector's monthly or annual settlements.

Section 51.150(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury.

An account book or other records which summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts, should be maintained by the County Clerk. Such records would help the County Clerk ensure that the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the County Clerk and County Commission to verify the County Collector's monthly and annual settlements. Such procedures are intended to establish some checks and balances related to the collection of property taxes.

Similar conditions were noted in prior reports.

WE AGAIN RECOMMEND the County Clerk:

- A. Prepare the current and back tax books or, at a minimum, verify the accuracy of the tax books prior to charging the County Collector with the property tax amounts.
- B. Maintain an account book or other records that summarize property tax system transactions and changes. In addition, the County Clerk and County Commission should monitor property tax system activities and perform a thorough review of the County Collector's annual settlements.

AUDITTEE'S RESPONSE

The County Clerk and County Commission agree and will discuss this with the new county clerk who will take office on January 1, 2007, who will be advised to implement these recommendations.

5. Public Administrator's Controls and Procedures

The Public Administrator did not file some annual settlements when due, and annual settlements do not include some checks issued during the reporting period because only checks that have cleared the bank are reported. In addition, the Public Administrator does not properly document the calculation of fees charged to the wards' estates.

The Public Administrator acts as the court-appointed personal representative for wards or decedent estates of the Probate Court. During the two years ended December 31, 2005, the Public Administrator handled approximately 15 cases.

- A. A review of the annual settlements filed by the Public Administrator indicated the following concerns:

- 1) For 5 of the 15 cases handled by the Public Administrator, annual settlements were not prepared and filed during the year ended December 31, 2005. During the first six months of 2006, settlements were filed for 4 of these 5 cases, and the settlement for the remaining case was over 180 days past due. The Probate Judge indicated he monitors the due dates of annual settlements and verbally notifies the Public Administrator.

Section 473.540, RSMo, requires the Public Administrator to file with the court an annual settlement for each ward on the anniversary of the date of becoming the personal representative.

- 2) The Public Administrator uses a local attorney who uses only bank statements and canceled checks to prepare the annual settlements. As a

result, several checks that had been issued but had not cleared the bank were not included, causing an overstatement of assets and understatement of expenditures.

Timely settlements that include complete and accurate reports of estate transactions and assets are necessary for the court to properly oversee the administration of these cases and lessen the possibility that errors or misuse of funds could go undetected.

- B. The former Public Administrator did not withhold any fees from estates, although state law allows for fees to be withheld and turned over to the county's General Revenue Fund when the Public Administrator receives a salary from the county. In addition, the current Public Administrator and the Probate Judge have not established policies and procedures to ensure fees are consistently charged to estates. The current Public Administrator charges fees which she believes each estate can afford, based on her judgment after considering the income and assets of each estate.

Our review of specific estates noted that fees are not consistently charged to each estate and some estates are charged no fees. No documentation was maintained or provided to the Probate Court to support how the fees were determined. In addition, there is no written policy detailing when a fee should be applied or when a different fee basis should be used to determine the fee charged to an estate.

Without a written policy identifying the types of income subject to fees and a consistent application of fees, there is less assurance that estates are handled equitably or that fees are properly calculated.

Similar conditions were noted in prior reports.

WE AGAIN RECOMMEND the Public Administrator:

- A. File annual settlements on a timely basis which include all checks issued during the reporting period.
- B. Work with the Probate Judge to develop written guidelines that identify the process for charging fees on the estates. Written documentation of fee calculations should be prepared and maintained for all annual settlements and submitted to the Probate Judge for approval.

AUDITEE'S RESPONSE

- A. *The Public Administrator and Probate Judge concur.*
- B. *The Public Administrator and Probate Judge will establish written guidelines to set rates for charging fees on probate conservator estates within thirty days.*

6.**Prosecuting Attorney's Controls and Procedures**

Accounting duties are not adequately segregated, receipt slips are not issued for monies received, and receipts are not deposited on a timely basis. Checks are issued to disburse restitution monies prior to depositing the restitution monies received. Monthly bank reconciliations are not performed, and a checkbook balance is not maintained. Some monies held in the Prosecuting Attorney's bank account should be identified and disbursed.

The Prosecuting Attorney collects bad check and court-ordered restitution, state delinquent taxes, and bad check fees, much of which is transmitted directly and not deposited into the Prosecuting Attorney's bank account. Deposits into the bank account totaled approximately \$12,000 and \$11,000 for the years ending December 31, 2005 and 2004, respectively.

- A. Cash custody and recordkeeping duties are not adequately segregated. The Prosecuting Attorney's administrative assistant collects monies, records transactions, prepares deposits and transmittals, and makes disbursements. There are no documented reviews of the accounting records performed by the Prosecuting Attorney.

Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. Pre-numbered receipt slips are not issued for any monies received, and deposits are not made on a timely basis. Receipts are normally deposited once the administrative assistant has acquired several checks, and the majority of the receipts consist of restitution checks received from the courts. For example, for nine court-ordered restitution cases that we reviewed, the checks were deposited an average of 24 days after the courts issued the checks.

To adequately account for collections and reduce the risk of loss or misuse of funds, pre-numbered receipt slips should be issued for all monies received immediately upon receipt, and the receipt slip numbers should be accounted for properly. The receipt slips should distinguish between monies that are deposited and monies that are transmitted directly to the victims and/or County Treasurer, such as maintaining a receipts ledger which lists all receipts slips issued and summarizes the amounts deposited and transmitted. In addition, deposits should be made intact and on a timely basis.

- C. Restitution monies which are deposited into the Prosecuting Attorney's bank account are normally disbursed to the victims before the money is deposited. For nine of ten cases reviewed, checks were issued to the victims prior to depositing the related restitution receipts. In many of these instances, the checks also cleared the bank

prior to the deposit. As noted in Part E. below, the bank account currently has some unidentified and unclaimed money, which allows these checks to clear before the bank balance becomes a deficit.

To ensure that sufficient funds are available to cover checks issued, checks should not be issued until the corresponding deposits have been made.

- D. A record of the bank account balance is not recorded (such as a running checkbook balance), and bank reconciliations are not performed each month. To ensure bank activity and accounting records are in agreement, and to detect and correct errors timely, the account balance should be recorded in the accounting records on a current basis, and bank reconciliations should be performed and documented monthly.
- E. Over \$2,300 held in the Prosecuting Attorney's bank account needs to be identified and disbursed. Approximately \$1,640 has not been identified to specific cases, and \$730 has been identified to a specific case but has not been disbursed. The Prosecuting Attorney indicated that records from the prior officeholder were obtained and researched and monies were disposed of on many cases; however, as noted above, some monies have not been identified. The Prosecuting Attorney should continue to attempt to identify and disburse these monies. Any monies which remain unclaimed or unidentified should be disposed of in accordance with state law.

WE RECOMMEND the Prosecuting Attorney:

- A. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- B. Require pre-numbered receipt slips be issued for all monies received and keep a ledger or log that indicates which receipts are deposited and which receipts are transmitted directly to the victims and/or County Treasurer. In addition, all monies should be deposited intact on a timely basis.
- C. Ensure all restitution monies are deposited prior to disbursing the monies to the victims.
- D. Ensure a current or running account balance is recorded, and perform and document bank reconciliations on a monthly basis.
- E. Continue to attempt to identify and disburse all monies in the bank account and dispose of unidentified and unclaimed monies in accordance with state law.

AUDITEE'S RESPONSE

We will or have implemented these recommendations, except for issuing pre-numbered receipt slips.

7.**Sheriff's Controls and Procedures**

Receipt slips do not always indicate the method of payment and receipts are not deposited on a timely basis. The Sheriff's office collects various criminal and civil fees, bonds, and gun permits totaling approximately \$40,000 in 2005 and \$47,000 in 2004.

- A. The Sheriff's office receives cash, checks, and money orders; however, the receipt slips do not always indicate the method of payment received. To ensure receipts are handled properly, the method of payment should be indicated on each receipt slip and the composition of receipts should be reconciled to the composition of bank deposits.
- B. Receipts are not deposited on a timely basis. Receipts are deposited approximately six times per month. In one instance, a deposit in August 2005 totaling \$2,817 included receipts of \$1,567 which were held for four days before they were deposited. To adequately safeguard cash receipts and reduce the risk of loss or misuse of funds, receipts should be deposited on a more timely basis, such as daily if significant amounts of cash are collected.

Similar conditions were noted in prior reports.

WE AGAIN RECOMMEND the Sheriff:

- A. Ensure the method of payment is indicated on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- B. Deposit receipts on a timely basis.

AUDITEE'S RESPONSE

We will implement these recommendations. Deposits will be made as soon as money is received and we will make notations as to cash and checks received.

8.**Handicapped Board**

Some disbursements are not recorded in the period that they are incurred. The budgets do not adequately project the financial condition of the Handicapped Board Fund, actual disbursements exceeded budgeted disbursements, and budgets are not filed with the State Auditor's Office. Financial statements were not always published and sent to the State Auditor's Office as required by state law. In addition, reasons for going into closed session are not documented and minutes of closed meetings are not kept.

- A. Some checks were issued in one reporting period and not recorded on the board's financial statements until the next reporting period. An example of this was a check for \$5,000 was issued on December 21, 2005, that was not recorded on the financial statement until February 15, 2006. To adequately show the financial condition of the board, all disbursements should be recorded in the period that they are incurred.
- B. As noted in a prior report, the board's budget preparation procedures do not ensure that the budget documents reasonably reflect the anticipated financial activity and balances of the Handicapped Board Fund. Neither the actual beginning balances nor the projected ending balances were included in the budgets for the years ended December 31, 2005 and 2004. In addition, the budget for the year ended December 31, 2005 did not include any receipt estimates, resulting in a deficit budget balance being presented for that year.

In addition, the board's budgets are not filed with the State Auditor's Office as required by state law. While the board indicated its budgets are filed with the County Clerk, it appears they were not forwarded to the State Auditor's Office.

To be of maximum assistance to the board and to adequately inform the public, the budgets should accurately reflect the actual beginning balances, receipts, disbursements, and projected ending balances.

- C. Actual disbursements exceeded the budgeted amounts by \$6,263 for the year ended December 31, 2004. Overspending occurred because the board agreed to provide the local sheltered workshop \$25,000 for operating a recycling center. No budget amendments were prepared when the board realized that anticipated actual expenditures would exceed budgeted amounts.

Case law provides strict compliance with county budget laws is required by county officials. If there are valid reasons which require excess disbursements, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. To improve the effectiveness of the budgets as a planning tool and ensure compliance with state law, budget to actual comparison reports need to be reviewed and used when making spending decisions throughout the year.

- D. The board did not publish an annual financial statement for the year ended December 31, 2004, and the published financial statement for the year ended December 31, 2005 was not filed with the State Auditor's Office, as required by Sections 50.800 and 50.810, RSMo. To adequately inform the citizens of the board's financial activities and to comply with state law, the board should publish annual financial statements of the Handicapped Board Fund and file them with the State Auditor's Office.
- E. The board holds closed meeting sessions, and the open session minutes typically will indicate that the meeting is being closed, but the specific reasons to close the meeting

are not documented. In addition, votes or final actions, if any, taken by the board during closed sessions were not documented in the open meeting minutes, and minutes for the closed sessions are not taken. Without minutes of closed sessions, there is no record of the discussions held or support for the decisions made, and less assurance to the public that the various statutory provisions are being followed.

The Sunshine Law, Chapter 610, RSMo, states the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session and requires minutes be kept for all closed meetings. In addition, the Sunshine Law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. Finally, votes taken in closed session are required to be disclosed to the public, preferably as part of the open meeting minutes.

WE RECOMMEND the Handicapped Board:

- A. Record all disbursements in the period that they are incurred.
- B. Ensure the budgets include actual beginning balances, reasonable estimates of receipts and disbursements, and projected ending balances, and ensure the budgets are filed with the State Auditor's Office.
- C. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's Office.
- D. Publish annual financial statements and file them with the State Auditor's Office in accordance with state law.
- E. Ensure reasons for going into closed session are documented in the open meeting minutes, as well as any votes or final actions taken, and ensure that minutes are taken for closed sessions.

AUDITEE'S RESPONSE

The Handicapped Board agrees and plans to implement these recommendations.

9. Enhanced 911 Board

The Enhanced 911 Fund is experiencing a declining financial condition. In addition, budgets do not include the projected ending fund balance, are not filed with the State Auditor's Office, and actual disbursements exceeded the budgeted amounts. An employee received payroll advances which appear to violate state law. Some purchases did not appear to be a prudent or necessary use of the Enhanced 911 funds. Open meeting minutes do not always

document the specific reasons for going into closed session, and the reasons for entering into closed session are not allowed by the Sunshine Law.

- A. The Enhanced 911 Fund is experiencing a declining financial condition. The following chart shows the Enhanced 911 Fund receipts, disbursements and cash balances for the two years ended December 31, 2005:

	2005	2004
Beginning balance, January 1	\$ 33,566	81,703
Receipts	283,537	259,616
Disbursements	(309,567)	(307,753)
Ending balance, December 31	\$ 7,536	33,566

As shown in the above table, the financial condition of the Enhanced 911 Fund has declined significantly since 2003. The 2006 budget indicates that disbursements will exceed receipts by \$5,400. While receipts have increased over the past few years, the increase in receipts has not kept pace with the increase in operating costs.

In addition, actual disbursements exceeded budgeted disbursements by \$33,867 and \$32,053 for the years ended December 31, 2005 and 2004, respectively. The majority of the budget overspending is due to actual salary payments exceeding the budgeted amounts.

The board also has some outstanding liabilities at December 31, 2005, including a lease/purchase balance of \$25,400 for computer equipment and \$11,252 for past due phone service charges. Cash flow problems resulted in bank overdraft fees of \$50 in November 2005. In an effort to increase revenues and improve the financial condition, the board placed a ¾-cent sales tax on the November 2005 ballot which would replace the phone tax that is currently collected to help fund the 911 system; however, this measure was not approved by the county voters.

Enhanced 911 Board is facing serious financial problems and, as a result, it is essential that the board address the situation both in the immediate and long-term future. Discretionary disbursements should be reviewed and options for maximizing revenues pursued.

- B. The board's budget preparation procedures do not ensure that the budget documents reasonably reflect the anticipated balances of the Enhanced 911 Fund. Neither the actual beginning balances nor the projected ending balances were included in the budgets for the years ended December 31, 2005 and 2004.

In addition, the board's budgets are not filed with the State Auditor's Office as required by state law. The board does not file its budgets with the County Clerk, who is responsible for filing the county budgets with the State Auditor's Office.

To be of maximum assistance to the board and to adequately inform the public, the budgets should accurately reflect the actual beginning balances and projected ending balances.

- C. As noted in Part A above, actual disbursements exceeded the budgeted amounts by \$33,867 and \$32,053 for the years ended December 31, 2005 and 2004, respectively. The overspending occurred mainly due to salary expenses being higher than anticipated. While the board receives monthly comparisons of budget and actual disbursements, the board did not prepare budget amendments when it was apparent that the actual disbursements would exceed the budgeted amounts.

Case law provides strict compliance with county budget laws is required by county officials. If there are valid reasons which require excess disbursements, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. To improve the effectiveness of the budgets as a planning tool and ensure compliance with state law, budget to actual comparison reports need to be reviewed and used when making spending decisions throughout the year.

- D. Receipts are not recorded until they are deposited, and a current record of the Enhanced 911 Fund's cash balance is not maintained (such as a running checkbook balance). The board maintains one checking account for the deposit of all funds, and while monthly bank reconciliations are prepared on the back of the bank statements, the reconciled bank balance cannot be agreed to the accounting records because no other record is maintained of the cash balance. To ensure bank activity and accounting records are in agreement, and to detect and correct errors timely, receipts should be recorded immediately upon receipt, and the cash balance should be recorded in the accounting records on a current basis and agreed to the monthly bank reconciliations.
- E. A 911 dispatch employee was provided payroll advances of approximately \$1,400 in net pay in August 2005. The 911 coordinator indicated that employees are sometimes paid wages in advance when there are extenuating circumstances.

This payment appears to violate Article VI, Section 23 of the Missouri Constitution which prohibits any political subdivision of the state from granting or lending money to an individual. In addition, it is not prudent for a board to compensate employees in advance. Doing so could result in the board paying an individual for services not performed.

- F. In 2004 and 2005, the board spent a total of \$1,389 for mood pens and pencils, lollipops, and pocket calendars, which were given away at educational programs at elementary schools and high school job fairs. These disbursements do not appear necessary for the operation of the 911 system. Considering the declining financial condition noted above, the board has a fiduciary responsibility to ensure all disbursements are a prudent use of public funds and are necessary for 911 operations.

- G. The minutes of open board meetings do not document the specific reasons for closing the meeting. In addition, there was no documentation in the closed meeting minutes to indicate how some items discussed in closed session are allowed by the Sunshine Law. For example, in one closed meeting the board discussed the dispatcher dress code and an evaluation of the dispatch center.

The Sunshine Law, Chapter 610, RSMo, states the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, the Sunshine Law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. The minutes should provide sufficient details of discussions to demonstrate compliance with statutory provisions.

Conditions similar to Parts C, D, and E.1 were noted in a prior report.

WE RECOMMEND the Enhanced 911 Board:

- A. Consider alternatives of increasing receipts and/or reducing disbursements to improve the financial condition of the Enhanced 911 Fund.
- B. Ensure the budgets include beginning actual and projected ending balances, and ensure the budgets are filed with the State Auditor's Office.
- C. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's Office.
- D. Ensure receipts are recorded immediately upon receipt and a current or running cash balance is recorded in the accounting records.
- E. Discontinue the practice of making payroll advances to employees.
- F. Ensure that all expenditures are a prudent use of taxpayer monies.
- G. Ensure meeting minutes document the reasons for going into closed session and only allowable specified subjects are discussed in closed session.

AUDITEE'S RESPONSE

- A. *The Board is addressing income issues and will work toward balancing the budget through increasing budgeted income items from participating agencies.*
- B. *The Board will include actual beginning and estimated ending balances and will send the budget directly to the State Auditor's Office.*
- C. *The Board will refrain from having disbursements exceed budgeted amounts and will amend the budget if this occurs.*
- D. *A check receipt log has been implemented as of July 31, 2006, and the bookkeeper will keep a running checkbook balance.*
- E. *Payroll advances will not be allowed.*
- F. *The Board will ensure that all expenditures are a prudent use of taxpayer monies.*
- G. *The Board will document in meeting minutes the reasons for closed sessions and only those topics will be discussed.*

Follow-Up on Prior Audit Findings

MONROE COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Monroe County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2001. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices

Actual disbursements exceeded budgeted amounts for various funds.

Recommendation:

The County Commission and other applicable officials should refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office.

Status:

Partially implemented. Disbursements exceeded budgeted amounts for some funds controlled by certain elected officials during 2004 and 2005; however, these amounts were not significant. Although not repeated in the current report, our recommendation remains as stated above.

2. County Expenditures

- A. The county did not maintain adequate records of the number of meals provided to prisoners at the county jail, and did not reconcile prisoner log records to vendor invoices for the number of meals provided.
- B. Credit card purchases made by the Sheriff were not always supported by adequate documentation, were not always paid in a timely manner, and included some personal items not related to county business (although these costs were reimbursed to the county).
- C. Documentation was not sufficient for selecting a higher bid over the lowest bid for some purchases.

Recommendation:

The County Commission:

- A. Ensure the vendor invoice for prisoner meals agrees to prisoner meal records maintained by the county prior to payment.
- B. Ensure the approved policy regarding credit cards is adhered to by requiring all credit card expenditures be supported by receipts or vendor-provided invoices, all billings be submitted to the County Clerk's office in a timely manner to avoid late fees and finance charges, and the practice of charging personal expenses to a county credit card be discontinued.
- C. Maintain adequate documentation of bid awards, particularly in those cases where the lowest bid is not accepted.

Status:

A-C. Implemented.

3. Property Tax Controls

- A. The County Clerk did not maintain an account book with the County Collector.
- B. The County Clerk did not prepare the current or back tax books for real estate and personal property taxes or verify the tax book totals.

Recommendation:

The County Clerk:

- A. Establish and maintain an account book with the County Collector. In addition, the County Commission should consider using the account book to verify the County Collector's annual settlements.
- B. Prepare the current and back tax books or review the tax books for accuracy and document the procedures performed.

Status:

A&B. Not implemented. See MAR finding number 4.

4. Banking Procedures

At December 31, 2001, the County Treasurer maintained ten checking accounts, seven money market accounts, and two certificates of deposit. Because the seven money market accounts were earning the same rate of interest as the checking accounts, it did not appear the county was receiving any additional benefit to justify these additional accounts.

Recommendation:

The County Treasurer reduce the number of bank accounts maintained by the county.

Status:

Implemented.

5. Personnel and Payroll Procedures

- A. Time sheets prepared by county employees did not always indicate actual hours worked and were not always signed by the employee's supervisor.
- B. The county was not always following procedures as stated in the current personnel policy when determining overtime/compensatory time earned.
- C. Employee leave balances were not always correctly recorded on the centralized leave records.
- D.1. The county was not compensating Sheriff's department deputies for overtime and compensatory time as stated in the county's personnel policy.
- 2. Sheriff's department deputies recorded hours worked in association with various law enforcement contracts on separate time sheets from the hours worked as a county deputy. The use of multiple time sheets resulted in the recording of overlapping hours, resulting in duplicate payment for some hours worked. In addition, hours worked in association with various law enforcement contracts were not considered when calculating total hours worked for overtime/compensatory time purposes.
- E. During 2000, three county employees received additional compensation of \$1,000 each from the Enhanced 911 Fund for performing accounting services related to the operation of this fund; however, there was no record of any additional time worked for this additional compensation.

Recommendation:

The County Commission:

- A. Develop payroll procedures which require all county employees to be paid based on actual hours worked. In addition, ensure all time sheets are approved and signed by each employee's supervisor.
- B. Ensure the county's personnel policy is followed when determining overtime/compensatory time. In addition, timesheets should accurately reflect the earning of any overtime/compensatory time.
- C. Ensure that employee leave earned, taken, and the accumulated balances are reported accurately and require the County Clerk to properly maintain centralized annual, sick and compensatory leave records.
- D.1. Compute overtime for law enforcement personnel based on 171 hours over a 28-day period as established in the FLSA and the county's personnel policy manual.
 - 2. Implement procedures to ensure that deputies who are serving in multiple capacities are not paid twice for the same hours. In addition, all hours worked should be considered when determining overtime compensation to be paid.
- E. Discontinue the practice of paying employee bonuses.

Status:

A-C.

&D.1. Not implemented. See MAR finding number 2.

D.2.

&E. Implemented.

6. County Officials' Salaries

- A. The Associate County Commissioners received mid-term salary increases of \$7,280 each in 1999 and 2000. In 2001, the Missouri Supreme Court ruled that these mid-term salary increases violated the Missouri Constitution.
- B. The Presiding Commissioner received a salary increase during the third year of a four-year term. In 2001, all elected officials, with the exception of the County Assessor, received a salary increase due to an increase in the county's assessed valuation, but there was no documentation to support the decisions.
- C. During 1999, 2000, and 2001, the County Clerk was underpaid \$1,000 in each of the three years compared to the salary amount approved by the 1997 salary commission.

Recommendation:

The County Commission:

- A. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Ensure salary commission minutes clearly document all decisions made and all future elected officials' salaries are supported by actions of the salary commission. In addition, written legal opinions should be obtained from the Prosecuting Attorney to support the decisions of the salary commission.
- C. Authorize payment of \$3,000 to the County Clerk for salary underpayments in 1999, 2000, and 2001. In addition, the County Commission should determine if any adjustments are necessary for salary payments made during 2002.

Status:

- A. Not implemented. The county's records were reviewed and no salaries had been repaid. The County Commission has taken no action on this matter. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Partially implemented. The county did not obtain legal opinions from the Prosecuting Attorney regarding the Presiding Commissioner's salary increase or the salary increases based on the increase in assessed valuation. Also, for the year ended February 28, 2002, the former County Collector received a salary increase of \$2,000 and was paid an additional \$642 to complete her annual settlement for the year ended February 28, 2002. Again, there was no documentation in the salary commission minutes nor opinions from the Prosecuting Attorney to support these salary increases for the former County Collector. Since 2003, salaries paid to the county officials appear to be properly documented in the salary commission minutes. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Implemented.

7. Public Administrator's Procedures

- A. Annual settlements were not filed annually or within a reasonable period of time and were not always complete and accurate.
- B. Bank statements and vouchers or invoices supporting disbursements were not submitted for review by the Probate Court. In addition, the Associate Circuit Judge did not require the Public Administrator to submit supporting documentation for expenditures.

- C. The Public Administrator did not always make deposits or pay bills in a timely manner.
- D. The Public Administrator inconsistently charged fees depending on the availability of funds in the wards' estates. No documentation was maintained or provided to the Probate Court to support how the fees were determined, and there was no written guidelines regarding the methods of calculating fees.

Recommendation:

- A. The Public Administrator file complete and accurate annual settlements on a timely basis.

In addition, the Associate Circuit Judge should monitor cases assigned to the Public Administrator to ensure that settlements are being filed as required.

- B. The Public Administrator maintain supporting documentation for all disbursements made on behalf of wards.

In addition, the Associate Circuit Judge should require adequate documentation to be filed or made available to support all settlement transactions.

- C. The Public Administrator deposit receipts daily or when accumulated receipts exceed \$100, and ensure all bills are paid when due.
- D. The Public Administrator work with the Associate Circuit Judge to develop written guidelines that identify the process for charging fees on the estates. Written documentation of fee calculations should be prepared and maintained for all annual settlements and submitted to the Probate Court for approval.

Status:

A&D. Not implemented. See MAR finding number 5.

B&C. Implemented in 2005 by the current Public Administrator.

8. Sheriff's Controls and Procedures

- A. The Sheriff's office did not prepare formal bank reconciliations on a monthly basis.
- B. Accounting and bookkeeping duties were not adequately segregated.
- C.1. Receipt slips did not always indicate the method of payment.
- 2. Receipts were not deposited on a timely basis.

Recommendation:

The Sheriff:

- A. Ensure formal bank reconciliations are prepared on a monthly basis.
- B. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- C.1. Ensure the method of payment is indicated on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- 2. Deposit receipts daily or when accumulated receipts exceed \$100.

Status:

A&B. Implemented.

C.1.&

C.2. Not implemented. See MAR finding number 7.

9. Monroe County Board for the Handicapped

Budgets for the Handicapped Board Fund did not adequately reflect its anticipated financial condition.

Recommendation:

The Monroe County Board for the Handicapped estimate expenditures as closely as possible to the anticipated actual amounts so the budget documents present a reasonable estimate of the board's financial plan and ending cash balances.

Status:

Not implemented. See MAR finding number 8.

10. Enhanced 911 Board

- A. Some receipts were not recorded on the board's accounting records. A cumulative book balance was not maintained, and therefore, the accounting records were not reconciled to the bank balance.
- B. Actual disbursements exceeded the budgeted amounts and amendments to the budget were not made.
- C.1. Timesheets were not prepared by some employees.

2. Payroll calculations documented on employee time sheets were not always accurate.
3. The 911 coordinator was overpaid \$916 in June 2001, and only \$300 had been repaid as of May 2002.
4. The board's personnel policy did not adequately address how overtime pay should be calculated.
5. The board paid bonuses totaling \$600 to employees in December 2001.

Recommendation:

The Enhanced 911 Board:

- A. Post all receipts to the accounting records when received, maintain a cumulative book balance, reconcile the book balance to the bank balance on a monthly basis, and investigate any differences.
- B. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office.
- C.1. Ensure time sheets are prepared and maintained for all employees. The records should be prepared and signed by employees and approved by the applicable supervisor.
 2. Ensure payroll calculations are reviewed and approved by the applicable supervisor to ensure mathematical accuracy.
 3. Review the salary payments made to the 911 coordinator and develop a plan for obtaining repayment of the salary overpayment.
 4. Review and update the board's personnel policy to include detailed policies regarding overtime pay.
 5. Discontinue the practice of paying employee bonuses.

Status:

A, B,
&C.1. Not implemented. See MAR finding number 9.

C.2,4,
&5. Implemented.

C.3. Implemented. Salary overpayments were repaid from August 2002 through March 2003.

STATISTICAL SECTION

History, Organization, and
Statistical Information

MONROE COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1831, the county of Monroe was named after President James Monroe. Monroe County is a county-organized, third-class county and is part of the 10th Judicial Circuit. The county seat is Paris.

Monroe County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 670 miles of county roads and 157 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 9,716 in 1980 and 9,311 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2005	2004	2003	2002	1985*	1980**
		(in millions)					
Real estate	\$	63.9	60.5	59.1	57.3	43.8	22.0
Personal property		28.7	26.4	25.0	25.5	10.5	8.3
Railroad and utilities		11.9	11.2	11.7	12.8	8.8	6.2
Total	\$	104.5	98.1	95.8	95.6	63.1	36.5

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Monroe County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2005	2004	2003	2002
General Revenue Fund	\$	.3000	.3000	.2900	.2776
Special Road and Bridge Fund *		.2799	.2799	.2794	.2756
Health Center Fund		.0900	.0900	.0900	.0900
Handicapped Board Fund		.0900	.0900	.0900	.1000

* The county retains all tax proceeds from areas not within road districts. The county has two road districts that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2006	2005	2004	2003
State of Missouri	\$ 31,171	29,503	28,917	28,670
General Revenue Fund	320,717	299,643	284,947	271,860
Special Road and Bridge Fund	288,981	272,985	267,465	261,820
Assessment Fund	77,852	72,029	55,050	55,050
Health Center Fund	92,683	87,667	86,189	85,819
Handicapped Board Fund	91,270	86,397	85,168	92,854
School districts	4,215,520	3,834,307	3,668,162	3,590,725
Monroe County Library District	243,716	207,392	214,806	171,713
Monroe County Ambulance District	277,316	259,174	257,309	252,259
Monroe City Ambulance District	96,842	93,758	90,429	91,416
Paris Rural Fire Protection District	54,494	49,615	48,189	46,999
Shelbina Fire Protection District	12,551	11,178	11,365	10,669
Madison-West Monroe Fire Protection District	66,384	62,091	61,406	59,211
Special road districts	124,169	121,305	116,185	120,632
Monroe County Nursing Home District	116,878	109,405	108,616	106,684
Salt River Nursing Home District	6,769	6,091	6,527	6,059
Cities	117,924	110,155	107,456	107,023
County Clerk	1,908	1,998	1,967	2,003
County Employees' Retirement	35,438	31,340	30,474	30,064
Collectors Tax Maintenance Fund	10,151	9,449	9,005	3,444
Commissions and fees:				
General Revenue Fund	99,433	92,929	88,245	87,395
Total	\$ 6,382,167	5,848,411	5,627,877	5,482,369

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2006	2005	2004	2003
Real estate	95	96	96	95
Personal property	90	91	91	90
Railroad and utilities	96	100	100	100

Monroe County also has the following sales and use taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
General (1/3 general, 1/3 bridges, 1/3 law enforcement)	.0050	2008	None	
Use tax	.0100	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2006	2005	2004	2003	2002
County-Paid Officials:	\$				
Donald Simpson, Presiding Commissioner		24,967	24,967	24,967	
David L. Utterback, Presiding Commissioner					23,906
Mike Whelan, Associate Commissioner		22,967	21,906	21,906	21,906
Glenn E. Turner, Associate Commissioner		22,967	21,906	21,906	21,906
Merry Sue Meals, Recorder of Deeds (1)		27,000	27,000	27,000	
Sandy Carter, County Clerk (2)		34,473	34,473	34,473	34,892
Monty Platz, Prosecuting Attorney		40,866	9,568		
Michael P. Wilson, Prosecuting Attorney			30,650	40,866	36,462
Gary Tawney, Sheriff		39,837	39,350	39,350	39,350
Martha Cullifer, County Treasurer		25,025	25,025	25,025	21,877
James K. Reinhard, County Coroner		9,587	8,350	8,350	8,350
Marguerite Jones, Public Administrator		15,000			
Linden Vanlandingham, Public Administrator			20,000	11,667	
Angela Fields, Public Administrator (3)				8,333	20,225
Anita Dunkle, County Collector, year ended February 28 (29),	34,838	34,838	34,838		
Ann Ragsdale, County Collector, (4) year ended February 28 (29),			642	35,334	
Paul Quinn, County Assessor (5), year ended August 31,		36,688	36,765	36,233	34,900

(1) Separated from the Circuit Clerk's office in 2003.

(2) Includes \$3,000 in 2002 for underpayments from previous years.

(3) In addition to salary of \$20,000, fees received from probate cases were received in 2002.

(4) County Collector was paid \$642 to complete the 2003 annual settlement after her term expired.

(5) Includes \$688, \$765, \$900 and \$900 annual compensation received from the state for years ended August 31, 2005, 2004, 2003, and 2002 respectively.

State-Paid Officials:

Gayle Bierly, Circuit Clerk	48,500	47,850	47,300	47,300
Michael P. Wilson, Associate Circuit Judge	96,000	19,733		
Carroll M. Blackwell, Associate Circuit Judge		76,000	96,000	96,000



Claire McCaskill
Missouri State Auditor

September 2006

Seventh Judicial Circuit
Clay County, Missouri



Office Of
Missouri State Auditor
Claire McCaskill

September 2006

The following findings were included in our audit report on the Seventh Judicial Circuit, Clay County, Missouri.

The Clay County Circuit Court's procedures for reconciling listings of open items to available cash for the civil/criminal and traffic accounts need improvement. While an open items listing is prepared for the civil/criminal account and compared to the available cash balance, differences exist each month and court personnel have been unable to determine the cause. At December 31, 2005, the cash balance exceeded open items by approximately \$117,000. Also, a monthly open items listing is not prepared for the traffic account, which had a cash balance of \$29,335 at December 31, 2005. At our request, a listing was prepared as of December 31, 2005, and totaled \$14,319, leaving an unidentified cash balance of \$15,016. In addition, an unreconciled difference between the bank and book balances of the traffic account has existed for the past several years.

Procedures are not established to properly investigate and resolve daily cash overages and shortages. During a cash count, we identified approximately \$55 maintained in a cash box in envelopes that court personnel explained were net overages from various days' receipts, dating from 2002 to 2006. Apparently, unresolved overages and shortages in a days' receipts from any of the divisions are put into, or taken from, the cash box to reconcile the drawer's receipts to the receipt slips issued.

Procedures for collecting unpaid fines and court costs need improvement. The accrued cost listing for criminal cases consists of over 12,000 cases and totals approximately \$1,786,000, and the listing for civil cases consists of over 1,200 cases totaling approximately \$143,000. Although the circuit division does utilize various methods to ensure payment, additional efforts have not been pursued if current methods are not successful. We found the court is not following their established procedures on all applicable cases. For example, while the court indicated a defendant's license is to be suspended when a warrant is issued for failure to pay, on only one of 12 cases tested was the suspension in place. In addition, an accrued cost listing for traffic cases is not prepared. At our request, a listing as of March 31, 2006, was prepared and totaled over \$240,000 and included over 2,200 unpaid traffic tickets.

The Juvenile Division did not have formal written agreements with some companies and individuals providing services, including an off-duty sheriff's deputy provided courtroom and meeting security for \$887 and detention fees totaling \$3,634 charged to another county to hold juveniles.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

SEVENTH JUDICIAL CIRCUIT
CLAY COUNTY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge and Court en banc
and
Circuit Clerk of the
Seventh Judicial Circuit
Clay County, Missouri

We have audited certain operations of the Seventh Judicial Circuit, Clay County, Missouri. The scope of this audit included, but was not necessarily limited to, the years ended December 31, 2005 and 2004. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the judicial circuit, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, or violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the judicial circuit's management, the Office of State Courts Administrator, and Clay County and was not subjected to the procedures applied in the audit of the judicial circuit.

The accompanying Management Advisory Report presents our findings arising from our audit of the Seventh Judicial Circuit, Clay County, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

May 24, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Tania Williams
Audit Staff:	Eartha Taylor, CPA
	Chris Holder
	Robert Graham

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

SEVENTH JUDICIAL CIRCUIT
CLAY COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Circuit Divisions' Accounting Controls and Procedures
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Procedures related to the preparation and reconciliation of listings of liabilities to available cash are lacking, and an unreconciled difference exists between bank and book balances in the traffic account. In addition, daily overages and shortages in collections are not investigated, but are accumulated and any net overages are kept in the vault.

A. Procedures for reconciling listings of liabilities (open items) to available cash for the civil/criminal and traffic accounts are in need of improvement.

- While an open items listing is prepared for the civil/criminal account and compared to the available cash balance, differences exist each month and court personnel have been unable to determine the cause. At December 31, 2005, the cash balance exceeded open items by approximately \$117,000. The previous month the difference was approximately \$124,000, and at December 31, 2004, the difference was approximately \$44,500.
- A monthly open items listing is not prepared for the traffic account. At December 31, 2005, the traffic account had a balance of \$29,335. Court personnel indicated that while the computer system was capable of producing a monthly listing of liabilities, such a listing had not been prepared in the past. At our request, an open items listing was prepared as of December 31, 2005, which totaled \$14,319, leaving an unidentified cash balance of \$15,016.

The periodic reconciliation of liabilities with the account balance provides assurance the records are in balance and that sufficient cash is available to meet liabilities. Monthly listings of open items are necessary to ensure accountability over open cases. Open-items listings should also be prepared timely and reconciled to the balance in the traffic account.

B. An unreconciled difference between the bank and book balance of the traffic account has existed for the past several years. The bank reconciliations have documented a cash overage of approximately \$350 in the traffic account for the past several years. Personnel indicated they have attempted on several occasions to make an adjustment to the system to correct this difference, but were unable to explain the cause of the problem. Part of the problem in identifying the cause of this difference is that open items listings are not prepared and reconciled to the cash balance of the traffic account, as noted in part A above.

Court personnel should attempt to determine the reasons for the unidentified balance, and if proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with state law.

- C. Procedures are not established to properly investigate and resolve daily cash overages and shortages. Cashiers for civil, criminal, and traffic divisions count their cash drawers and reconcile cash on hand to the day's posted transactions. During a cash count, we identified approximately \$55 maintained in a cash box in envelopes that court personnel explained were net overages from various days' receipts, dating from 2002 to 2006. Apparently, unresolved overages and shortages in a days' receipts from any of the divisions are put into, or taken from, the cash box to reconcile the drawer's receipts to the receipt slips issued. While most of the differences were small, some differences were not explained or documented.

To ensure all receipts are properly accounted for and deposited, the court should adopt procedures to ensure that differences between recorded receipts and transmittals (overages and shortages) are investigated and resolved. In addition, the court should adopt procedures to ensure the overages are deposited and the resolution is documented.

WE RECOMMEND the Circuit Clerk:

- A. Ensure an open item listing is prepared and reconciled to the bank and book balances monthly, and disburse any unidentified monies in accordance with state law.
- B. Investigate the unidentified monies in the traffic account and any monies remaining unidentified should be disbursed in accordance with state law.
- C. Ensure personnel investigate and resolve daily overages and shortages, and adopt procedures to ensure the overages are deposited and the resolution is documented.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following responses:

- A. *The civil/criminal open items comparison to available cash in that account does indicate a problem with the reporting program relative to open items. That reporting problem does not allow the court to pinpoint, by listing, all cases where money is on hold to be paid out based on future orders of the court. That information is available in each case file. The court's books do balance with the bank accounts and the cash is available to pay out based on the future orders of the court. As of April 3, 2006, the court's management system changed to the state's JIS system. Prior to conversion, all monies held by the court, that could, were disbursed. By March 31, 2006, the unidentified open*

items amount was reduced to \$53,000. To remedy the open items reporting problem in the old system would require the manual review of thousands of files and the updating of a system no longer in use. After the update of the old system it could not be converted into the current JIS system. The cost of manually reviewing and updating the reporting system would be prohibitive given the staffing demands for higher priority court operations. By January 1, 2007, the court will consult with the CPA's from the Office of State Courts Administrator (OSCA) to review and assess procedures for better reporting and balancing of open items in the state's JIS system.

The problem with the traffic account versus open items is similar to the reporting problem in the civil/criminal account. The court believes the problem is in the reporting system since the court's books and bank accounts balance (with the exception of \$350 noted below). As noted above, the court will consult with the CPA's from OSCA to review and assess for better reporting of open items in the JIS system.

- B. The \$350 difference between the book and bank balances in traffic account has been forwarded to the state's unclaimed property account.*
- C. Procedures are now in place to deal with any daily cash overages. That procedure requires any overage that can be identified with a case to be receipted to that account. If the overage cannot be identified to a specific case then the money is receipted to a miscellaneous account. If the amount is under five dollars, it will be paid to the county as allowed by state law. If the overage is over five dollars, it will be forwarded to unclaimed property. Any shortages will be paid from county funds so that no court cases will incur a shortage.*

2. Accrued Costs

Procedures to monitor and collect accrued court costs for civil, criminal, and traffic cases could be improved.

- The accrued cost listing for criminal cases consists of over 12,000 cases and totals approximately \$1,786,000, and the listing for civil cases consists of over 1,200 cases totaling approximately \$143,000. Although the circuit division does utilize show cause orders, issues warrants for failure to appear, and allows partial payments, additional efforts, such as utilizing a collection agency, have not been pursued to collect amounts due if these procedures are not successful.
- An accrued cost listing for traffic cases is not prepared, although the system is capable of producing a listing monthly. At our request, a listing as of March 31, 2006, was prepared and totaled over \$240,000 and included over 2,200 unpaid traffic tickets. Court personnel indicated if a defendant fails to appear for court, a failure to appear notice is sent to the defendant and if payment is not received within 30 days for an in-state ticket, or 15 days for an out-of-state ticket, a warrant is issued and the defendants' license is suspended. The court has not

adopted specific procedures to ensure these actions are taken, and, based on results of our tests, we determined these actions are not taken consistently on all applicable cases.

While warrants were issued for applicable cases selected for testing, none of the twelve defendants who failed to appear had a notice sent, and only one of twelve licenses was suspended when a warrant was issued. Additionally, 6 of 15 items selected reported an incorrect amount due on the receivable listing, and 4 of the remaining 9 cases had no balance due, although they were included on the listing. Maintaining an accurate receivable listing and developing and implementing specific policies and procedures for the collection of accrued costs are necessary to ensure all costs are collected and to avoid the potential for lost revenue.

Recent legislation has increased the court's opportunities to collect debts owed to the court, and the Circuit Clerk indicated the court has recently begun pursuing other avenues for collecting outstanding debts. The Circuit Clerk should review the status of all old cases, and if all costs have not been received, collection of outstanding amounts should be pursued. Without the active and timely pursuit of unpaid fines and costs, revenues to the state and county could be lost.

WE RECOMMEND the Circuit Clerk establish more formal and consistent procedures for pursuing amounts due the court and/or assessing the likelihood of their collection. Additionally, the traffic receivable listing should be reviewed for accuracy and updated.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following response:

As of April 3, 2006, the court changed its management computer system to the state's JIS system. One of the considerations in going to the JIS system was that it would allow the court to efficiently use programs at the state level to collect outstanding costs owed to the court. By January 1, 2007, the court will be participating in the Missouri Court Offset Program and Debt Collection Programs. This will allow for delinquent costs and fines to be taken from state income tax refunds and will also allow for the use of a state contracted collection agency.

The problem found by the auditors that resulted in inconsistent application of suspensions and warrants for failure to appear on traffic matters has been resolved. In all traffic cases where the party fails to appear, the Department of Revenue will be properly notified and warrants issued.

3.**Juvenile Division Procedures**

The Juvenile Division did not have formal written agreements with some companies and individuals providing services. An off-duty sheriff's deputy provided courtroom and meeting security (\$887), and detention fees charged to another county to hold juveniles (\$3,634) were paid without a contract. The Juvenile Division indicated they charge \$60 a day for detention fees. Formal written agreements are necessary to document each party's duties and responsibilities and to prevent misunderstandings.

Section 432.070, RSMo, requires contracts for political subdivisions to be in writing. The Juvenile Division should enter into written contracts for services rendered or obtained. A written contract, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties.

WE RECOMMEND the Juvenile Division enter into written contractual agreements for all services provided.

AUDITEE'S RESPONSE

The Juvenile Officer indicated that as of October 31, 2006, the Clay County Family Court will have a written contract with each county for which we detain juveniles on a regular basis.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

SEVENTH JUDICIAL CIRCUIT
CLAY COUNTY, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

Organization

The Seventh Judicial Circuit includes only Clay County.

The Seventh Judicial Circuit consists of four circuit judges, three associate circuit judges, and one family court commissioner. The court en banc consists of all divisions of the circuit acting collectively. One circuit judge, elected biennially by secret ballot of the circuit and associate circuit judges, serves as the presiding judge and is responsible for the administration of the circuit.

In addition to the judges, the personnel of the Seventh Judicial Circuit, Clay County, Missouri, include a circuit clerk (who also collects and disburses fees for the associate division), a probate division clerk, a director of court services, a juvenile officer, and various other court personnel.

Operating Costs

The operating costs are paid by the county and salaries of court personnel by the state of Missouri.

Receipts

Receipts of the Seventh Judicial Circuit, Clay County, were as follows:

		Year Ended December 31,	
		2004	2005
Court deposits, fees, bonds, and other	\$	7,681,060	5,286,941
Interest income		2,193	3,009
Total	\$	<u>7,683,253</u>	<u>5,289,950</u>

Caseload and Time Standards Statistics

From the Office of State Courts Administrator Missouri Judicial Reports, caseload statistics of the filings and dispositions of the Seventh Judicial Circuit, Clay County, were as follows:

	Year Ended June 30,			
	2004		2005	
	Filings	Dispositions	Filings	Dispositions
Civil	11,409	10,472	12,124	11,707
Criminal	12,210	10,181	14,992	11,278
Juvenile	631	235	495	210
Probate	330	231	380	226
Total	24,580	21,119	27,991	23,421

From the Office of State Courts Administrator Missouri Judicial Report for fiscal year 2005, statistics on the compliance of the Seventh Judicial Circuit, Clay County, with time standards for disposition of certain types of cases were as follows:

Type of Case	Time Standard	Seventh	State Total
		Judicial Circuit Clay County, Missouri	
Circuit Civil	90 % in 18 months	71 %	78 %
	98 % in 24 months	78	86
Domestic Relations	90 % in 8 months	79	85
	98% in 12 months	85	91
Associate Civil	90 % in 6 months	81	86
	86 % in 12 months	90	96
Circuit Felony	90 % in 8 months	89	82
	98 % in 12 months	96	94
Associate Criminal	90 % in 4 months	67	72
	98 % in 6 months	82	85

Personnel

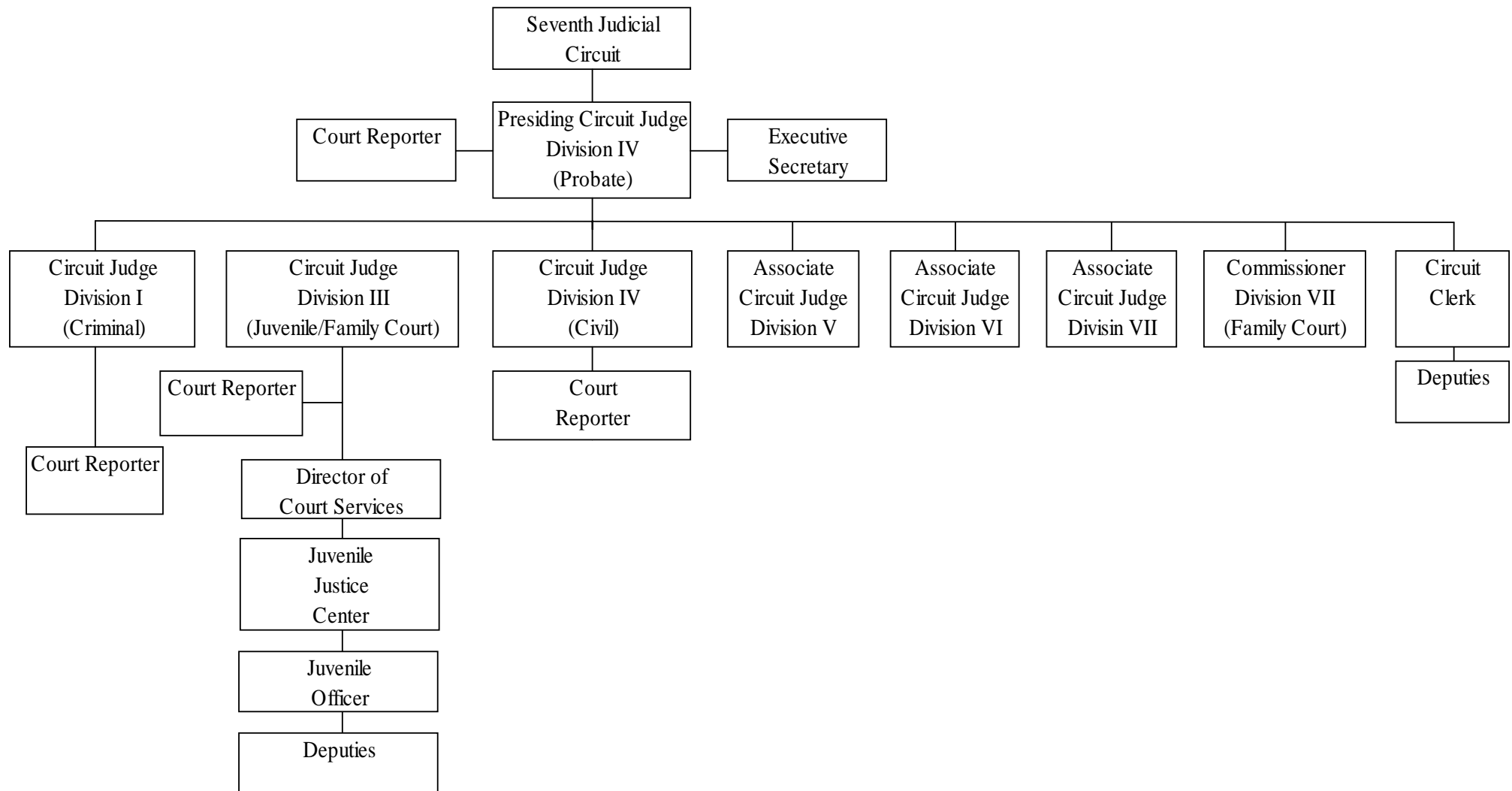
At December 31, 2005, judges, Circuit Clerk, and Juvenile Officer of the Seventh Judicial Circuit, Clay County, were as follows:

Michael Maloney, Circuit Judge, Division I – Criminal
Rex Gabbert, Circuit Judge, Division II – Civil and Drug Court
James Welsh, Circuit Judge, Division III – Civil, Juvenile and Family Court
Larry Harman, Presiding Circuit Judge, Division IV – Civil, Circuit and Criminal

Liz Davis, Associate Judge, Division V – Family Court
Don Norris, Associate Judge, Division VI – Civil and Criminal
Janet Sutton, Associate Judge, Division VII – Civil, Criminal and Traffic
Sherrill Roberts, Commissioner Judge, Division VIII – Family Court
Stephen Haymes – Circuit Clerk
Alan Gremler – Juvenile Officer

An organization chart follows:

SEVENTH JUDICIAL CIRCUIT
CLAY COUNTY, MISSOURI
ORGANIZATION CHART
DECEMBER 31, 2005





Claire McCaskill

Missouri State Auditor

September 2006

Douglas County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2006

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Douglas, that do not have a county auditor. In addition to a financial audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

- The county's financial condition is expected to deteriorate based upon 2006 budget projections. Because of increasing costs and stagnant or decreasing revenues, the General Revenue Fund's and the Special Road and Bridge Fund's estimated cash balances at December 31, 2006 are projected to decrease significantly. While the County Commission has ordered a hiring freeze on county employees, eliminated four Sheriff Department personnel and cut other expenses, these cuts have not kept pace with the expected decrease in receipts. Additionally, some expenses, such as employee health insurance and fuel costs, have increased. The County Commission does not expect the financial position of the county to improve significantly, and has approved placing two sales tax issues on the ballot in November.
- The Douglas County Assistant Prosecuting Attorney performs work related to child support enforcement (CSE) activities, and the county is reimbursed all of his \$20,440 annual salary through the Missouri Department of Social Services Title IV-D. Time sheets prepared by the Assistant Prosecutor reflected only seven hours were worked during July 2005, computing to an hourly rate of \$243, or an average of only 12 hours worked per month at \$140 per hour for all of 2005. Although the county breaks even under the current arrangement, county officials should take steps to ensure public funds from all sources are spent reasonably and efficiently.
- The 44th Judicial Circuit Drug Court, consisting of Wright, Douglas, and Ozark counties, has not adequately evaluated the costs associated with the drug court program. A \$480,134 grant from the U.S. Department of Justice, along with state and local monies have funded the \$938,962 cost to operate this program during the last four years. Our review of the drug court identified instances where grant funds were spent for some expenses that are no longer being incurred. Examples include \$70,075 in compensation paid to prosecuting and defense attorneys, and \$41,938 in compensation paid to individuals to track drug court participants. These services are now being obtained at no cost to the drug court since federal grant funds have been exhausted. Additionally, the cost charged to participants has increased from \$100 to \$600 with no documented cost analysis to justify how

YELLOW SHEET

the fee amount was determined. Because drug court officials do not adequately analyze the various costs associated with operating this program, they cannot ensure all federal, state and local funds provided to the drug court are utilized effectively and efficiently.

- Compensatory balances for the Sheriff Department employees were not calculated correctly resulting in the county owing approximately \$10,787 in compensatory time to past employees.
- The county has not adopted formal policies and procedures for the use of the twenty-seven credit cards for five different vendors currently held by the county officials and employees. Additionally, the County Commission did not always document their review and approval of expenses, and the county did not obtain adequate documentation to support \$73,530 paid to a local retailer for costs related to public improvements.
- Confidential passwords to limit access to the various property tax system files are not utilized, and interest and penalties on delinquent personal property taxes were waived by the County Collector without obtaining approval by the County Commission.
- Inventory records accounting for county assets need improved, and logs are not maintained to account for the fuel used from the county's gasoline and diesel fuel tanks.
- The Public Administrator did not prepare and file annual settlements with the court, perform bank reconciliations, or maintain accounting records for over five years for one ward with a bank balance of approximately \$35,384. Additionally, annual settlements filed by the Public Administrator for another ward contained errors.

Also included in the audit are recommendations related to county officials bonds, budgets, and published financial statements. The audit also suggested improvements in the procedures of the Prosecuting Attorney, County Collector, Sheriff, and Support the Handicapped Board.

All reports are available on our website: www.auditor.mo.gov

DOUGLAS COUNTY, MISSOURI

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DOUGLAS COUNTY, MISSOURI

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FINANCIAL SECTION

STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Douglas County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Douglas County, Missouri, as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Douglas County, Missouri, as of December 31, 2005 and 2004, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Douglas County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2005 and 2004, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 27, 2006, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Douglas County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

April 27, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	Troy Royer
Audit Staff:	Monte Davault
	Candi Copley
	Diane Smiley



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Douglas County, Missouri

We have audited the financial statements of various funds of Douglas County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated April 27, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Douglas County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Douglas County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements,

noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Douglas County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 27, 2006 (fieldwork completion date)

Financial Statements

Exhibit A-1

DOUGLAS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2005

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 176,441	1,717,023	1,659,208	234,256
Special Road and Bridge	158,408	942,293	1,039,912	60,789
Assessment	21,897	164,819	142,883	43,833
Law Enforcement Training	748	1,692	1,066	1,374
Prosecuting Attorney Training	482	421	228	675
Prosecuting Attorney Bad Check	7,062	16,472	16,699	6,835
Law Enforcement	213	727	725	215
Recorder User Fee	14,491	11,627	319	25,799
Local Emergency Planning Commission	2,306	5,408	3,998	3,716
Victims of Domestic Violence	434	586	900	120
Sheriff Civil Fee	4,106	16,503	18,531	2,078
Prosecuting Attorney Delinquent Tax	174	1,040	1,058	156
Election Services	4,745	606	452	4,899
Emergency Management	4,797	58,255	60,340	2,712
44th Judicial Drug Court	20,571	32,584	21,864	31,291
Juvenile Drug Court	500	602	1,085	17
Collector's Tax Maintenance	2,326	9,024	5,639	5,711
Sheriff's Revolving	3,362	969	0	4,331
Election Improvement	15,017	5,358	4,765	15,610
Emergency Shelter	0	7,500	7,500	0
Over/Under Payment	0	20	0	20
Health Center	387,583	960,171	881,195	466,559
Support the Handicapped Board	89,514	88,490	96,189	81,815
Circuit Clerk Interest	1,931	444	1,104	1,271
Law Library	560	3,537	2,180	1,917
Associate Circuit Division Interest	842	507	447	902
Total	\$ 918,510	4,046,678	3,968,287	996,901

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

DOUGLAS COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 284,697	1,614,574	1,722,830	176,441
Special Road and Bridge	131,821	1,024,512	997,925	158,408
Assessment	15,067	139,741	132,911	21,897
Law Enforcement Training	733	1,619	1,604	748
Prosecuting Attorney Training	75	407	0	482
Prosecuting Attorney Bad Check	11,983	14,442	19,363	7,062
Law Enforcement	211	877	875	213
Recorder User Fee	7,333	9,723	2,565	14,491
Local Emergency Planning Commission	5,284	4,200	7,178	2,306
Victims of Domestic Violence	336	698	600	434
Sheriff Civil Fee	482	13,283	9,659	4,106
Prosecuting Attorney Delinquent Tax	1	606	433	174
Election Services	2,241	3,723	1,219	4,745
Emergency Management	2,966	30,529	28,698	4,797
44th Judicial Drug Court	13,517	23,445	16,391	20,571
Juvenile Drug Court	0	500	0	500
Collector's Tax Maintenance	4,762	8,992	11,428	2,326
Sheriff's Revolving	0	3,487	125	3,362
Election Improvement	0	15,017	0	15,017
Health Center	326,811	1,027,409	966,637	387,583
Support the Handicapped Board	118,092	84,774	113,352	89,514
Circuit Clerk Interest	1,857	269	195	1,931
Law Library	779	2,764	2,983	560
Associate Circuit Division Interest	1,675	216	1,049	842
Total	\$ 930,723	4,025,807	4,038,020	918,510

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

DOUGLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 3,915,755	4,046,678	130,923	3,832,633	4,025,807	193,174
DISBURSEMENTS	4,298,140	3,968,287	329,853	4,262,237	4,038,020	224,217
RECEIPTS OVER (UNDER) DISBURSEMENTS	(382,385)	78,391	460,776	(429,604)	(12,213)	417,391
CASH, JANUARY 1	918,704	918,510	(194)	930,723	930,723	0
CASH, DECEMBER 31	536,319	996,901	460,582	501,119	918,510	417,391
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	100,000	100,490	490	116,000	125,288	9,288
Sales taxes	825,000	877,771	52,771	723,000	804,566	81,566
Intergovernmental	510,126	504,073	(6,053)	488,403	465,536	(22,867)
Charges for services	156,450	191,065	34,615	164,100	173,272	9,172
Interest	2,500	4,551	2,051	2,500	4,337	1,837
Other	9,400	17,727	8,327	11,600	13,447	1,847
Transfers in	25,533	21,346	(4,187)	16,233	28,128	11,895
Total Receipts	1,629,009	1,717,023	88,014	1,521,836	1,614,574	92,738
DISBURSEMENTS						
County Commissioner	73,691	73,577	114	68,727	69,742	(1,015)
County Clerk	74,344	73,973	371	72,056	71,508	548
Elections	97,750	77,669	20,081	51,550	50,718	832
Buildings and grounds	96,326	76,308	20,018	62,375	48,456	13,919
Employee fringe benefit	234,423	206,814	27,609	206,444	175,499	30,945
County Treasurer	28,308	28,154	154	36,236	35,943	293
County Collector	62,165	61,618	547	61,790	62,305	(515)
Circuit Clerk	26,315	26,153	162	24,700	25,148	(448)
Associate Circuit Court	8,050	5,472	2,578	8,000	6,832	1,168
Court administration	31,138	25,458	5,680	28,946	14,384	14,562
Public Administrator	37,750	37,754	(4)	36,400	35,734	666
Sheriff	354,247	353,492	755	342,239	348,013	(5,774)
Jail	79,494	109,132	(29,638)	80,900	93,011	(12,111)
Prosecuting Attorney	148,505	146,038	2,467	146,348	141,335	5,013
Juvenile Officer	28,921	32,618	(3,697)	28,921	26,633	2,288
County Coroner	11,095	11,130	(35)	10,120	10,064	56
Victim Advocate	10,834	21,209	(10,375)	20,038	21,556	(1,518)
44th Judicial Drug Court	210,725	151,561	59,164	205,100	192,366	12,734
Meth Investigator Grant	0	0	0	41,993	38,888	3,105
Other	90,042	91,878	(1,836)	176,802	202,537	(25,735)
Transfers out	49,200	49,200	0	53,153	52,158	995
Emergency Fund	48,870	0	48,870	43,162	0	43,162
Total Disbursements	1,802,193	1,659,208	142,985	1,806,000	1,722,830	83,170
RECEIPTS OVER (UNDER) DISBURSEMENTS	(173,184)	57,815	230,999	(284,164)	(108,256)	175,908
CASH, JANUARY 1	176,441	176,441	0	284,697	284,697	0
CASH, DECEMBER 31	3,257	234,256	230,999	533	176,441	175,908

Exhibit B

DOUGLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	220,000	229,499	9,499	210,000	219,720	9,720
Intergovernmental	738,663	692,272	(46,391)	705,917	801,928	96,011
Interest	1,500	2,313	813	1,000	1,768	768
Other	500	13,214	12,714	1,100	1,096	(4)
Transfers in	0	4,995	4,995	0	0	0
Total Receipts	960,663	942,293	(18,370)	918,017	1,024,512	106,495
DISBURSEMENTS						
Salaries	394,430	394,494	(64)	388,032	384,863	3,169
Employee fringe benefit	143,174	136,024	7,150	148,900	124,108	24,792
Supplies	92,000	118,950	(26,950)	100,500	83,540	16,960
Insurance	29,000	22,505	6,495	25,000	27,703	(2,703)
Road and bridge materials	110,500	88,504	21,996	82,000	102,541	(20,541)
Equipment repairs	125,000	96,304	28,696	120,000	124,161	(4,161)
Equipment purchases	170,000	123,331	46,669	123,000	121,581	1,419
Construction, repair, and maintenance	0	0	0	10,000	0	10,000
Other	33,000	51,257	(18,257)	32,000	29,428	2,572
Transfers out	0	8,543	(8,543)	0	0	0
Total Disbursements	1,097,104	1,039,912	57,192	1,029,432	997,925	31,507
RECEIPTS OVER (UNDER) DISBURSEMENTS	(136,441)	(97,619)	38,822	(111,415)	26,587	138,002
CASH, JANUARY 1	158,408	158,408	0	131,821	131,821	0
CASH, DECEMBER 31	21,967	60,789	38,822	20,406	158,408	138,002
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	105,027	112,610	7,583	96,810	95,973	(837)
Charges for services	0	10,837	10,837	0	0	0
Interest	0	372	372	0	168	168
Other	0	141	141	0	42	42
Transfers in	40,600	40,859	259	43,558	43,558	0
Total Receipts	145,627	164,819	19,192	140,368	139,741	(627)
DISBURSEMENTS						
Assessor	157,413	142,883	14,530	140,368	132,881	7,487
Transfers out	0	0	0	0	30	(30)
Total Disbursements	157,413	142,883	14,530	140,368	132,911	7,457
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,786)	21,936	33,722	0	6,830	6,830
CASH, JANUARY 1	21,897	21,897	0	15,067	15,067	0
CASH, DECEMBER 31	10,111	43,833	33,722	15,067	21,897	6,830

Exhibit B

DOUGLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	2,000	1,686	(314)	2,000	1,615	(385)
Interest	15	6	(9)	15	4	(11)
Total Receipts	2,015	1,692	(323)	2,015	1,619	(396)
DISBURSEMENTS						
Sheriff	2,000	1,066	934	2,500	1,604	896
Total Disbursements	2,000	1,066	934	2,500	1,604	896
RECEIPTS OVER (UNDER) DISBURSEMENTS	15	626	611	(485)	15	500
CASH, JANUARY 1	748	748	0	733	733	0
CASH, DECEMBER 31	763	1,374	611	248	748	500
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	400	416	16	700	405	(295)
Interest	2	5	3	5	2	(3)
Total Receipts	402	421	19	705	407	(298)
DISBURSEMENTS						
Prosecuting Attorney	375	228	147	775	0	775
Total Disbursements	375	228	147	775	0	775
RECEIPTS OVER (UNDER) DISBURSEMENTS	27	193	166	(70)	407	477
CASH, JANUARY 1	482	482	0	75	75	0
CASH, DECEMBER 31	509	675	166	5	482	477
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	14,875	16,409	1,534	14,900	14,154	(746)
Interest	90	63	(27)	225	78	(147)
Other	0	0	0	0	210	210
Total Receipts	14,965	16,472	1,507	15,125	14,442	(683)
DISBURSEMENTS						
Prosecuting Attorney	6,600	5,582	1,018	10,400	7,821	2,579
Transfers out	11,533	11,117	416	11,534	11,542	(8)
Total Disbursements	18,133	16,699	1,434	21,934	19,363	2,571
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,168)	(227)	2,941	(6,809)	(4,921)	1,888
CASH, JANUARY 1	7,062	7,062	0	11,983	11,983	0
CASH, DECEMBER 31	3,894	6,835	2,941	5,174	7,062	1,888

Exhibit B

DOUGLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Intergovernmental	1,000	725	(275)	1,000	875	(125)
Interest	20	2	(18)	20	2	(18)
Total Receipts	1,020	727	(293)	1,020	877	(143)
DISBURSEMENTS						
Sheriff	1,000	725	275	1,000	875	125
Total Disbursements	1,000	725	275	1,000	875	125
RECEIPTS OVER (UNDER) DISBURSEMENTS	20	2	(18)	20	2	(18)
CASH, JANUARY 1	213	213	0	211	211	0
CASH, DECEMBER 31	233	215	(18)	231	213	(18)
<u>RECORDER USER FEE FUND</u>						
RECEIPTS						
Charges for service:	7,500	11,425	3,925	7,000	9,631	2,631
Interest	50	202	152	50	92	42
Total Receipts	7,550	11,627	4,077	7,050	9,723	2,673
DISBURSEMENTS						
Ex Officio Recorder of Deed	10,000	319	9,681	8,200	2,565	5,635
Total Disbursements	10,000	319	9,681	8,200	2,565	5,635
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,450)	11,308	13,758	(1,150)	7,158	8,308
CASH, JANUARY 1	14,491	14,491	0	7,333	7,333	0
CASH, DECEMBER 31	12,041	25,799	13,758	6,183	14,491	8,308
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	4,445	5,248	803	4,131	1,940	(2,191)
Other	4,000	160	(3,840)	0	2,260	2,260
Total Receipts	8,445	5,408	(3,037)	4,131	4,200	69
DISBURSEMENTS						
Emergency planning	8,445	3,998	4,447	7,055	6,878	177
Transfers out	500	0	500	0	300	(300)
Total Disbursements	8,945	3,998	4,947	7,055	7,178	(123)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	1,410	1,910	(2,924)	(2,978)	(54)
CASH, JANUARY 1	2,306	2,306	0	5,284	5,284	0
CASH, DECEMBER 31	1,806	3,716	1,910	2,360	2,306	(54)

Exhibit B

DOUGLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>VICTIMS OF DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for service:	850	580	(270)	750	695	(55)
Interest	3	6	3	3	3	0
Total Receipts	853	586	(267)	753	698	(55)
DISBURSEMENTS						
Domestic violence shelte	1,000	900	100	1,000	600	400
Total Disbursements	1,000	900	100	1,000	600	400
RECEIPTS OVER (UNDER) DISBURSEMENTS	(147)	(314)	(167)	(247)	98	345
CASH, JANUARY 1	434	434	0	336	336	0
CASH, DECEMBER 31	287	120	(167)	89	434	345
<u>SHERIFF CIVIL FEE FUND</u>						
RECEIPTS						
Charges for service:	12,000	12,545	545	10,000	10,445	445
Interest	20	30	10	20	16	(4)
Other	3,756	3,928	172	1,100	2,822	1,722
Total Receipts	15,776	16,503	727	11,120	13,283	2,163
DISBURSEMENTS						
Sheriff	19,000	18,531	469	11,550	9,659	1,891
Total Disbursements	19,000	18,531	469	11,550	9,659	1,891
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,224)	(2,028)	1,196	(430)	3,624	4,054
CASH, JANUARY 1	4,106	4,106	0	482	482	0
CASH, DECEMBER 31	882	2,078	1,196	52	4,106	4,054
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	985	839	(146)	850	605	(245)
Interest	2	1	(1)	4	1	(3)
Transfers in	200	200	0	0	0	0
Total Receipts	1,187	1,040	(147)	854	606	(248)
DISBURSEMENTS						
Prosecuting Attorney	1,336	1,058	278	840	433	407
Total Disbursements	1,336	1,058	278	840	433	407
RECEIPTS OVER (UNDER) DISBURSEMENTS	(149)	(18)	131	14	173	159
CASH, JANUARY 1	174	174	0	1	1	0
CASH, DECEMBER 31	25	156	131	15	174	159

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DOUGLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Charges for service:	300	557	257	2,000	3,695	1,695
Interest	20	49	29	40	28	(12)
Total Receipts	320	606	286	2,040	3,723	1,683
DISBURSEMENTS						
Elections	4,700	452	4,248	4,000	1,219	2,781
Total Disbursements	4,700	452	4,248	4,000	1,219	2,781
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,380)	154	4,534	(1,960)	2,504	4,464
CASH, JANUARY 1	4,745	4,745	0	2,241	2,241	0
CASH, DECEMBER 31	365	4,899	4,534	281	4,745	4,464
<u>EMERGENCY MANAGEMENT FUND</u>						
RECEIPTS						
Intergovernmental	37,408	34,433	(2,975)	20,100	18,410	(1,690)
Other	14,000	11,938	(2,062)	11,300	8,219	(3,081)
Transfers in	7,100	11,884	4,784	3,600	3,900	300
Total Receipts	58,508	58,255	(253)	35,000	30,529	(4,471)
DISBURSEMENTS						
Emergency management	62,208	55,345	6,863	32,774	23,998	8,776
Transfers out	0	4,995	(4,995)	4,700	4,700	0
Total Disbursements	62,208	60,340	1,868	37,474	28,698	8,776
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,700)	(2,085)	1,615	(2,474)	1,831	4,305
CASH, JANUARY 1	4,797	4,797	0	2,966	2,966	0
CASH, DECEMBER 31	1,097	2,712	1,615	492	4,797	4,305
<u>44TH JUDICIAL DRUG COURT FUND</u>						
RECEIPTS						
Intergovernmental	10,300	10,000	(300)	10,000	10,310	310
Charges for service:	12,500	11,255	(1,245)	7,000	8,135	1,135
Other	0	6,329	6,329	0	0	0
Transfers in	5,000	5,000	0	5,000	5,000	0
Total Receipts	27,800	32,584	4,784	22,000	23,445	1,445
DISBURSEMENTS						
Drug court	10,000	12,704	(2,704)	7,000	4,889	2,111
Transfers out	13,000	9,160	3,840	15,000	11,502	3,498
Total Disbursements	23,000	21,864	1,136	22,000	16,391	5,609
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,800	10,720	5,920	0	7,054	7,054
CASH, JANUARY 1	20,571	20,571	0	13,517	13,517	0
CASH, DECEMBER 31	25,371	31,291	5,920	13,517	20,571	7,054

Exhibit B

DOUGLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>JUVENILE DRUG COURT FUND</u>						
RECEIPTS						
Intergovernmental	0	602	602	0	0	0
Transfers in	5,000	0	(5,000)	500	500	0
Total Receipts	5,000	602	(4,398)	500	500	0
DISBURSEMENTS						
Drug court	5,000	483	4,517	250	0	250
Transfers out	0	602	(602)	0	0	0
Total Disbursements	5,000	1,085	3,915	250	0	250
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(483)	(483)	250	500	250
CASH, JANUARY 1	500	500	0	0	0	0
CASH, DECEMBER 31	500	17	(483)	250	500	250
<u>COLLECTOR'S TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	9,000	8,968	(32)	9,000	8,949	(51)
Interest	0	56	56	20	43	23
Total Receipts	9,000	9,024	24	9,020	8,992	(28)
DISBURSEMENTS						
Collector	7,220	5,122	2,098	13,370	11,223	2,147
Transfers out	1,000	517	483	0	205	(205)
Total Disbursements	8,220	5,639	2,581	13,370	11,428	1,942
RECEIPTS OVER (UNDER) DISBURSEMENTS	780	3,385	2,605	(4,350)	(2,436)	1,914
CASH, JANUARY 1	2,326	2,326	0	4,762	4,762	0
CASH, DECEMBER 31	3,106	5,711	2,605	412	2,326	1,914
<u>SHERIFF'S REVOLVING FUND</u>						
RECEIPTS						
Charges for service:	1,000	930	(70)	3,300	3,472	172
Interest	10	39	29	10	15	5
Total Receipts	1,010	969	(41)	3,310	3,487	177
DISBURSEMENTS						
Sheriff	200	0	200	250	125	125
Total Disbursements	200	0	200	250	125	125
RECEIPTS OVER (UNDER) DISBURSEMENTS	810	969	159	3,060	3,362	302
CASH, JANUARY 1	3,362	3,362	0	0	0	0
CASH, DECEMBER 31	4,172	4,331	159	3,060	3,362	302

Exhibit B

DOUGLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION IMPROVEMENT FUND</u>						
RECEIPTS						
Intergovernmental	0	5,206	5,206	15,000	15,000	0
Interest	0	152	152	0	17	17
Total Receipts	0	5,358	5,358	15,000	15,017	17
DISBURSEMENTS						
Elections	15,000	4,765	10,235	0	0	0
Total Disbursements	15,000	4,765	10,235	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,000)	593	15,593	15,000	15,017	17
CASH, JANUARY 1	15,017	15,017	0	0	0	0
CASH, DECEMBER 31	17	15,610	15,593	15,000	15,017	17
<u>EMERGENCY SHELTER FUND</u>						
RECEIPTS						
Intergovernmental	7,500	7,500	0			
Total Receipts	7,500	7,500	0			
DISBURSEMENTS						
Emergency shelter	7,350	7,350	0			
Transfers out	150	150	0			
Total Disbursements	7,500	7,500	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			
<u>OVER / UNDER PAYMENT FUND</u>						
RECEIPTS						
Charges for service:	40	20	(20)			
Total Receipts	40	20	(20)			
DISBURSEMENTS						
Over / under expense:	0	0	0			
Total Disbursements	0	0	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	40	20	(20)			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	40	20	(20)			

Exhibit B

DOUGLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	201,700	209,214	7,514	206,700	202,136	(4,564)
Intergovernmental	259,652	256,664	(2,988)	294,114	256,427	(37,687)
Charges for services	461,975	477,231	15,256	515,375	485,959	(29,416)
Interest	6,000	9,543	3,543	7,000	6,146	(854)
Sale of real estate	0	0	0	0	72,075	72,075
Other	3,000	7,519	4,519	7,500	4,666	(2,834)
Total Receipts	932,327	960,171	27,844	1,030,689	1,027,409	(3,280)
DISBURSEMENTS						
Salaries	702,085	658,409	43,676	757,000	702,327	54,673
Office expenditures	27,450	37,371	(9,921)	43,450	49,566	(6,116)
Equipment	5,000	2,386	2,614	7,900	1,567	6,333
Building and grounds	11,000	7,002	3,998	14,000	4,925	9,075
Mileage and training	3,000	2,814	186	40,500	1,837	38,663
Program services	176,792	169,749	7,043	167,839	201,174	(33,335)
Other	7,000	3,464	3,536	0	5,241	(5,241)
Total Disbursements	932,327	881,195	51,132	1,030,689	966,637	64,052
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	78,976	78,976	0	60,772	60,772
CASH, JANUARY 1	387,583	387,583	0	326,811	326,811	0
CASH, DECEMBER 31	387,583	466,559	78,976	326,811	387,583	60,772
<u>SUPPORT THE HANDICAPPED BOARD FUND</u>						
RECEIPTS						
Property taxes	82,500	86,551	4,051	87,000	82,797	(4,203)
Intergovernmental	610	261	(349)	625	651	26
Interest	1,000	1,678	678	1,500	1,326	(174)
Total Receipts	84,110	88,490	4,380	89,125	84,774	(4,351)
DISBURSEMENTS						
Utilities	15,000	12,754	2,246	15,000	11,095	3,905
Equipment	4,000	6,576	(2,576)	42,000	59,744	(17,744)
Vehicles	12,000	0	12,000	12,000	0	12,000
Transportation	3,800	3,190	610	3,800	3,100	700
Building	39,000	4,850	34,150	5,000	0	5,000
Insurance	27,000	16,836	10,164	25,000	14,713	10,287
Health benefits	0	12,000	(12,000)	0	12,000	(12,000)
Special programs	4,000	12,312	(8,312)	2,000	10,000	(8,000)
Office expenditures	5,500	2,380	3,120	6,500	2,312	4,188
Emergency fund	5,000	24,500	(19,500)	5,000	0	5,000
Other	1,000	791	209	1,000	388	612
Total Disbursements	116,300	96,189	20,111	117,300	113,352	3,948
RECEIPTS OVER (UNDER) DISBURSEMENTS	(32,190)	(7,699)	24,491	(28,175)	(28,578)	(403)
CASH, JANUARY 1	89,514	89,514	0	118,092	118,092	0
CASH, DECEMBER 31	57,324	81,815	24,491	89,917	89,514	(403)

Exhibit B

DOUGLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	200	444	244	100	269	169
Total Receipts	200	444	244	100	269	169
DISBURSEMENTS						
Circuit Clerk	1,500	1,104	396	1,500	195	1,305
Total Disbursements	1,500	1,104	396	1,500	195	1,305
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,300)	(660)	640	(1,400)	74	1,474
CASH, JANUARY 1	2,125	1,931	(194)	1,857	1,857	0
CASH, DECEMBER 31	825	1,271	446	457	1,931	1,474
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	2,200	3,525	1,325	2,600	2,760	160
Interest	3	12	9	5	4	(1)
Total Receipts	2,203	3,537	1,334	2,605	2,764	159
DISBURSEMENTS						
Law Library	2,700	2,180	520	3,100	2,983	117
Total Disbursements	2,700	2,180	520	3,100	2,983	117
RECEIPTS OVER (UNDER) DISBURSEMENTS	(497)	1,357	1,854	(495)	(219)	276
CASH, JANUARY 1	560	560	0	779	779	0
CASH, DECEMBER 31	63	1,917	1,854	284	560	276
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	225	507	282	250	216	(34)
Total Receipts	225	507	282	250	216	(34)
DISBURSEMENTS						
Associate Circuit Clerk	986	447	539	1,650	1,049	601
Total Disbursements	986	447	539	1,650	1,049	601
RECEIPTS OVER (UNDER) DISBURSEMENTS	(761)	60	821	(1,400)	(833)	567
CASH, JANUARY 1	842	842	0	1,675	1,675	0
CASH, DECEMBER 31	81	902	821	275	842	567

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

DOUGLAS COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Douglas County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board or the Support the Handicapped Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the Local Emergency Planning Commission Fund in 2004.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2005 and 2004, did not disclose disbursement detail by vendor for the Health Center Fund and the Support the Handicapped Board Fund.

2. Cash

Disclosures are provided below to comply with Statement No. 40 of the Governmental Accounting Standards Board, *Deposit and Investment Risk Disclosures*. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit. To protect the safety of county deposits, Section 110.020, RSMo, requires depositaries to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities must be of the types specified by Section 30.270, RSMo, for the collateralization of state funds and held by either the county or a financial institution other than the depository bank. Section 67.085, RSMo, also requires certificates of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depository bank fails, Douglas County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The county's deposits at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance, collateral securities held by a correspondent bank in the county's name, or by an irrevocable standby letter of credit issued by a Federal Home Loan Bank.

Of the Health Center Board's bank balance at December 31, 2005, \$177,302 was exposed to custodial credit risk because that amount was collateralized with securities held by the Federal Reserve bank but not in the Board's name. Of the Health Center Board's bank balance at December 31, 2004, \$96,255 was exposed to custodial credit risk because that amount was collateralized with securities held by the Federal Reserve bank but not in the Board's name.

The Support the Handicapped Board's deposits at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance or by an irrevocable standby letter of credit issued by a Federal Home Loan Bank.

Investments

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. At December 31, 2005 and 2004, the county had no such investments. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

Supplementary Schedule

Schedule

DOUGLAS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Health and Senior Services -			
10.554	Team Nutrition	DH 0503P00002	\$ 2,957	1,425
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS145-6133	10,481	0
		ERS145-5133	38,809	10,288
		ERS145-4133	0	26,523
	Program total		49,290	36,811
10.559	Summer Food Service Program for Children	ERS146-5133I	280	0
		ERS146-4133I	0	130
	Program total		280	130
	Office of Administration			
10.665	Schools and Roads - Grants to States	N/A	0	181,324
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state			
	Department of Social Services -			
14.231	Emergency Shelter Grants Program	ERO01640	7,500	0
U.S. DEPARTMENT OF JUSTICE				
	Direct programs:			
16.585	Drug Court Discretionary Grant Program	2002-DC-BX-0030	143,184	179,414
16.729	Communities Support Program	2001-JN-FX-0145	45,602	84,863
	Passed through:			
	State Department of Public Safety			
16.007	Office for Domestic Preparedness Fiscal Year 200 State Homeland Security Grant Program	2003-MU-T3-0003	0	24,260
16.554	National Criminal History Improvement Program	2000-RH-CX-K024	0	3,448
	Cape Girardeau County -			
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	2000DDVX0055	0	38,771

Schedule

DOUGLAS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2005	2004
	Missouri Sheriffs' Association -			
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,005	1,050
	U. S. DEPARTMENT OF TRANSPORTATION			
	Passed through state			
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	1,927	3,416
	GENERAL SERVICES ADMINISTRATION			
	Passed through state			
	Office of Administration -			
39.003	Donation of Federal Surplus Personal Property	N/A	73	0
	Office of Secretary of State			
39.011	Election Reform Payments	N/A	73,500	2,340
	ELECTIONS ASSISTANCE COMMISSION			
	Passed through state Office of Secretary of State			
90.401	Help America Vote Act Requirements Payment	N/A	4,765	0
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed through state			
	Department of Health and Senior Services -			
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-6133L ERS146-5133L	940 831	0 169
	Program total		<u>1,771</u>	<u>169</u>
93.268	Immunization Grants	N/A	15,073	14,478
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	DH040022013	3,500	7,255
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	55,898	53,511

Schedule

DOUGLAS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Gran	PGA067-6133C	825	0
		PGA067-5133C	2,740	0
		PGA067-5133S	500	0
		PGA067-4133C	0	1,054
		PGA067-4133S	0	125
	Program total		<u>4,065</u>	<u>1,179</u>
	Department of Health and Senior Services			
93.991	Preventive Health and Health Services Block Gran	AOC04380004	32,224	34,414
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-4133M	19,397	17,030
	U.S. DEPARTMENT OF HOMELAND SECURITY			
	Passed through state Department of Public Safety			
97.004	State Domestic Preparedness Equipment Support Progran	2004-GE-T4-0049	27,830	4,862
97.042	Emergency Management Performance Grant	N/A	3,303	3,248
97.053	Citizen Corps	N/A	1,762	275
	Total Expenditures of Federal Award:		\$ <u><u>494,906</u></u>	<u><u>693,673</u></u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedul

Notes to the Supplementary Schedule

DOUGLAS COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Douglas County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt. Amounts for Immunization Grants (CFDA number 93.268), the Preventive Health and Health Services Block Grant (CFDA number 93.991), and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both

cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$7,500 to a subrecipient under the Emergency Shelter Grants Program (CFDA number 14.231) during the year ended December 31, 2005.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Douglas County, Missouri

Compliance

We have audited the compliance of Douglas County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Douglas County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004.

Internal Control Over Compliance

The management of Douglas County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of Douglas County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 27, 2006 (fieldwork completion date)

Schedule

DOUGLAS COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2005 AND 2004

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? yes x no
- Reportable condition identified that is not considered to be a material weakness? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness identified? yes x no
- Reportable condition identified that is not considered to be a material weakness? yes x none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? yes x no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.665	Schools and Roads-Grants to States
16.585	Drug Court Grant
16.729	Communities Support Program

Dollar threshold used to distinguish between Type A

and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes

_____ x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

DOUGLAS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2003, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

DOUGLAS COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

03-01. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not Applicable
Federal CFDA Number:	16.585
Program Title:	Drug Court Grant Program
Pass-Through Entity	
Identifying Number:	Not Applicable
Award Year:	2003 and 2002
Questioned Costs:	Not Applicable
Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Not Applicable
Federal CFDA Number:	18.544
Program Title:	Emergency Management – Disaster Relief
Pass-Through Entity	
Identifying Number:	Not Applicable
Award Year:	2003 and 2002
Questioned Costs:	Not Applicable

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not Applicable
Federal CFDA Number:	16.729
Program Title:	Drug Free Communities Support Program
Pass-Through Entity	
Identifying Number:	Not Applicable
Award Year:	2003 and 2002
Questioned Costs:	Not Applicable

The County did not have adequate procedures in place to ensure the schedule was accurate and free from errors and omissions. As a result, 22 of the 27 amounts reported by the Health Center required adjustment. In addition, two non-federal programs were included in the schedule.

Recommendation:

The County Clerk provide guidance to departments as necessary to ensure that amounts provided accurately present federal award expenditures.

Status:

Partially Implemented. Improvement was made in the presentation of the SEFA schedules for the years ended December 31, 2005 and 2004; however, there were some immaterial errors in the amounts reported on the county's SEFA schedule. Although not repeated in the current report, our recommendation remains as stated above.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

DOUGLAS COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Douglas County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated April 27, 2006. We also have audited the compliance of Douglas County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004, and have issued our report thereon dated April 27, 2006.

In addition, to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years, we have audited the operations of elected officials with funds other than those presented in the financial statements. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Douglas County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are

required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1.	Financial Condition
-----------	----------------------------

According to 2006 budget projections, the cash balance of the General Revenue Fund is expected to decrease significantly by December 31, 2006. With the conclusion of several grant programs and the termination of a contract between the county and the City of Ava for dispatching services, the county expects receipts to decrease significantly. While the County Commission has taken steps to reduce some expenses, the cuts have not kept pace with the expected decrease in receipts. The following chart shows the General Revenue Fund receipts, disbursements, and cash balances for the years ending December 31, 2005 and 2004, and the projected receipts, disbursements, and cash balance for the year ending December 31, 2006.

General Revenue Fund	Projected 2006	2005	2004
Cash Balance January 1,	\$ 234,256	\$ 176,441	\$ 284,697
Receipts	1,391,756	1,717,023	1,614,574
Disbursements	<u>1,551,257</u>	<u>1,659,208</u>	<u>1,722,830</u>
Cash Balance December 31,	\$ 74,755	\$ 234,256	\$ 176,441

The termination of grant programs for a meth investigator (\$40,000) and homeland security (\$24,000), as well as the dispatching contract with the City of Ava (\$50,000) have caused receipts used to fund law enforcement costs to decrease significantly since 2004. In an effort to control costs, the County Commission ordered a hiring freeze on county employees, and allocated the service of one full time employee among four different county offices during 2005. Some of the subsequent reductions in budgeted disbursements for 2006 included the elimination of three Sheriff Department personnel (\$50,000), the meth investigator and related expenses (\$40,000), a patrol car (\$21,000), and a reduction in planned expenses for prisoner boarding (\$17,000) and patrol car fuel (\$4,600). Additionally, approximately \$120,000 in receipts and disbursements related to the 44th Judicial Drug Court and \$84,000 in election grant funds were eliminated from the county's budget in 2006.

Although cuts have been made to some expenses, increases have occurred in areas such as employee salaries and fringe benefits. For example, amounts budgeted for employee fringe benefits reflect an expected increase from 2004 to 2006 of approximately \$70,000 which includes a \$47,000 increase in employee medical insurance. In January 2005 the County Commission attempted to control rising medical insurance costs by paying \$5,000 to join an insurance consortium, but subsequently withdrew from the consortium without adequately evaluating the insurance costs, and was later denied when requesting re-entry into the consortium.

Additionally, because compensatory time for Sheriff Department personnel was not calculated correctly, the county is now liable for approximately \$10,787 which is not included in the county's budgeted disbursements noted above. (See MAR finding number 4) Further, some increases in county disbursements appear unavoidable. For example, budget estimates anticipate spending less money on fuel; however, because of rising fuel costs the county now expects actual fuel disbursements to significantly exceed budget estimates.

Because of increasing costs and stagnant revenues, the county's Special Road and Bridge Fund has also experienced a declining cash balance. The Special Road and Bridge Fund cash balance at December 31, 2004 was \$158,408 and according to the 2006 budget is expected to decrease to only \$5,472 by December 31, 2006. While the County Commission has reduced planned disbursements for road materials and capital assets, the costs of road and bridge employee salaries and fringe benefits have increased causing disbursements to remain higher than receipts.

The County Commission is aware of the financial condition of the County and has had meetings with the various county officials informing them of the status of the General Revenue Fund receipts, disbursements and cash balance. Additionally, the county does not expect the financial position of the county to improve significantly, and has approved placing two one-half cent sales taxes, one law enforcement sales tax and one capital improvement sales tax, on the ballot to increase county revenues. The County Commission should continue to review discretionary disbursements to ensure available county resources are used efficiently and effectively, and review ways to maximize receipts from all sources.

WE RECOMMEND the County Commission closely monitor the county's financial condition and consider various alternatives of increasing receipts and/or reducing disbursements.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We have been monitoring expenses for the last two years and will continue to do this. We are looking to increase revenues by placing two one-half cent sales tax issues on the ballot in November 2006.

2. IV-D Child Support Enforcement

The Douglas County Prosecuting Attorney has appointed the Wright County Prosecuting Attorney as the Douglas County Assistant Prosecuting Attorney. The Assistant Prosecuting Attorney only performs work related to child support enforcement (CSE) activities which has allowed the county to be reimbursed for all his salary from the U. S. Department of Health and Human Services through the Missouri Department of Social Services Title IV-D

Program. The Assistant Prosecuting Attorney received an annual salary of \$20,440 for this position during 2005 and 2004.

According to the time sheets prepared by the Assistant Prosecutor, he worked only seven hours during July 2005, receiving compensation that computed to a rate of \$243 per hour for the month. Additionally, all time sheets submitted for 2005 reflect an average of only twelve hours per month which computes to approximately \$140 per hour for this activity. Considering the hourly rate paid for these services, soliciting proposals from local attorneys may produce a lower hourly rate. Further, although the county breaks even under the current arrangement, if the County Prosecuting Attorney prosecuted child support enforcement cases the county would be entitled to receive reimbursement for a portion of his salary resulting in more net revenues for the county.

County officials should take steps to ensure that public funds from all sources (local, state, or federal) are spent reasonably and efficiently.

WE RECOMMEND the County Commission and the Prosecuting Attorney evaluate the reasonableness of the compensation of the Assistant Prosecutor, and contact the Department of Social Services, Child Support Enforcement concerning this matter.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We will discuss this with the Prosecuting Attorney to determine a solution for 2007.

The Prosecuting Attorney provided the following response:

I maintain that this contract is reasonable. In addition, the Assistant Prosecutor prosecutes cases for me when there is a conflict of interest or I am on vacation at no cost to the county. The Assistant Prosecutor does a great job on prosecuting child support cases.

3. 44th Judicial Drug Court

The 44th Judicial Circuit Drug Court, consisting of Wright, Douglas, and Ozark counties, has not adequately evaluated the costs associated with the drug court program. The 44th Judicial Circuit Drug Court is a court-supervised treatment program for nonviolent, drug/DWI offenders who exhibit signs of chemical substance abuse, and have a minimal history of prior criminal convictions. Prosecuting Attorneys for each of the three counties refer drug offenders meeting various qualifications to the drug court program in place of serving time in jail. Participation is voluntary and takes 12 to 24 months to complete.

In 2003 the 44th Judicial Circuit Drug Court was awarded a \$480,134 grant from the U.S. Department of Justice. The grant funds were provided over four years with a 25% match required of local funds. The matching funds consisted of a \$5,000 annual contribution from

each of the three counties in the circuit, as well as state funded treatment of participants and state paid salaries of the Circuit and Associate Circuit Judges. Additionally, each drug court participant paid a fee of \$100 to aid in funding drug court related expenses.

According to the final financial status report filed with the U.S. Department of Justice, the total cost associated with the drug court program between April 1, 2002 and March 31, 2006 was \$938,962 (or approximately \$234,000 annually). Of the \$234,000 annual program cost, approximately \$120,000 represents disbursements made through the county budget process with the balance representing the value of services funded by the state. Although the number of participants in the drug court program has increased from only 12 in 2002 to 90 in 2005, the court now anticipates spending only approximately \$56,000 during 2006 for this program since the federal grant program has concluded. Our review of the drug court identified instances where grant funds were spent for some expenses that were no longer incurred after grant funds were exhausted. Examples include the following:

- Each of the Prosecuting Attorneys in Wright, Douglas, and Ozark counties contracted with the 44th Judicial Drug Court to prosecute drug court cases for each other. According to the written contracts each received compensation of \$750 per month plus mileage for each month services were provided. A total of \$58,500 in compensation was paid during the grant period. After federal grant funds were exhausted, each of the three county Prosecuting Attorneys then began prosecuting drug court cases within their own counties for no additional compensation. Additionally, documentation provided to the court by the three county prosecuting attorneys did not indicate the numbers of hours worked to determine if the monthly rate paid was reasonable.
- A local attorney was also compensated \$750 per month to provide legal advice to drug court participants. Approximately \$11,575 was paid during the two years ended December 31, 2005 for these services. According to drug court personnel, this attorney initially provided these services free of charge during 2003, and after grant funds were exhausted again began providing these services for free. Additionally, the drug court did not have a written contract with this attorney, and invoices were not adequately itemized to determine the service provided or the number of hours worked.
- The drug court contracted with several individuals to track drug court participants and conduct drug screenings, but has eliminated these positions since grant funds have been exhausted. These trackers received approximately \$41,938 during 2003, 2004, and 2005. With the elimination of the tracker position, the drug court began requiring participants to call into the local law enforcement offices daily and participate in random drug screenings. The drug court has not maintained documentation to track the costs associated with local law enforcement providing this service versus hiring drug court trackers to determine which method is more efficient.
- During 2005 and 2004 the drug court paid salaries totaling approximately \$68,375 and \$87,438, respectively to two full time case managers, and a full time Drug Court Coordinator. In June, 2005 the Drug Court Coordinator was terminated and her duties were absorbed by the case managers. While the number of drug court participants has

not decreased since 2004, budget documents for 2006 reflect that the court expects to incur salaries of only \$41,500 for two part-time case managers since grant funds have been exhausted.

- The fee charged to participants increased from \$100 to \$500 in 2005, then again to \$600 in 2006. Since federal grant funds have been exhausted, the court is looking for additional funding sources; however, documentation was not maintained to justify how the participant fee increases were determined. Additionally, while the drug court contracted with an individual to evaluate the performance of the drug court program, the evaluation report did not include an evaluation of the cost associated with the program or a breakdown of the cost per client.

Because drug court officials do not adequately analyze the various costs associated with operating this program, they can not ensure all federal, state and local funds provided to the drug court are utilized effectively and efficiently. The court should evaluate prior and current costs, and only those costs which are necessary to effectively operate the program should be incurred by the drug court. Additionally, adequate documentation should be maintained for all disbursements, and written contracts should be utilized for all legal services.

WE RECOMMEND the Drug Court evaluate the cost of the drug court program which would include the cost associated with each participant as well as the fees charged to participants. In addition, documentation should be maintained for all disbursements, and written contracts should be utilized for legal services.

AUDITEE'S RESPONSE

The Circuit Judge provided the following response:

This was done on a trial basis and was a learning process as the Drug Court was developing. Things maybe could have been handled differently; however, we feel the court has been a success and helped lots of individuals of the three counties. In the future, better documentation will be obtained for expenditures and we will ensure that contracts are obtained for all contracted individuals.

4. Personnel Policies and Procedures and Official's Bond

Compensatory balances for the Sheriff Department employees were incorrectly calculated creating a significant potential liability to the county. In addition, the wording of the county's blanket bond did not clearly address whether some officials were covered under the bond.

- A. Compensatory balances for the Sheriff Department employees were not calculated in accordance with the Fair Labor Standard Act (FLSA), resulting in a potentially significant liability to the county. Compensatory time credited to sheriff deputies

and dispatchers for overtime worked was calculated at their regular pay rate rather than at a rate of time and one-half. Additionally, compensatory time for dispatchers was computed after 171 work hours in a 28-day period rather than after a 40-hour work week. The County Clerk contacted the Department of Labor regarding the error, and according to her calculations, the county owes approximately \$10,787 in compensatory time to past employees.

The Sheriff and the County Commission should review its current policy and procedures to ensure compliance with the FLSA. Further, the personnel policy should be amended, if necessary.

- B. The county does not appear to have adequate bond coverage for several elected officials. The county secured a \$50,000 blanket bond for all county employees and believed it covered some of the elected officials; however, the wording of the bond is not clear on officials who are required by law to furnish an individual bond to qualify for office. The elected officials who may not be in compliance with statutory bonding provisions are as follows:

<u>Elected Official</u>	<u>Statutory Minimum</u>
County Clerk	\$ 5,000
Assessor	1,000
Sheriff	5,000
Coroner	1,000
Recorder of Deeds	1,000
Surveyor	1,000

Sections 51.070, 53.040, 57.020, 58.050, 59.100, and 60.030 RSMo, require these county officials to obtain minimum amounts of bond coverage as shown above. In addition, as a means of safeguarding assets and reducing the county's risk in the event of any misappropriation of funds, these officials should be adequately bonded.

WE RECOMMEND the County Commission:

- A. And the Sheriff review the county's current personnel policies to ensure compliance with the FLSA, and work with the Department of Labor to correct the miscalculated compensatory time balances for the Sheriff Department employees.
- B. Review the bond coverage of all elected officials to ensure compliance with state statute.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *Amounts have been paid to former employees and compensatory time was adjusted for current employees. We are working towards amending the county personnel policy.*
- B. *We have now obtained adequate bond coverage for all officials.*

The Sheriff provided the following response:

- A. *The Sheriff will work with the County Commission to review and update the county personnel policy.*

5. County Expenditures

Improvements are needed in the controls and procedures over county disbursements and the use of county credit cards.

- A. The County Commission does not always document their review or approval of expenditures. Seventeen of the forty items we reviewed (43%) did not indicate approval by the County Commission. During 2005 the County Commission improved procedures for documenting their review and approval of all invoices.

To ensure expenditures are proper, all invoices and supporting documentation should be properly approved and evidence of approval should be documented.

- B. The county has twenty-seven credit cards for five different vendors that are used by the county officials and employees for the purchase of supplies and travel expenses. Twenty-three of these credit cards are for one vendor and are assigned to individual county officials or employees. The county expended approximately \$12,000 with this vendor for the two years ended December 31, 2005. The county has not adopted formal policies and procedures for the use of these credit cards.

A policy which defines levels of purchase authorization, sets limits on what may be purchased and dollar amounts, and approval requirements for various purchases decreases the possibility of unauthorized purchases occurring. In addition, the County Commission should carefully evaluate the need for each credit card.

- C. The county did not retain adequate documentation to support approximately \$73,530 paid to a local retailer for costs related to public improvements. The county entered into a written development agreement with a local retailer to pay for a portion of the public improvement costs incurred by the retailer during the construction of a new facility in the City of Ava. The contract specified that the retailer would submit detailed documentation of these costs which included the vendor invoices to the

county. However, the county paid the retailer approximately \$73,530 based upon a summary prepared by the retailer without obtaining supporting documentation of the actual costs incurred.

To ensure the validity and propriety of expenditures, adequate supporting documentation should be obtained for all payments to vendors and contracts should be sufficiently detailed to allow the County Commission a basis for adequately monitoring the services received and determining whether the amount paid was reasonable.

WE RECOMMEND the County Commission:

- A. Adequately document the review and approval of all county disbursements.
- B. Evaluate the need for each credit card and cancel any cards which are determined unnecessary. Adopt formal policies and procedures for using county credit cards including, but not limited to, allowable purchases, maximum dollar limit of purchases, permitted users, required supporting documentation, and approval procedures.
- C. Require adequate supporting documentation prior to approving expenditures for payment.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We are now documenting our approval of expenditures.*
- B. *We agree and will develop formal policies and procedures regarding credit cards.*
- C. *In the future, we will ensure proper documentation is obtained for expenditures.*

6. Property Tax System Controls and Procedures

Controls over the county's property tax system need improved, and penalties and interest on some delinquent taxes are waived.

- A. Employees of the County Assessor, County Collector, and County Clerks' offices do not utilize confidential passwords to limit access to the various property tax system files used by each of these offices. A unique password should be assigned to each user of a system, and these passwords should be kept confidential and changed periodically to help limit the effect of unauthorized access to computer files.
- B. The County Collector occasionally waives interest and penalties on delinquent personal property taxes. The County Collector indicated she waives interest and

penalties on personal property taxes when the County Assessor waives late assessment charges; however, documentation was not always maintained indicating the reason why a waiver was granted and approval was not obtained by the County Commission. For example, of the \$23,467 in delinquent personal property taxes collected for the month of December 2005, \$2,627 (12%) did not have interest and penalties charged as appropriate.

Section 139.100, RSMo, requires the County Collector to collect penalties on delinquent taxes. The only provision that allows a County Collector to waive penalties appears to be when current taxes are received after January 1, but are postmarked by December 31, or when a taxpayer is delinquent due to being engaged in the military. Furthermore, Section 139.100.3, RSMo, states the collector is liable for failure to collect delinquent penalties.

WE RECOMMEND the County Commission, County Assessor, County Clerk, and County Collector:

- A. Consult with its programmer and establish procedures to restrict access to computer files, including the use of unique passwords, to authorized individuals.
- B. Ensure interest and penalties on delinquent taxes are not waived without written court orders with approval by the County Commission.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We will discuss this with the applicable county officials, and our computer programmer to determine if software changes to allow for passwords are feasible considering the county's financial condition.*
- B. *Penalties and interest will now only be waived by the County Commission through court order. A new form has been ordered to allow the County Commission to document their approval of the waiving of penalties and interest.*

The County Assessor and County Collector provided the following responses:

- A. *We will discuss this issue with the programmer to come to some type of solution.*
- B. *We will add a line to the court orders for the County Commission to authorize the waiving of penalties and interest.*

7. Budgets, Planning, and Published Financial Statements

Actual expenditures exceeded the original budgeted amounts in various county funds, and as a result of inadequate monitoring procedures, the County Commission amended various county budgets after expenditures had already exceeded the original budget. In addition, an annual maintenance plan for county roads and bridges has not been prepared. Further, expenditure detail by vendor for the Health Center Fund and Support the Handicapped Fund was not presented in the county's annual published financial statements.

- A. On December 8, 2005, and November 23, 2004, the County Commission amended various county budgets to reflect increased expenditures made during the year. However, prior to the amendment of these budgets, expenditures had already exceeded the original budget. For example, actual expenditures exceeded budgeted amounts in 2005 for the Prosecuting Attorney Bad Check Fund (\$605), and the Sheriff Civil Fee Fund (\$6,448); and in 2004 for the Local Emergency Planning Commission Fund (\$2,316), the Emergency Management Fund (\$557), and the Collector's Tax Maintenance Fund (\$3,777). While budget to actual comparison reports are prepared periodically, the county's procedures have not resulted in effective monitoring of the various budgets. Amendments made after expenditures have exceeded the budgets do not allow for the budgets to be used as an effective management tool. Amended budget amounts are reflected in the financial statements at Exhibit B of this report.

It was ruled in *State ex. rel. Strong v. Cribb*, 364 Mo. 1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds, which could not be estimated when the budget was adopted. Further, to ensure the adequacy of the budgets as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual expenditures.

- B. An annual maintenance plan for county roads and bridges has not been prepared. A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the road and bridges to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the county commission. In addition, a public hearing should be held to obtain input from the county residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of county roads and bridges throughout the year.

- C. The county's annual published financial statements did not include expenditure detailed by vendor for the Health Center Fund and the Support the Handicapped Board Fund. Section 50.800, RSMo, provides details regarding the various information required to be provided in the county's annual published financial statements, and requires that receipts, disbursements, and beginning and ending balance information be presented for all county funds. Complete published financial statements are needed to adequately inform the citizens of the county's financial activities and show compliance with statutory requirements.

WE RECOMMEND the County Commission:

- A. Ensure expenditures are kept within the amounts budgeted. In addition, implement procedures to ensure budgets are properly amended if necessary, budget amendments are properly made prior to incurring the actual expenditures, and valid reasons which necessitate excess disbursements are provided.
- B. Establish a formal annual maintenance plan for county roads and bridges.
- C. The Health Center Board, and the Support the Handicapped Board ensure all required information is presented in the county's annual published financial statements.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *In the future, we will better monitor the budgets, and amend the budgets prior to exceeding budgeted expenditures.*
- B. *We are working towards obtaining a GIS program and computers to track the annual projected maintenance on county roads.*
- C. *We will communicate with the Health Center Board and the Support the Handicapped Board to obtain detailed actual expenditures for the 2006 financial statements published in 2007.*

The Health Center Board provided the following response:

- C. *We were not aware that we were not in compliance and we will work with our County Clerk to determine what information we need to provide for publication.*

The Support the Handicapped Board provided the following response:

- C. *We will provide the appropriate detail of expenditures to the County Clerk for the County's published financial statements.*

8. Capital Asset Records and Fuel Controls

Improvement is needed in the county's records and procedures related to capital assets and fuel usage.

- A. The county's records and procedures relating to general capital assets are not adequate. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. Currently, each county official is responsible for preparing and submitting an inventory listing of fixed assets to the County Clerk annually, and the County Clerk is responsible for maintaining an inventory listing all other assets owned by the county. However, the property records maintained do not always include some necessary information, such as acquisition dates, costs, serial numbers, tag numbers, and date and method of disposal, and some property items do not have property control tags and are not listed in the asset records. For example, fourteen voting machines costing approximately \$73,500 were not listed on the county's fixed asset listing and Sheriff Department ATVs did not include adequate information such date of purchase, purchase price, and the VIN.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Section 49.093, RSMo, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$1,000 or more. The inventory shall list such property by descriptive name, serial number, model, age, and estimated market value, and after the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk. Property control tags should also be affixed to all fixed asset items and recorded on the inventory listings to help improve accountability and to ensure that assets are properly identified as belonging to the county.

- B. The county maintains a gasoline and a diesel fuel tank at two of the county road and bridge barns for use in vehicles and equipment of the road and bridge department and sheriff's department. Fuel usage logs tracking the amount of fuel pumped in each vehicle are not maintained to account for all the fuel used. During the years ending December 31, 2005 and 2004 the county spent approximately \$100,000 and \$70,000, respectively, for fuel.

To ensure the reasonableness of fuel expenditures, the county should maintain fuel usage logs which include the date fuel pumped, gallons pumped, the vehicle/equipment, odometer readings, and computation of miles per gallon. In addition, a periodic reconciliation of gallons pumped and gallons on hand to actual fuel purchases, should be performed to ensure all usage is recorded and appears reasonable. Failure to account for fuel purchases could result in the loss, theft or misuse.

Similar conditions were noted in our prior report.

WE RECOMMEND the County Commission:

- A. Ensure inventory records maintained list property by acquisition dates, costs, serial numbers, tag numbers, and date and method of disposal. In addition, all applicable county property should be listed on the county's general fixed asset records.
- B. Maintain fuel logs for all road and bridge and sheriff's department vehicles and equipment, and perform periodic comparisons of fuel used to fuel purchased.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We will work towards making sure that all fixed asset items are properly tagged and listed when they are purchased.*
- B. *We are going to establish procedures to track fuel.*

9. Public Administrator

Annual settlements were not always prepared and filed with the Court, and asset balances reported on one annual settlement were not accurate. The Public Administrator is the court appointed personal representative for wards of the Circuit Court-Probate Division, and handled 45 estates worth approximately \$295,000 during the two years ended December 31, 2005. She is responsible for properly receiving, disbursing, and accounting for the assets of those individuals.

- Annual settlements have not been filed, bank reconciliations have not been performed, and accounting records for receipts and disbursements have not been maintained for over five years for one of the Public Administrator's wards. In December 2000, the Public Administrator was appointed by the Circuit Judge to be conservator over the funds of a minor child as part of a divorce settlement. While the Public Administrator has not maintained accounting records, performed bank

reconciliations, or filed annual settlements with the Circuit Court; she has disbursed approximately \$4,000 from the ward's bank account, including approximately \$560 for Public Administrator fees. According to court documents, this ward is to receive a monthly support amount of approximately \$644; however, payments were not deposited for February and December 2005, and the Public Administrator had not identified that these two payments had been missed or taken any follow-up action. As of December 31, 2005, this ward had a bank balance of approximately \$35,384.

- Annual settlements filed by the Public Administrator for another ward contained errors. For example, a final settlement filed with the Probate Court on February 14, 2006 for a deceased ward indicated all funds had been disbursed leaving a zero ending estate balance; however, the settlement did not include a \$241 receipt deposited on January 12, 2006. On April 9, 2006 this bank account was still active with a reconciled balance, including accumulated interest, of approximately \$246. Additionally, a vehicle that had been disposed of in 1994 was listed on the beginning asset inventory of the final settlement. The Probate Court had not reviewed the final settlement as of April 2006 when we brought the errors to their attention.

To ensure all assets of wards are properly accounted for, adequate accounting records should be maintained to track each ward's financial activity and these records should be reconciled to bank statements. Additionally, Section 473.540 and 473.543, RSMo, state that every personal representative shall file with the court a complete and accurate annual statement of accounts for settlement. Annual settlements that include complete and accurate reports of transactions and assets are necessary for the court to properly oversee the administration of these cases and lessen the possibility that errors or misuse of funds could go undetected. In addition, all receipt and disbursement transactions should be listed on the annual settlement and any support not received as required by the court should be followed up on in a timely manner.

WE RECOMMEND the Associate Circuit Court ensure the Public Administrator prepare and file annual settlements for all cases, maintain accounting records for all wards to track financial activity, and reconcile accounting records to bank statements monthly. In addition, follow-up on the two monthly payments that were not received.

AUDITEE'S RESPONSE

The Public Administrator provided the following responses:

An annual settlement has been filed with the Circuit Court. I have also made contact with the father to try to catch up on the missed payments. Accounting records are also now being maintained for this minor ward.

The final settlement was corrected and the remaining monies were paid out. I plan to review and update all inventories turned over to me in 2001 when I took office to ensure they are accurate.

The Circuit Judge provided the following response:

The Circuit Judge has now requested and received an annual settlement for this minor ward.

The Associate Circuit Judge provided the following response:

I understand there were two issues with this case. Initially, there was an unaccounted-for deposit of approximately two hundred and forty six dollars (\$246). I have discussed this matter with the Public Administrator, and the money has been divided and distributed to the heirs, pursuant to Missouri law. This amount has been annotated on the Amended Final Settlement in the case.

The second issue in the case concerned the whereabouts of a 1972 Plymouth car. This matter has been discussed with the prior public administrator, Evelyn Cantwell, as well as the present public administrator, Linda Coonts. Mrs. Cantwell states that during her tenure, she knew that the car was on the ward's property.

I have ordered the Public Administrator to conduct a title search with the Missouri Department of Revenue to determine whether there now exists a record of the title for the car. Also, Ms. Coonts has stated that she is going to physically visit the property to look for the car.

10. Prosecuting Attorney Controls and Procedures

An adequate system to account for all bad check complaints received by the Prosecuting Attorney's office, as well as the subsequent disposition of these complaints has not been established. The Prosecuting Attorney's office collects court ordered restitution, bad check restitution, and bad check collection fees. Payments are to be made by two separate money orders or cashier's checks; one payable to the vendor for the amount of the bad check and one payable to the Prosecuting Attorney's office for bad check fees. According to the Prosecuting Attorney's records, receipts from bad check fees and restitution (made payable to the Prosecuting Attorney) totaled approximately \$87,480 and \$79,504 for the years ended December 31, 2005 and 2004, respectively.

Manual complaint forms are not completed for all bad checks, and the complaint forms used are not assigned a sequential control number. While the Prosecuting Attorney's office has a computerized bad check system capable of tracking the receipt and disposition of each bad check complaint, the system is not fully utilized. According to office personnel, bad checks are entered into the computer system only to generate a 10-day letter to be sent to the bad check writer. Further, this computerized information was not periodically backed-up and all the information maintained on the system was lost when the computer system crashed in March 2004.

Our review noted some checks where the statute of limitations had expired and the checks were no longer eligible for prosecution. While the clerk indicated these checks were received after the statute of limitations had expired, they were not logged into the computer or manually tracked through complaint forms to document the date the checks were received by the Prosecuting Attorney's office.

To ensure all bad check complaints turned over to the Prosecuting Attorney are properly handled, a sequentially numbered complaint form should be prepared for each bad check complaint received, and the information entered into the computer system properly tracking the disposition of each bad check. Additionally, because computerized records are at risk of loss due to equipment failure or other electronic disaster, a backup disk should be periodically prepared to provide a means of recreating destroyed master disks. Backup disks should be stored off-site to provide increased assurance that any lost data can be recreated.

WE RECOMMEND the Prosecuting Attorney adequately account for the receipt and ultimate disposition of all bad check complaints through sequentially numbered complaint forms and the bad check computer system. In addition, periodically prepare a backup disk of the bad check system and store it at an off-site location.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following response:

The Prosecuting Attorney will obtain more training for the bad check clerk and also possibly obtain a new bad check computer system. We will also start running daily back-ups and store them at an off-site location.

11. County Collector's Controls and Procedures

The method of payment is not indicated on the tax receipts and the composition of receipts is not reconciled to the bank deposits. In addition, the Collector's annual settlements contained some errors. The County Collector is responsible for collecting and distributing property taxes for most political subdivisions within the county. The County Collector collected property taxes totaling approximately \$4 million annually.

- A. The method of tax payment (cash, check, or money order) is not always correctly indicated on the tax receipts, and the composition of receipts is not reconciled to bank deposits. The method of payment is routinely indicated as check although cash is occasionally received. Additionally, receipts are generally deposited two or three times per week, rather than daily. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, the method of payment should be accurately indicated on tax receipts and reconciled to bank deposits, and receipts should be deposited daily or when accumulated receipts exceed \$100.
- B. The County Collector's annual settlements contained errors in amounts reported for total collections and distributions for the years ended February 28, 2006 and 2005. For the year ended February 28, 2006, the Collector included late assessment penalties twice overstating total collections and total distributions by approximately \$9,564. Additionally, for the year ended February 28, 2005, the Collector did not report the CERF (County Employees Retirement Fund) portion of merchant licenses

understating total collections and total distributions by approximately \$3,760. These undetected reporting errors occurred because amounts reported on the annual settlement were not adequately reviewed and compared to monthly settlements. By incorrectly reporting collections and distributions, the County Collector has not provided the County Commission with an accurate and complete settlement. After we brought this matter to the Collector's attention an amended settlement was prepared for the year ended February 28, 2006.

WE RECOMMEND the County Collector:

- A. Correctly indicate the method of payment on the tax receipts, and reconcile the composition of receipts to the composition of bank deposits. In addition, deposit receipts daily or when accumulated receipts exceed \$100.
- B. File complete and accurate annual settlements.

AUDITEE'S RESPONSE

The County Collector provided the following responses:

- A. *I agree and have already implemented this recommendation.*
- B. *I corrected the 2006 annual settlement and I will ensure to double check the annual settlements for accuracy in the future. I will also correct the 2005 annual settlement.*

12. Sheriff Accounting Controls and Procedures

In December 2002, the Sheriff became aware of a \$500 bond that was never deposited into the Sheriff's general account. This situation prompted the Sheriff to contact our office, and we subsequently reviewed the Sheriff's general and civil bank accounts for the period January 2002 through May 2003 identifying a shortage of \$2,847 and \$40 for each account, respectively. The Sheriff turned over documentation to the Prosecuting Attorney, charges were filed on June 22, 2004, on a former Sheriff Department employee, and the case is still pending in Circuit Court.

As a result of this review we issued a letter to the Sheriff on this matter in January 2004 making numerous recommendations to improve controls and procedures over monies collected. While significant improvements have been made by the Sheriff's Department, controls and procedures could be improved by depositing receipts daily or when total receipts exceed \$100, and by restrictively endorsing all checks immediately upon receipt.

WE RECOMMEND the Sheriff ensure receipts are deposited daily or when total receipts exceed \$100, and restrictively endorse all checks immediately upon receipt. In addition, the Sheriff along with the Prosecuting Attorney should continue to attempt to recoup the misappropriated monies.

AUDITEE'S RESPONSE

The Sheriff provided the following response:

We will ensure that monies are deposited timely and will restrictively endorse checks upon receipt. We will also work with the Prosecuting Attorney to ensure this matter is followed-up on and restitution is received by the defendant.

The Prosecuting Attorney provided the following response:

The defendant pled guilty on August 8, 2006 and was placed on probation and ordered to pay restitution.

13. Support the Handicapped Board

A telephone vote was taken of board members without a quorum physically present, and the board did not always obtain adequate supporting documentation for expenditures. The Support the Handicapped Board receives approximately \$85,000 in property tax revenues annually.

- A. According to minutes of the Support the Handicapped Board, an emergency funding request of \$15,000 for the local sheltered workshop was approved by a telephone poll of board members on June 24, 2005. Section 610.015, RSMo, requires that a quorum of the members be physically present at the meeting location before any other members are allowed to participate by telephone.
- B. The Board processed some payments to the local sheltered workshop without obtaining adequate supporting documentation. For example, several payments that were processed did not have original invoices or receipts including one payment for operating expenses for the sheltered workshop totaling approximately \$9,500. To ensure the validity and propriety of the disbursements, adequate documentation should be required and obtained.
- C. The Support the Handicapped Board has not updated their contract with the local Sheltered Workshop (a Not-For-Profit organization) since 1996. Payments totaling approximately \$96,200 and \$113,400 in 2005 and 2004, respectively were provided to the Sheltered Workshop. The contract, signed in January 1996, allows for funding up to \$40,000 annually unless an emergency situation occurs which would necessitate additional funding. Since payments made to the Sheltered Workshop have increased substantially above the original contracted amount, the Board should consider updating their current contract.

Current up-to-date written contracts are necessary to ensure all parties are aware of their duties, rights, and responsibilities and to provide protection to all parties. In

addition, without a current up-to-date contract or proper written documentation the Support the Handicapped Board lacks adequate assurance that funds are being spent on their specific purpose of providing services to residents of Douglas County.

WE RECOMMEND the Support the Handicapped Board:

- A. Ensure full compliance with all provisions of Chapter 610 of the state statutes regarding public votes and meetings.
- B. Ensure all payments are adequately documented in the minutes and supported by an invoice or supporting documenting.
- C. Update the contract with the local Sheltered Workshop, and ensure payments provided for services above the contract amount are adequately documented.

AUDITEE'S RESPONSE

The Support the Handicapped Board provided the following responses:

- A. *We will hold public meetings with a quorum as required by law and avoid holding meetings by means of a telephone poll.*
- B. *We are now requiring adequate supporting documentation on all requests for funding.*
- C. *We will update the contract in conjunction with the 2007 budget approval to account for increased funding requests and detail requirements for the funding.*

Follow-Up on Prior Audit Findings

DOUGLAS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Douglas County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2001. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Officials' Compensation and Bonding

- A. In 1999 the Associate Commissioner's salaries were each increased approximately \$2,696 yearly, however based on a Supreme Court ruling, the mid-term salary increases were deemed unconstitutional.
- B. Not all county employees that handled money were bonded.

Recommendations:

The County Commission:

- A. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Obtain bond coverage for all county employees with access to monies.

Status:

- A. Not implemented. The county commission discussed repayment of the salary increases at a commission meeting on October 31, 2003 and decided not to seek repayment. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Partially implemented. The county secured a \$50,000 blanket bond for all county employees and believed it also covered some of the elected officials; however, the wording of the bond is not clear on officials who are required by law to furnish an individual bond to qualify for office. See MAR finding number 4.

2. County Commission Minutes

The County Commission did not maintain adequate minutes of its meetings. Unofficial minutes were not made official in a timely manner, and minutes always indicated that all commissioners were present even when not all were present.

Recommendation:

The County Commission:

Ensure a formal and complete record of commission meetings is made and approved on a timely basis. In addition, minutes should accurately reflect when members of the commission are present.

Status:

Implemented.

3. General Fixed Assets

- A. Fixed asset listings were inadequate and were not reconciled to equipment expenditures. In addition, quarterly inspections of all county land and buildings were not performed.
- B. The county did not maintain insurance coverage for all road equipment. The Commission would release insurance coverage on equipment once the lease purchase on the equipment was paid in full.
- C. Fuel usage logs were not maintained for the county road and bridge barns.

Recommendations:

The County Commission:

- A. Establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, quarterly inspections of all county land and buildings should be performed.
- B. Review insurance coverage on all county property to ensure the county is not subjected to an unnecessary risk of loss.
- C. Maintain fuel logs for all road and bridge vehicles and equipment, and perform periodic comparisons of fuel used to fuel purchased.

Status:

A&C. Not implemented. See MAR finding number 8.

B. Implemented.

4. Collector

Approximately \$141,232 in property tax commissions and the one-percent assessment withholdings were over withheld from school taxes and disbursed to the County's General Revenue and Assessment Funds. This occurred because of a computer program error in October and November 2001. The monies were refunded to the School fund in February 2002. A similar error totaling \$31,605 occurred in 1998.

Recommendation:

The County Collector:

Review formulas entered into the computer prior to the first distribution of the tax year to ensure distributions will be properly calculated. In addition, monthly distribution amounts calculated by the computer should be reviewed for reasonableness.

Status:

Implemented.

5. Circuit Clerk:

Errors were identified on the open items listing prepared by the Circuit Clerk.

Recommendation:

The Circuit Clerk:

Conduct a case by case review to ensure the accuracy of the cash balance of the case fee sheets, and attempt to identify the unidentified balance. Any monies remaining unidentified should be disposed of in accordance with unclaimed property statutes.

Status:

Implemented.

6. Sheriff's Controls and Procedures

A.1. Checks and money orders were not restrictively endorsed until deposits were prepared.

2. Receipts were not deposited daily or when accumulated receipts exceeded \$100. Gun permit monies were not deposited with other monies.

B. The Sheriff stored several old guns that had tags identifying the original owner, but the items were not on the seized property listing. The owners could not be found nor could the seized property be identified to a specific case.

Recommendations:

The Sheriff:

- A.1. Restrictively endorse all checks and money orders immediately upon receipt.
- 2. Deposit gun permit monies with other receipts daily or when accumulated receipts exceed \$100.
- B. Make timely and appropriate dispositions of seized property.

Status:

- A.1.
&2. Not implemented. See MAR finding number 12.
- B. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DOUGLAS COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1857, the county of Douglas was named after Stephen A. Douglas, a former U.S. Senator from Illinois and later presidential candidate. Douglas County is a county-organized, third-class county and is part of the Forty-Fourth Judicial Circuit. The county seat is Ava.

Douglas County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 693 miles of county roads and 25 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 11,594 in 1980 and 13,084 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2005	2004	2003	2002	1985*	1980**
		(in millions)					
Real estate	\$	66.8	61.1	59.6	57.4	32.5	15.3
Personal property		35.2	33.6	31.8	31.5	9.7	5.4
Railroad and utilities		6.4	6.6	7.2	7.0	4.4	4.3
Total	\$	108.4	101.3	98.6	95.9	46.6	25.0

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Douglas County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2005	2004	2003	2002
General Revenue Fund	\$	.0900	.0900	.1250	.1020
Special Road and Bridge Fund		.2139	.2139	.2120	.2120
Health Center Fund		.2000	.2000	.2000	.2000
Senate Bill 40 Board Fund		.0815	.0815	.0808	.0808

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

Year Ended February 28 (29),				
	2006	2005	2004	2003
State of Missouri	\$ 33,577	31,034	30,709	29,446
General Revenue Fund	105,123	99,097	128,795	104,416
Special Road and Bridge Fund	240,362	222,121	218,805	210,443
Assessment Fund	50,804	45,477	36,430	34,517
Health Center Fund	218,304	201,770	199,950	191,553
Senate Bill 40 Board Fund	90,628	83,741	82,451	79,083
School districts	3,140,849	2,823,424	2,782,188	2,648,094
Library district	90,631	83,743	82,453	79,187
Ambulance district	100,651	93,450	91,471	87,912
Fire protection district	5,304	5,005	4,584	4,243
Cities	12,566	10,614	9,926	9,352
County Clerk	1,159	1,107	1,162	1,125
County Employees' Retirement	26,974	23,210	23,531	23,762
Commissions and fees:				
General Revenue Fund	76,890	75,713	72,176	59,579
Total	\$ 4,193,822	3,799,506	3,764,631	3,562,712

Percentages of current taxes collected were as follows:

Year Ended February 28 (29),				
	2006	2005	2004	2003
Real estate	92.5	91.8	92.9	91.2 %
Personal property	92.5	91.6	91.4	90.7
Railroad and utilities	100.0	100.0	100.0	100.0

Douglas County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
General	.0050	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2006	2005	2004	2003	2002
County-Paid Officials:	\$				
Donald Potter, Presiding Commissioner		24,572	23,184	23,184	23,184
Danny Dry, Associate Commissioner		22,572			
Jimmy Thompson, Associate Commissioner			21,384	21,384	21,384
Richard Mitchell, Associate Commissioner		22,572			
Larry Pueppke, Associate Commissioner			21,384	21,384	21,384
Karry Davis, County Clerk		34,200	32,400	32,400	32,400
Christopher Swatosh, Prosecuting Attorney		40,500	38,700	38,700	38,700
Gary Koop, Sheriff		37,800	36,000	36,000	36,000
Kathleen (Kathy) Potter, County Treasurer		25,308	23,976	23,976	23,976
Mark Pearson, County Coroner		9,900	9,000	9,000	9,000
Linda Coonts, Public Administrator		34,200	32,400	32,400	32,400
Laura Stillings, County Collector, year ended February 28 (29),	33,900	33,900	32,400		
Patty Kraft, County Collector, year ended February 28 (29),				32,400	32,400
Danny Gray, County Assessor (1), year ended August 31,		34,888	33,165	33,266	33,300
Ray Riggs, County Surveyor (2)		N/A			
Michael Johnson, County Surveyor (2)			N/A	N/A	N/A

(1) Includes \$688, \$765, \$866, and \$900 annual compensation received from the state in 2005, 2004, 2003, and 2002 respectively.

(2) Compensation on a fee basis.

State-Paid Officials:

Judith Denney, Circuit Clerk and Ex Officio Recorder of Deeds		48,500	47,900	47,300	47,300
Robert Carter, Associate Circuit Judge		63,467			
Roger Wall, Associate Circuit Judge (3)		20,267	96,000	96,000	96,000

(3) The Associate Circuit Judge position was vacant for one month after the resignation of Judge Wall.



Claire McCaskill

Missouri State Auditor

September 2006

Department of Health and Senior Services' Monitoring of Nursing Homes and Handling of Complaint Investigations



Office Of
Missouri State Auditor
Claire McCaskill

September 2006

The following findings were included in our audit report on the Department of Health and Senior Services' Monitoring of Nursing Homes and Handling of Complaint Investigations.

The Department of Health and Senior Services (DHSS) has only implemented 9 of 32 recommendations made in the two previous audits. Some of the recommendations were included in both reports. Significant cuts in surveyor positions contributed to some of the deficiencies noted.

The Section for Long-Term Care Regulation (SLCR) is responsible for conducting federal and state surveys/inspections on the nearly 1,160 licensed nursing homes and residential care facilities in the state. During fiscal year 2005, the SLCR did not perform 72 (11 percent) and 400 (41 percent) of the full and interim state-mandated inspections, respectively, as required by state law. 58 of the facilities received neither a full nor an interim inspection in fiscal year 2005. This situation represented a significant decline in the SLCR's compliance with its statutory inspection responsibilities compared to the 2003 audit. In addition, some of these facilities have been cited repeatedly for the same deficiencies. A review of 5 commonly cited deficiencies in 8 historically poor performing facilities disclosed 17 deficiencies were repeated at least once between fiscal year 2003 and 2005. None of these facilities received an interim inspection in fiscal year 2005.

Certification and/or inspection packets were not always submitted to Central Office within the specified time frame. In 20 of 88 files reviewed, the packets were submitted untimely. This condition was also noted in the prior two audit reports.

A review of 60 federal survey and state inspection files disclosed a 3 percent error rate in the proper classification of state deficiencies cited in inspections. Also, during fiscal year 2005, the SLCR did not prepare performance evaluations of its survey employees as required by state law. This condition was also noted in the 2003 audit report.

State surveyors tend to cite fewer deficiencies when federal inspectors are not present to monitor the federal survey process. We determined that in those surveys in which federal inspectors accompanied the SLCR surveyors, 83 percent of the deficiencies cited by federal inspectors during the inspections were also cited by the state surveyors. However, in those surveys where the federal inspectors conducted a separate inspection within two months of the state survey, only 15 to 20 percent of the deficiencies cited by the federal inspectors were also cited by state surveyors.

The SLCR is also responsible for recording, investigating, and reporting the results of complaints made related to nursing facilities. We identified the following concerns regarding SLCR's handling of such complaints:

YELLOW SHEET

- On-site complaint investigation visits are not always initiated in a timely manner as required. Error rates ranging from 1 percent for Priority A calls (allegations of imminent danger) to 28 percent for Priority C calls (other allegations of resident harm that do not rise to the level of higher priority calls) were noted. This condition was also noted in the two previous audit reports.
- The SLCR runs periodic reports of pending complaint investigations that are overdue for an exit meeting. We compared the January and February 2006 overdue reports and noted that 107 complaint investigations were listed as overdue on both reports, of which 105 were in the St. Louis region. It was determined the exit meetings had been conducted for most of these complaint investigations; however, documentation related to these meetings had not been entered into the system.
- It was noted the reporter and applicable facility are not always officially notified of a complaint investigation's outcome within the required timeframe.

The SLCR has no minimum staffing standard in place for nursing home facilities and does not track actual staff hours at those facilities. We noted that of the eight states contiguous to Missouri, five of those states (Arkansas, Illinois, Kansas, Oklahoma, and Tennessee) have some sort of minimum nursing care staffing requirements in place. Because Missouri has no minimum staffing standards, the SLCR cannot compare actual direct care staffing information to the level of staffing needed to prevent understaffing and negative resident outcomes. This condition was also noted in the two previous audit reports.

As of October 2005, 224 of the state's licensed nursing facilities had an Alzheimer special care unit or program. State law requires that any such facility disclose to the DHSS the form of care or treatment provided that distinguishes that unit or program as being especially applicable, or suitable, for persons with Alzheimer's disease or dementia. This law also states that as part of the long-term care facility's regular license renewal procedure, the DHSS shall examine the disclosure form and verify the accuracy of the information disclosed. It is not apparent that adequate actions are taken by the department, either during the licensing process or the inspection process, to verify the information on the disclosure form is accurate or that the nursing facility has followed the practices outlined in the form.

The SLCR's Quality Assurance Unit (QAU) was established in 2001 to review a sample of completed inspections and complaint investigations to ensure those inspections/investigations were conducted efficiently, consistently, and in accordance with applicable standards and regulations. As noted in the 2003 audit report, the QAU has not spent a significant amount of time performing this quality control function because QAU staff have been assigned other duties within the SLCR. Since the last audit, the QAU has not performed any quality control reviews of any completed inspections and only a few reviews of complaint investigations.

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DEPARTMENT OF HEALTH AND SENIOR SERVICES'
MONITORING OF NURSING HOMES AND
HANDLING OF COMPLAINT INVESTIGATIONS

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Julia M. Eckstein, Director
Department of Health and Senior Services
and
David Durbin, Division Director
Division of Regulation and Licensure
and
Brenda Campbell, Division Director
Division of Senior and Disability Services
Jefferson City, MO 65102

We have audited the Department of Health and Senior Services' monitoring of nursing homes and handling of complaint investigations. The scope of this audit included the department's oversight of nursing homes (skilled nursing and intermediate care facilities) and residential care facilities that are licensed by the department's Section for Long-Term Care Regulation, and included, but was not necessarily limited to, the year ended June 30, 2005. The objectives of this audit were to:

1. Review and evaluate the department's compliance with certain statutory requirements regarding inspections of nursing homes and residential care facilities.
2. Review and evaluate the department's compliance with certain statutory requirements regarding the investigation and processing of complaints, including home and community services complaints.
3. Review certain management controls and practices to determine the propriety, efficiency, and effectiveness of those controls and practices as they relate to the monitoring of nursing homes and complaint investigations.
4. Review follow-up action taken on findings presented in the two previous audit reports of this area.

Our methodology to accomplish these objectives included reviewing applicable state and federal laws, as well as written policies and other pertinent documents; inspecting relevant records and reports of the Department of Health and Senior Services; and interviewing various

personnel of that department. We also received input from concerned citizens who provided our office with additional information about various nursing homes.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History and Organization is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in the audit of the Department of Health and Senior Services' monitoring of nursing homes and handling of complaint investigations.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Health and Senior Services' monitoring of nursing homes and handling of complaint investigations.



Claire McCaskill
State Auditor

May 26, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Gregory A. Slinkard, CPA, CIA
In-Charge Auditor:	Susan Beeler
Audit Staff:	Robyn Lamb
	Terri Erwin
	Ali Arabian
	Audrey Archuleta

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF HEALTH AND SENIOR SERVICES'
MONITORING OF NURSING HOMES AND
HANDLING OF COMPLAINT INVESTIGATIONS
MANAGEMENT ADVISORY REPORT –
STATE AUDITOR'S FINDINGS

1. Federal Surveys and State Inspections

The Section for Long-Term Care Regulation (SLCR) did not inspect some nursing homes as required. In addition, state facility surveyors did not always remit certification and inspection packets to the SLCR Central Office timely, and the SCLR does not have a system in place to track the remittance of these packets. The state facility surveyors did not always classify state deficiencies correctly and tend to cite fewer deficiencies when federal inspectors are not present. In addition, a statutorily-required performance evaluation process is not being performed.

Under federal and state regulations, the SLCR is charged with the responsibility to conduct federal and state surveys/inspections on all licensed nursing homes and residential care facilities in the state. As of October 2005, there were 1,159 of these facilities operating in Missouri. The SLCR has seven regional offices that employ state facility surveyors who are responsible for performing the surveys/inspections.

Federal regulations require nursing homes that are certified to participate in the Medicare and Medicaid programs to be subjected to a federally-mandated inspection (also know as a survey) at least once every 15 months. This survey is performed simultaneously with a scheduled state-required inspection. Section 198.526, RSMo, requires each licensed nursing home and residential care facility to be inspected at least twice annually. One of these required inspections is designated the annual or “full” inspection, which determines whether the facility is in compliance with all state licensing and provision of care requirements, except for those reviewed during an "interim" inspection. The "interim" inspection (also known as the second inspection), focuses on quality of care issues.

According to SLCR policy, when a regional office completes various phases of a survey or inspection, the certification or inspection packet information is entered into a computerized tracking system thereby making it available for review if the public requests information about a surveyed/inspected facility. The packet of information is then forwarded to the Central Office based on timeframes specified in SLCR policy.

Our review of the survey and inspection process noted the following areas of concern:

- A. During fiscal year 2005, the SLCR did not perform all nursing home inspections as required by law, and a number of nursing facilities were not inspected at all during that year. While all federally-mandated inspections of certified facilities were performed, 11 percent and 41 percent of the full and interim state-mandated inspections, respectively, were not conducted as presented in the following table:

Table 1.1: Fiscal Year 2005 State Inspections

Type of Inspection	Total Inspections Required	Total Inspections Completed	Total Inspections Required But Not Completed
State Annual Inspection	666	594	72
State Interim Inspection	972	572	400

Fifty-eight of the affected facilities received neither a full nor an interim inspection in fiscal year 2005, and this situation represented a significant decline in the SLCR's compliance with its statutory inspection responsibilities. In comparison, during the previous (2003) audit, it was reported that during fiscal year 2002 all full inspections and all but 40 interim inspections were conducted as required. The results of that audit had reflected improvement in the performance of inspections compared to the 2000 audit. The current situation resulted in several facilities not being inspected in fiscal year 2005 where care and treatment deficiencies and other problems had been found in prior fiscal years.

In addition, some of these facilities have been cited repeatedly for the same deficiencies. Based on our review of 5 commonly cited deficiencies in 8 historically poor performing facilities, we noted 17 deficiencies were repeated at least once between fiscal year 2003 and 2005. None of these facilities received an interim inspection in fiscal year 2005. Of 414 facilities that missed at least one inspection in fiscal year 2005, 40, 32, and 48 were issued state sanctions in fiscal years 2005, 2004, and 2003, respectively. In addition, a comparable number of these facilities also received federal sanctions during those years.

Most of the inspections that were not conducted related to facilities in Region 3 (Kansas City), Region 4 (Cameron), and Region 7 (St. Louis). According to DHSS officials, many of the historically poor performing facilities in the state are located in the Kansas City and St. Louis regions. Therefore, it is critical that the DHSS ensure inspections in these areas, as well as statewide, are performed as required by state law.

Discussions with SLCR staff indicated the required inspections were not completed during fiscal year 2005 due to lack of personnel. It should be noted the SLCR performs various complaint investigations each year and may have been in some of these facilities for a complaint investigation. However, these investigations usually focus only on the complaint and do not constitute an inspection.

The SLCR should make every effort to comply with state requirements by performing at least two inspections per year at each facility, unless a facility is determined to be in substantial compliance with regulations and one inspection is determined to be appropriate pursuant to Section 198.526.3, RSMo. In addition, the SCLR should consider performing additional inspections at facilities that are poor performing and/or where deficiencies are cited repeatedly to ensure compliance with applicable regulations.

- B. Certification and/or inspection packets were not always submitted to Central Office within the specified time frame. In addition, the SLCR does not have a system in place to track the timing of the packet submissions.

Our review of files documenting 33 completed federal surveys and 55 completed state inspections noted that certification and inspection information packets were not always submitted to the Central Office in a timely manner. We found that 14 certification and 6 inspection packets (23 percent) had been submitted after timeframes established by the SLCR. Of the 20 packets submitted untimely, 13 were submitted over 10 days late. Region 1 (Springfield), Region 3 (Kansas City), and Region 4 (Cameron) were responsible for 73 percent of all late packets noted during our review.

Section IV, Policy No. 402.00 of the Administrative Policy and Procedure manual of the SLCR, requires each region to submit federal survey information to the Central Office within 10, 30, or 40 calendar days depending on the type of packet information submitted and deficiencies cited. In addition, Section III, Policy No. 316.20 of the Administrative Policy and Procedure manual of the SLCR, requires each region to submit inspection packets to the Central Office within 30 days of the inspection's final action.

Discussions with SLCR officials indicated that packets were not always being submitted to the Central Office as required due to a lack of personnel and because the process had a lower priority than other responsibilities of the SLCR. However, failure to submit the certification/inspection packets to the Central Office as required results in non-compliance with departmental policy. In addition, federally-certified

facilities' certification information is not uploaded to the federal database until the certification packet is received by the Central Office. Therefore, the survey information available on the federal website related to these facilities would not be up-to-date.

To ensure compliance with policy, certification/inspection packets should be filed with the Central Office within the specified timeframes. In addition, the SLCR should have a system in place to review for compliance with these policies. Such a system would allow the SLCR to review each region's performance, identify and avoid potential backlogs, and ensure the timely submission of all inspections.

This condition was also noted in the prior two audit reports.

- C. When performing federal surveys and full state inspections, state surveyors did not always classify or document the classification of violations of state standards in a manner that was consistent with state laws, regulations, or SLCR policy. The occurrence and timing of a re-inspection of a cited facility is based on the violation classification.

Our review of 60 federal survey and state inspection files disclosed that 9 of 324 state deficiencies cited in those surveys/inspections (a 3 percent error rate) were either not classified in the correct category or the classification was not properly documented. The exceptions, noted at 8 facilities, related to surveyors not providing explanations justifying the classification of violations, the classification of violations not being specifically documented in the files, and classifications being cited that did not agree with the recommended classification according to state regulations. Of the eight facilities where improper or unsupported classifications were noted, four (50 percent) were located in Region 3 (Kansas City).

Section 198.085, RSMo, requires the classification of state violations into three categories. Class I violations present either an imminent danger to the health, safety, or welfare of any resident or a substantial probability that death or serious physical harm would result. Class II violations have a direct or immediate relationship to the health, safety, or welfare of any resident, but do not create imminent danger. Class III violations have an indirect or a potential impact on the health, safety or welfare of any resident. 19 CSR 30-82.020(3), (4), and (5) document each state facility rule and provide the recommended violation classifications for use by surveyors. Section III Policy No. 312.00 of the Administrative Policy and Procedure manual of the SLCR, recommends a surveyor use the lower classification when citing a violation of a rule with multiple classifications. The policy further states the surveyor may use the higher

classification; however, the surveyor is required to justify the higher usage.

The failure to document and classify facility violations correctly, besides not complying with state regulations and SLCR policy, could result in the lack or improper timing of a facility's re-inspection. To ensure compliance with state regulations and SLCR policy and the occurrence of appropriate re-inspections, all violations of standards should be correctly classified and be supported by adequate documentation and explanations, as necessary.

- D. During fiscal year 2005, the SLCR did not prepare performance evaluations of its survey employees pursuant to the Missouri On-site Survey Evaluation Process (MOSEP), as required by state law.

Legislation passed in 1999 established the MOSEP to identify education and training needs for state surveyors and to ensure the uniform application of regulation standards in long-term care facilities throughout the state. Section 198.527, RSMo, requires the department to periodically evaluate its surveyors, and based on this evaluation, develop and implement additional training and knowledge standards.

SLCR officials indicated the required performance evaluations were not conducted during fiscal year 2005 due to lack of personnel and funding. By not performing the required MOSEPs, the department cannot be assured all education and training needs have been identified for state surveyors.

This condition was also noted in the prior (2003) audit report.

- E. State surveyors tend to cite fewer deficiencies when federal inspectors are not present to monitor the federal survey process.

The U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS), conducts two types of federal monitoring surveys to determine if the SLCR is complying with the federal inspection process. The first type is known as the Federal Oversight and Support Survey (FOSS), in which federal inspectors will accompany the SLCR surveyors to monitor and rate their facility inspection procedures. The second type is a comparative survey, where CMS inspectors conduct a separate inspection within two months of the state survey's completion date, and the results of the federal and state inspections are compared to identify additional training needs for SLCR surveyors. A comparative survey can be either a health or a life safety code survey. A health survey reviews a facility for its compliance with

routine resident/patient care, whereas a life safety code survey reviews the facility for its adequacy regarding fire safety issues.

We reviewed all 30 federal monitoring surveys conducted during fiscal year 2005, 12 of which were FOSS inspections. The remaining 18 surveys were comparative surveys, consisting of 3 health surveys and 15 life safety code surveys. As presented in the following table, our review determined that 83 percent of the deficiencies cited by federal inspectors during the FOSS inspections were also cited by the state surveyors. However, only 20 percent and 15 percent of the deficiencies cited by federal inspectors during the health and life safety code comparative surveys, respectively, were also cited by state surveyors.

Table 1.2: Survey Comparison

	FOSS	Life Safety Code Comparative	Health Survey Comparative
Number of surveys reviewed	12	15	3
Total federal deficiencies cited	272	142	35
Total state deficiencies cited	227	46	13
Total deficiencies cited by both federal and state surveys	227	22	7
Percentage of deficiencies cited by both federal and state surveys	83%	15%	20%

In addition to the data presented above, our review found only one facility survey (a life safety code comparative survey) where state surveyors cited more deficiencies than the federal inspectors. Also, for two life safety code comparative surveys reviewed, there were significant variances between the number of federally cited deficiencies and state cited deficiencies. In one instance, the federal inspectors identified 20 deficiencies during the facility inspection, compared to only 3 deficiencies being cited by state surveyors in the prior inspection of that facility. Of the three deficiencies identified by the state surveyors, only one of the deficiencies was the same citation identified by the federal inspectors. In the other instance, the federal inspectors identified 13 deficiencies during the facility inspection, while no deficiencies were cited by state surveyors during the prior state survey.

Several factors can contribute to the large variances in deficiencies cited. For example, federal inspectors will visit a facility for a comparative inspection up to two months after the completion of the state survey. Significant changes could have occurred at a facility during the interim period. In addition, during comparative inspections, federal inspectors select a different sample of residents for their review than the sample chosen by state surveyors.

The increased number of deficiencies cited when CMS inspectors are present (during the FOSS inspections) compared to the number of deficiencies identified during the comparative surveys still indicates a need for future training of state inspectors.

This condition was also noted in the two previous audit reports.

As noted previously, SLCR officials indicated that several of the conditions discussed above were due to staff shortages and lack of adequate funding during fiscal year 2005. The DHSS placed a hiring freeze on surveyor staff as of January 1, 2005, and 18 surveyor positions were eliminated in March and April 2005 due to the state's financial difficulties. However, eight of these positions were reinstated in June and July 2005. In addition, the DHSS has been authorized 48 new surveyor positions in the fiscal year 2007 budget. Considering the significant number of additional surveyor positions that have been authorized by the legislature in the upcoming year, the department should consider how it can best use these additional resources to meet department priorities and comply with its statutory requirements.

WE RECOMMEND the Department of Health and Senior Services:

- A. Fill all available surveyor positions and perform all nursing home inspections as required by state law. The SLCR should perform at least two inspections per year at each facility as required, unless a facility is determined to be in substantial compliance with regulations and one inspection is determined to be appropriate pursuant to Section 198.526.3, RSMo. In addition, the DHSS should consider performing additional inspections of poor performing facilities or those which have been sanctioned in the past to ensure compliance with applicable regulations.
- B. Submit completed inspections to the Central Office in a timely manner.
- C. Ensure facility violations are properly classified in accordance with state regulations. In addition, if multiple classifications are available for a facility citation and the higher violation classification is used, an explanation justifying that citation should be adequately documented according to policy requirements.
- D. Complete the staff performance evaluations pursuant to the MOSEP program as required by law.
- E. Continue to evaluate the results of the FOSS and comparative surveys performed by CMS to identify potential training needs for state surveyors.

AUDITEE'S RESPONSE

- A. *SLCR is aware not all inspections are completed as required by state law. The authorization for additional survey staff in Fiscal Year 2007 promises to increase the ability of SLCR to complete all required inspections. However, the timely completion of required inspections may not be entirely accomplished in Fiscal Year 2007 as new staff must be hired and trained before they are allowed to independently perform inspections. Also, the department's ability to hire additional staff is contingent upon the availability of federal funds.*
- B. *SLCR agrees inspection packets are not always submitted to Central Office within specified time frames. SLCR will develop a system to track timeliness of inspection packet submission to improve the timeliness of inspection packets sent to Central Office.*
- C. *SLCR will strive to ensure all state citations are correctly classified as set forth in regulation and if multiple classifications are available and the higher violation classification is chosen, an explanation justifying the upgrade is documented. SLCR will reinforce this issue with each of the managers and supervisors responsible for reviewing citations to ensure citations are classified correctly and an explanation is included for any higher classification used. SLCR will also explore the possibility of incorporating a change to the ASPEN system to require a classification to be selected before proceeding to the citation text.*
- D. *SLCR agrees the Missouri On-site Survey Evaluation Process (MOSEP) could be a very useful education/training tool for our surveyors. However, SLCR does not agree that the MOSEP process can independently identify all surveyor education and training needs. The MOSEP process is to be completed once a year. While SLCR staff have not been performing the MOSEP process, supervisory staff in each region currently monitor staff continually throughout the year and conduct regular reviews of each surveyor's performance. Annual employee performance appraisals are completed based on the monitoring of staff performance throughout the year.*

The particular mandate associated with MOSEP was not funded when the requirement was enacted in 1999. SLCR does not currently have sufficient staff to move from regular licensure, survey and complaint functions to implement the MOSEP training program as an ongoing process. SLCR will continue to discuss with department management funding options, including the possibility of requesting additional funding and FTEs through the Fiscal Year 2008 budgetary process, in order to incorporate the MOSEP into our surveyors' education/training program.

- E. *SLCR is aware of the variance in the number of deficiencies cited by state inspectors when federal inspectors are present. SLCR does not agree that the mere occurrence of variances equates to training needs of state inspectors. SLCR*

does not agree that the FOSS findings are necessarily correct. The FOSS findings represent the judgment of the federal surveyor just as the state survey represents the judgment of the state surveyor. However, SLCR will continue to review results of FOSS and comparative surveys to identify potential training needs. Training needs specific to a region will be shared with the regional manager to develop a training plan. Training needs affecting more than a specific region will be incorporated into scheduled training throughout the year.

2.

Complaint Investigations

On-site complaint investigation visits are not always initiated in a timely manner as required by the SLCR policy. In addition, some information related to complaint investigations in one region was not always entered into the ASPEN Complaint Tracking System (ACTS) timely. Further, the reporter and/or facility are not always notified of a complaint investigation's outcome within the required timeframe.

The SLCR and Home and Community Services Section (HCS) are responsible for recording, investigating, and reporting the results of complaints made to the Elder Abuse and Neglect Hotline (800-392-0210) maintained by the department's Central Registry Unit (CRU). During fiscal year 2005, approximately 6,300 SLCR and 15,800 HCS complaints were received.

For the SLCR, the CRU forwards complaint calls to the applicable regional office. Surveyors prioritize the complaints into one of seven categories based on the severity of the complaint. These complaint descriptions, as well as timeframes for conducting the initial on-site visits, are as follows:

- **Priority A:** Allegations of imminent danger - Conduct the on-site visit within 24 hours.
- **Priority B:** Allegations of actual harm that do not indicate ongoing immediate jeopardy - Conduct the on-site visit within 10 working days.
- **Priority C:** Other allegations of resident harm that do not rise to the level of A or B - Conduct the on-site visit within 30 calendar days.
- **Priority D:** Allegations of regulatory violations with low impact to the resident(s) - Conduct the on-site visit in conjunction with the next scheduled inspection.
- **Priority E:** No immediate jeopardy - administrative review/offsite investigation.

- **Priority F/G:** Referred to another entity, such as the Long-Term Care Ombudsman Program or local law enforcement/emergency responders.
- **Priority H:** No action necessary.

HCS complaints are categorized based on the severity of the complaint into one of three classifications by a CRU social worker. However, the HCS investigator can obtain supervisor approval to change this original classification.

While our review noted no concerns with the handling of HCS complaints, we did identify the following concerns regarding SLCR complaints:

- A. On-site complaint investigation visits are not always initiated in a timely manner as required by SLCR policy. The SLCR provided us with reports summarizing the timeliness of on-site complaint investigations for priority A, B, and C calls (those calls determined to be more serious) for fiscal year 2005 as follows:

Table 2.1: SLCR Complaint Investigations

Complaint Type	Investigations	Untimely Investigations	Error Rate
A	296	4	1%
B	3,021	167	6%
C	1,978	562	28%

Each of the untimely priority A calls was initiated within three days; however, any delay in an investigation of alleged imminent danger is not acceptable. In addition, delays in investigating priority B and C calls can make it more difficult to determine whether an incident or violation has actually occurred.

Discussion with SLCR staff indicated that the untimely investigation of these complaint calls was the result of lack of sufficient personnel.

This condition was also noted in the two previous audit reports.

- B. Some information related to complaint investigations in Region 7 (St. Louis) was not being entered into the ACTS system timely.

The SLCR runs periodic reports of pending complaint investigations that are overdue for an exit meeting, the meeting the SLCR surveyors hold with facility representatives to discuss the outcome of an investigation. We compared the January 7, 2006 overdue report to the February 15, 2006 overdue report and noted that 107 complaint investigations listed as overdue on the January report were still listed as overdue on the February

report. Of these, 105 were in Region 7. Upon further review, it was determined the exit meetings had been conducted for most of these complaint investigations; however, documentation related to these exit meetings had not been entered timely into the ACTS system. According to SLCR officials, this delay in data entry was due to lack of adequate staffing in the Region 7.

For DHSS management and other supervisory officials to have up-to-date information related to the status of complaint investigations, all actions and supporting information related to investigations needs to be input into the ACTS system on a timely basis. In addition, this situation results in a delay in the eventual uploading of the entire investigation packet into the federal database where it can be accessed by the public.

- C. The reporter and applicable facility are not always officially notified of a complaint investigation's outcome within the required timeframe.

Section VII, Policy No. 706.00 of the SLCR's Administrative Policy and Procedure manual, requires a letter of determination be sent to the reporter of the complaint with the results of the investigation within fourteen calendar days of the exit meeting date. That same policy also requires the facility be notified in writing of the results of the investigation within fourteen calendar days of the exit meeting date, if the complaint was considered unsubstantiated.

During a test of SLCR complaint investigations, we noted that in 9 of 51 (18 percent) unsubstantiated complaints, the facility was not notified by letter of the outcome of the investigation within the 14-day requirement. While some of these exceptions were only a few days late, we noted two that were sent 88 and 192 days after the exit meeting date, respectively. In addition, during this same test we noted that in 9 of 25 (36 percent) complaints in which the reporter was not anonymous, the reporter was not notified of the outcome of the investigation within the 14-day requirement. Again, while some of these exceptions were only a few days late, we noted one determination letter which was not sent to the reporter until 108 days after the exit meeting date.

The SLCR should make every effort to notify the reporter and applicable facility of the outcome of an investigation on a timely basis. By not sending out the required notification timely, the reporter and facility remain unaware of the official outcome of the investigation.

WE RECOMMEND the Department of Health and Senior Services:

- A. Ensure the SLCR conducts on-site complaint investigations on a timely basis in accordance with established policy.

- B. Enter all complaint investigation information into the ACTS system timely.
- C. Send the required letters reporting the outcome of investigations to the reporter and facility on a timely basis in accordance with established policy.

AUDITEE'S RESPONSE

- A. *SLCR is aware that some on-site complaint investigations were not conducted within specified time frames. SLCR would like to note, however, that the vast majority of time frames not met involved complaints classified as lower priority complaints. SLCR gives priority to complaints alleging immediate jeopardy or significant harm. We hope that additional staff – when hired and trained – will help to increase timeliness.*
- B. *SLCR recently instituted a policy that requires certain information to be entered into ACTS within 15 days of the exit conference. This required information allows DHSS management and other supervisory officials to have up-to-date information related to the status of complaint investigations. SLCR monitors this information on a monthly basis to ensure compliance and notifies the regional manager of any problems noted.*
- C. *SLCR is aware that required letters are not always sent on a timely basis as required by SLCR policy. Some of the exceptions noted involve SLCR's failure to notify the facility of the outcome of the investigation. SLCR would like to point out that facilities are notified verbally of the outcome of the investigation at the time of the exit conference. SLCR does, however, recognize the importance of providing outcome information in writing, and will reinforce with section management staff the need to ensure all letters are sent consistently and on a timely basis.*

3.	Facility Staffing
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The SLCR has no minimum staffing standard in place for nursing home facilities and does not track actual staff hours at those facilities. As a result, the SLCR cannot compare actual direct care staffing information to an estimated level of staffing needed to prevent understaffing and negative resident outcomes. This condition was also noted in the two previous audit reports.

Section 198.079, RSMo, requires the SLCR to promulgate reasonable standards and regulations related to the number and qualifications of employed and contract personnel having responsibility for any service provided for residents in intermediate care and skilled nursing facilities. However, the current Code of State Regulations (CSR), 19 CSR 30-85.042 (37), only requires nursing homes to

employ nursing staff "in sufficient numbers and with sufficient qualifications" to meet the residents' needs. This is subjective and is open to interpretation of the state surveyor staff.

Currently, the SLCR reviews actual staffing levels if a complaint is received related to staffing levels or the survey team knows from a preliminary off-site review that a facility has had certain negative resident outcomes that might be related to understaffing. The survey team will also review various quality indicators and the facility's prior history of non-compliance. These measures resulted in approximately 20 facilities being cited for staffing deficiencies during fiscal year 2005. However, as noted in the previous two audit reports and according to department personnel, some facilities have brought in additional staff during inspections. This practice could temporarily hide or mask an understaffing problem, and may result in no staffing deficiency being cited and potential future negative resident outcomes.

During the current audit, we determined that of the eight states contiguous to Missouri, five of those states (Arkansas, Illinois, Kansas, Oklahoma, and Tennessee) have some sort of minimum nursing care staffing requirements in place. These minimum staffing requirements varied between these states, with three of the states' minimum standards relating to ratios of staff to residents and the other two states' standards relating to a minimum number of direct care hours per day.

Prior to September 30, 1998, Missouri had minimum nursing staff requirements in place for a number of years. However, on that date, the minimum standards were rescinded from state regulations. DHSS officials have stated that re-establishing minimum staffing standards could be counterproductive. They indicated that in the past when there were minimum standards in place, facilities would only staff the minimum number required. Without these requirements, nursing facilities have been forced to review their resident/patient load and acuity levels to determine how many staff are needed to provide adequate care.

However, as noted in the two previous audit reports, studies have shown a relationship between the number of staff hours and the quality of care at a nursing facility. The SLCR should consider comparing actual direct care staffing information to a minimum nursing staff requirement to help ensure quality care is provided to nursing home residents. In addition, the SLCR should make actual direct care staffing information available to the public so better informed placement decisions can be made. The SLCR has the authority and responsibility to set reasonable staffing level requirements.

WE RECOMMEND the Department of Health and Senior Services reconsider the decision not to re-establish minimum staffing standards for nursing facilities.

AUDITEE'S RESPONSE

SLCR does not agree with this finding. SLCR believes minimum staffing ratios, in order to be effective, must consider factors such as acuity level of the residents and the training and competency of staff. As the acuity level of residents changes and/or staff turnover occurs, the need in the frequency and type of nursing services and other staffing required may also change. Currently, SLCR evaluates the adequacy of nursing staff based on the care needs of the residents and any negative outcomes based on the staffing in the facility. SLCR believes establishing minimum staffing standards would not improve the quality of care for residents, but would make citations more difficult when facilities meet the minimum staffing standards but are providing poor quality of care. Also, please reference the Federal HHS Study: "State Experiences with Minimum Nursing Staff Ratios for Nursing Facilities: Findings from Case Studies of Eight States", which was presented at the exit conference. We believe the study strongly supports our position regarding minimum staffing standards.

AUDITOR'S COMMENT

We disagree that the federal study referred to in the auditee's response strongly supports the department's position regarding minimum staffing requirements. This study, issued in November 2003, was not conclusive regarding the need for minimum standards and there appear to be differing opinions regarding their merit. It should be noted that at the time of the study, 36 states had some type of minimum staffing requirements. In addition, the study reviewed 8 states in-depth, including Missouri, and the other 7 states subjected to the in-depth review had some type of minimum staffing requirements. We believe the DHSS should continue to study this matter and consider the recommendation presented in this finding.

4. Alzheimer Special Care Units

The SLCR is not adequately verifying the accuracy of disclosure forms related to Alzheimer special care units/programs as required by law.

Some long-term care facilities have established special units or programs to care for individuals who have been diagnosed with Alzheimer's disease or a related disorder. As of October 2005, 224 of the 1,159 licensed facilities (19 percent) had an Alzheimer special care unit or program.

Section 198.510, RSMo, requires that any such facility disclose the form of care or treatment provided that distinguishes that unit or program as being especially applicable, or suitable, for persons with Alzheimer's disease or dementia. This disclosure is to be made to the department (the DHSS) which licenses the facility. According to that statute, this disclosure should be made on a form developed by the department and include an explanation as to how the care is different from the rest of the facility in various areas including, but not limited to, the unit/program's

overall philosophy and mission, assessment and establishment of a patient care plan, staff training and continuing education practices, the costs of care and any additional fees, and safety and security measures. A copy of this disclosure form is to be given to the patient and the patient's family at the time of admission.

This statute also states that as part of the long-term care facility's regular license renewal procedure, the licensing department (the DHSS) shall examine the disclosure form and verify the accuracy of the information disclosed. Based on our discussions with SLCR officials, it is not apparent that adequate actions are taken by the department, either during the licensing process or the inspection process, to verify the information on the disclosure form is accurate or that the nursing facility has followed the practices outlined in the form.

During the license renewal process, we were told the Licensure Unit receives these forms with the license renewal requests and turns the forms over to the Policy Unit for review. The Policy Unit reviews the forms for missing information or obvious errors, but no other procedures are performed to verify the accuracy of the disclosure form as part of the licensing process.

Department policies also provide that the accuracy of the disclosure form is to be verified during the inspection process; however, if this is done it appears it is generally not documented. Section III, Policy No. 305.00 of the SLCR's Administrative Policy and Procedure manual states that during an annual inspection, the surveyor is to utilize the Alzheimer's unit disclosure form by comparing the inspection's findings regarding the care provided to sampled Alzheimer patients against the information presented in the disclosure form. In addition, that policy states the surveyor will review the availability and distribution of the disclosure form.

While state surveyors may be verifying the accuracy of the information on the disclosure forms during the inspection process, it does not appear this is documented in the completed inspection documents or surveyor notes. A SLCR official indicated that surveyors are most concerned about overall patient care and as long as sampled patients are properly cared for, the surveyors are probably not concerned about verifying and documenting the accuracy of the disclosure form information.

As a result of this situation, there is not adequate assurance the Alzheimer Special Care disclosure forms submitted by the applicable facilities to the department and distributed to the applicable patients/families accurately reflect the special care and operating practices at those facilities.

WE RECOMMEND the DHSS review its current practices related to the verification and review of Alzheimer special care units/programs and the disclosure forms which are submitted by the applicable facilities. Steps should be

taken to ensure the disclosure forms accurately reflect the care and practices at those facilities.

AUDITEE'S RESPONSE

SLCR acknowledges that every aspect of the Alzheimer's disclosure form is not verified for accuracy. The disclosure form is submitted to SLCR with the licensure application (every two years). SLCR does examine the form for content, but does not verify all information contained on the form. During onsite inspections, SLCR determines if residents on special care units are receiving the appropriate care in accordance with each resident's care plan. SLCR staff will cite a facility for failure to provide the appropriate care. At any one time, residents on a special care unit may require various levels of the services the facility discloses. It would be difficult for SLCR to mandate a facility provide certain services in the absence of any negative outcome to residents. However, SLCR will consider options that better provide for review of the disclosure form.

5.

Quality Assurance Unit

The SLCR's Quality Assurance Unit (QAU) has not performed many quality assurance reviews as was intended when the unit was created, but instead its personnel have been assigned primarily to other duties.

The QAU, which is made up of a unit manager and four support staff, was established in 2001. This unit was created with the intent that its main function would be to review a sample of completed inspections and complaint investigations to ensure those inspections/investigations were conducted efficiently, consistently, and in accordance with applicable standards and regulations. As noted in the previous (2003) audit report, the QAU has not spent a significant amount of time performing this quality control function because QAU staff have been assigned other duties within the SLCR. Since the last audit, the QAU has not performed any quality control reviews of any completed inspections and only a few reviews of complaint investigations.

According to SLCR officials, among the other duties performed by QAU staff since the last audit was to help with the implementation of the ASPEN Complaint Tracking System (ACTS). It appears work related to this system's implementation was the unit's primary responsibility in 2003 and part of 2004, and included the creation of an ACTS training manual and developing and conducting staff training for the new system. The QAU staff have also helped conduct long-term care facility surveys and inspections due to the lack of trained surveyors in the state.

The ACTS system implementation was completed in 2004. With the completion of this project and the new surveyor positions which have been approved for

fiscal year 2007, it appears the QAU staff should be able to concentrate on performing the quality assurance reviews of inspections and complaint investigations as was intended when the unit was established.

WE AGAIN RECOMMEND the Department of Health and Senior Services assign QAU personnel to perform regular reviews of facility inspections and complaint investigations.

AUDITEE'S RESPONSE

SLCR acknowledges the QA unit has not been performing the amount of reviews as intended when the unit was created. In the past several fiscal years, SLCR has experienced difficulty in hiring and retaining qualified staff. Also in Fiscal Year 2005, SLCR experienced layoffs of several surveyor positions. As a result, the QA unit, which is primarily comprised of surveyors, has been conducting surveys and inspections in order to comply with federal and state statutory requirements. With the addition of staff in Fiscal Year 2007, SLCR should be staffed at a level to enable the QA unit to focus on quality reviews of inspection and complaint packets.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

DEPARTMENT OF HEALTH AND SENIOR SERVICES'
MONITORING OF NURSING HOMES AND
HANDLING OF COMPLAINT INVESTIGATIONS
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Department of Health and Senior Services (DHSS) on findings in the Management Advisory Report in the prior (2003) audit report issued by McBride, Lock & Associates, CPAs, and the auditor's follow-up on action taken by the DHSS on findings from the Management Advisory Report from the next previous (2000) audit report issued by the Missouri State Auditor's Office, except those findings that were listed as implemented, no long valid, or not warranting further action. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the DHSS should consider implementing those recommendations.

DEPARTMENT OF HEALTH AND SENIOR SERVICES'
MONITORING OF NURSING HOMES AND
HANDLING OF COMPLAINT INVESTIGATIONS
(Report No. 2003-08, dated January 22, 2003)

2003-1. Inspections

- A. Inspection packets were not always submitted to the Central Office within the specified time frame. In addition, the SLCR did not have a system tracking the timing of inspection packet submissions.
- B. The SLCR used multiple systems to track and record the inspection and licensure processes for licensed facilities. This increased the occurrence of data entry errors and resulted in a duplication of effort.
- C. State regulations required inspections to be conducted at least two times each year in all licensed facilities, one being a full inspection and the second being an interim inspection. A better use of existing staff resources would have been to perform additional detailed inspections at "poor performing" facilities while rewarding "good" facilities with less frequent reviews. This would have required legislative action to change the existing state law.
- D. The SLCR was not performing the Missouri On-site Survey Evaluation Process (MOSEP) performance evaluations as required by Section 198.527, RSMo, in a timely manner.
- E. SLCR inspectors tended to cite fewer deficiencies when federal inspectors were not present during inspections.

Recommendation:

- A. Ensure that completed inspections are submitted to the Central Office in a timely manner.
- B. Develop a single comprehensive inspection system to adequately and accurately track and record all inspection information of licensed facilities.
- C&D. Analyze the utilization of current staff resources and evaluate the benefits of interim inspections compared to additional inspections of poor performing facilities. Based on this analysis, the department should present options to the legislature which include the additional amount, if any, of funding necessary to achieve all responsibilities, or reduce the responsibilities currently required by state law. Furthermore, the department should ensure staff evaluations are performed in accordance with state law.
- E. Continue to evaluate the results of the observational and comparative federal inspections to identify potential training needs for state inspectors.

Status:

A, D

&E. Not implemented. See MAR finding number 1.

- B. Partially implemented. The SLCR has still not implemented a comprehensive inspection system; however, there does not appear to be as much duplication of data between the current systems as was noted previously. In addition, we did not note inaccurate or inconsistent data being presented in the various systems. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Partially implemented. Legislation was passed in 2003 which allows the DHSS to waive a second or interim inspection if a facility is in compliance with regulations. As a result, during fiscal year 2005 the SLCR waived the interim inspection for 185 nursing facilities. DHSS personnel indicated that due to staffing shortages, additional inspections of "poor performing" facilities have not been conducted. See MAR finding number 1.

2003-2. Complaint Investigations

- A. On-site complaint investigation visits were not always initiated in a timely manner as required by SLCR policy. In addition, information in the complaint database used to review this requirement was not always complete and accurate.

- B. The General Assembly passed legislation in 1999 requiring the SLCR to implement the Consumer Informal Dispute Resolution (CIDR) Pilot Project. This pilot project provided for face-to-face conferences between SLCR staff and complainants, residents, or their family members. This legislation also required the SLCR to report to the General Assembly on the effectiveness of the pilot project. The SLRC subsequently concluded the CIDR process had shown merit and improved resident care; however, projected costs to implement this program statewide were estimated at over \$1 million annually. Due to the state's budget situation, the SLCR recommended any further action on this project be discontinued until such funding was available.

Recommendation:

The Department of Health and Senior Services:

- A. Section for Long-Term Care Regulation conduct on-site complaint investigations timely and maintain complete and accurate information regarding the dates of on-site complaint investigations.
- B. Study the possibility of establishing a more cost effective process for dissatisfied complainants to appeal the result of complaint investigations.

Status:

- A. Partially implemented. We again noted that on-site complaint investigation visits are not always initiated within the required timeframes. See MAR finding number 2. However, we did not note problems with the completeness or accuracy of the information in the complaint database.
- B. Not implemented. DHSS personnel indicated that budgetary constraints continued to plague the department during the current audit period and, as a result, no further progress was made in this area. Although not repeated in the current MAR, our recommendation remains as stated above.

2003-3. Quality Assurance Unit

Since the inception of SLCR's Quality Assurance Unit (QAU) in 2001, the unit had performed only two reviews of complaint investigations and no reviews of facility inspections. The main function of the unit was to review a sampling of completed inspections and complaint investigations.

Recommendation:

The Department of Health and Senior Services assign QAU personnel to perform regular reviews of facility inspections and complaint investigations.

Status:

Not implemented. See MAR finding number 5.

2003-4.

Repeat Deficiencies, Sanctions, and Corrective Action

- A. The SLCR had not been able to sanction some noncompliant facilities aggressively enough to encourage subsequent compliance. In addition, the SLCR had neither a procedure in place nor the manpower to ensure continued compliance at "poor performing" facilities.
- B. State law had allowed the SLCR to seek civil monetary penalties (CMP) in the event of serious violations of standards; however, filing CMP cases in the courts had been an onerous process. As a result, the SLCR had utilized this remedy only once in the previous three years.

Recommendation:

The Department of Health and Senior Services continue to identify methods, including proposing revisions to the state CMP process, to more effectively bring repeat and severe offenders and "poor performing" facilities into compliance.

Status:

- A. Not implemented. We again noted instances of repeat deficiencies being noted in inspections. In addition, the DHSS has not performed additional inspections of "poor performing" facilities. See MAR finding number 1.
- B. Implemented. Legislation was passed in 2003 which has allowed the SCLR to more effectively use CMPs as a sanctioning tool against noncompliant facilities. As a result, 17 CMPs were recommended as sanctions against noncompliant facilities since the previous audit, compared to only 1 CMP being recommended during the prior audit period. The SLCR should continue to use CMPs as a sanction when it is effective to do so.

2003-5.

Facility Staffing

- A. The SLCR had no minimum staffing standard in place and did not track actual staff hours at nursing home facilities. As a result, the SLCR could not compare actual direct care staffing information to an estimated level of staffing needed.
- B. Under the Quality Improvement Care Program for Missouri's Long-Term Care Facilities (QIPMo), the DHSS had contracted for services with the University of Missouri's Sinclair School of Nursing to perform various

duties, including analyzing information related to facility staffing. Annual costs of these services exceeded \$600,000. The DHSS had not determined or evaluated whether the benefits derived from the program exceeded the related costs.

Recommendation:

- A. Establish reasonable minimum staffing standards for nursing facilities as required by state law and maintain a system which accumulates these facilities' actual direct care staffing hours. The actual staffing information should be made available to the public, and should be compared to the minimum requirements to predict and prevent negative resident outcomes.
- B. Improve monitoring activities related to the QIPMo project. These activities should include a thorough review of the cost effectiveness of the program, and ensuring progress reports and related invoices are adequately documented and reviewed.

Status:

- A. Not implemented. See MAR finding number 3.
- B. Implemented. During the fall of 2005, the DHSS began conducting a quarterly monitoring review of the contract services and the related invoices. In addition, it should be noted that the annual costs of this contract were reduced from \$625,000 in fiscal year 2002 to \$520,000 in fiscal year 2003 and 2004, and then reduced further to \$230,000 in fiscal year 2005.

2003-6.

Employee Disqualifications

- A. The SLCR was conducting monthly matches of employment security wage data to persons listed on the Employee Disqualification Listing (EDL). However, when a match identified individuals listed on the EDL that were employed in nursing facilities, the SLCR did not always obtain documentation that corrective action had been taken by the facilities.
- B. Inordinate delays were noted from the time a complaint was filed to the time the individual was placed on the EDL.

Recommendation:

- A. Ensure documentation is maintained to support corrective action was taken by facilities notified of disqualified employees.

- B. Ensure reasonable timeframes are set for all aspects of the EDL referral process and track referrals to ensure compliance with these timeliness standards.

Status:

- A. Implemented.
- B. Partially implemented. The SCLR has still not set specific timeframes for each stage of the EDL process. Currently, the only established timeframe is that a case is to be forwarded from Central Office to Legal Services within 10 days. However during the current audit, we noted improvement in the amount of time it took to get individuals placed on the EDL. Although not repeated in the current MAR, our recommendation remains as stated above.

2003-7.

Staffing, Salaries, and Conflict of Interest Disclosures

- A. SLCR's Region 7 (St. Louis) had not investigated complaints and inspected nursing homes in a timely manner due, at least in part, to a greater workload in that region and unfilled staff positions.
- B. The salaries paid to DHSS' social workers, facility surveyors, and nurses were lower than those paid for similar position in bordering states as well as the private sector. As a result, it was difficult to attract and retain employees.
- C. Compliance with the DHSS' department-wide conflict of interest policy was not adequately documented and inspectors were permitted to inspect facilities where they had been previously employed.

Recommendation:

- A. Consider various alternatives including shifting some of the workload, reallocating staff, and/or requesting additional surveyor positions to help ensure complaints are investigated and nursing homes are inspected in a timely manner.
- B. Seek increased funding for salaries for facility surveyors, facility advisory nurses, social workers, and supervisor positions.
- C. Require employees to periodically prepare written conflict of interest statements, and discontinue the practice of allowing employees to inspect or investigate complaints at facilities where they were formerly employed.

Status:

- A. Partially implemented. The SLCR has continued to have difficulty filling surveyor positions in Region 7. Since the previous audit, Central Office staff as well as staff from other regions have been used to help survey/inspect facilities in that region. However, the SLCR has still had problems performing the required inspections and complaint investigations in some regions, including Region 7. See MAR finding numbers 1 and 2.
- B. Partially implemented. Based on information obtained during the current audit, it appears the facility surveyor and social service worker salaries in Missouri are now more comparable to the amounts paid by contiguous states. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Not implemented. The DHSS still does not require written conflict of interest statements from its employees. In addition, survey employees are still allowed to participate in inspections of facilities where they were previously employed as long as two years have lapsed from that previous employment. We were informed the DHSS follows federal policy when surveying federally-certified facilities (as well as non-certified facilities) which requires a two-year waiting period for a surveyor to conduct a survey at a facility where he or she was formerly employed. Although not repeated in the current MAR, our recommendation remains as stated above.

**REVIEW OF THE DIVISION OF AGING'S
MONITORING OF NURSING HOMES AND
HANDLING OF COMPLAINT INVESTIGATIONS
(Report No. 2000-13, dated March 1, 2000)**

Note: Recommendations 1C, 1H, and 2C were implemented as of January 2003.

2000-1. Inspections

- A. Inspection reports were not submitted to and/or were not entered into the centralized database maintained by the Central Office in a timely manner. As a result, the system could not be relied upon to monitor and ensure required facility inspections had been performed. In addition, reports that were not properly submitted to the Central Office were not readily accessible to the public as required by state law.
- B. 53 full and 363 interim inspections required by state law during fiscal year 1999, were not conducted.

- D. Inspections were rarely performed other than those required by state law.
- E. Federal and state regulations required inspections to be unannounced and unpredictable; however, several examples were noted of the inspection order and/or inspection dates of facilities being very patterned.
- F. Readily available reports of deficiency patterns to identify areas where enforcement activities could be improved were not studied.
- G. State inspectors cited more deficiencies when federal inspectors were present during inspections.

Recommendation:

- A, B
&D. Develop and utilize a centralized inspection monitoring system to track inspections and then ensure completed inspections are submitted to the Central Office and entered into the system in a timely manner. We also recommend all inspections be performed as required by state law, and take the necessary steps which would allow additional inspections to be performed of poor performing facilities.
- E. Continue to develop and implement policies to reduce the predictability of inspections.
- F. Analyze the available reports of deficiency patterns to identify areas where enforcement may be weak or inconsistent and consider their impact upon the inspection process.
- G. Ensure inspectors are adequately trained and supervised.

Status:

- A. Not implemented. Survey results are no longer entered into the system by the Central Office; they are entered at the regional level. However, our current audit again noted instances where survey packets were not submitted to the Central Office in a timely manner. See MAR finding number 1.
- B. Not implemented. The 2003 audit noted significant improvement in the completion of required inspections, with only one of the seven regions not completing all required inspections. That audit reported that in fiscal year 2002, all full inspections and all but 40 interim inspections were conducted as required. However, during the current audit it was determined that 72 annual and 400 interim inspections (in 3 regions) were

not conducted as required in fiscal year 2005. See MAR finding number 1.

- D. Partially implemented. Legislation was passed in 2003 which allows the DHSS to waive a second or interim inspection if a facility is in compliance with regulations. As a result, during fiscal year 2005 the SLCR waived the interim inspection for 185 nursing facilities. However, due to staffing shortages, additional inspections of "poor performing" facilities have not been conducted. See MAR finding number 1.
- E. Partially implemented. Examples of patterned surveys were again noted in two regions during the current audit. However, the DHSS met federal requirements concerning unpredictable surveys (10 percent of surveys conducted on nights and weekends). Although not repeated in the current MAR, our recommendation remains as stated above.
- F. Implemented. State sanction patterns are quantified and discussed at provider (i.e. facility) meetings. In addition, because many of the state deficiencies are mirrored on the federal side, the DHSS will review the top 10 state deficiencies noted to identify any inconsistencies.
- G. Not implemented. See MAR finding number 1.

2000-2. Complaint Investigation Processing and Procedures

- A. Complaint investigations were not always initiated in a timely manner.
- B. As of May 1999, there were over 1,650 overdue complaints for which a completed summary report had not been submitted to Central Office. In addition, letters were not always sent to the resident's family or the reporter as required by state law.
- D. No process existed for dissatisfied complainants to appeal the result of a complaint investigation.

Recommendation:

- A&B. Ensure complaint investigations are initiated and completed timely, the results of those investigations are properly documented, and reports are submitted in a timely manner to help ensure appropriate enforcement actions are taken against facilities that are not in compliance with state and federal regulations. In addition, the agency should ensure required reports are available to the public, and the resident's next of kin or the reporter is notified of the results of all complaint investigations.

- D. Study the merits of establishing a process for dissatisfied complainants to appeal the result of complaint investigations.

Status:

- A. Not implemented. See MAR finding number 2.
- B. Partially implemented. Improvements have been made in this area since the 2000 audit; however, during the current audit we noted instances in one region in which data related to investigations was not always input in the system on a timely basis, delaying the completion/closure of some investigations. See MAR finding number 2.
- D. Partially implemented. Legislation was passed in 1999 to create the Consumer Informal Dispute Resolution Pilot Program. This was a one-year pilot program and due to budget constraints, the SLCR's recommendation to the legislature at that time was to discontinue any further action. DHSS personnel indicated that nothing has been done since that time due to budget constraints. Although not repeated in the current MAR, our recommendation remains as stated above.

2000-3. Repeat Deficiencies, Sanctions, and Corrective Action

- A. Sanctions were not studied to determine which were most effective in bringing facilities into compliance, it was not verified that the state's Medicaid agency imposed the denial of payment sanction on facilities, and it was not determined whether the denial of payment actually resulted in financial penalties on facilities. In addition, a facility's history of past noncompliance was not considered when determining the sanction to be imposed.
- B. State officials indicated their ability to seek state civil monetary penalties (CMP) was hampered by the onerous process of filing cases in the circuit courts, which required a significant commitment of staff resources.
- C. Many Plans of Correction (POCs) did not meet the criteria for acceptance, several contained almost identical wording to the prior POC that had most recently failed, and it was questionable whether some of the POCs could reasonably be expected to prevent a repeat deficiency. In addition, the facilities were not always monitored for compliance with POCs.

Recommendation:

- A. Consider the facility's history of past noncompliance when selecting sanctions and study sanctions to determine those which are most effective in reducing noncompliance.

- B. Work with the legislature to modify the state CMP process so that it can be a more effective tool in bringing facilities into compliance.
- C. Ensure Plans of Correction fully meet the established criteria including methodologies for facilities to monitor their continued compliance with the POCs, and ensure the POCs adequately address any systemic deficient conditions. We also recommend the agency ensure all POCs can reasonably be expected to correct the deficiency and not accept POCs which have failed in the past. Further, procedures should be developed to continually monitor compliance with POC provisions for facilities with a history of repeat deficiencies.

Status:

- A. Implemented. The DHSS does consider a facility's past performance when selecting sanctions for noncompliance if allowed to under federal and state law. In addition, the SCLR studied the effectiveness of sanctions and other remedies and determined that each type has its own merits in certain situations.
- B. Implemented. Legislation was passed in 2003 which has allowed the SCLR to more effectively use CMPs as a sanctioning tool against noncompliant facilities. As a result, 17 CMPs were recommended as sanctions against noncompliant facilities since the 2003 audit compared to only 1 CMP being recommended between the 2000 and 2003 audit periods. The SCLR should continue to use CMPs as a sanction when it is effective to do so.
- C. Not implemented. We again noted instances of repeat deficiencies being noted in inspections. In addition, the DHSS does not perform additional inspections of "poor performing" facilities. See MAR finding number 1.

2000-4.

Staffing of Nursing Homes

- A. The intent of state law was contradicted when the minimum nursing staff requirements were rescinded in 1998.
- B.1. The Minimum Data Set produced an estimate of the actual hours of nursing care that were necessary to provide adequate staffing to meet the needs of each nursing home's residents; however, the nursing homes were not able to access those estimates for use in scheduling the number and type of staff that should be sufficient to meet their needs.
- 2. A system had not been developed which accumulated the actual staff hours at each facility to identify homes that are operating significantly below appropriate staffing levels.

- C. Inspectors did not review facility staffing levels and compare them to any minimum standard or industry benchmark.
- D. One facility was cited for inadequate staffing but at a level too low to assess additional sanctions. In addition, a POC was accepted which did not adequately address the staffing shortage.

Recommendation:

- A&B. Establish reasonable minimum staffing ratios as required by state law. In addition, steps should be taken to develop a system which accumulates the actual staff hours at facilities, and compare recommended staffing levels to actual staffing at facilities to identify potential staffing problems.
- C&D. Inspectors utilize recommended and actual staffing data to help identify negative resident outcomes. We further recommend staffing deficiencies should be cited aggressively and subject facilities that are found to be out of compliance with the staffing requirements to the maximum federal and state sanctions (including civil monetary penalties) warranted. In addition, the agency should ensure approved POCs are reasonably expected to address the staffing deficiencies noted.

Status:

- A-C. Not implemented. See MAR finding number 3.
- D. We did not note any examples where the scope and severity of the staffing deficiency was specifically cited at an inappropriate level by the survey team. Only about 20 federally-certified facilities (out of 491) were cited for staffing deficiencies during fiscal year 2005.

2000-5. Employee Disqualification Listings, Central Registry, and Criminal Backgrounds

- A.1. An automated process had not been developed to identify persons listed on the Employee Disqualification Listing (EDL) who were working in nursing homes, in-home service providers, and other entities prohibited from hiring those persons.
- 2. An automated process had not been developed to identify employers who were employing individuals with certain criminal backgrounds prohibited by state law.
- 3. Facilities were not always sanctioned that had hired a person listed on the EDL.

4. Nine instances were identified where individuals on the EDL worked for an in-home vendor under contract with the Department of Social Services.
- B. An automated process had not been developed to identify instances where persons listed on the Department of Mental Health (DMH) EDL were working for nursing home operators or in-home care providers.
- C. An automated process had not been developed to identify instances where persons found to have abused children were working for nursing home operators and in-home care providers.

Recommendation:

Seek legislation which would prohibit the employment of individuals found to have abused and/or neglected children and DMH clients from working in nursing homes. An automated process should be developed to identify instances in which persons listed on the agency's EDL, the DMH EDL, or the Central Registry of Child Abuse and Neglect, or individuals with criminal backgrounds are inappropriately working for nursing facilities, in-home service providers, or other entities prohibited from hiring those persons. In addition, facilities and providers who hire persons listed on these EDLs and/or Central Registry should be more aggressively sanctioned and fined. In addition, consideration should be given to raising the violation for hiring a person listed on the EDL to a Class I violation.

Status:

Partially implemented. The DHSS has developed an automated process to detect instances where individuals on the DHSS EDL are inappropriately working. However, EDL deficiencies are still not routinely cited as a Class I violation. Legislation that would have prevented individuals on the DMH EDL and the DFS CA/N from working in nursing homes has not been passed in recent legislative sessions. Also, the DHSS has not been granted access to the Missouri State Highway Patrol's criminal database; however, during the full state inspection process, sample employees are chosen and the facility's background check documentation is reviewed. In addition, for new employee hires, in-home service providers and home health agencies are required to make inquiries through the Family Care Safety Registry. Although not repeated in the current MAR, our recommendation remains as stated above.

HISTORY AND ORGANIZATION

DEPARTMENT OF HEALTH AND SENIOR SERVICES'
MONITORING OF NURSING HOMES AND
HANDLING OF COMPLAINT INVESTIGATIONS
HISTORY AND ORGANIZATION

The Department of Health and Senior Services (DHSS) serves as the central agency coordinating all programs relating to the lives of older Missourians. Its goals are to improve the quality of life, maintain personal dignity, and protect the basic rights of Missouri's senior citizens. Its services include institutional programs, which safeguard residents in nursing homes and long-term care facilities; home and community care programs, which provide support for older persons who live in the community; and programs for immediate assistance to older persons and disabled individuals who encounter abuse, neglect, or exploitation. The DHSS promotes public awareness of the needs and abilities of elderly persons while maximizing independence for these older Missourians.

Prior to August 2001, the Division of Aging, an operating division of the Department of Social Services, was responsible for most of these functions. In August 2001, the Department of Health was renamed and the functions of the Division of Aging were moved to the DHSS by executive order. In August 2005, the DHSS' Division of Senior Services and Regulation was split into the Division of Regulation and Licensure and the Division of Senior and Disability Services.

The Section for Long-Term Care Regulation (SLCR), located organizationally under the Division of Regulation and Licensure, has the legal authority to intervene in cases where abuse, neglect, or exploitation is apparent among institutionalized elderly or disabled persons. The SLCR has seven regions across the state that are headquartered in the following cities: Springfield, Poplar Bluff, Kansas City, Cameron, Macon, Jefferson City, and St. Louis. This section performs inspections and investigates complaints of abuse or neglect at long-term care facilities, works with the U.S. Department of Health and Human Services to determine Medicaid/Medicare certification of facilities, and helps establish eligibility for Medicaid and cash grant assistance for residents in long-term care facilities. In addition, the SLCR reviews and approves architectural plans for proposed long-term care facilities, provides data for certificate of need determinations, and develops and implements appropriate rules and regulations in accordance with the Omnibus Nursing Home Act.

The Division of Senior and Disability Services administers a coordinated, integrated home and community service delivery system to ensure the needs of Missouri's elderly and persons with disabilities are met. This division has five regions across the state that are headquartered in the following cities: Springfield, Cape Girardeau, St. Louis, Kansas City, and Columbia. Services such as personal care, homemaker, chore, nursing, respite, adult day health care, counseling, and consumer-directed services are made available to the elderly and persons with disabilities in their homes. When abuse complaints are reported, the division conducts investigations and provides necessary protective services. Through these programs, approximately 66,000 elderly and disabled individuals are served each year.

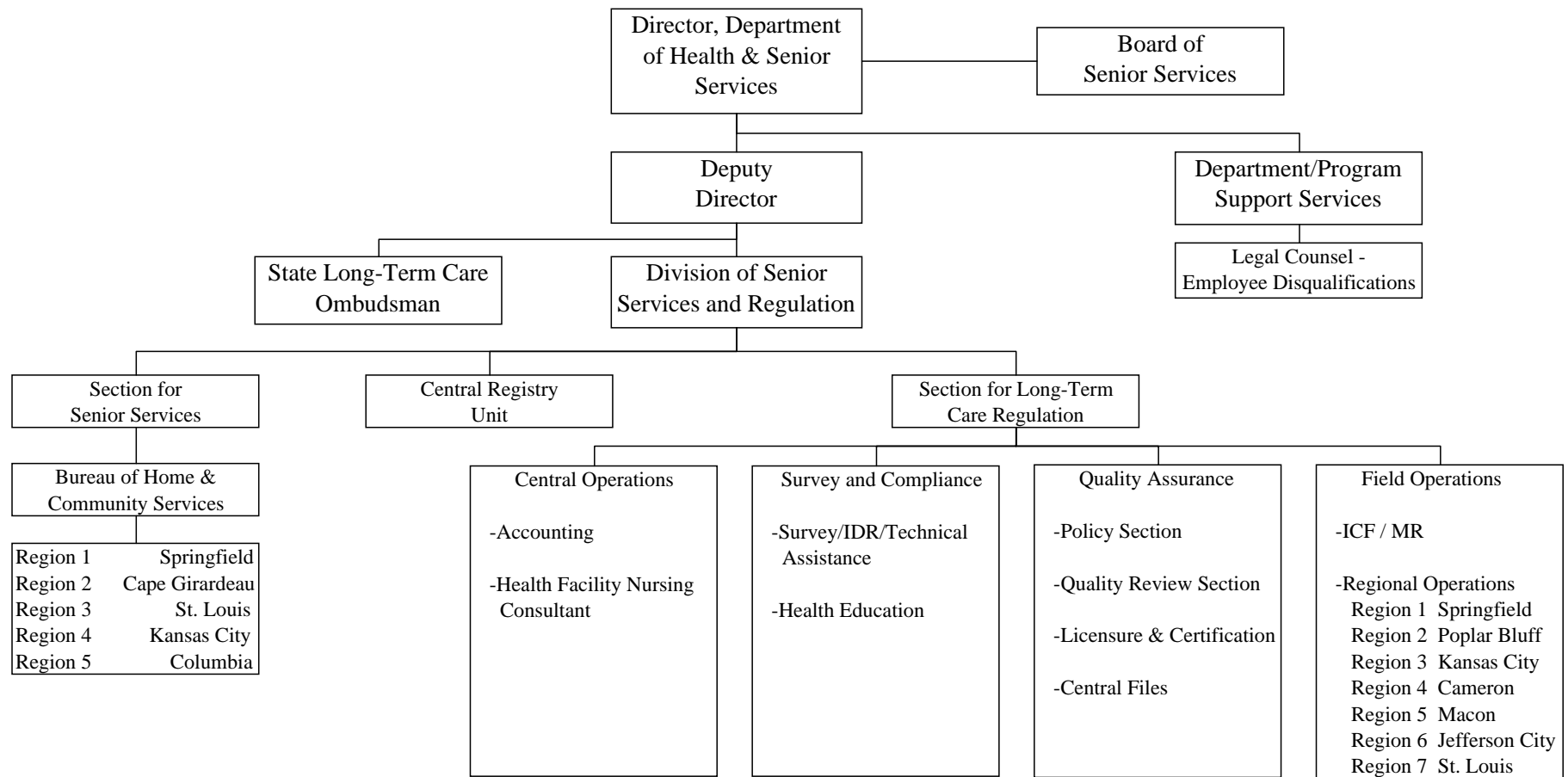
The Central Registry Unit (CRU), a unit within the Division of Senior and Disabilities Services, maintains the Elder Abuse and Neglect Hotline (800-392-0210) and is responsible for responding

to reports of alleged abuse, neglect, or financial exploitation of persons 60 years of age or older and other eligible adults between age 18 and 59 with substantial mental or physical impairment. The CRU was established pursuant to a state law which requires the department to maintain a central registry capable of receiving and maintaining reports received in a manner that facilitates rapid access and recall of the information reported, and of subsequent investigations and other relevant information. The Home and Community Services Section, within the Division of Senior and Disability Services, provides investigation, intervention, and follow-up services to victims who are still living in their home or a community setting and stresses the mentally competent adult's right to make his or her own decisions. Reports of abuse, neglect or other complaints regarding long-term care facilities are also handled by the Elder Abuse and Neglect Hotline. The investigation of these complaints is conducted by long-term care survey staff around the state. During the year ended June 30, 2005, the CRU received approximately 6,300 complaints related to licensed nursing homes and long-term care facilities and approximately 15,800 home and community services complaints.

Missouri's Long-Term Care Ombudsman Program helps to inform residents of their rights so that they may protect themselves as individuals and/or as a group. Ombudsman volunteers give their time and assistance to the program to ensure all complaints are investigated and followed through properly. They also coordinate activities for the residents with other support groups.

An organization chart follows:

DEPARTMENT OF HEALTH AND SENIOR SERVICES
 ORGANIZATION CHART (Applicable Sections of Senior Services and Regulation)
 JUNE 30, 2005





Claire McCaskill

Missouri State Auditor

September 2006

Audrain County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of
Missouri State Auditor
Claire McCaskill

September 2006

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Audrain, that do not have a county auditor. In addition to a financial audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

The financial condition of the General Revenue Fund has declined significantly since 2004. The cash balance decreased from \$1,650,027 at January 1, 2004 to \$859,649 at December 31, 2005. Disbursements of the General Revenue Fund increased due to transfers made to the Law Enforcement Sales Tax Fund to cover jail maintenance costs. Transfers increased from \$802,000 in 2003, to \$985,000 in 2004, and to \$1,300,000 in 2005. Other items also contributed to the decline of the financial condition of the General Revenue Fund.

Formal budgets were not prepared for various county funds. Actual expenditures exceeded the budgeted amounts in various funds, and the county has significantly overestimated the amounts budgeted for the Bridge Trust Fund revenues and expenditures. The annual published financial statements did not include financial activity of some funds, and did not have expenditures listed by vendors for most funds. In addition, expenditures were approved in excess of available monies resulting in deficit fund balances for several county funds.

In the County Treasurer's office, unreconciled differences are not completely investigated when bank reconciliations are performed. Federal payroll taxes were not always paid timely resulting in approximately \$9,000 in penalties to the county. Monies held in the Tax Sale Surplus fund for more than three years have not been distributed, and a stock investment has not been properly monitored.

In the Circuit Clerk's office, old inactive cases related to monies in an old checking account have not been resolved. Receipts are not always deposited on a timely basis, and documentation is not maintained of the differences between the composition of receipts and the composition of deposits. Checks have been outstanding for a considerable length of time, and an expenditure from the Circuit Interest Fund did not appear to be a proper use of county funds.

In the County Collector's office, bank reconciliations are not formally documented, and monthly listings of liabilities are not prepared and reconciled to the reconciled bank balance. Monthly unreconcilable differences fluctuated and were not investigated.

(over)

YELLOW SHEET

Calculation errors were made and surtax collections were incorrectly distributed to various political subdivisions. In addition, the County Commission does not perform a review of the County Collector's annual settlement.

In the Associate Court's office, receipts are not posted to the computer system on a timely basis or deposited intact and on a timely basis. Current procedures allow for receipts to not be posted timely, mistakes to be made when posting, and an excessive amount of receipts to not be deposited timely. Checks received are not restrictively endorsed immediately upon receipt, and the composition of receipts is not reconciled to the composition of deposits.

Sheriff's department employees have been provided meals at a cost of \$1 from the jail. Checks remain outstanding for a considerable length of time, and unreconciled differences are not properly investigated when bank reconciliations are performed. In addition, the composition of receipts is not reconciled to the composition of deposits.

Budgets prepared for the Hospital Tax Fund and the Rothwell Trust Fund were not accurate and complete. In addition, actual expenditures for these funds exceeded the budgeted amounts.

A formal budget projecting the revenues and expenditures of the Emergency 911 Board Fund for 2006 was not prepared and the Board had not adequately made plans for its operations or repayment of its debt. At February 28, 2006, the Emergency 911 Board Fund owed Audrain County and the City of Mexico approximately \$67,000 and \$133,000, respectively.

Another area where concerns were noted related to capital assets. In addition, the audit included recommendations to the Assessor and the Public Administrator.

All reports are available on our Web site: www.auditor.mo.gov

AUDRAIN COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Audrain County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Audrain County, Missouri, as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Audrain County, Missouri, as of December 31, 2005 and 2004, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Audrain County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2005 and 2004, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 6, 2006, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Audrain County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

April 6, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Randall Gordon, CPA
In-Charge Auditor:	Joyce Thomson
Audit Staff:	Liang Xu
	Jennifer Carter



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Audrain County, Missouri

We have audited the financial statements of various funds of Audrain County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated April 6, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Audrain County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Audrain County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Audrain County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

April 6, 2006 (fieldwork completion date)

Financial Statements

Exhibit A-1

AUDRAIN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2005

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,504,280	2,652,752	3,297,383	859,649
Special Road and Bridge	1,024,711	2,174,666	2,161,177	1,038,200
Assessment	266,771	282,986	299,437	250,320
Bridge Trust	1,128,632	1,289,673	1,577,900	840,405
Emergency 911	19,997	362,839	403,632	(20,796)
Law Enforcement Sales Tax	31,545	2,155,275	2,205,990	(19,170)
Law Enforcement Training	1,465	4,566	5,785	246
Prosecuting Attorney Training	234	1,090	1,124	200
Prosecuting Attorney Administrative	4,272	14,355	18,386	241
Sheriff Civil Fee	7,666	46,936	54,206	396
Election Services	16,292	9,564	6,635	19,221
Prosecuting Attorney Delinquent Tax	891	2,867	3,080	678
Recorder User Fee	4,181	10,439	14,722	(102)
Recorder's Technology	4,978	6,972	8,624	3,326
Circuit Interest	17,758	756	3,861	14,653
Local Emergency Planning Commission	17,253	6,430	5,139	18,544
Victims of Domestic Violence	3,968	13,142	11,270	5,840
DARE/Investigation	364	1,431	452	1,343
Tax Maintenance	4,796	19,925	17,804	6,917
Special Law Enforcement Bond	729,542	548,230	415,339	862,433
Children's Emergency	438	1,424	633	1,229
Juvenile Assessment	1,718	280	0	1,998
Hospital Tax	147,515	478,635	510,000	116,150
Rothwell Trust	175,340	3,198	5,000	173,538
Law Library	12,055	15,626	14,284	13,397
Cemeteries	94,722	2,202	3,730	93,194
Federal Forfeiture	34,309	74	20,204	14,179
Emergency Response	699	11,653	12,234	118
Exercise Tiger Memorial	32	0	0	32
Emergency 911 Board	0	64,047	95	63,952
Total	\$ 5,256,424	10,182,033	11,078,126	4,360,331

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

AUDRAIN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,650,027	2,676,653	2,822,400	1,504,280
Special Road and Bridge	798,181	2,151,266	1,924,736	1,024,711
Assessment	245,223	280,326	258,778	266,771
Bridge Trust	565,079	1,200,634	637,081	1,128,632
Emergency 911	88,556	292,504	361,063	19,997
Law Enforcement Sales Tax	7,618	2,183,164	2,159,237	31,545
Law Enforcement Training	245	4,504	3,284	1,465
Prosecuting Attorney Training	512	754	1,032	234
Prosecuting Attorney Administrative	7,773	24,426	27,927	4,272
Sheriff Civil Fee	1,583	54,139	48,056	7,666
Election Services	5,334	19,589	8,631	16,292
Prosecuting Attorney Delinquent Tax	1,315	3,143	3,567	891
Recorder User Fee	6,761	11,031	13,611	4,181
Recorder's Technology	6,266	7,390	8,678	4,978
Circuit Interest	17,394	364	0	17,758
Local Emergency Planning Commission	16,618	7,554	6,919	17,253
Victims of Domestic Violence	4,808	1,431	2,271	3,968
DARE/Investigation	897	735	1,268	364
Tax Maintenance	6,949	20,233	22,386	4,796
Special Law Enforcement Bond	1,079,317	532,618	882,393	729,542
Children's Emergency	609	360	531	438
Juvenile Assessment	1,363	355	0	1,718
Hospital Tax	137,478	510,037	500,000	147,515
Rothwell Trust	180,734	1,606	7,000	175,340
Law Library	7,530	15,434	10,909	12,055
Cemeteries	97,560	2,137	4,975	94,722
Federal Forfeiture	310	39,299	5,300	34,309
Emergency Response	0	1,534	835	699
Exercise Tiger Memorial	32	0	0	32
Total	\$ 4,936,072	10,043,220	9,722,868	5,256,424

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

AUDRAIN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 11,076,860	10,088,431	(988,429)	9,947,085	9,984,816	37,731
DISBURSEMENTS	12,957,768	11,027,579	1,930,189	11,339,910	9,700,849	1,639,061
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,880,908)	(939,148)	941,760	(1,392,825)	283,967	1,676,792
CASH, JANUARY 1	5,057,743	5,114,607	56,864	4,791,414	4,830,640	39,226
CASH, DECEMBER 31	3,176,835	4,175,459	998,624	3,398,589	5,114,607	1,716,018
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	520,000	507,977	(12,023)	488,000	540,837	52,837
Sales taxes	1,020,000	1,069,223	49,223	1,000,000	1,029,215	29,215
Intergovernmental	464,000	454,651	(9,349)	408,010	472,250	64,240
Charges for services	542,000	548,496	6,496	532,600	575,052	42,452
Interest	20,000	22,159	2,159	20,000	19,084	(916)
Other	27,000	30,246	3,246	15,000	40,215	25,215
Transfers in	20,000	20,000	0	20,000	0	(20,000)
Total Receipts	2,613,000	2,652,752	39,752	2,483,610	2,676,653	193,043
DISBURSEMENTS						
County Commission	103,575	103,228	347	105,375	101,875	3,500
County Clerk	129,350	116,189	13,161	122,950	117,457	5,493
Elections	43,000	10,926	32,074	81,500	58,934	22,566
Buildings and grounds	285,500	275,460	10,040	178,000	168,475	9,525
Employee fringe benefits	270,500	238,284	32,216	216,500	200,774	15,726
County Treasurer	46,670	45,547	1,123	46,030	44,415	1,615
County Collector	98,200	89,690	8,510	98,800	84,490	14,310
Recorder of Deeds	93,890	90,375	3,515	98,034	91,865	6,169
Circuit Clerk	43,868	16,381	27,487	35,200	12,916	22,284
Associate Circuit Court	4,650	965	3,685	4,650	229	4,421
Associate Circuit (Probate)	28,736	21,564	7,172	29,803	13,975	15,828
Court administration	24,100	30,194	(6,094)	19,200	14,043	5,157
Public Administrator	48,600	47,301	1,299	46,400	45,778	622
Prosecuting Attorney	415,450	375,076	40,374	355,750	332,673	23,077
Juvenile Officer	324,400	226,012	98,388	262,910	236,807	26,103
County Coroner	28,223	20,846	7,377	26,523	27,425	(902)
Public health and welfare services	81,716	77,450	4,266	75,650	71,794	3,856
Other	244,185	211,895	32,290	249,248	213,475	35,773
Transfers out	1,400,000	1,300,000	100,000	1,122,000	985,000	137,000
Emergency Fund	78,200	0	78,200	75,000	0	75,000
Total Disbursements	3,792,813	3,297,383	495,430	3,249,523	2,822,400	427,123
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,179,813)	(644,631)	535,182	(765,913)	(145,747)	620,166
CASH, JANUARY 1	1,504,280	1,504,280	0	1,650,027	1,650,027	0
CASH, DECEMBER 31	324,467	859,649	535,182	884,114	1,504,280	620,166

Exhibit B

AUDRAIN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	1,084,350	983,065	(101,285)	964,200	1,053,499	89,299
Intergovernmental	908,800	889,592	(19,208)	880,500	903,771	23,271
Sales	270,500	270,515	15	123,600	168,080	44,480
Interest	12,500	16,277	3,777	15,000	12,567	(2,433)
Other	10,000	15,217	5,217	5,000	13,349	8,349
Total Receipts	2,286,150	2,174,666	(111,484)	1,988,300	2,151,266	162,966
DISBURSEMENTS						
Salaries	370,100	352,089	18,011	370,100	362,162	7,938
Employee fringe benefits	154,000	137,510	16,490	133,000	121,173	11,827
Supplies	125,000	155,483	(30,483)	105,000	109,670	(4,670)
Insurance	35,000	29,979	5,021	35,000	27,570	7,430
Road and bridge materials	80,000	79,834	166	65,000	77,011	(12,011)
Equipment repairs	50,000	51,938	(1,938)	50,000	40,971	9,029
Rentals	1,000	0	1,000	1,000	0	1,000
Equipment purchases	405,000	368,956	36,044	270,000	260,974	9,026
Construction, repair, and maintenance	310,000	269,814	40,186	310,000	170,281	139,719
Special Road Districts	730,000	666,463	63,537	678,598	691,500	(12,902)
Other	105,100	29,111	75,989	149,252	63,424	85,828
Transfers out	20,100	20,000	100	20,300	0	20,300
Total Disbursements	2,385,300	2,161,177	224,123	2,187,250	1,924,736	262,514
RECEIPTS OVER (UNDER) DISBURSEMENTS	(99,150)	13,489	112,639	(198,950)	226,530	425,480
CASH, JANUARY 1	1,024,711	1,024,711	0	798,181	798,181	0
CASH, DECEMBER 31	925,561	1,038,200	112,639	599,231	1,024,711	425,480
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	285,500	274,217	(11,283)	240,095	275,458	35,363
Charges for services	7,000	8,769	1,769	3,500	4,218	718
Interest	500	0	(500)	500	650	150
Total Receipts	293,000	282,986	(10,014)	244,095	280,326	36,231
DISBURSEMENTS						
Assessor	381,920	299,437	82,483	346,806	258,778	88,028
Total Disbursements	381,920	299,437	82,483	346,806	258,778	88,028
RECEIPTS OVER (UNDER) DISBURSEMENTS	(88,920)	(16,451)	72,469	(102,711)	21,548	124,259
CASH, JANUARY 1	266,771	266,771	0	245,223	245,223	0
CASH, DECEMBER 31	177,851	250,320	72,469	142,512	266,771	124,259

Exhibit B

AUDRAIN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>BRIDGE TRUST FUND</u>						
RECEIPTS						
Sales taxes	1,020,000	1,069,198	49,198	1,000,000	1,029,213	29,213
Intergovernmental	791,000	220,475	(570,525)	604,000	166,987	(437,013)
Interest	5,000	0	(5,000)	5,000	4,434	(566)
Total Receipts	1,816,000	1,289,673	(526,327)	1,609,000	1,200,634	(408,366)
DISBURSEMENTS						
Salaries	235,900	225,212	10,688	230,898	214,512	16,386
Office expense	9,500	7,119	2,381	7,500	5,487	2,013
Equipment	30,000	20,342	9,658	30,000	23,497	6,503
Mileage	3,000	335	2,665	3,000	775	2,225
Supplies	5,000	4,670	330	5,000	1,970	3,030
Bridge construction	2,095,000	1,320,222	774,778	1,323,000	390,840	932,160
Total Disbursements	2,378,400	1,577,900	800,500	1,599,398	637,081	962,317
RECEIPTS OVER (UNDER) DISBURSEMENTS	(562,400)	(288,227)	274,173	9,602	563,553	553,951
CASH, JANUARY 1	1,128,632	1,128,632	0	565,079	565,079	0
CASH, DECEMBER 31	566,232	840,405	274,173	574,681	1,128,632	553,951
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
Telephone tax	270,000	261,307	(8,693)	290,000	271,143	(18,857)
Intergovernmental	215,000	101,475	(113,525)	0	20,000	20,000
Interest	500	0	(500)	500	732	232
Other	0	57	57	0	629	629
Total Receipts	485,500	362,839	(122,661)	290,500	292,504	2,004
DISBURSEMENTS						
Office expenditures	3,700	5,458	(1,758)	4,500	3,513	987
Equipment	136,700	191,313	(54,613)	115,700	109,610	6,090
Mileage and training	6,000	3,842	2,158	5,000	3,198	1,802
Salaries and fringe benefits	268,100	203,019	65,081	252,416	244,712	7,704
Other	500	0	500	300	30	270
Total Disbursements	415,000	403,632	11,368	377,916	361,063	16,853
RECEIPTS OVER (UNDER) DISBURSEMENTS	70,500	(40,793)	(111,293)	(87,416)	(68,559)	18,857
CASH, JANUARY 1	19,997	19,997	0	88,556	88,556	0
CASH, DECEMBER 31	90,497	(20,796)	(111,293)	1,140	19,997	18,857

Exhibit B

AUDRAIN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	510,000	534,550	24,550	500,000	514,611	14,611
Intergovernmental	425,000	314,121	(110,879)	625,000	673,804	48,804
Interest	5,000	0	(5,000)	5,000	5,431	431
Other	1,000	6,604	5,604	1,000	4,318	3,318
Transfers in	1,400,000	1,300,000	(100,000)	1,122,000	985,000	(137,000)
Total Receipts	2,341,000	2,155,275	(185,725)	2,253,000	2,183,164	(69,836)
DISBURSEMENTS						
Sheriff	969,450	812,785	156,665	846,300	799,215	47,085
Jail	1,042,335	1,034,711	7,624	1,073,017	1,051,319	21,698
Employee fringe benefits	355,000	358,494	(3,494)	335,000	308,703	26,297
Total Disbursements	2,366,785	2,205,990	160,795	2,254,317	2,159,237	95,080
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25,785)	(50,715)	(24,930)	(1,317)	23,927	25,244
CASH, JANUARY 1	31,545	31,545	0	7,618	7,618	0
CASH, DECEMBER 31	5,760	(19,170)	(24,930)	6,301	31,545	25,244
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	4,000	4,566	566	5,000	4,504	(496)
Total Receipts	4,000	4,566	566	5,000	4,504	(496)
DISBURSEMENTS						
Sheriff	5,000	5,785	(785)	4,999	3,284	1,715
Total Disbursements	5,000	5,785	(785)	4,999	3,284	1,715
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	(1,219)	(219)	1	1,220	1,219
CASH, JANUARY 1	1,465	1,465	0	245	245	0
CASH, DECEMBER 31	465	246	(219)	246	1,465	1,219
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	750	1,090	340	700	754	54
Total Receipts	750	1,090	340	700	754	54
DISBURSEMENTS						
Prosecuting Attorney	750	1,124	(374)	1,200	1,032	168
Total Disbursements	750	1,124	(374)	1,200	1,032	168
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(34)	(34)	(500)	(278)	222
CASH, JANUARY 1	234	234	0	512	512	0
CASH, DECEMBER 31	234	200	(34)	12	234	222

Exhibit B

AUDRAIN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY ADMINISTRATIVE FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	0	6,029	6,029
Charges for services	17,000	14,355	(2,645)	14,500	18,071	3,571
Interest	150	0	(150)	150	265	115
Other	5,000	0	(5,000)	150	61	(89)
Total Receipts	22,150	14,355	(7,795)	14,800	24,426	9,626
DISBURSEMENTS						
Equipment and maintenance	26,000	18,386	7,614	20,500	27,927	(7,427)
Total Disbursements	26,000	18,386	7,614	20,500	27,927	(7,427)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,850)	(4,031)	(181)	(5,700)	(3,501)	2,199
CASH, JANUARY 1	4,272	4,272	0	7,773	7,773	0
CASH, DECEMBER 31	422	241	(181)	2,073	4,272	2,199
<u>SHERIFF CIVIL FEE FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	0	3,593	3,593
Charges for services	40,000	45,947	5,947	33,500	40,238	6,738
Interest	500	305	(195)	400	539	139
Other	5,000	684	(4,316)	0	9,769	9,769
Total Receipts	45,500	46,936	1,436	33,900	54,139	20,239
DISBURSEMENTS						
Equipment and services	53,100	54,206	(1,106)	35,400	48,056	(12,656)
Total Disbursements	53,100	54,206	(1,106)	35,400	48,056	(12,656)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,600)	(7,270)	330	(1,500)	6,083	7,583
CASH, JANUARY 1	7,666	7,666	0	1,583	1,583	0
CASH, DECEMBER 31	66	396	330	83	7,666	7,583
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	85,000	7,461	(77,539)	0	15,000	15,000
Charges for services	1,500	1,557	57	4,000	4,547	547
Interest	40	471	431	50	42	(8)
Other	0	75	75	0	0	0
Total Receipts	86,540	9,564	(76,976)	4,050	19,589	15,539
DISBURSEMENTS						
Equipment and supplies	98,000	4,466	93,534	4,500	7,406	(2,906)
Training	4,000	2,169	1,831	4,000	1,225	2,775
Total Disbursements	102,000	6,635	95,365	8,500	8,631	(131)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,460)	2,929	18,389	(4,450)	10,958	15,408
CASH, JANUARY 1	16,292	16,292	0	5,334	5,334	0
CASH, DECEMBER 31	832	19,221	18,389	884	16,292	15,408

Exhibit B

AUDRAIN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	3,500	2,867	(633)	3,000	3,143	143
Total Receipts	3,500	2,867	(633)	3,000	3,143	143
DISBURSEMENTS						
Prosecuting Attorney	4,000	3,080	920	4,000	3,567	433
Total Disbursements	4,000	3,080	920	4,000	3,567	433
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(213)	287	(1,000)	(424)	576
CASH, JANUARY 1	891	891	0	1,315	1,315	0
CASH, DECEMBER 31	391	678	287	315	891	576
<u>RECORDER USER FEE FUND</u>						
RECEIPTS						
Charges for services	10,000	10,212	212	10,000	10,956	956
Interest	100	227	127	100	75	(25)
Total Receipts	10,100	10,439	339	10,100	11,031	931
DISBURSEMENTS						
Recorder of Deeds	12,000	14,722	(2,722)	16,600	13,611	2,989
Total Disbursements	12,000	14,722	(2,722)	16,600	13,611	2,989
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,900)	(4,283)	(2,383)	(6,500)	(2,580)	3,920
CASH, JANUARY 1	4,181	4,181	0	6,761	6,761	0
CASH, DECEMBER 31	2,281	(102)	(2,383)	261	4,181	3,920
<u>RECORDER'S TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for services	6,000	6,817	817	7,500	7,316	(184)
Interest	100	155	55	100	74	(26)
Total Receipts	6,100	6,972	872	7,600	7,390	(210)
DISBURSEMENTS						
Equipment	3,500	8,624	(5,124)	9,500	8,678	822
Total Disbursements	3,500	8,624	(5,124)	9,500	8,678	822
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,600	(1,652)	(4,252)	(1,900)	(1,288)	612
CASH, JANUARY 1	4,978	4,978	0	6,266	6,266	0
CASH, DECEMBER 31	7,578	3,326	(4,252)	4,366	4,978	612
<u>CIRCUIT INTEREST FUND</u>						
RECEIPTS						
Interest	300	756	456	600	364	(236)
Total Receipts	300	756	456	600	364	(236)
DISBURSEMENTS						
Circuit Clerk	17,000	3,861	13,139	15,000	0	15,000
Total Disbursements	17,000	3,861	13,139	15,000	0	15,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(16,700)	(3,105)	13,595	(14,400)	364	14,764
CASH, JANUARY 1	17,758	17,758	0	17,411	17,394	(17)
CASH, DECEMBER 31	1,058	14,653	13,595	3,011	17,758	14,747

Exhibit B

AUDRAIN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	7,500	6,313	(1,187)	5,000	7,425	2,425
Interest	100	117	17	50	129	79
Total Receipts	7,600	6,430	(1,170)	5,050	7,554	2,504
DISBURSEMENTS						
Other	24,600	5,139	19,461	20,000	6,919	13,081
Total Disbursements	24,600	5,139	19,461	20,000	6,919	13,081
RECEIPTS OVER (UNDER) DISBURSEMENTS	(17,000)	1,291	18,291	(14,950)	635	15,585
CASH, JANUARY 1	17,253	17,253	0	16,618	16,618	0
CASH, DECEMBER 31	253	18,544	18,291	1,668	17,253	15,585
<u>VICTIMS OF DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Intergovernmental	0	11,270	11,270	0	0	0
Charges for services	1,200	1,458	258	1,100	1,411	311
Interest	20	414	394	25	20	(5)
Total Receipts	1,220	13,142	11,922	1,125	1,431	306
DISBURSEMENTS						
Emergency shelters	5,100	11,270	(6,170)	4,999	2,271	2,728
Total Disbursements	5,100	11,270	(6,170)	4,999	2,271	2,728
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,880)	1,872	5,752	(3,874)	(840)	3,034
CASH, JANUARY 1	3,968	3,968	0	4,808	4,808	0
CASH, DECEMBER 31	88	5,840	5,752	934	3,968	3,034
<u>DARE/INVESTIGATION FUND</u>						
RECEIPTS						
Donations	1,000	1,431	431	900	735	(165)
Total Receipts	1,000	1,431	431	900	735	(165)
DISBURSEMENTS						
Supplies	1,200	452	748	1,500	1,268	232
Total Disbursements	1,200	452	748	1,500	1,268	232
RECEIPTS OVER (UNDER) DISBURSEMENTS	(200)	979	1,179	(600)	(533)	67
CASH, JANUARY 1	364	364	0	897	897	0
CASH, DECEMBER 31	164	1,343	1,179	297	364	67

Exhibit B

AUDRAIN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	20,000	19,357	(643)	20,000	19,894	(106)
Interest	250	568	318	0	339	339
Total Receipts	20,250	19,925	(325)	20,000	20,233	233
DISBURSEMENTS						
County Collector	25,000	17,804	7,196	25,000	22,386	2,614
Total Disbursements	25,000	17,804	7,196	25,000	22,386	2,614
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,750)	2,121	6,871	(5,000)	(2,153)	2,847
CASH, JANUARY 1	4,796	4,796	0	6,949	6,949	0
CASH, DECEMBER 31	46	6,917	6,871	1,949	4,796	2,847
<u>SPECIAL LAW ENFORCEMENT BOND FUND</u>						
RECEIPTS						
Sales taxes	510,000	534,550	24,550	500,000	514,611	14,611
Interest	17,000	13,300	(3,700)	10,000	16,602	6,602
Other	0	380	380	0	1,405	1,405
Total Receipts	527,000	548,230	21,230	510,000	532,618	22,618
DISBURSEMENTS						
Bond payment	450,000	411,589	38,411	700,000	877,058	(177,058)
Administration fee	5,000	3,750	1,250	5,002	5,335	(333)
Total Disbursements	455,000	415,339	39,661	705,002	882,393	(177,391)
RECEIPTS OVER (UNDER) DISBURSEMENTS	72,000	132,891	60,891	(195,002)	(349,775)	(154,773)
CASH, JANUARY 1	729,542	729,542	0	1,079,317	1,079,317	0
CASH, DECEMBER 31	801,542	862,433	60,891	884,315	729,542	(154,773)
<u>CHILDREN'S EMERGENCY FUND</u>						
RECEIPTS						
Donations	300	1,424	1,124	700	360	(340)
Total Receipts	300	1,424	1,124	700	360	(340)
DISBURSEMENTS						
Assistance to children	1,300	633	667	1,500	531	969
Total Disbursements	1,300	633	667	1,500	531	969
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	791	1,791	(800)	(171)	629
CASH, JANUARY 1	1,050	438	(612)	1,233	609	(624)
CASH, DECEMBER 31	50	1,229	1,179	433	438	5

Exhibit B

AUDRAIN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>JUVENILE ASSESSMENT FUND</u>						
RECEIPTS						
Interest	5	5	0	5	5	0
Other	300	275	(25)	0	350	350
Total Receipts	305	280	(25)	5	355	350
DISBURSEMENTS						
Other	2,000	0	2,000	1,000	0	1,000
Total Disbursements	2,000	0	2,000	1,000	0	1,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,695)	280	1,975	(995)	355	1,350
CASH, JANUARY 1	1,668	1,718	50	1,363	1,363	0
CASH, DECEMBER 31	(27)	1,998	2,025	368	1,718	1,350
<u>HOSPITAL TAX FUND</u>						
RECEIPTS						
Property taxes	500,000	476,885	(23,115)	450,000	509,264	59,264
Interest	4,500	1,750	(2,750)	4,050	773	(3,277)
Total Receipts	504,500	478,635	(25,865)	454,050	510,037	55,987
DISBURSEMENTS						
Health and welfare	500,000	510,000	(10,000)	450,000	500,000	(50,000)
Total Disbursements	500,000	510,000	(10,000)	450,000	500,000	(50,000)
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,500	(31,365)	(35,865)	4,050	10,037	5,987
CASH, JANUARY 1	89,195	147,515	58,320	85,145	137,478	52,333
CASH, DECEMBER 31	93,695	116,150	22,455	89,195	147,515	58,320
<u>ROTHWELL TRUST FUND</u>						
RECEIPTS						
Interest	1,095	3,198	2,103	7,000	1,606	(5,394)
Total Receipts	1,095	3,198	2,103	7,000	1,606	(5,394)
DISBURSEMENTS						
Health and welfare	0	5,000	(5,000)	0	7,000	(7,000)
Total Disbursements	0	5,000	(5,000)	0	7,000	(7,000)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,095	(1,802)	(2,897)	7,000	(5,394)	(12,394)
CASH, JANUARY 1	176,234	175,340	(894)	193,200	180,734	(12,466)
CASH, DECEMBER 31	177,329	173,538	(3,791)	200,200	175,340	(24,860)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

AUDRAIN COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Audrain County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Emergency 911 Board, or the Audrain County Hospital Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Library Fund	2005 and 2004
Cemeteries Fund	2005 and 2004
Federal Forfeiture Fund	2005 and 2004
Emergency Response Fund	2005 and 2004
Exercise Tiger Memorial Fund	2005 and 2004
Emergency 911 Board Fund	2005

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff Civil Fee Fund	2005 and 2004
Hospital Tax Fund	2005 and 2004
Rothwell Trust Fund	2005 and 2004
Law Enforcement Training Fund	2005
Prosecuting Attorney Training Fund	2005
Recorder User Fee Fund	2005
Recorder's Technology Fund	2005
Victims of Domestic Violence Fund	2005
Prosecuting Attorney Administrative Fund	2004
Election Services Fund	2004
Special Law Enforcement Bond Fund	2004

Although Section 50.740, RSMo, requires a balanced budget, a deficit balance was budgeted in the Juvenile Assessment Fund for the year ended December 31, 2005.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

The county's published financial statements for the years ended December 31, 2005 and 2004, included all funds presented in the accompanying financial statement.

However, the county's published financial statements for the years ended December 31, 2005 and 2004, did not disclose disbursement detail by vendor for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	2005 and 2004
Prosecuting Attorney Training Fund	2005 and 2004
Prosecuting Attorney Administrative Fund	2005 and 2004
Sheriff Civil Fee Fund	2005 and 2004
Election Services Fund	2005 and 2004
Prosecuting Attorney Delinquent Tax Fund	2005 and 2004
Recorder User Fee Fund	2005 and 2004
Recorder's Technology Fund	2005 and 2004
Circuit Interest Fund	2005 and 2004

Local Emergency Planning Commission Fund	2005 and 2004
Victims of Domestic Violence Fund	2005 and 2004
DARE/Investigation Fund	2005 and 2004
Tax Maintenance Fund	2005 and 2004
Special Law Enforcement Bond Fund	2005 and 2004
Children's Emergency Fund	2005 and 2004
Juvenile Assessment Fund	2005 and 2004
Hospital Tax Fund	2005 and 2004
Rothwell Trust Fund	2005 and 2004
Law Library Fund	2005 and 2004
Cemeteries Fund	2005 and 2004
Federal Forfeiture Fund	2005 and 2004
Emergency Response Fund	2005 and 2004
Exercise Tiger Memorial Fund	2005 and 2004
Assessment Fund	2005
Emergency 911 Board Fund	2005

2. Cash

Disclosures are provided below to comply with Statement No. 40 of the Governmental Accounting Standards Board, *Deposit and Investment Risk Disclosures*. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit. To protect the safety of county deposits, Section 110.020, RSMo, requires depositaries to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities must be of the types specified by Section 30.270, RSMo, for the collateralization of state funds and held by either the county or a financial institution other than the depository bank. Section 67.085, RSMo, also requires certificates of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depository bank fails, Audrain County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The county's and the Emergency 911 Board's deposits at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name.

Investments

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. At December 31, 2005 and 2004, the county had no such investments. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

3. Receivable

In April 2005, a 3/8 cent Sales Tax for Emergency Services was passed allowing for a Emergency 911 Board to be established to handle the Emergency 911 Board Fund. The Emergency 911 Board owes the county approximately \$67,000 as of February 28, 2006, as the county continued to pay Emergency 911 expenditures.

4. Prior Period Adjustments

The following funds cash balances at January 1, 2004, were not previously reported but have been added:

<u>Fund</u>	<u>Balance at January 1, 2004</u>
Prosecuting Attorney Administrative Fund	\$ 7,773
Sheriff Civil Fee Fund	1,583
Election Services Fund	5,334
Prosecuting Attorney Delinquent Tax Fund	1,315
Recorder User Fee Fund	6,761
Recorder's Technology Fund	6,266
Circuit Interest Fund	17,394
DARE/Investigation Fund	897
Tax Maintenance Fund	6,949
Children's Emergency Fund	609
Juvenile Assessment Fund	1,363
Hospital Tax Fund	137,478
Rothwell Trust Fund	180,734
Law Library Fund	7,530
Cemeteries Fund	97,560
Federal Forfeiture Fund	310
Exercise Tiger Memorial Fund	32

Supplementary Schedule

Schedule

AUDRAIN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Social Services				
14.231	Emergency Shelter Grants Program	23-5278-00	\$ 11,270	0
		22-5278-00	0	10,200
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety				
16.554	National Criminal History Improvement Program	N/A	0	6,029
16.579	Byrne Formula Grant Program	2003-NCD2-036	83,195	0
		2002-NCD2-059	11,986	0
		2002-NCD2-041	53,601	79,406
		2001-NCD2-068	0	45,353
	Program Total		148,782	124,759
Cape Girardeau County -				
16.580	Edward Byrne Memorial State and Local Law Enforcemer Assistance Discretionary Grants Program	SD200DDVX055 TF2000DDVX05	24,756 92,539	40,778 84,566
	Program Total		117,295	125,344
State Department of Public Safety				
16.592	Local Law Enforcement Block Grants Program	2003-LBG-004	0	3,593
Missouri Sheriffs' Association -				
16	Domestic Cannabis Eradication/Suppression Program	N/A	983	1,495
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Constructior	BRO-004(29)	209,557	0
		BRO-004(28)	0	65,321
		BRO-004(27)	0	29,807
		BRO-004(26)	0	30,683
		BRO-004(24)	0	48,503
	Program Total		209,557	174,314
Department of Public Safety				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	3,961	4,424

Schedule

AUDRAIN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
GENERAL SERVICES ADMINISTRATION				
Passed through state:				
Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	1,811	0
Office of Secretary of State -				
39.011	Election Reform Payment:	N/A	2,054	0
ELECTIONS ASSISTANCE COMMISSION				
Passed through state Office of Secretary of State				
90.401	Help America Vote Act Requirements Payment	N/A	5,407	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state Department of Social Services				
93.563	Child Support Enforcement	N/A	104,650	90,837
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through state Department of Public Safety				
83.544	Public Assistance Grants:	2003-MU-T3-0003	0	20,000
97.004	State Domestic Preparedness Equipment Support Program	2004-GE-T4-0049	101,475	0
Total Expenditures of Federal Award:			\$ 707,245	560,995

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

AUDRAIN COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Audrain County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$11,270 and \$10,200 to a subrecipient under the Emergency Shelter Grants Program (CFDA number 14.231) during the years ended December 31, 2005 and 2004, respectively.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Audrain County, Missouri

Compliance

We have audited the compliance of Audrain County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Audrain County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004.

Internal Control Over Compliance

The management of Audrain County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of Audrain County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

April 6, 2006 (fieldwork completion date)

Schedule

AUDRAIN COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2005 AND 2004

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? _____ yes x no
- Reportable conditions identified that are not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to the financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ yes x no
- Reportable conditions identified that are not considered to be material weaknesses? _____ yes x none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? _____ yes x no

Identification of major programs:

CFDA or
Other Identifying

<u>Number</u>	<u>Program Title</u>
16.579	Byrne Formula Grant Program
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program
93.563	Child Support Enforcement

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

AUDRAIN COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2003, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

AUDRAIN COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2003, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

AUDRAIN COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Audrain County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated April 6, 2006. We also have audited the compliance of Audrain County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004, and have issued our report thereon dated April 6, 2006.

Because the Senate Bill 40 Board is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed that audit report and other applicable information.

In addition, to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years, we have audited the operations of elected officials with funds other than those presented in the financial statements. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and the county board referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned

Costs. These MAR findings resulted from our audit of the financial statements of Audrain County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1.	Financial Condition
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The County Commission's failure to adequately monitor the budget throughout the years, perform cost analyses when necessary, and maximize revenue sources has contributed to the declining financial condition of the General Revenue Fund. The county's General Revenue Fund cash balance has declined significantly during the year ended December 31, 2005. The following table reflects the General Revenue Fund's receipts, disbursements, and cash balances for the two years ended December 31, 2005:

	Year Ended December 31,	
	2005	2004
Cash Balance, January 1	\$ 1,504,280	1,650,027
Receipts	2,652,752	2,676,653
Disbursements	3,297,383	2,822,400
Cash Balance, December 31	\$ 859,649	1,504,280

Additionally, the 2006 General Revenue Fund budget reflects anticipated receipts of approximately \$2,900,000, and appropriated disbursements of \$3,700,000, resulting in an estimated ending cash balance of less than \$100,000.

For 2006, the county budgeted \$50,000 for Emergency 911 disbursements. Although the Emergency 911 Board began handling its own operations in October 2005, the county continued making disbursements until February 2006 due to the lack of funds available to the Board at that time. The County has a written agreement with the Board and has budgeted the repayment of these funds in 2006. The Board owed the County approximately \$67,000 at February 28, 2006.

The significant increase in disbursements in 2005 included approximately \$100,000 in courthouse renovation loan repayments. During 2004, the county obtained a courthouse renovation loan for \$620,000 for renovations including rewiring the whole courthouse. Also, the amount transferred from the General Revenue Fund to the Law Enforcement Sales Tax Fund to cover jail maintenance payments increased significantly. While in 2003, \$802,000 was transferred, this amount increased to \$985,000 and \$1,300,000 in 2004 and 2005, respectively. The county budgeted to transfer \$1,309,000 in 2006. The increase in transfers from the General Revenue Fund to the Law Enforcement Sales Tax Fund is due to declining revenues in the Law Enforcement Sales Tax Fund. Receipts from boarding prisoners decreased approximately \$375,000 from 2004 to 2005 as federal prisoners are no longer

being housed. While receipts have decreased, disbursements have continued to increase requiring the additional transfers. The county has not performed an analysis of operating costs associated with the jail to determine what future General Revenue subsidies will be needed.

Another area for consideration is the administrative service fee transfer from the Special Road and Bridge Fund to the General Revenue Fund. In most years, a \$20,000 transfer was made. However, no transfer was made in 2004 and this amount is less than allowed by state law. Section 50.515, RSMo, allows the county to impose a fee to generate reimbursement sufficient to recoup actual disbursements made from the General Revenue Fund for the administrative services to the fund, and shall not exceed five percent of the Special Road and Bridge Fund budget. Consideration should be given to making administrative transfers from the Special Road and Bridge Fund to recoup administrative costs as allowed by state law.

To improve the financial condition of the county's General Revenue Fund, the County Commission should review disbursements and reduce discretionary spending as possible, evaluate controls and management practices to ensure efficient use of resources available to the county, and attempt to maximize all receipts in consideration of the General Revenue Fund's financial condition. The County Commission should continue to monitor the activity of the General Revenue Fund to ensure sufficient monies are available to fund county operations.

WE RECOMMEND the County Commission closely monitor the county's financial condition and take the necessary steps to improve the financial condition of the General Revenue Fund. The County Commission should perform long term planning and take advantage of opportunities to maximize receipts and offset General Revenue Fund costs as allowed by state law.

AUDITEE'S RESPONSE

The County Commission indicated they are aware of the county's financial condition and have taken steps and are considering other steps to reduce expenditures and to increase receipts. Long term planning is difficult but we will think about various long-term possibilities that may help the General Revenue Fund.

2. Budgetary Practices and Financial Statements

Formal budgets were not prepared for various county funds. Actual expenditures exceeded the budgeted amounts in various funds, and the county has significantly overestimated the amounts budgeted for Bridge Trust Fund revenues and expenditures. The annual published financial statements did not include financial activity of some funds, and did not have expenditures listed by vendors for most funds. In addition, expenditures were approved in excess of available monies resulting in deficit fund balances for several county funds.

A. Formal budgets were not prepared for the Law Library Fund, Cemeteries Fund,

Federal Forfeiture Fund, Emergency Response Fund, and the Exercise Tiger Memorial Fund for the years ended December 31, 2005 and 2004. While some of these funds are not under the direct control of the County Commission, budgets for these funds are needed to comply with statutory provisions.

Chapter 50, RSMo, requires the preparation and filing of annual budgets for all funds to present a complete financial plan for the ensuring year. By preparing or obtaining budgets for all county funds and activities, the County Commission can evaluate all county financial resources more effectively.

This condition was noted in our prior report.

- B. The County Commission and other applicable officials did not adequately monitor budget and actual expenditures, and as a result, actual expenditures exceeded the budgeted amounts in various funds as follows:

Fund	Year Ended December 31,	
	2005	2004
Law Enforcement Training	\$ 785	N/A
Prosecuting Attorney Training	374	N/A
Prosecuting Attorney Administrative	N/A	7,427
Sheriff Civil Fee	1,106	12,656
Election Services	N/A	131
Recorder User Fee	2,722	N/A
Recorder's Technology	5,124	N/A
Victims of Domestic Violence	6,170	N/A
Special Law Enforcement Bond	N/A	177,391

The County Clerk and County Commission are responsible for preparing and approving a county budget which serves as a complete financial plan for the county. However, while budget to actual data is generated by the County Clerk, it appears that the applicable officials responsible for the county funds in which overspending occurred are not reviewing the budget to actual reports and may not be aware of the legal restrictions established by the budgetary process.

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

- C. The county has significantly overestimated the amounts budgeted for Bridge Trust Fund revenues and expenditures. As Exhibit B illustrates, budgeted revenues exceeded actual revenues by approximately \$500,000 and \$400,000 during the years ended December 31, 2005 and 2004, respectively. Budgeted expenditures also exceeded actual expenditures by approximately \$800,000 and \$950,000 during the years ended December 31, 2005 and 2004, respectively. Part of the reason for the significant difference between budgeted and actual revenues and expenditures appears to be due to delays in the start or completion of anticipated bridge projects.

Budgets that do not reasonably estimate the actual activity of the Bridge Trust Fund do not present an accurate financial position of the fund. The County Commission should review its budgeting procedures to ensure that budget estimates are more reasonable.

- D. The annual published financial statements did not include financial activity of some funds as required. In addition, expenditures were listed by vendor for only the General Revenue Fund, Special Road and Bridge Fund, Bridge Trust Fund, Emergency 911 Fund, and the Law Enforcement Sales Tax Fund for the two years ended December 31, 2005 and the Assessment Fund for the year ended December 31, 2004. For other restricted funds, only a "recap" indicating the beginning cash balance, receipts totals by major categories, expenditures totals by major categories and the ending cash balance was shown. Section 50.800, RSMo, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. The statute also requires detail lists of expenditures by vendor. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included, and in the appropriate detail.
- E. The County Commission approved expenditures in excess of available monies which resulted in deficit fund balances at December 31, 2005 for several county funds, as follows:

Fund	Fund Balance
Emergency 911	\$ (20,796)
Law Enforcement Sales Tax	(19,170)
Recorder User Fee	(102)

Counties are not authorized to have deficit fund balances. Article VI, Section 26(a) of the Missouri Constitution states, "No county ...shall become indebted in an amount exceeding in any year the income and revenue provided for such year plus any unencumbered balances from previous years..." The County Commission should review cash balances prior to approving expenditures for all funds to prevent this situation from reoccurring.

WE RECOMMEND the County Commission:

- A. Ensure budgets are prepared and obtained for all county funds.
- B. Refrain from authorizing expenditures in excess of budgeted amounts. If valid reasons necessitate excess expenditures, the original budget should be formally amended and filed with the State Auditor's office.
- C. Review procedures used to establish the annual Bridge Trust Fund budget and prepare more reasonable budgets.
- D. Ensure financial information for all county funds is properly reported in the annual published financial statements and ensure expenditures are listed by vendor for all county funds.
- E. Ensure expenditures are not incurred in excess of available monies.

AUDITEE'S RESPONSE

The County Commission indicated they:

- A. *Will try to do better.*
- B. *Will monitor this more closely. They will amend budgets once they realize that they will overspend expenditures.*
- C. *Will do better on this and believe they can provide better estimates. They estimated higher amounts just in case more projects were started so that they would not need to amend the budget.*
- D. *And the County Clerk will work with the County Treasurer to obtain more information so that more information can be included in the published financial statements.*
- E. *Do not plan on having this happen again and they will watch this more closely.*

In addition, they will discuss with the next County Treasurer about having all expenditures processed through the County Commission.

3.**County Treasurer's Accounting Controls and Procedures**

Unreconciled differences are not completely investigated when bank reconciliations are performed. Internal Revenue Service payroll distributions were not always paid timely resulting in a penalty to the county, and monies held in the Tax Sale Surplus Fund for more than three years have not been distributed. A stock has not been properly monitored.

- A. Although the County Treasurer prepares bank reconciliations for the county's bank accounts, unreconciled differences between bank and book balances fluctuated from month to month. Although the differences noted were investigated, the differences were not always resolved. For example, the December 31, 2005 and 2004 reconciled bank balances exceeded the various funds' book balances by \$5,947 and \$6,979, respectively. Similar discrepancies have existed in the general bank account bank reconciliations since the prior audit. Although the County Treasurer apparently reviews the reconciliations monthly, the differences fluctuate and no corrective action is taken. A thorough review would attempt to locate the errors so adjustments can be made timely.

Reconciling the fund ledger balances to the bank accounts ensures that the records are in balance. The County Treasurer should attempt to determine the reasons for differences between the fund ledger and the bank accounts and the County Commission should be consulted to determine the proper correcting entry for any unexplained differences.

This condition was noted in our prior report.

- B. The county withholds social security, medicare, and federal income taxes from employee wages and deposits them at the local bank. The Internal Revenue Service indicated the county failed to deposit federal payroll taxes timely. As a result, penalties and interest totaling \$3,165 and \$5,898 were assessed and paid during the year ended December 31, 2005 and 2004, respectively.

The County Treasurer indicated she does not agree with the Internal Revenue Service that the deposits were late. She contacts the Internal Revenue Service the day before pay day to notify the Internal Revenue Service that monies are available to be withdrawn. However, she does not know when the monies are actually withdrawn by the Internal Revenue Service. The county indicated the Internal Revenue Service told them that the monies were not available to be withdrawn and thus, penalties and interest were assessed.

Payroll transactions should be closely monitored to ensure taxes are remitted on a timely basis. Procedures need to be changed to ensure federal payroll taxes are deposited timely. In addition, the reasons for the penalties should be fully investigated and challenged if the county has evidence that the monies were available

to be withdrawn by the Internal Revenue Service. The county's failure to resolve this issue has resulted in \$9,063 of penalties and interest charges.

- C. The balance of the Tax Sale Surplus Fund at December 31, 2005 includes \$12,271 of surplus monies which have been held by the County Treasurer for more than three years. Section 140.230, RSMo, requires surplus monies from land tax sales be held by the treasurer for a period of three years. At that time the monies shall be distributed to the various school districts within the county.
- D. The County Treasurer has not adequately monitored a stock for which she is the custodian. She was not aware that this stock had been purchased by another company and that the county had not received the monies from the sale of that stock. Eventually, the monies relating to the sale of Audrain County's stock, estimated to be over \$5,000, was turned over to the State Treasurer's Office Unclaimed Property Section. Stock activity should be properly monitored to ensure the county receives all monies due. In addition, consideration should be given to selling any stocks and thus eliminate the need for monitoring.

WE RECOMMEND the County Treasurer:

- A. Reconcile the fund ledger to the county's bank accounts and review and correct identified differences. The County Commission should be consulted to determine the proper correcting entry for all unexplained differences.
- B. Ensure payroll taxes are deposited timely to avoid unnecessary penalties and interest charges. In addition, any questionable penalties should be adequately investigated and challenged.
- C. Disburse \$12,271 from the Tax Sale Surplus Fund to the school districts and ensure distributions from the fund are made on a timely basis.
- D. Contact the State Treasurer's Office Unclaimed Property Section to determine how to claim their monies.

AUDITEE'S RESPONSE

The County Treasurer indicated:

- A. *Since December 2005, the reconciliations have been off \$5,947 each month and she is working to determine this difference. She is ensuring that the reconciliations are off the same amount each month or that the new difference is the result of previously unidentified monies. Once the review has been completed, she will discuss with the County Commission on how to handle these monies.*

- B. *She feels payroll taxes are deposited timely and available for the IRS and does not understand why the IRS thinks otherwise. She has questioned the penalties but it did not do any good. She will continue to have payroll taxes deposited timely and will continue to question any penalties assessed by the IRS.*
- C. *She has already distributed \$5,006 of this amount. She will review and distribute the remaining amounts that are over three years old.*
- D. *Monies from the State Treasurer's Office regarding this stock were received on July 28, 2006.*

4. Capital Assets

Procedures and records to account for county property are not adequate. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. Although the County Clerk does maintain capital asset listings for each office, they are not complete and procedures have not been established to ensure their accuracy.

The County Clerk maintains inventory listings of capital assets held by county officials. The County Clerk indicated she gives each county official their inventory listing annually so a physical inventory can be performed. Officials are to notify the County Clerk of any discrepancies between the inventory listing and the physical inventory. However, updated listings have not been returned to the County Clerk. Several capital assets purchased during the years ended December 31, 2005 and 2004 were not added to the listing, including a 2004 Chevrolet pickup, 2005 International Dump Truck, Caterpillar motor grader, and a digital recorder system. In addition, property records do not always include the necessary information for some assets, such as the date and method of disposal and property items were not always properly numbered, tagged, or otherwise identified.

Adequate capital asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Section 49.093, RSMo, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk. Property control tags should also be affixed to all capital asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

WE RECOMMEND the County Commission establish a written policy related to the handling and accounting for capital assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. Also, inventories and inspections should be performed by each county official and the County Clerk, and capital asset purchases should be periodically reconciled to capital asset additions. In addition, property control tags should be affixed.

AUDITEE'S RESPONSE

The County Commission indicated they will come up with a policy on capital assets. They will do a better job of performing inventories and documenting inventories performed. They will reconcile purchases to additions and will obtain property tags for the county's assets.

5. Assessor's Accounting Controls and Procedures

Receipt slips are not issued for some monies received, and a receipts ledger is not maintained. Receipt slips do not always indicate the method of payment, and a monthly report of fees collected is not filed with the County Commission.

The Assessor transmitted approximately \$4,200 to the County Treasurer during each of the two years ended December 31, 2005, from the sale of maps, plat books, and photocopies. While the Assessor does not collect large amounts of fees, control weaknesses such as these need to be improved.

- A. Prenumbered receipt slips are not issued for some monies received and a receipts ledger is not maintained. In addition, receipt slips do not always indicate the method of payment and the composition of receipts is not reconciled to the composition of monies transmitted to the County Treasurer.

To help ensure receipts are properly recorded and transmitted, prenumbered receipt slips should be issued for all monies received immediately upon receipt and a receipts log should be maintained. In addition, the receipt slips should indicate the method of payment and the composition of receipts should be reconciled to the composition of transmittals.

- B. A monthly report of fees collected is not filed with the County Commission. Section 50.370, RSMo, requires county officials to prepare and file with the County Commission monthly reports of fees collected.

WE RECOMMEND the Assessor:

- A. Issue prenumbered receipt slips for all monies received and maintain a receipts ledger. In addition, ensure the method of payment is indicated on all receipt slips

and reconcile the composition of receipts to the composition of monies transmitted to the County Treasurer.

- B. Prepare monthly reports of fees as required by state law.

AUDITEE'S RESPONSE

The Assessor indicated she:

- A. *Would begin keeping a receipts ledger for all monies received. The receipt ledger will list the date, purchaser, amount received, and indicate if payment was in cash or by check. Monies will be submitted to the County Treasurer monthly. Prenumbered receipt slips will be given to those who request a receipt but she will continue to not write receipt slips for those who do not wish to receive a receipt because of the cost and time involved. These items will be listed in the receipts ledger as not being issued a receipt slip. The composition of the receipts will be reconciled to the composition of monies transmitted to the County Treasurer.*
- B. *Would provide a copy of paid charges, receipt slips given, and a copy of the receipts ledger to the County Treasurer and the County Commission when the monies are turned over monthly.*

6. Circuit Clerk's Accounting Controls and Procedures

Old inactive cases related to monies in an old checking account have not been resolved. Receipts are not always deposited on a timely basis, and documentation is not maintained of the differences between the composition of receipts and the composition of deposits. Checks have been outstanding for a considerable length of time, and an expenditure from the Circuit Interest Fund did not appear to be a proper use of county funds.

The Circuit Clerk processed approximately \$243,000 and \$165,000 in receipts from fines and court costs for criminal and civil cases during the years ending December 31, 2005 and 2004, respectively.

- A. An old checking account with a reconciled balance totaling \$58,242 (includes \$2,387 of interest) at December 31, 2005, has remained open for approximately three years after a new checking account had been opened. This bank account has old cases that are pending full collection of fees due or other additional actions. At December 31, 2001, the account had a reconciled balance of approximately \$150,000. If it appears unlikely the remaining amounts due will be collected, a court order should be obtained to allow the balance in each case to be prorated among the various court costs. Attorney General's Opinion No. 26, 1973 to Osborne, concluded that "If, when liability has been established, accrued costs cannot be collected in full, charges not having any statutory priority or not allocated under court rule should be prorated."

Old inactive case balances increase the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources. In addition, failure to prorate available monies when it is unlikely the balance will be collected, deprives the state and county of the use of those monies.

- B. Receipts are not always deposited on a timely basis. During September 2005, six deposits were made and averaged approximately \$2,702. During December 2004, five deposits were made and averaged approximately \$6,424. A cash count performed on January 17, 2006 totaling \$572 consisted of \$522 in cash which had been collected several days earlier. To adequately safeguard receipts and to reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
- C. While the Circuit Clerk does compare the composition of receipts to the composition of deposits made to the bank account, the follow-up on differences noted is not always documented. We noted two deposits of ten reviewed where the composition did not agree but there was no documentation that the difference had been reviewed. We obtained additional information for these two deposits and determined the differences were due to data entry errors regarding the composition of the receipt or the deposit. The Circuit Clerk should retain documentation to support her follow-up of such differences. A reconciliation of composition of receipts and deposits is necessary to ensure all monies received are properly recorded and deposited.
- D. At December 31, 2005, the JIS bank account had nine outstanding checks totaling \$294 that were over a year old and the old bank account had 126 outstanding checks totaling \$2,224 that were over a year old. In addition, the Circuit Clerk indicated the old bank account had \$633 that cannot be identified and had been in the account since before she took office in 1991. These old outstanding checks create additional and unnecessary record keeping responsibilities. Procedures should be adopted to routinely follow up on outstanding checks and reissue them if the payees can be located. If the payees cannot be located, these monies along with the \$633 that cannot be identified should be disposed of in accordance with state law.
- E. Food and drinks totaling \$160 were purchased for an employee's retirement party from the Circuit Interest Fund. Such purchases do not appear to be necessary or a prudent use of public funds. County officials should ensure county funds are spent only on items which are necessary and beneficial to county operations.

WE RECOMMEND the Circuit Clerk:

- A. Along with the Circuit Judge, review the older cases and determine the appropriate disposition of funds being held on inactive cases so that the old bank account can be closed.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100.

- C. Reconcile the composition of receipts to the composition of deposits. In addition, documentation should be retained of any investigations of differences noted.
- D. Ensure procedures to routinely follow up and reissue old outstanding checks are adopted. If the payees cannot be located, these monies along with the \$633 that cannot be identified should be disposed of in accordance with state law.
- E. Ensure that all disbursements of county monies are a necessary and prudent use of county funds.

AUDITEE'S RESPONSE

The Circuit Clerk indicated:

- A. *She realizes this needs to be done; however, at this time, she does not have the time or staffing to resolve these cases. However, she has worked on this and reduced the current balance down by approximately \$15,000 to approximately \$36,000. She will continue to work on this as time permits.*
- B. *She will try to deposit more frequently.*
- C. *She will reconcile the cash/check composition and when differences in composition are noted, supporting documentation will be maintained to show how the differences were resolved.*
- D. *She will follow-up on these outstanding checks as time permits. She has turned over the \$633 to the State Treasurer's Office Unclaimed Property Section.*
- E. *This was discussed with the Judge and he indicated it was okay to use the money for these expenses. She and the Judge did not consider this to be an improper use of public funds.*

7.	County Collector's Accounting Controls and Procedures
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Bank reconciliations are not formally documented, and monthly listings of liabilities are not prepared and reconciled to the reconciled bank balance. Surtax collections were improperly distributed to various political subdivisions. In addition, the County Commission does not perform a review of the County Collector's annual settlement.

The County Collector processed approximately \$14,300,000 and \$14,600,000 from property taxes and other receipts during the years ending February 28, 2006 and 2005, respectively.

- A. Bank reconciliations are not formally documented, and monthly listings of liabilities are not prepared and reconciled to the reconciled bank balance. The County Collector indicated that although she reconciles the bank account monthly, she does not formally document her reconciliation. In addition, this reconciliation is not

compared to a monthly listing of liabilities. At February 28, 2006 the reconciled cash balance exceeded liabilities by \$628 while at February 28, 2005, liabilities exceeded the reconciled cash balance by \$415. Such differences indicate errors made throughout the year went undetected and unresolved.

Without these reconciliations, the County Collector has no assurance that all transactions have been properly recorded. To provide this assurance, formally documented bank reconciliations and identification of month-end liabilities are necessary to ensure all receipts and disbursements are properly accounted for, that cash in the bank is adequate to meet liabilities and that there is no unidentified excess or shortage in the account.

- B. Surtax collections for the years ended February 28 (29), 2006, 2005, 2004, and 2003 were improperly distributed to various political subdivisions. The distributions were based on incorrect assessed valuations for some political subdivisions as the electronic spreadsheet contained some errors when calculating the political subdivisions' assessed valuations. These errors were the result of using an amount instead of a formula on the spreadsheet. For example, the 1985 total assessed valuation for one city was entered as \$25,757,906. However, when calculating the total by using a formula, the assessed valuation total was \$19,276,051. These differences affected the distribution amounts for all political subdivisions. As a result of the improper calculations, various political subdivisions were over or underpaid as follows:

Political Subdivisions	Over (Underpaid)				
	2006	2005	2004	2003	Total
State	\$ 70	172	78	60	380
General Revenue	1,158	1,167	1,294	998	4,617
Special Road and Bridge	158	159	177	136	630
Hospital	464	467	518	399	1,848
Library	398	400	444	342	1,584
Nursing Home	111	114	120	91	436
Fire	140	143	164	129	576
Ambulance	46	47	49	39	181
Handicap Services	449	467	517	399	1,832
Schools	7,311	7,745	8,689	6,568	30,313
Roads	902	914	1,002	796	3,614
Cities	(11,207)	(11,795)	(13,052)	(9,957)	(46,011)

Section 139.600 RSMo, outlines the procedures to be followed to calculate the percentages for the first and each succeeding year the surtax is imposed. Because of the above improper allocations, political subdivisions have not received the proper amount of surtax collections.

- C. The County Commission does not review the annual settlements prepared by the County Collector. The County Clerk maintains an account book, but neither she nor the County Commission use the account book to verify the annual settlements of the County Collector. A review of the annual settlements is necessary to detect errors and omissions in the settlements.

WE RECOMMEND:

- A. The County Collector formally document monthly bank reconciliations and reconcile the cash balance to the listings of liabilities.
- B. The County Collector ensure future distributions of surtax collections are properly calculated. In addition, adjustments should be made to future distributions to correct the errors noted above.
- C. The County Commission use the account book to verify the annual settlements of the County Collector.

AUDITEE'S RESPONSE

- A. *The County Collector indicated she will formally document monthly bank reconciliations and reconcile the cash balances to the listing of liabilities. She did have a difference of \$192 in the June 2006 reconciliation and she is continuing to work on resolving this difference.*
- B. *The County Collector indicated she will check the surtax distribution worksheet and correct any errors so that future distributions are correct. In addition, she will redo and correct the past surtax distributions. The correction will be done when the next surtax distribution is performed.*
- C. *The County Commission indicated they will review the account book in order to verify the annual settlements.*

8. Associate Court's Accounting Controls and Procedures

Receipts are not posted to the computer system (JIS) on a timely basis or deposited intact and on a timely basis. Checks received are not restrictively endorsed immediately upon receipt, and the composition of receipts is not reconciled to the composition of deposits.

The Associate Court processed approximately \$480,000 and \$428,000 in receipts from civil and criminal case fees, fines, and bonds for the years ended December 31, 2005 and 2004, respectively.

- A. Receipts are not posted to the computer system (JIS) on a timely basis or deposited intact and on a timely basis. In addition, manual receipt slips are not reconciled to

the JIS. When payments are received, a manual receipt slip is issued to the individual. Receipts are posted to the computer system as case information is entered into the JIS system or as time allows. Deposits are made two to three times a week at which time no reconciliation is performed between the manual receipt slips and JIS. A cash count totaling \$17,953 was performed on December 27, 2005 and included receipts dating back to November 2, 2005. The reconciliation of cash on hand to receipts indicated a shortage of \$659. A second cash count totaling \$7,288 was performed on March 14, 2006 and again included receipts dating back to November 2, 2005 even though a deposit totaling \$19,695 was made just prior to the cash count being conducted. The reconciliation of cash on hand to receipts indicated a shortage of \$209. After discussion, the auditee located some manual receipts slips that had been entered into the JIS system that were not marked as having been entered into the JIS system. Although, this would decrease the amount of the shortage indicated, not all of the shortage amount was resolved. Current procedures allow for receipts to not be posted timely, mistakes to be made when posting, and an excessive amount of receipts to not be deposited timely.

To adequately safeguard receipts and to reduce the risk of loss, theft, or misuse of funds, receipts should be posted daily or when received into the JIS to ensure all receipts are posted and these receipts should be deposited daily or when accumulated receipts exceed \$100. The Associate Court should take appropriate action to investigate any overage/shortage.

- B. Checks received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied when the checks are deposited. To reduce the risk of loss or misuse of funds, checks should be restrictively endorsed immediately upon receipt.
- C. The composition of receipts is not reconciled to the composition of deposits. For example, the daily cashier report for the August 9, 2005 deposit, showed cash of \$2,132 and checks of \$5,367 while the deposit slip showed cash of \$2,032 and checks of \$5,467 resulting in a \$100 composition difference. Additional information was obtained for various deposits and it was determined that the differences were due to data entry errors regarding the composition of the receipt. A reconciliation of composition of receipts and deposits is necessary to ensure all monies received are properly recorded and deposited.

WE RECOMMEND the Associate Court:

- A. Ensure all receipts are posted to the accounting system in a timely manner and deposited daily or when receipts exceed \$100.
- B. Restrictively endorse checks immediately upon receipt.
- C. Reconcile the composition of receipts to the composition of deposits. In addition, documentation should be retained of any investigations of differences noted.

AUDITEE'S RESPONSE

The Associate Circuit Judge indicated:

- A. *Changes have been made in our processes so that cases and monies received are processed more timely. We will continue to strive to get all cases processed in a timely manner. Currently, deposits are being made every day.*
- B. *This is being done.*
- C. *The reconciliation is being done. If any differences are noted, documentation will be maintained to support that the difference was resolved.*

9. Public Administrator's Accounting Controls and Procedures

The Public Administrator did not maintain documentation of monthly bank reconciliations and the details of receipts and disbursements were not adequate in the check register. The Public Administrator acts as the court appointed personal representative for wards and decedent estates of the Probate Court and is responsible for receiving, disbursing, and accounting for the assets of those individuals and estates. During the two years ended December 31, 2005, the Public Administrator handled approximately fifty cases.

Although the Public Administrator indicated she performs monthly bank reconciliations for each ward, no documentation of the bank reconciliations is prepared to support that the cumulative book balance in the checkbook register agreed to the bank balance or that outstanding checks and any deposits in transit were reviewed. In addition, inadequate details regarding receipts and disbursements listed in the checkbook register, such as missing dates of direct deposits and electronic transfers, make it difficult to compare the cumulative book balance to the bank balance. In a review of settlements, errors were noted such as social security deposits were not added to the checkbook register. Other instances were noted where the bank balance was recorded as the balance in the checkbook register even though the checkbook register transactions would not foot to the balance. In addition, receipts and disbursements indicated in the annual settlement did not reconcile to receipts and disbursement amounts indicated in the checkbook register. Errors occurred due to the Public Administrator not recording all social security payments, bank service charges, etc. in the checkbook register, but instead, just changing the balance in the checkbook ledger to the balance per the bank statement. Thus, monthly bank reconciliations were not adequate.

Complete and accurate cash control records, including checkbook registers, are necessary to provide accountability over funds, provide summarized financial information, and facilitate reconciliations between bank and book balances. In addition, formal documented bank reconciliations are necessary to ensure accounting records agree with bank records and to detect errors in a timely manner.

WE RECOMMEND the Public Administrator maintain complete and accurate cash control records and perform monthly documented bank reconciliations for each ward. In addition, the Probate Division should review the cash control and bank reconciliations as part of their annual settlement review.

AUDITEE'S RESPONSE

The Public Administrator indicated she will do a better job of keeping a complete and accurate cash control and will maintain formal documented bank reconciliations.

The Associate Circuit Judge indicated the cash control and the bank reconciliations will be reviewed for some cases to help ensure all receipts and disbursements are recorded in the cash control.

10. Sheriff's Accounting Controls and Procedures

Sheriff's department employees have been provided meals at a cost of \$1 from the jail. Checks remain outstanding for a considerable length of time, and unreconciled differences are not properly investigated when bank reconciliations are performed. In addition, the composition of receipts is not reconciled to the composition of deposits.

The Sheriff processed approximately \$200,000 and \$259,000 in criminal and civil fees for the years ending December 31, 2005 and 2004, respectively.

- A. Sheriff's department employees have been provided meals at a cost of \$1 from the jail. The number of meals provided is indicated on the daily menu and compared to the amount turned over to the Sheriff's bookkeeper and totaled \$3,584 and \$2,022 for the years ended December 31, 2005 and 2004, respectively. However, when asked, the average cost of jail meals could not be provided. The county's personnel policy does not address whether employees of the Sheriff's department are to be provided meals by the county. Although the Sheriff's department had a policy regarding meals, the County Commission indicated they were not aware that meals were being provided.
- B. At December 31, 2005, the criminal bank account had four outstanding checks totaling \$228 and the civil bank account had one outstanding check totaling \$367 that were over a year old. One check totaling \$210 was written to Montgomery County. It does not appear that any follow up procedures on these checks have been performed. These old outstanding checks create additional and unnecessary record keeping responsibilities. Procedures should be adopted to routinely follow up on outstanding checks and reissue them if the payees can be located. If the payees cannot be located, these monies should be disposed of in accordance with state law.
- C. Although bank reconciliations are prepared, differences are not investigated. At December 31, 2004, there was a \$600 difference in the criminal bank account. After

further review by the Sheriff's bookkeeper, the \$600 difference was determined to be a \$400 and a \$200 social security payment directly deposited into the account on September 7, 2004 and November 4, 2004, respectively. However, these amounts were not recorded in the accounting records until January 2005. These errors could have been more easily determined had a follow-up investigation been performed when a difference was noted. Reconciling the accounting records to the bank accounts ensures that the records are in balance and that sufficient cash is available for monthly transmittal of fees. Differences should be reviewed monthly so that the appropriate adjustments can be made.

- D. The composition of receipts is not reconciled to the composition of deposits. While receipts are compared to the deposits in total, the composition is not compared and also not documented on the deposit slips. A reconciliation of composition of receipts and deposits is necessary to ensure all monies received are properly recorded and deposited.

WE RECOMMEND the Sheriff:

- A. And the County Commission determine whether employees of the Sheriff's department should be provided meals and if necessary, update the county personnel policy. In addition, the cost of providing meals should be periodically determined and the amount charged adjusted accordingly.
- B. Ensure procedures to routinely follow up and reissue old outstanding checks are adopted. If the payees cannot be located, these monies should be disposed of in accordance with state law.
- C. Reconcile the accounting records to the bank accounts and investigate and correct identified differences.
- D. Reconcile the composition of receipts to the composition of deposits. In addition, documentation should be retained of any investigations of differences noted.

AUDITEE'S RESPONSE

The County Commission indicated they:

- A. *Will discuss this with the Sheriff and develop a policy accordingly and ensure the amount charged agrees to the cost of the meal and the meal costs will be evaluated quarterly.*

The Sheriff indicated:

- A. *Meals are available for all employees. Employees' meals vary in number each month due to the menu. In addition, the cost for each meal is identified in the Standard Operating Procedures (SOP) of the Jail. The SOP is available to all employees of the Sheriff's department. Also, the courts allow Sheriffs to establish their own policies and procedures*

and do not require Sheriffs to follow the policies and procedures of the County Commission. The policies and procedures for meals is 1.4, C-3a and 3b, and are indicated below. Employees meals are made up from leftover food prepared by the kitchen staff. Sometimes employees are not allowed to eat because there is no leftover food available. The average cost of meals is \$1.29. Since employees meals are leftovers, \$1 per employee is a reasonable cost to charge.

1.4 C-3a Employees: All staff, including medical, dispatch, and Missouri State Highway Patrol employees may participate in the staff meal program as “employees.” Meal service will be limited to individuals paying with cash or check. Employees will eat in the staff break room. The present cost is \$1 per meal.

1.4 C-3b Guests: The Sheriff, Major, or Jail Administrator may authorize the serving of meals without charges to persons rendering a special service to the facility and to certain other guests. When possible, the Sheriff, Major, or Jail Administrator will notify the Food Service Administrator, of guests needing meals. Examples of persons who may receive meals gratis include advisors, guest speakers, technicians/other rendering a service without charge, equipment demonstrators, foreign visitors, volunteers and other whose service to the facility is in the best interest of the county government. Individuals receiving government reimbursement for their services (contract employees, per-diem status personnel, etc.,) are ineligible for free meals. They can purchase meals from the facility division guidelines.

- B. Outstanding checks have been followed up on and checks reissued when the person was located. For those not located, monies will be disbursed in accordance with state law.*
- C. Regarding the Social Security deposit of \$200; even though the deposit occurred in November, we were unaware of the deposit until the bank statement was received in December. By the time the statement was received, and with vacation looming, the process of preparing the December report and the reconciliation was delayed until January. We are not sure what happened with the Social Security deposit of \$400 in September. We will do a better job of ensuring the accounting records are reconciled and in investigating differences. In addition, we will no longer be getting these social security payments as this program has changed.*
- D. We will start documenting the amount of cash and the amount of checks being deposited on the deposit slips. The composition per the deposit will be compared to the composition of the receipts.*

11. Hospital Board's Accounting Controls and Procedures

Budgets prepared for the Hospital Tax Fund and the Rothwell Trust Fund were not accurate and complete. In addition, actual expenditures for these funds exceeded the budgeted amounts.

- A. Budgets prepared for the Hospital Tax Fund and the Rothwell Trust Fund were not accurate and complete. The budgets do not include accurate beginning available resources as beginning cash is estimated and also do not include the balance of a certificate of deposit. Therefore, the budgets do not reflect all resources available. The budgets are prepared using July balances and are not updated for the December balances. By not using year-end balances and not including the certificate of deposit amount, the beginning cash for the Hospital Tax Fund was understated by \$58,320 and \$52,333 for the years ended December 31, 2005 and 2004, respectively. The beginning cash for the Rothwell Trust Fund was overstated by \$894 and \$12,466 for the years ended December 31, 2005 and 2004, respectively. In addition, the budgets do not include all required information as the budgets did not include the prior two year's actual receipts and disbursements and the budgets were not submitted to the State Auditor's office as required.

To be of maximum assistance as a planning tool and to adequately inform the public, budgets should include all beginning available resources and the prior two years' actual receipts and disbursements. Section 50.590, RSMo, requires budgets to include the amounts for the last two completed fiscal years to provide a comparison with the estimates for the current fiscal year. In addition, Section 50.740, RSMo, requires budgets to be submitted to the State Auditor's office.

- B. Expenditures were approved in excess of budgeted amounts for the Hospital Tax Fund totaling \$10,000 and \$50,000 for the years ended December 31, 2005 and 2004, respectively. Expenditures were also approved in excess of budgeted amounts for the Rothwell Trust Fund totaling \$5,000 and \$7,000 for the years ended December 31, 2005 and 2004, respectively as no amounts were budgeted to be expended from this fund. According to Hospital personnel, the budget amounts are set at the beginning of the year before requests for funds are received from various entities. As a result, the budgeted expenditure amount may not be sufficient in comparison to actual requests for funds received during the year. The Board should consider amending the budget when actual requests exceed budget amounts or consider not approving all requests when approving these requests would cause expenditures to be in excess of budgeted amounts.

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved,

including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

WE RECOMMEND the Hospital Board:

- A. Ensure the budget is prepared to accurately reflect the financial activity and ensure budgets are submitted to the State Auditor's office.
- B. Refrain from authorizing expenditures in excess of budgeted amounts. If valid reasons necessitate excess expenditures, the original budget should be formally amended and filed with the State Auditor's office.

AUDITEE'S RESPONSE

The Hospital Board indicated:

- A. *They will request the lease to be amended so that the budget can be prepared in January versus August. The 2007 approved budget will also be amended in January 2007 to accurately reflect year-end cash balances and to present the prior year history for 2006 and 2005. They will also submit a copy of the approved budget to the County Clerk and the State Auditor's office.*
- B. *Budgets will be amended should they realize that expenditures will exceed the budgeted amount and the amended budget will be filed with the County Clerk and the State Auditor's office.*

12. Emergency 911 Board's Accounting Controls and Procedures

In April 2005, a sales tax was passed to provide funding for Emergency 911 purposes. Although sales tax revenues started being received in October 2005, the revenues were not available in amounts sufficient to fund the former Emergency 911 operations. At that time, an agreement was entered into between Audrain County, the City of Mexico, and the Emergency 911 Board providing that the county and city would continue to operate the Emergency 911 until sufficient revenues became available to sustain the operations, and that both the county and city would then be reimbursed for their costs.

A formal budget projecting the revenues and expenditures of the Emergency 911 Board Fund for 2006 was not prepared and the Board has not adequately made plans for its operations or repayment of its debt. Although the Emergency 911 Board Fund balance at December 31, 2005 was \$63,952, approximately \$20,800 was due Audrain County and \$68,000 was due

the City of Mexico at that time. The Board's revenues were approximately \$68,000 in January 2006; however, additional expenses of approximately \$31,000 and \$36,000 were incurred by the County and City, respectively. Revenues in January were barely sufficient to cover January expenses and were not sufficient to pay back any amounts previously owed to Audrain County and the City of Mexico. At February 28, 2006, the Emergency 911 Board Fund owed Audrain County and the City of Mexico approximately \$67,000 and \$133,000, respectively.

To improve the financial condition of the Emergency 911 Board Fund, the Board should evaluate revenues, expenditures, and the amounts owed to Audrain County and the City of Mexico to ensure efficient use of resources available. In addition, Chapter 50, RSMo, requires the preparation and filing of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing a budget, the Board can evaluate financial resources more effectively, determine what expenditures can be incurred, and determine how the debt can be paid back.

WE RECOMMEND the Emergency 911 Board closely monitor the financial condition and take the necessary steps to improve the financial condition of the Emergency 911 Board Fund. Financial resources available and the amounts owed to Audrain County and the City of Mexico should be considered when determining expenditures. In addition, ensure a budget is prepared annually to evaluate financial resources more effectively.

AUDITEE'S RESPONSE

The Emergency 911 Board indicated they were very uncertain about the size and timing of the revenues to be generated by the new sales tax and took a very fiscally conservative approach to budgeting. They established an informal working budget in December 2005 based on the total annual revenue estimate provided by the Department of Revenue for the new sales tax. They took several months to identify all of the expense categories and to obtain figures for the previous year.

Audrain County and the City of Mexico agreed to fund the normal operating expenses until they had accrued sufficient monies to start paying their own bills. They began paying their regular monthly bills in April 2006. At the meeting in July, they established a repayment schedule for the money owed to Audrain County and the City of Mexico. The amounts approved should have all the debt repaid by the end of this calendar year.

They have set their fiscal year to begin January 1. They plan to have their annual budget process begin with a first draft in October, with the final budget approved no later than December.

Follow-Up on Prior Audit Findings

AUDRAIN COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Audrain County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2001, and the Twelfth Judicial Circuit - Juvenile Division audit report, issued June 2005. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

AUDRAIN COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2001

1. Interest Allocations

Interest earned on the county revenue checking account had not been allocated to the various funds held in that account. This account earned approximately \$127,000 in interest during the period from July 2000 to December 2001. As of April 30, 2002, these interest monies had not been allocated or credited to the various funds held in the bank account.

Recommendation:

The County Treasurer allocate interest on a timely basis in accordance with state statutes and Attorney General's opinions.

Status:

Partially implemented. The \$127,000 was distributed in December 2002. The interest earned from July 2004 through December 2005 was allocated and distributed on January 23, 2006. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Fixed Assets

Various required inventories and inspections had not been performed and no reports had been filed with the County Clerk. The county's overall procedures were not adequate to ensure fixed asset purchases were included in the general fixed asset records. Additions were not always recorded in the property records as they occurred and fixed asset purchases per the expenditures records were not reconciled to additions in the property records.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish

standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

Status:

Not implemented. See MAR finding number 4.

TWELFTH JUDICIAL CIRCUIT
JUVENILE DIVISION

1. Misappropriated Funds

Some monies receipted were not deposited. From January 1, 2003, through January 14, 2005, cash receipts totaling at least \$13,152 were not deposited.

Recommendation:

The Circuit Judge and the Chief Juvenile Officer take the necessary action to recover the missing funds, and continue to work with law enforcement officials regarding any criminal prosecution.

Status:

Partially implemented. The legal case was moved to another county and the case is still pending. The Juvenile Office has received \$8,152 from the insurance company; however, no monies have been recovered from the former bookkeeper.

2. Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated and no independent reviews of deposits and accounting records were being performed.
- B. There was no procedure in place to verify the amount and composition of monies received, for monies collected in Montgomery and Warren County, to the manual and/or JIS receipt slips which accompanied the monies. Transmittals did not occur on a regular schedule. In addition, there was no independent review performed to compare monies transmitted from the other counties to deposits made by the Audrain County juvenile office.
- C. JIS receipt slips were not issued for all monies received. Manual rediform receipt slips were issued for numerous receipts and there were no procedures in place to ensure that manual receipt transactions were promptly recorded in the JIS and that the related monies were deposited. A comparison of total recorded receipts (manual and JIS) to deposits, shows that approximately \$6,408, \$6,666, and \$78 in receipts were not deposited during 2003, 2004, and early 2005, respectively. Monies were not always deposited intact or on a timely basis, and there was no procedure to

compare the composition of receipts to the composition of deposits.

- D. Bank reconciliations were not prepared for either of the checking accounts from January 2003 through January 2005. In addition, a monthly listing of open items (liabilities) was not prepared and reconciled to available cash balances. A comparison of the JIS bank account at January 14, 2005, showed that this bank account is short by at least \$6,718. The shortage would be more if the \$6,454 of manual receipts were considered. The \$412 in the older bank account could not be identified.
- E. Disbursement authorization records were altered, disbursements did not agree to approved amounts, supporting documentation was not adequately reviewed, disbursements were not always made timely, and some signed checks were never distributed.
- F. Procedures maintained for the juvenile division records needed improvements. Some restitution sheets and signed checks were located in the shred container and some records were not consolidated or filed in any logical order.

Recommendation:

The Juvenile Division:

- A. Adequately segregate the duties of receiving and depositing monies from that of recording and disbursing monies. If a proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of receipt slips issued to amount deposited and an independent review of bank statements and month-end reconciliations. Any unusual items or discrepancies should be investigated promptly.
- B. Monitor and ensure that cash handling procedures are adequate at each juvenile office in the circuit.
- C. Issue a JIS receipt slip for all monies received. If it is necessary to issue manual receipt slips, the Juvenile Division needs to ensure these receipt slips are official and prenumbered, provide all necessary information, are accounted for properly, and are promptly entered into JIS. In addition, the division should deposit receipts daily or when accumulated receipts exceed \$100.
- D. Prepare monthly bank reconciliations and listings of open items, and reconcile the cash balance to the liabilities.

- E. Review supporting case information when approving disbursements and signing checks, disburse restitution monies on a regular and timely basis, and distribute checks promptly after preparation. In addition, procedures to follow up on outstanding checks should be adopted. Also, the division should consider obtaining and reviewing cancelled checks for proper details.
- F. Continue to review the available financial and case records to determine the status of amounts due from the juveniles and amounts that have been disbursed to the victims, and verify this information with juveniles with open cases. In addition, the division needs to ensure that financial records are organized for more efficiency and accountability.

Status:

A, B

&F. Implemented.

- C. Partially implemented. JIS receipt slips are issued for all monies received except donations. Donations are not receipted. Although not repeated in the current MAR, our recommendation remains as stated above.
- D. Partially implemented. Bank reconciliations and open item listings are prepared monthly; however, due to the fraud in the office, the reconciliation is off each month by \$10,087. Although not repeated in the current MAR, our recommendation remains as stated above.
- E. Partially implemented. Cancelled checks are not obtained from the bank for review. Although not repeated in the current MAR, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

AUDRAIN COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1836, the county of Audrain was named after either James S. Audrain, a Missouri Representative or Colonel Charles H. Audrain. Audrain County is a county-organized, third-class county and is part of the Twelfth Judicial Circuit. The county seat is Mexico.

Audrain County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 213 miles of county roads and 527 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 26,458 in 1980 and 25,853 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2005	2004	2003	2002	1985* 1980**
		(in millions)				
Real estate	\$	173.2	169.0	172.4	166.6	95.3 59.1
Personal property		61.4	56.2	60.1	64.2	20.0 15.0
Railroad and utilities		32.8	31.7	31.3	33.6	25.2 18.4
Total	\$	267.4	256.9	263.8	264.4	140.5 92.5

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Audrain County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2005	2004	2003	2002
General Revenue Fund	\$	.1894	.1811	.1813	.1700
Special Road and Bridge Fund *		.2878	.2878	.2798	.2700
Hospital Maintenance Fund		.1812	.1812	.1762	.1733
Senate Bill 40 Board Fund		.2100	.2100	.2073	.2039

* The county retains all tax proceeds from areas not within road districts. The county has four road districts that receives four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

Year Ended February 28 (29),				
	2006	2005	2004	2003
State of Missouri	\$ 79,684	79,508	81,580	79,396
General Revenue Fund	515,694	495,042	511,342	466,794
Special Road and Bridge Fund	738,445	737,905	763,487	720,842
Assessment Fund	191,689	185,451	152,599	146,489
Hospital	473,847	474,121	474,544	455,127
Senate Bill 40 Board Fund	547,244	548,037	555,979	533,444
Schools Fund	9,128,787	9,105,921	9,125,113	8,868,350
Library Fund	549,616	549,854	562,499	531,578
Ambulance district	102,253	108,545	109,442	105,137
Fire districts	297,006	294,810	296,460	271,422
Special Road Districts Fund	427,944	429,058	400,237	394,038
Nursing Home Fund	82,894	88,397	88,330	84,753
Cities and Village Tax	1,185,637	1,194,239	1,175,159	1,154,012
County Employees' Retirement	55,911	58,833	59,919	52,544
Tax Maintenance Fund	19,089	19,183	17,509	7,816
County Clerk	2,179	2,290	2,335	3,165
Commissions and fees:				
General Revenue Fund	236,652	235,864	235,777	227,289
County Collector	5,600	5,600	5,600	5,600
Total	\$ 14,640,171	14,612,658	14,617,911	14,107,796

Percentages of current taxes collected were as follows:

Year Ended February 28 (29),				
	2006	2005	2004	2003
Real estate	94.6	95.9	95.1	93.6 %
Personal property	87.9	92.6	91.5	87.8
Railroad and utilities	95.1	100.0	100.0	100.0

Audrain County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Bridge Trust	.0050	2009	None	
Special Law Enforcement*	.0050	None	None	
Emergency Services (911)	.0038	None	None	

* The proceeds of this sales tax are allocated 50 percent to the Law Enforcement Sales Tax Fund and 50 percent to the Special Law Enforcement Bond Fund.

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2006	2005	2004	2003	2002
County-Paid Officials:	\$				
Richard Webber, Presiding Commissioner		32,578	32,578	31,828	26,822
Roger Young, Associate Commissioner (1)		30,578	30,578	28,728	27,803
Thomas Groves, Associate Commissioner (1)		30,578	30,578	28,728	27,803
Virginia Pehle, Recorder of Deeds		45,250	45,250	44,500	38,050
Shelley Harvey, County Clerk		45,250	45,250	44,500	38,050
Jason Lamb, Prosecuting Attorney		68,500	67,000	67,000	59,050
Stuart D. Miller, Sheriff		50,850	50,850	50,100	49,500
Doris Schutte, County Treasurer		34,070	34,070	33,320	28,547
M. Pat Farnen, County Coroner		16,222	16,222	15,750	15,750
Connie J. Hagan, Public Administrator		44,500	44,500	43,750	43,750
Bonnie Hill Deimeke, County Collector (2), year ended February 28 (29),	45,250	45,250	43,425	38,946	
Marsha Peery, County Assessor (3), year ended August 31,		45,938	46,001	45,378	45,400
Don Bormann, County Surveyor (4)					

- (1) The Associate Commissioner's salary amounts included a mid-term salary increase given in 1999 pursuant to Section 50.331.13, RSMo, which the Missouri Supreme court held was unconstitutional. Both Associate Commissioners repaid their salary increases, totaling \$4,700, in monthly installments of \$200 each, beginning in July 2001. A final \$100 repayment was made in June 2003.
- (2) Includes commissions earned for collecting city property taxes of \$5,600 annually.
- (3) Includes annual compensation received from the state of \$688 in 2005, \$751 in 2004, \$878 in 2003, and \$900 in 2002.
- (4) Compensation on a fee basis.

State-Paid Officials:

Penny J. Creed, Circuit Clerk	48,500	47,850	47,300	47,300
Linda R. Hamlett, Associate Circuit Judge	96,000	96,000	96,000	96,000

The county entered into a lease agreement with a not-for-profit corporation on June 1, 1997 calling for the corporation to issue bonds of \$5,595,000 for the purpose of constructing a new jail and for the corporation to lease the jail back to the county for payments totaling the principal and interest due to the outstanding bonds. The corporation refunded the bonds and reissued new bonds totaling \$4,295,000 in June 2004 to obtain a lower interest rate. The bonds are scheduled to be paid off in 2017. The remaining principal and interest due on the bonds at December 31, 2005, was \$4,015,000 and \$1,061,044, respectively.

The county contracted with a bank on August 1, 2004 to finance the improvements to the courthouse including electrical service upgrades and general improvements and repairs. The bank issued a six year loan with total principal of \$620,000. The remaining principal and interest due on the loan at December 31, 2005, was \$539,000 and \$68,741, respectively.



Claire McCaskill
Missouri State Auditor

August 2006

HIGHER EDUCATION

Tuition Levels Follow-up



Tuition Continues to Rise Faster Than Inflation and Personal Income

This report is a follow-up on our 2003 report titled *Review of Higher Education Tuition Levels* (Report no. 2003-40). Audit objectives included evaluating the status of prior recommendations and focused on tuition increases and factors affecting tuition levels. Missouri's public institutions continue to have some of the highest tuition levels in the Midwest. Although institutions had taken a variety of actions to reduce costs, some institutions still may not be operating as efficiently as possible because comprehensive on-going efficiency evaluations were not performed and the Department of Higher Education (DHE) had no formal centralized clearinghouse to identify, explore, and implement best practices.

Missouri's tuition continues to rank high

Over the last three fiscal years (2004-2006) Missouri's average annual tuition level increase (28 percent) has been the lowest of the Big 12 states, with only one other state among the contiguous states having a lower increase. However, Missouri's \$5,829 average annualized tuition for 4-year public institutions was still the highest tuition among Big 12 states, second only to Illinois among the contiguous states, above the national average of \$5,491 for fiscal year 2005-2006, and continued to increase at rates above inflation and personal income. Our analysis also found funding for state tuition assistance grants had decreased during the 4-year period of 2002 to 2005. In both 2000 and 2002, Missouri received a D+ grade on its affordability of higher education from the National Center for Public Policy and Higher Education. In 2004, Missouri received an F on affordability along with 35 other states. (See pages 7-11)

Past cuts and lack of increases to state funding continues to affect tuition levels

In fiscal years 2002 and 2003, the General Assembly cut state funding for higher education due to state budget pressures. Most 4-year institutions experienced state budget withholdings totaling approximately 18 percent of original appropriations during 2002. In fiscal year 2003, the state cut 10 percent of state funding to higher education from the core fiscal year 2002 budget amount. In fiscal years 2004 through 2006, state funding to higher education remained relatively stable but at the new lower levels. For fiscal year 2007, a 2 percent increase in higher education's funding was approved by the General Assembly. However, this increase in appropriations will likely not meet inflationary measures much less restore years of cuts to higher education's appropriations. In addition, above-inflation spending by some institutions during fiscal years 2003 through 2006 also influenced increasing tuition levels. (See page 12)

DHE not performing statutorily required mission reviews

DHE halted formal mission reviews in 2002 due to budget reductions and staff turnover, according to DHE officials. As a result, DHE has not collected information and data for assessing the cost-effectiveness of academic programs—the largest component of higher education spending. Officials said DHE had historically completed some mission reviews each year, but state law requires mission reviews of colleges and universities once every five years. As a result, these officials contend a new review cycle would not be required until 2006, because DHE completed formal reviews for all institutions in 2001. However, the officials also noted the

formal reviews would only begin again with reinstated funding and personnel. (See page 15)

DHE lacks authority to arbitrate disputes between public institutions

The use of consortia and collaborative agreements often result in more economical opportunities for students to obtain higher education services. However, a recent dispute concerning an agreement between two Missouri public institutions resulted in legal action. As of June 2006 this dispute had not been resolved. DHE unsuccessfully attempted to arbitrate a settlement between the institutions. As a result, these institutions are spending public resources to litigate the issues. (See page 23)

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Abbreviations

CSR	Code of State Regulations
CPI	Consumer Price Index
DHE	Department of Higher Education
FTE	Full-Time Equivalent
HEPI	Higher Education Price Index
RSMo	Missouri Revised Statutes
SAO	State Auditor's Office
SEMO	Southeast Missouri State University



CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Dr. Charles J. McClain, Interim Commissioner
Department of Higher Education
Jefferson City, MO 65109

This report is a follow-up on our 2003 report titled *Review of Higher Education Tuition Levels* (Report no. 2003-40). The objectives of this audit were to assess the status of prior recommendations and to focus on tuition increases and factors affecting tuition levels which included, determining the extent state educational institutions had reduced costs, and whether these institutions had conducted comprehensive efficiency evaluations of academic and non-academic programs to evaluate cost-effectiveness.

In our prior report we recommended the Department of Higher Education (DHE) collect academic productivity and cost data so DHE would be better equipped to help institution governing boards assess the cost-effectiveness of academic programs, identify opportunities to lower costs, and thereby lessen pressure to raise tuition. We determined the DHE had not implemented these recommendations.

As noted in the prior report, we found average tuition continued to rise faster than inflation and personal income measures. One reason for this situation is previous state funding cuts have not been restored during the three fiscal years ending June 30, 2006, and increases over this period have not kept pace with inflation. Also, some institutions continued to spend at rates exceeding inflation. We also found institutions had taken a variety of actions to reduce costs. However, some institutions still may not be operating as efficiently as possible because comprehensive on-going efficiency evaluations were not performed. In addition, DHE and the institutions had no centralized method (clearinghouse) for identifying and exploring the feasibility of implementing identified cost-effective best practices. We further found the department needed additional statutory authority to manage and settle disputes involving consortia and collaborative agreements between educational institutions.

We conducted our audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. This report was prepared under the direction of John Blattell. Key contributors to this report were John Luetkemeyer, Ben Douglas, Michael Price and Lee Drury.

Claire McCaskill
State Auditor

Introduction

The Department of Higher Education (DHE), headed by a coordinating board, evaluates institution performance, and carries out other goals and administrative duties. Authority to set tuition levels at Missouri's 4-year public institutions rests with the governing board of each institution. Although the department does not have authority to set tuition levels, it does have statutory responsibility to conduct reviews to ensure Missouri's higher education system responds to the state's needs and is focused, balanced, cost-effective, and characterized by high quality programs.¹

Additionally, DHE has responsibility for recommending to the governing board of any higher education institution in the state the development, consolidation or elimination of programs, degree offerings, physical facilities or policy changes where that action is deemed by the coordinating board in the best interests of the institutions and/or the general requirements of the state.² DHE has authority to collect information and data from the institutions for any purpose deemed appropriate including information on the approximately 1,530 academic programs listed in the state's official program inventory for 4-year institutions.³

In fiscal year 2007, state funding for 4-year public institutions is projected to be over \$730 million. Figure 1.1 shows higher education's revenue for public 4-year institutions for fiscal years 1999 to 2006. This revenue is used to meet the goals and administrative responsibilities for the state's higher education system. In the fall of 2005, 107,920 undergraduate students attended Missouri's 4-year public institutions, of which 83.7 percent of the students were Missouri residents, 12.6 percent were non-residents, and the remaining 3.7 percent were other students.⁴

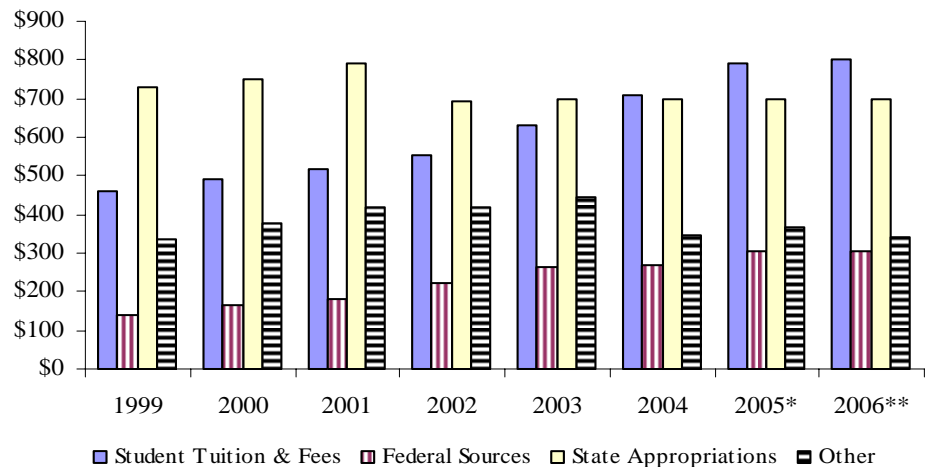
¹ Section 173.030(7), RSMo

² Section 173.030(2), RSMo

³ 6 CSR 10-4.021

⁴ The other students category includes students from U.S. territories, foreign students, and students of unknown geographic origin.

Figure 1.1: Revenue by Source for 4-Year Public Universities (dollars in millions)



*Estimated by each institution

**Projected - Includes state appropriations net of Governor's 3 percent withholdings

Source: Prepared by SAO based on DHE revenue data.

Previous SAO Audit Information

In May 2003, we reported average tuition had risen faster than inflation and personal income measures. We found this situation had occurred because of decreased state funding and spending by institutions at a rate exceeding the rate of inflation. We also found while some institutions had begun to initiate cost containment efforts, DHE had not collected academic program productivity and cost data. We reported that with such data, DHE would be better equipped to help institution governing boards assess the cost-effectiveness of academic programs. As a result, opportunities to lower costs and lessen pressure to raise tuition may be lost. In its response to the report's findings, DHE agreed cost should be considered when reviewing existing academic programs and their relation to an institution's mission. DHE noted it had initiated the Results Improvement Initiative to enhance performance data collection and reporting with an emphasis on accountability at Missouri's 2 and 4-year institutions. DHE further noted the initiative would aid in the redesign of campus-based reviews of existing academic programs for quality and cost-effectiveness.

DHE officials informed us due to past budget cuts they had not conducted formal mission reviews. At the time of our review in February 2006, funding and personnel had not been reinstated and mission reviews had not been re-instituted. Officials also noted although DHE had initiated the Results Improvement Initiative to enhance performance data collection and reporting with an emphasis on accountability, major financial cuts to higher education in recent years made it difficult to maintain momentum on designing a more developed approach to higher education accountability.

However, officials further noted a number of factors suggest it is time for Missouri to reevaluate its approach to higher education accountability.

Scope and Methodology

To determine whether recommendations in our prior report had been implemented, we met with a DHE official to obtain information regarding the status of the report's recommendations.

To determine the extent tuition increased, we reviewed in-state undergraduate tuition levels at the thirteen 4-year public university campuses in Missouri.⁵ Our review of tuition levels focused on identifying trends in annual tuition, state appropriations, enrollment and operating expenditures between fiscal years 1998 to 2006. We did not attempt to determine the appropriate tuition levels for the institutions. We obtained most of the data from DHE. While most of the data presented in this report through fiscal year 2004 is actual data, some data presented for fiscal years 2005 and 2006 may be based on budget estimates and projections. To provide context for tuition levels at Missouri institutions, we obtained data on a comparison group of 4-year public colleges and universities in Big 12 Conference states—Colorado, Iowa, Kansas, Nebraska, Oklahoma and Texas—and Missouri's other contiguous states—Arkansas, Illinois, Kentucky and Tennessee. We obtained this data from the Chronicle of Higher Education.

To determine the factors affecting tuition levels and to determine to what extent state educational institutions have (1) reduced costs, (2) conducted comprehensive efficiency evaluations, and (3) evaluated academic programs to ensure cost-effectiveness, we also interviewed officials at five regional institutions (Central Missouri State University in Warrensburg, Lincoln University in Jefferson City, Missouri State University in Springfield, Northwest Missouri State University in Maryville, and Southeast Missouri State University in Cape Girardeau) and the University of Missouri system.

We performed data reliability tests on budget data and academic program data obtained from DHE and the institutions. We determined this information was sufficiently reliable for the purposes of this report.

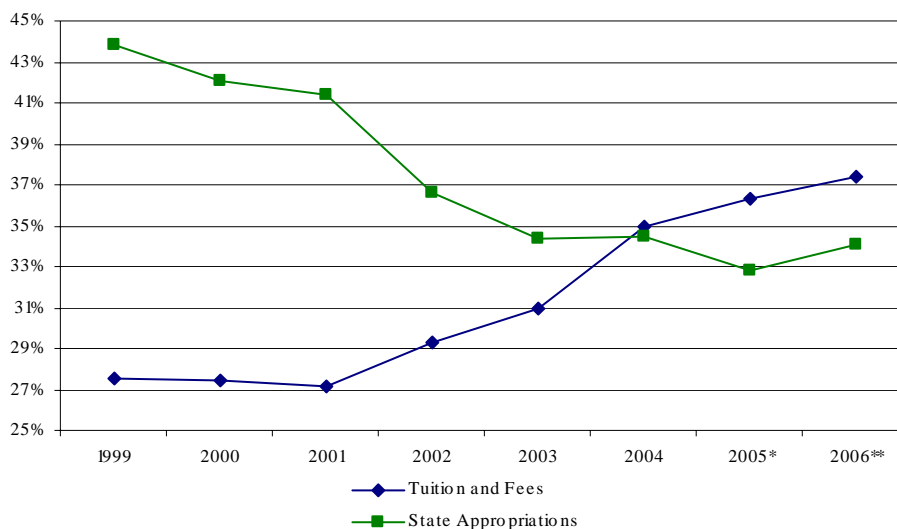
We requested comments on a draft of our report from the Commissioner of the Department of Higher Education. We also provided copies of the draft to the presidents of Missouri's 4-year public institutions. Although a formal response was not required, comments were received from five institutions. We conducted our work between May 2005 and February 2006.

⁵ A list of the thirteen 4-year public universities can be found in Appendix I.

Tuition Level Trend Information

This chapter updates financial information and trends since our prior report issued in May 2003. These trends show the average educational fee (tuition⁶) to attend a Missouri 4-year public institution has continued to increase at rates faster than inflation and personal income for the past 7 years. Past cuts in and lack of increased state funding have continued to influence institutions to pass increasing costs on to students and their families through higher tuition. Figure 2.1 shows how 4-year public university student costs percentages have changed compared to the percentages the state paid during the period fiscal year 1999 through fiscal year 2006.

Figure 2.1: Percentage of 4-Year Public University Costs from State Appropriations Compared to Tuition and Fees (Per Student)



*Estimated

**Projected

Source: Prepared by SAO based on data from DHE.

Missouri's Tuition Continues to Rank High Among Comparison Group

Over the last three fiscal years (2004-2006) Missouri's average tuition level increase (27 percent) has been the lowest of the Big 12 states, with only one other state among the contiguous states having as low an increase. However, Missouri's \$5,829 average annualized tuition for 4-year public institutions was still the highest tuition among Big 12 states, second only to Illinois among the contiguous states, above the national average of \$5,491 for fiscal year 2005-2006, and continued to increase at rates above inflation and

⁶The term "tuition," when used in this report, is defined as the charges to first-time, full-time undergraduates based on a 9-month academic year of 30 semester hours or 45 quarter hours. Amounts presented include mandatory fees charged students for non-academic services such as student health care, student unions, and recreation facilities.

personal income. In both 2000 and 2002, Missouri received a D+ grade on its affordability of higher education from the National Center for Public Policy and Higher Education.⁷ In 2004, Missouri received an F on affordability along with 35 other states. Table 2.1 shows percentage increases in average tuition levels by fiscal year, ranking of comparison states by average annualized tuition for the 2005-2006 fiscal year, and the 3-year percentage increases in average tuition for each state during the periods 2003 through 2006 and 2000 through 2003. For comparison purposes, the table also lists the Consumer Price Index (CPI) and the Higher Education Price Index (HEPI). CPI is a commonly used index that uses prices of specific sets of consumer goods to gauge levels of inflation throughout the economy. HEPI is an index used by many colleges and universities which measures the price of specific costs associated with higher learning to gauge inflation for this type of education specifically.

Table 2.1: Average Tuition Levels

State	2000	2001	2002	2003	2004	2005	2006	Percent Increase	
								03-06	00-03
Illinois	\$3,587	\$3,725	\$4,013	\$4,581	\$5,187	\$5,877	\$6,472	41	28
Missouri*	3,502	3,691	3,905	4,577	5,151	5,573	5,829	27	31
Iowa*	3,010	3,179	3,468	4,140	4,979	5,403	5,616	36	38
Arkansas	2,829	3,063	3,375	3,632	4,043	4,530	4,886	35	28
Kentucky	2,613	2,769	3,000	3,327	3,720	4,292	4,881	47	27
Texas*	2,578	2,777	2,975	3,241	3,735	4,350	4,705	45	26
Tennessee	2,707	3,005	3,397	3,656	4,131	4,216	4,650	27	35
Colorado*	2,894	2,965	3,126	3,359	3,581	3,869	4,463	33	16
Nebraska*	2,666	2,800	3,024	3,361	3,828	4,215	4,404	31	26
Kansas*	2,426	2,583	2,656	3,020	3,529	3,980	4,386	45	24
Oklahoma*	2,013	2,054	2,273	2,433	2,935	3,198	3,445	42	21
HEPI								14	12
CPI								8	7
Personal Income**								8	10

*Big 12 Conference states

**The personal income measure used is real disposable personal income per capita. For the 03-06 period, personal income data was only available until 2005, making 2003-2006 personal income actually a measure of 2003-2005.

Source: Prepared by the SAO using tuition data obtained from the Chronicle of Higher Education and real disposable personal income per capita data obtained from United States Department of Commerce Bureau of Economic Analysis.

⁷ Missouri's grade was based on a review of public and private 2-year and 4-year schools.

The University of Missouri's tuition levels at its four campuses contributed to the state's high average tuition level relative to the comparison group and the national average. The four campuses had the fourth through seventh highest tuition levels among the 44 doctoral and research institutions in the Big 12 and contiguous states.⁸ The three institutions with higher tuition are the University of Illinois campuses in Urbana-Champaign and Chicago and the Colorado School of Mines. The University of Missouri, with its four campuses, is the only public doctoral and research university in the state.

According to the College Board,⁹ average tuition at 4-year public institutions nationally was 7.1 percent higher for school year 2006 than the year before. Missouri's year-to-year increase was 4.6 percent (2.5 percentage points lower than the national average).

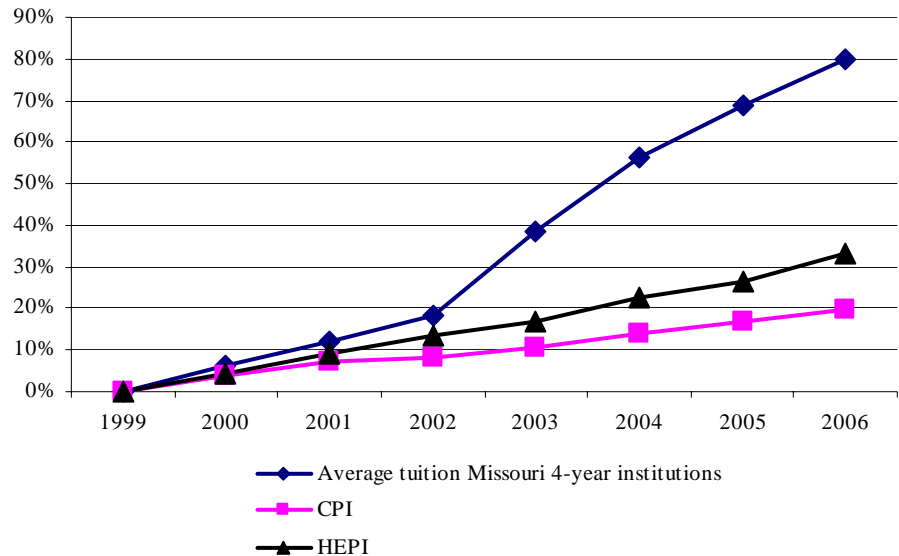
Average tuition outpaced
inflation and personal income
measures

Table 2.1 shows Missouri's 4-year public institutions' average annual tuition level for the 3-year period ending in fiscal year 2006 continued to increase at rates much higher than inflation. For example, Missouri's 27 percent increase was significantly higher than the 14 percent HEPI increase and the 8 percent increases for each the CPI and personal income, during the same 3-year period. Figure 2.2 compares the growth trends in average tuition to the two inflation measures. This comparison is based on annual average tuition by school year compared to inflation measures, which are by state fiscal year ending June 30.

⁸ Doctoral/Research Universities (Extensive and Intensive) published by the Carnegie Foundation for the Advancement of Teaching classifies these schools. Table I.2 in Appendix I shows the tuition levels from these schools.

⁹ A not-for-profit examination board with a membership of over 4,700 institutions of higher learning

Figure 2.2: Percentage Increase in Average Tuition Levels for Missouri 4-Year Public Universities Compared to Inflation Relative to 1999 Levels



Source: Prepared by the SAO based on data from the Chronicle for Higher Education and inflation data obtained from University of Illinois, the Bureau of Labor Statistics and the Commonfund. All data presented in the figure are actual amounts except for the 2006 CPI and HEPI amounts which are estimates.

Since 1997, the University of Missouri System's policy has been to match tuition increases to HEPI increases. Unfortunately the University of Missouri tuition increases significantly exceeded inflation in fiscal years 2003, 2004, and 2005. In 2005, the University of Missouri considered the idea of guaranteed tuition which would fix tuition for incoming college freshmen. The idea was to guarantee tuition levels for a 4-year period to provide students and parents stable tuition costs during their undergraduate college tenure, assuming graduation in 4 years. This idea was abandoned because it did not have the support of students, parents, and the business community as determined by the University President through forums held statewide to which the public was invited. After abandoning the guaranteed tuition idea, the university made a more recent, late 2005, tuition level increase proposal (similar to the 1997 policy) to its board of curators. Under the new proposal, the university would hold tuition increases to the rate of HEPI increases so long as state financial support keeps pace with HEPI.

According to university officials, objectives and benefits of the proposed policy would, (1) provide stability and predictability in setting tuition by telling students and families about planned increases more than a year before classes start, (2) clarify the relationship between state support and tuition levels, allowing lawmakers and the governor to know in advance the impact of their actions taken on tuition, and (3) promote accountability and

transparency in setting tuition by reflecting the actual impact of inflation on both family budgets and higher education's unique mission.

Tuition levels at regional institutions also outpaced inflation and income

Although tuition increases for Missouri were the lowest in our comparison group, average tuition for Missouri's 4-year regional institutions¹⁰ still increased 23 percent between state fiscal years 2003 and 2006, significantly higher than HEPI, CPI, and real disposable personal income per capita.

Missouri's 4-year regional institution average tuition for school year 2006 was the third highest among the comparison group states, exceeded only by Illinois and Iowa. Table 2.2 ranks the states' regional institutions by average tuition in state fiscal year 2006 and shows the 3-year increases for each state for the 3-year period 2003 through 2006 compared to the 3-year period 2000 through 2003.

Table 2.2: Regional Colleges and Universities Average Tuition Levels by State Fiscal Year

State	2000	2001	2002	2003	2004	2005	2006	Percent Increase	
								03-06	00-03
Illinois	\$3,090	\$3,205	\$3,463	\$3,799	\$4,580	\$5,184	\$5,731	51	23
Iowa	2,988	3,130	3,440	4,118	4,916	5,387	5,602	36	38
Missouri*	2,967	3,196	3,417	4,100	4,442	4,832	5,049	23	38
Arkansas	2,652	2,904	3,268	3,517	3,950	4,342	4,706	34	33
Kentucky	2,394	2,542	2,750	3,093	3,460	4,022	4,618	49	29
Tennessee	2,578	2,790	3,193	3,442	3,870	4,110	4,513	31	34
Texas	2,381	2,588	2,797	3,045	3,450	3,922	4,296	41	28
Nebraska	2,467	2,626	2,816	3,156	3,574	3,898	4,066	29	28
Colorado	2,278	2,368	2,527	2,677	2,826	3,024	3,474	30	18
Kansas	2,097	2,220	2,280	2,439	2,782	3,077	3,307	36	16
Oklahoma	1,935	1,956	2,178	2,329	2,749	3,017	3,257	40	20
HEPI								14	12
CPI								8	7
Personal Income**								8	10

*See Appendix I for the tuition levels for each regional institution in Missouri.

**The personal income measure used is real disposable personal income per capita. For the 03-06 period, personal income data was only available until 2005, making 2003-2006 personal income actually a measure of 2003-2005.

Source: Prepared by the SAO using tuition data obtained from the Chronicle of Higher Education and real disposable personal income per capita data obtained from United States Department of Commerce Bureau of Economic Analysis.

¹⁰For the purpose of this report, the term "regional schools" is defined as all public 4-year schools, except those with Carnegie classification of doctoral/research and medical sciences.

Past Cuts and Lack of Increases Continue to Affect Tuition Levels

University officials we interviewed said state support is the primary factor in determining tuition levels. According to the officials, when state appropriations are reduced or remain flat tuition levels generally are negatively impacted. This negative correlation means when appropriations decrease or remain flat tuition almost always increases to cover expenses.

In fiscal years 2002 and 2003, the General Assembly cut state funding for higher education due to state budget pressures. Most 4-year institutions experienced state budget withholdings totaling approximately 18 percent of original appropriations during 2002. In fiscal year 2003, the state cut 10 percent of state funding to higher education from the core fiscal year 2002 budget amount. In fiscal years 2004 through 2006, state funding to higher education remained relatively stable (although at the new lower levels). For fiscal year 2007, a 2 percent increase in higher education's funding was approved by the General Assembly. However, this increase in appropriations will likely not meet inflationary measures much less restore years of cuts to higher education's appropriations.

Past cuts and lack of increased state funding to higher education has forced institutions to use reserves, reduce costs, or increase revenue. Officials at the institutions visited stated cost reduction measures included:

- leaving vacant positions unfilled,
- freezing faculty and support staff salaries,
- reducing student labor,
- deferring new equipment purchases,
- increasing faculty credit hours of teaching,
- reducing library access and acquisitions,
- reducing operating expenses (e.g., supplies, travel, printing, etc.), and
- offering early retirement for faculty and administrators.

In addition to cost reductions and increases in tuition, officials at several institutions said they consumed most reserve funds to offset a portion of the state funding loss.

Expenditures at Some Institutions Higher than Inflation

In fiscal year 2003, the 4-year public institutions spent approximately \$2 billion on education and general operations. Of this amount, \$1.55 billion was unrestricted and \$415 million was restricted.¹¹

Above-inflation spending by some institutions continued to influence

¹¹ Restricted expenditures are generally spending restricted by the terms of an outside donor or supporting agency.

increasing tuition levels. Four of the 4-year institutions experienced increases in overall unrestricted expenditures above the 14 percent growth in HEPI during the period fiscal years 2003-2006. These institutions included Harris Stowe State University, Missouri Southern State University, Missouri Western State University, and Southeast Missouri State University. Increases ranged from 15 percent at Missouri Southern State University to 22 percent at Missouri Western State University. University officials interviewed attributed much of the above-inflation spending to increased costs in areas beyond their control, including: retirement funding, health insurance, subscriptions, technology, utilities, and increased enrollments.

In August 2005, the University of Missouri System reclassified several programs as auxiliary enterprises which eliminated sources of revenue and expenditures making comparison with previous years extremely difficult. University personnel estimate these changes reduce the University's reported unrestricted expenditures by \$120 million. Using the current accounting method, the University of Missouri's unrestricted expenditures are reported as having increased only 6 percent for the period, fiscal years 2003-2006. However, using the old accounting method, which would include the \$120 million in unrestricted expenditures not captured with the new method, brings the 3-year increase in unrestricted expenditures to over 18 percent, well above increases in both CPI and HEPI. Excluding the University of Missouri System, the average increase in unrestricted expenditures for the other 9 Missouri institutions of higher learning was just above 13 percent, approximately the same as HEPI and roughly 5 percent higher than CPI.

For fiscal year 2006, aggregate unrestricted spending on instruction for all 13 campuses accounted for 44 percent of total unrestricted spending in 9 reported categories.¹² The next highest spending categories were academic support, administrative, scholarships and operation and maintenance of plant. These categories ranged from 8 to 10 percent of total unrestricted spending in fiscal year 2006.

¹²Schools report expenditures in the following nine categories: instruction, research, public service, academic support, student services, institutional support, operation and maintenance, scholarships, and mandatory/non-mandatory transfer.

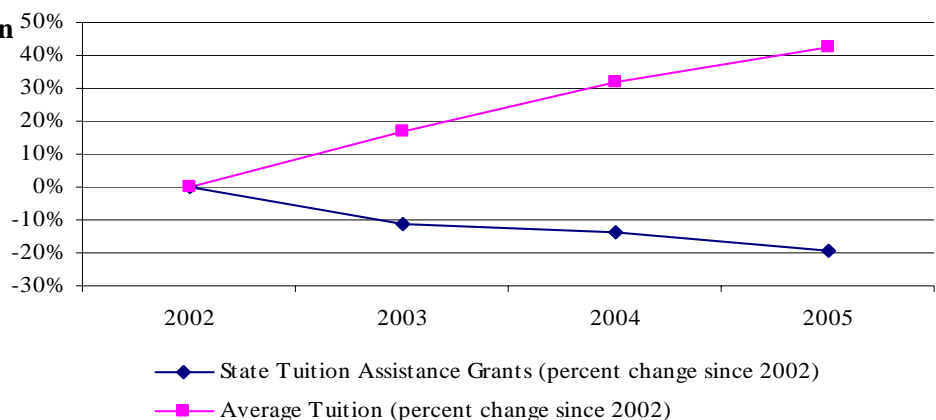
Administrative costs at some institutions increased faster than inflation

Although overall administrative costs¹³ increased somewhat, administrative costs per full-time equivalent (FTE) student increased faster than inflation measured by HEPI at 3 of the 10 institutions—Northwest Missouri State University, Missouri State University, and Truman State University. Additionally, administrative costs per FTE rose faster than CPI at Central Missouri State University. The increases ranged from 13 percent at Central Missouri State University to 33 percent at Truman State University.

Tuition Levels Increased as State Tuition Assistance Decreased

Financial aid has been integral to whether or not a higher education was affordable to many students. The primary forms of financial aid are federal loans and institutional grants. A national survey¹⁴ found while student financial aid hit a record \$129 billion in the United States in 2005, student loans now constitute 50 percent of student aid compared to 46 percent 3 years ago. Conversely, grants now represent 46 percent of the aid compared to 50 percent 3 years ago. Student loans actually increase students' higher education costs because students have to repay both principal and interest. On the other hand, grants, which do not have to be repaid, help reduce the actual cost of their education. According to the report on trends in student aid for 2005 the percentage of total undergraduate aid in the form of grants declined for the third year in a row. Figure 2.3 shows changes in average tuition levels for Missouri 4-year public institutions compared to changes in state tuition assistance grants paid to Missouri students for the 4-year period, 2002 to 2005.

Figure 2.3: Percentage Changes in Average Tuition Levels for Missouri 4-Year Public Universities Compared to State Tuition Assistance Grants to Missouri Students



Source: Prepared by the SAO from data provided by DHE and the Chronicle of Higher Education.

¹³ Includes costs for executive management, fiscal operations, general administrative and logistical services, and public relations and development.

¹⁴ *Trends in Student Aid 2005*, The College Board, New York, New York.

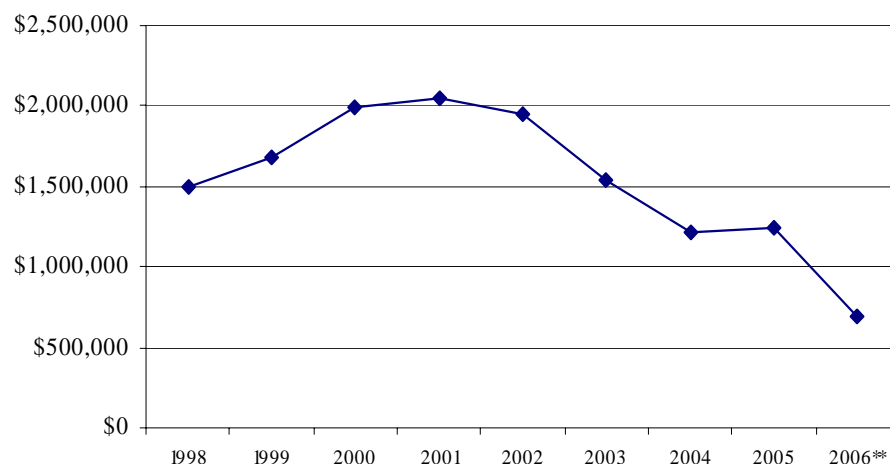
Cost Containment Measures Still Needed to Help Control Tuition Levels

The DHE is not fully performing its statutory mission reviews, which includes a cost-effectiveness element, and is therefore not collecting information and data for assessing the cost-effectiveness of academic programs—the largest component of higher education spending. While institutions have taken a variety of actions to reduce costs to help offset appropriation reductions, institutions have not been required to perform comprehensive on-going efficiency evaluations of academic and non-academic programs, to ensure operational efficiency. In addition, DHE and state institutions have no centralized method (clearinghouse) for identifying cost-effective best practices to help institutions operate more efficiently. It is important for institutions to operate efficiently to provide an affordable education to Missouri students. DHE has no statutory authority to manage and settle disputes involving consortia and collaborative agreements between educational institutions.

DHE Not Performing Statutorily Required Mission Reviews

DHE halted formal mission reviews in 2002 due to budget reductions and staff turnover, according to DHE officials. As a result, DHE has not collected information and data for assessing the cost-effectiveness of academic programs—the largest component of higher education spending. Officials said DHE had historically completed some mission reviews each year, but Section 173.030(7), RSMo requires mission reviews of colleges and universities once every 5 years. As a result, these officials contend a new review cycle would not be required until 2006, because DHE completed formal reviews for all institutions in 2001. However, the officials also noted the formal reviews would only begin again with reinstated funding and personnel. Figure 3.1 shows DHE's general revenue budget appropriations for fiscal years 1998 through 2006.

Figure 3.1: DHE General Revenue Fund Appropriations*



* Coordination and administration funding including mission review oversight

** 2006 decrease includes transfer of information technology staff to Office of Administration

Source: DHE officials

As Figure 3.1 shows, appropriations declined from \$2.04 million in fiscal 2001 to \$695,133 in fiscal year 2006. This resulted in staff dropping from approximately 35 FTE to 12 FTE over this time period. In fiscal 2001, coordination funding totaled about \$1.3 million and 23 FTE compared to fiscal 2006 coordination funding of about \$450,000 and 8 FTE. DHE officials also stated in addition to a significantly reduced staffing levels, it is important to note the salaries of several staff have been split across funding sources. According to DHE officials, in response to this issue and lack of funding, DHE has continued monitoring new program (certificate and degree) offerings to ensure the requests are within the scope of the established mission of the requesting institution rather than completing formal mission reviews.

DHE held workshops with institution presidents and chancellors in late summer and early fall 2004 with an intent to redesign and align mission reviews with quality award systems. Because institution and DHE officials considered the previous review process to be ineffective, these officials suggested various ideas and proposals to improve the process including a new DHE policy regarding how a redesigned process would work. Other ideas and proposals, included such things as (1) simplifying the process, (2) using a process of continuous engagement in systematic self-reflection, (3) using external evaluators or auditors, (4) connecting decisions about programs with resource allocations, (5) establishing a set framework for meaningful informed conversations between DHE and institutions, (6) making the value of the process pervasive at all levels in order to yield improvements, and (7) designating a standardized format for reporting processes and types of results. Officials suggested additional ideas and proposals, however, further DHE staff turnover and budget reduction put formal mission review back on hold.

Institutions Not Required to Perform Comprehensive Efficiency Evaluations

All six of the institutions we visited had taken steps to reduce costs to help offset appropriation reductions. However, because efficiency evaluations were not required, two of the six institutions had no process in place to conduct evaluation studies, and only one of the six institutions had performed a formal evaluation prior to appropriation cuts in 2002. Three of the six institutions had recently conducted evaluations because of financial pressures and/or budget cuts. Also, because no defined evaluation criteria existed, institutions used various methods and criteria in evaluating their programs. The four institutions (of the six) conducting evaluations included Southeast Missouri State University, Central Missouri State University, Northwest Missouri State University, and the University of Missouri system. To show an example of the in-depth analyses institutions engaged to perform evaluations, a more detailed description of Southeast Missouri State University's evaluation process and results is discussed in the next section,

as well as, more limited discussions of other institutions' processes and results.

Southeast Missouri State University began evaluation in 2003

Southeast Missouri State University (SEMO) performed its initial evaluation in 2003 because of a financial emergency (prior to the financial emergency no evaluations had been done). Using a 3-phased approach and defined criteria, SEMO performed an evaluation of both its academic and non-academic programs and instituted an on-going evaluation process to help ensure continued future operational efficiency. Phases I and II of the academic program evaluation and the non-academic program reviews resulted in identified dollar savings and other operational efficiencies. The three phased approach, evaluation criteria, and results are discussed below.

In phase I the university reviewed academic programs in the lowest quartile in terms of the average number of students majoring in those programs over the past 3 years. The university identified undergraduate programs to be reduced or eliminated based on the following program criteria:

- Size, scope, and productivity
- Revenue and other resources generated
- Costs and other expenses associated
- Impact, justification, and overall essentiality to the SEMO mission
- External demand
- Internal demand
- Quality of inputs and processes
- Quality of outputs

Results from phase I of the academic programs review included eliminating three academic majors, two minors, and one graduate program; merging two majors into one; reorganizing curricula in three departments; more efficiently scheduling courses in four departments; eliminating ten faculty positions; and eliminating seven graduate assistantships. The university estimated the related cost savings totaled about \$625,000. SEMO also undertook a thorough review of its non-academic programs, including athletics during phase I using the same criteria and actions taken based on this review resulted in cost reductions totaling \$400,000.

In phase II, the university addressed the Board of Regent's directive to review all programs, become more efficient in curriculum delivery, and establish a more focused institutional mission. Phase II focused on refining the university's mission and then reviewing academic and non-academic programs. To implement phase II, the university required departments to review all programs and to (1) determine how each program could reduce the number of credit hours required for graduation while maintaining

academic quality, (2) submit a report identifying curricular reductions and course mergers, and (3) submit a report addressing the eight program review criteria used in phase I. According to university officials, savings as a result of the Phase II totaled about \$350,000.

In phase III all programs will continue to be on a schedule of annual review, based on key performance indicators, program alignment with directions in the refined mission and the evaluative criteria in phases I and II.

SEMO's approach suggests programs should be evaluated at other institutions

We analyzed academic program enrollments at all of the state's 4-year public institutions using SEMO's initial evaluation criteria. Based on the SEMO criteria, we selected the quartile of academic programs with the lowest average number of enrolled majors for a 3-year period from each institution.

Our analysis showed a total of 205 programs fit the SEMO criteria. Program enrollments ranged from a low 3-year average of .33 majoring students to a high 3-year average of 61 majoring students. The overall average number of enrolled majors for all 205 programs totaled 12 with 139 of the 205 programs averaging less than 12 enrolled majors. Table 3.1 shows examples of 20 programs selected from various institutions:

Table 3.1: Selected Examples of Low Enrollment Programs

Program	Number of Students Enrolled Per Major by School Year			
	2003	2004	2005	Average
Theatre (non-performance)	0	1	0	0.33
Pre-Forestry	0	1	1	0.67
Music Theory	3	3	1	2.33
German Education	2	2	3	2.33
Middle School-English/Math(5-9)	3	3	1	2.33
Music Theory	3	3	1	2.33
Public Administration	3	2	2	2.33
Latin	2	4	3	3.00
Pre-Speech Pathology	4	3	4	3.67
Pre-Radiology	3	4	4	3.67
Russian	5	3	4	4.00
Pre-Optometry	3	6	5	4.67
Computational Mathematics	5	7	2	4.67
Hospitality and Tourism Management	9	5	2	5.33
German	5	8	7	6.67
Philosophy	9	5	6	6.67
Agribusiness	1	10	10	7.00
Respiratory Therapy	14	7	7	9.33
Physics	4	18	11	11.00
Geography	8	13	14	11.67

Source: 4-Year Public Institutions

Although we did not design our limited analysis to determine whether the identified programs were wasteful or inefficient, the results showed the average number of enrolled majors in many programs were low enough to warrant further evaluation.

According to officials, DHE would support any institutional effort to monitor and improve operational efficiency at public institutions. However, the officials said public institutions have statutorily mandated governing boards and administrative staff and DHE has no statutory authority to require such evaluations. The officials also said local boards are responsible for ensuring operational efficiency at the institutions they serve. Accordingly, DHE officials said they would welcome the opportunity to support operational improvements at the state's public institutions but would not endorse violating local autonomy to serve the diverse needs of the regions.

Results of other institutions' processes

To respond to increasing financial pressures, Central Missouri State University implemented an evaluation process in 2002 which included a review of academic as well as non-academic programs and services, current policies, and budgeting practices. The evaluation criteria involved reviewing

each program's academic quality and its ability to continue to meet the institution's mission. The university performed an initial evaluation, and then implemented annual reviews of both its academic and non-academic programs and 5-year academic reviews. As part of the annual and 5-year review process, the university sent all departments data on selected measures of academic quality, productivity/cost and diversity. University officials estimated the institution reallocated \$1.5 million of instructional funds over a 4-year period.

Northwest Missouri State University developed its evaluation process in 1995 as a quality improvement initiative. The university tested the annual process, which includes both academic and non-academic program review, at the university between 1999 and 2003 in its three central subsystems of instruction, student services, and support services. Designated as a "universal" operational planning tool, the process includes seven steps and has two parts (1) continuous quality improvement activities, and (2) cost analysis activities. Institution officials gave several examples of efficiency gains realized from the process, including a \$20,000 savings in paper every year by switching some processes from paper to online submission, and a \$750,000 total savings the first year of the program. Officials said having a rational framework available when the university needed to make cuts in response to appropriation reductions was beneficial.

A University of Missouri system policy provides for academic program assessment and audit. Program assessment requires each department, center, and institute to undergo a cyclic assessment process to improve the quality of educational opportunities the academic unit provides. A program audit is designed to determine if a degree program or academic unit should be modified, consolidated, suspended, or discontinued. According to institution officials, informal academic program assessment had been ongoing as noted in policy, but officials implemented the formal program audit process in 2003 due to previous budget cuts. Based on analysis of the university's entire degree program inventory, officials selected 50 programs (8 percent of the total inventory) for campus audits using critical performance indicators. Of the 50 programs audited, the campuses elected to maintain eleven with disposition of the remaining 39 as follows: officials gave 6 programs notice with pending decisions based on future performance, modified 11, merged 6, inactivated 10 (e.g., no longer admit students), and discontinued 6. This process also resulted in the St. Louis campus postponing the implementation of three newly approved programs.

Taking Advantage of Best Practices Could Benefit Institutions

DHE has not developed a formalized process, or central clearinghouse, for identifying, inventorying, and recommending the use of best practices to the state's institutions. We identified institutions within and outside the state that had developed and or implemented cost-effective best practices to help them operate more efficiently. DHE officials told us they had disseminated best practices to institutions through informal processes. They also believe developing a clearinghouse for the identification and implementation of best practices would be a better way to assist institutions to operate more efficiently. However, the officials noted without additional financial support for personnel, equipment, and general support, DHE simply could not take on the additional responsibility.

Examples of identified best practices

Following are a few examples of cost-effective best practices we identified during our audit:

Alternative fuel system

Northwest Missouri State University has developed and implemented a system that uses alternative fuels to heat and cool its facilities. System implementation has resulted in estimated savings of more than \$8 million since its inception in fiscal 1982. The process burns wood chips, paper pellets, and animal waste pellets, instead of natural gas. Officials developed an implementation plan and secured necessary private funding through a \$2 million conditional lease. According to institution officials, \$375,000 in average annual savings have resulted from the use of alternative fuel sources. These savings have been reallocated into the university's instructional programs and provided a portion of the funding needed to bring faculty, administrative, professional and support staff salaries to market-based levels.

Textbook rental programs

Textbook rental is a practice several Missouri institutions use as a way to help reduce the costs of education to students and their parents. Our analysis showed Central Missouri State University, Missouri Southern State University, Northwest Missouri State University, and Southeast Missouri State University have textbook rental programs. These rental programs varied regarding the quantity of books available to rent and how rental costs were determined. Officials at these universities estimated savings to individual students ranged from \$330 to \$650 annually.

Federal legislation, the Affordable Books for College Act, has been proposed to offer federal loans to help college bookstores set up rental programs. A study¹⁵ supporting this legislation indicated a student could save an average of \$600 annually by renting books. We also identified 17

¹⁵ United States Senate Committee Study (Senator Charles Schumer, September 2005)

states that proposed legislative action in 2005 to help reduce textbook costs to students and their parents. Legislation the states proposed ranged from sales tax exemptions and income tax credits to grants and financial aid. Other proposals included creating statewide textbook rental programs and addressed such issues as how (1) book stores sell books, (2) book publishers bundle books and materials for sale, and (3) institutions purchase books.

Best practices from other states

The following illustrates examples of best practices from other states.

Ohio: The Governor's Commission on Higher Education and the Economy recommended the Ohio Board of Regents submit a biennial "Results through Productivity" report to the Governor and the General Assembly in connection with the budget process. Purposes of the report are to provide policymakers and the public with evidence of actual efficiencies the state's public colleges and universities attained and to be attained and to stimulate further efficiencies. Excerpts from the 2005 report showed from fiscal 1999 to 2004 FTE campus enrollment increased 15.8 percent, from 320,595 to 371,121. Over the same period campus costs per FTE in 2004 inflation adjusted dollars decreased 2.3 percent, from \$10,788 to \$10,536. During that period, state support per FTE declined \$1,074. The campuses covered \$252 (or almost 25 percent) of the lost revenue through cost reductions. The balance (\$822) was defrayed primarily through tuition increases.

Indiana: The Government Efficiency Commission issued four reports. Findings related to higher education are being used to support greater differentiation in institutional mission, expansion of community college services, increased involvement of communities in supporting college campuses, and greater effort to diversify funding streams in support of higher education initiatives, especially at major research institutions.

Oklahoma: The Academic Efficiencies Project is a new initiative involving faculty from across the state's higher education system with the goal of identifying and implementing processes and practices that can increase learning productivity and the efficient use of limited state system resources. By working together, faculty from state system institutions can provide higher-quality learning experiences in more cost-effective ways without diminishing academic freedom or compromising individual creativity in the classroom. The outcome of this project will be toolkits of instructional methods and materials for voluntary use in specific subject areas — toolkits that can be used by faculty from across the state, across a wide spectrum of academic disciplines.

Texas: In December 2004 the Higher Education Coordinating Board launched a statewide Higher Education Accountability System. The system

is designed to provide students, parents, policymakers and the public with detailed information related to the four goals of the statewide Closing the Gaps plan, as well as, an additional set of measures related to institutional operational efficiency. Goals of the plan are designed to facilitate improvement in four major areas of higher education, including: participation, success, excellence, and research. The fifth category of measures in the accountability system is institutional efficiency and effectiveness, in which the institutions are evaluated on the cost of educating students, maintaining facilities, faculty salaries, and administrative expenses.

DHE Lacks Authority to Arbitrate Disputes Between Public Institutions

Institutions participate in consortia and collaborative agreements as an efficient and economical way for institutions to deliver academic degree programs among colleges and universities, within and across educational sectors. While Missouri's higher education institutions participate in many such agreements, DHE has no statutory authority to regulate how the various agreements are managed. Missouri has established a number of regional consortia composed of multiple institutions working collaboratively to identify regional needs and to determine the best delivery systems to meet those needs. For example, collaboration could involve two or more institutions agreeing to provide courses for each other's students, located in different states or cities. Agreements range from a 4-year Missouri institution offering a baccalaureate degree in information technology in cooperation with several Missouri community colleges and area businesses to a Missouri institution collaborating with a Kansas institution to offer nurse midwifery and women's health.

DHE provided us a list of more than 120 consortia and collaborative agreements between institutions within and outside the state. While these agreements often result in more economical opportunities for students to obtain higher education services, a recent disagreement between two Missouri institutions resulted in a legal dispute. As of June 2006 this dispute had not been resolved. DHE unsuccessfully attempted to arbitrate a settlement between the institutions. As a result, the institutions are spending public resources to litigate the issues. In this case, the agreement between SEMO and Three Rivers Community College was designed to offer selected associate degrees to students at various area outreach sites owned by SEMO through shared course work provided by both institutions.

The 2006 legislative session considered a law requiring institutions to submit to binding arbitration in matters that arise from disagreements between institutions involved in consortia and or collaborative agreements. However, this measure failed to pass.

Conclusions

Given recent budget pressures, Missouri's higher education institutions have found it difficult to provide students an affordable education due to declining state support. Average tuition for Missouri's 4-year public institutions continues to be the highest among Big 12 states and second highest to its contiguous states. It is imperative institution officials operate as efficiently as feasible to help keep tuition levels affordable for Missouri students. If tuition is not affordable educational opportunities for some students may be jeopardized.

According to officials, DHE is not sufficiently funded and staffed to evaluate operational efficiency through its statutory mission reviews. In fact, the formal review process has not been sufficient to provide the in-depth evaluation institutions need to ensure operational efficiency. Past evaluations performed by some institutions show an evaluation process with defined criteria is more successful. However, because institutions were not required to conduct evaluations some had not done so.

Because no central clearinghouse has been established to identify, inventory, and evaluate/recommend the use of cost-effective best practices, DHE and the institutions have not taken full advantage of the opportunity to evaluate implementing best practices to help the institutions operate more efficiently. As a result, even as tuition levels continued to rise, efficiencies that may have been available to the institutions may not have been realized.

Missouri's higher education institutions participate in many consortia and collaborative agreements; however, DHE has no statutory authority to regulate how these agreements are managed. As a result, occasional disagreements arose from some relationships and in at least one case, resulted in a legal dispute.

Recommendations

We recommend the Commissioner of the Department of Higher Education:

- 3.1 Continue requesting the funding necessary for the department to conduct the mission reviews required by state law. If the necessary funding is not provided, DHE should require state funded institutions to conduct periodic efficiency evaluations using pre-defined evaluation criteria and DHE oversight.
- 3.2 Coordinate with institutional officials to develop a clearinghouse to identify cost-effective best practices.

We recommend the General Assembly:

- 3.3 Provide the DHE statutory authority to arbitrate disputes between public institutions arising from consortia and collaborative agreements among institutions.

Agency Comments

3.1 *The DHE is dedicated to resuming formal mission review. The DHE agrees that institutions should engage in periodic efficiency evaluations to help ensure better appropriate accountability. Furthermore, the results of such evaluations should be reported to the Coordinating Board for Higher Education (CBHE) and posted on the DHE website. The CBHE and the DHE are committed to integrating efficiency evaluations into a reinstituted five-year mission review oversight program when adequate staffing through additional resources becomes available.*

3.2 *Periodically, the DHE has provided cost-effective best practices to public four-year institutional officials. Establishing a clearinghouse to identify cost-effective best practices in coordination with institutional officials will ensure the establishment of a consistent and current database of state, national, and global models. Ensuring that the database is updated regularly and is easily accessible to institutional officials and public policymakers will help informed decisions associated with greater institutional efficiencies.*

We also received correspondence from 5 of the public 4-year institutions. Concerns expressed included:

- The accounting and reporting of unrestricted expenditures and tuition may not be consistent among the various institutions.
- The report compares tuition levels from various states but does not provide a similar comparison for the amount of state support.
- Amounts reported for tuition includes mandatory fees students are required to pay. These fees fund non-academic services such as student union, recreational facilities, and health care expenses.
- Fiscal Year 2006 unrestricted expenditures (and related rates of increase) were based on projected versus actual data.
- Unrestricted expenditures included mandatory transfers for such items as debt service, funding for capital projects, and research projects.
- Some institutions suggested additional analysis based on cost per credit hour and/or costs per FTE student would have been more beneficial.

-
- Several institutions believed more examples of cost cutting actions by Missouri institutions should have been presented.
 - One institution noted significant increases in scholarship expense were incurred to offset the effect of rising tuition costs for qualifying students.
 - One institution believed cost comparisons to private institutions would have been beneficial.

Tuition Levels by Institution

This appendix shows the tuition levels for Missouri's 4-year universities, and public 4-year research institutions.

Table I.1 lists the tuition levels and percentage increases in tuition for the 13 Missouri campuses.

Table I.1: Annual Resident Undergraduate Tuition for Public 4-Year Institutions

Institution	2000	2001	2002	2003	2004	2005	2006	Percent Increase	
								03-06	00-03
Harris-Stowe State University	\$2,595	\$2,715	\$2,895	\$3,760	\$3,760	\$4,270	\$4,650	24	45
Missouri Southern State University	2,391	2,496	2,868	3,720	3,976	3,810	3,916	5	56
Missouri Western State University	2,774	3,026	3,224	4,064	4,464	4,778	4,778	18	47
Central Missouri State University	2,970	3,210	3,510	4,230	4,980	5,340	5,550	31	42
Northwest Missouri State University	3,068	3,330	3,600	4,560	4,845	5,325	5,535	21	49
Southeast Missouri State University	3,375	3,390	3,525	4,215	4,575	4,875	5,145	22	25
Missouri State University*	3,400	3,564	3,748	4,274	4,636	5,132	5,454	28	26
Truman State University	3,544	3,812	3,982	4,350	4,656	5,482	5,812	34	23
Lincoln University	2,589	3,220	3,400	3,730	4,084	4,474	4,602	23	44
University of Missouri (UM) - Columbia	4,641	4,726	4,887	5,552	6,558	7,100	7,745	39	20
University of Missouri - Kansas City	4,587	4,754	5,036	5,573	6,726	7,192	7,425	33	21
University of Missouri - Rolla	4,800	4,805	4,975	5,661	6,839	7,299	7,545	33	18
University of Missouri - St. Louis	4,796	4,940	5,116	5,813	6,866	7,378	7,618	31	21
Avg. (all 13 campuses)	3,502	3,691	3,905	4,577	5,151	5,573	5,829	27	31
Avg. (excluding UM campuses)	2,967	3,196	3,417	4,100	4,442	4,832	5,049	23	38
Avg. (UM campuses only)	4,706	4,806	5,004	5,650	6,747	7,242	7,583	34	20
HEPI								14	12
CPI								8	7
Personal Income**								8	10

*Formerly known as Southwest Missouri State University

**The personal income measure used is real disposable personal income per capita. For the 03-06 period, personal income data was only available until 2005, making 2003-2006 personal income actually a measure of 2003-2005.

Source: Prepared by the SAO using tuition data obtained from the Chronicle of Higher Education and real disposable personal income per capita data obtained from United States Department of Commerce Bureau of Economic Analysis.

Table I.2 ranks the doctoral/research institutions in the comparison group states by academic year 2006 resident undergraduate tuition levels.

Table I.2: Tuition Levels at Public 4-Year Doctoral/Research Institutions

Institution*	2000	2001	2002	2003	2004	2005	2006	Percent Increase	
								03-06	00-03
University of Illinois at Urbana-Champaign	\$4,526	\$4,752	\$5,754	\$6,704	\$7,010	\$7,966	\$8,688	30	48
University of Illinois at Chicago	4,648	4,780	4,944	6,592	6,964	7,652	8,302	26	42
Colorado School of Mines	5,211	5,412	5,621	5,952	6,433	7,082	8,143	37	14
University of Missouri at Columbia	4,641	4,726	4,887	5,552	6,558	7,100	7,745	39	20
University of Missouri at St. Louis	4,796	4,940	5,116	5,813	6,866	7,378	7,618	31	21
University of Missouri at Rolla	4,800	4,805	4,975	5,661	6,839	7,299	7,545	33	18
University of Missouri at Kansas City	4,587	4,754	5,036	5,573	6,726	7,192	7,425	33	21
Illinois State University	4,210	4,340	4,482	4,854	5,530	6,328	7,091	46	15
University of Texas at Austin	3,128	3,585	3,776	3,950	4,188	5,735	6,972	77	26
University of Texas at Dallas	4,596	3,965	4,115	4,775	5,193	6,363	6,831	43	4
Southern Illinois University at Carbondale	3,936	4,114	4,254	4,865	5,521	6,341	6,831	40	24
Northern Illinois University	4,090	4,274	4,484	5,326	5,164	5,946	6,638	25	30
Texas A&M University at College Station	3,233	3,374	3,722	4,748	5,051	6,041	6,399	35	47
Texas Tech University	1,797	3,274	3,489	3,867	4,895	5,848	6,152	59	115
University of North Texas	3,555	3,055	3,271	3,565	4,414	5,562	6,110	71	0
University of Kentucky	3,296	3,446	3,706	3,975	4,546	5,165	5,812	46	21
Iowa State University	3,004	3,204	3,442	4,110	5,028	5,426	5,634	37	37
University of Iowa	3,038	3,204	3,522	4,191	4,993	5,396	5,612	34	38
University of Nebraska at Lincoln	3,308	3,450	3,790	4,145	4,711	5,341	5,598	35	25
University of Texas at Arlington	3,212	3,471	3,709	3,992	4,423	5,300	5,561	39	24
University of Louisville	3,246	3,448	3,796	4,082	4,450	5,040	5,532	36	26
University of Arkansas at Fayetteville	3,534	3,669	3,956	4,228	4,768	5,179	5,495	30	20
University of Kansas	2,518	2,725	2,884	3,484	4,101	4,737	5,413	55	38
University of Kansas Medical Center	2,296	2,473	2,539	3,181	4,101	4,737	5,413	70	39
University of Colorado at Boulder	3,153	3,223	3,357	3,601	4,020	4,341	5,372	49	14
University of Tennessee at Knoxville	3,104	3,362	3,784	4,056	4,450	4,749	5,290	30	31
University of Arkansas at Little Rock	3,405	3,647	3,825	4,210	4,478	4,778	5,213	24	24
Kansas State University	2,592	2,781	2,835	3,436	4,060	4,665	5,124	49	33
University of Memphis	2,818	3,085	3,470	3,704	4,234	4,480	5,084	37	31
University of Colorado at Denver	2,418	2,648	2,934	3,265	3,595	3,978	4,906	50	35
University of Texas at El Paso	2,652	2,985	3,200	3,036	3,865	4,648	4,888	61	14
Texas Woman's University	2,072	2,515	3,013	3,432	4,086	4,320	4,830	41	66
Middle Tennessee State University	2,516	2,808	3,178	3,442	4,010	4,210	4,600	34	37
East Tennessee State University	2,532	2,779	3,119	3,311	3,839	4,059	4,487	36	31
Texas Southern University	2,154	1,790	2,450	2,712	3,962	4,416	4,468	65	26
University of Oklahoma at Norman	2,396	2,491	2,723	2,939	3,983	4,140	4,408	50	23
Oklahoma State University	2,412	2,587	2,779	2,960	3,748	4,071	4,365	47	23
Tennessee State University	2,516	2,672	2,969	3,252	3,818	4,008	4,334	33	29
Texas A&M University at Kingsville	2,482	2,607	2,857	2,862	2,982	4,086	4,326	51	15
Colorado State University	3,062	3,133	3,252	3,435	n/a	3,790	4,262	24	12
Wichita State University	2,573	2,759	2,798	3,085	3,507	3,909	4,232	37	20
Texas A&M University at Commerce	2,516	2,716	2,776	3,224	3,624	3,834	4,136	28	28
University of Houston	2,334	2,998	3,168	3,348	4,324	3,960	3,997	19	43
University of Northern Colorado	2,754	2,783	2,842	2,984	3,242	3,370	3,837	29	8

*Includes both extensive and intensive doctoral/research institutions as defined by the Carnegie Classification of Institutions of Higher Education

Source: Prepared by SAO based on Chronicle of Higher Education data.

Unrestricted Expenditures

This appendix shows similar trends in both the total unrestricted expenditures and these expenditures per FTE student.

Table II.1 shows the total unrestricted expenditures by the 10 institutions.

Table II.1: Total Unrestricted Expenditures by State Fiscal Year (dollars in thousands)

State	2000	2001	2002	2003	2004	2005*	2006**	Percent Change	
								03-06	00-03
Harris-Stowe State University	\$12,832	\$13,786	\$14,525	\$13,565	\$14,840	\$15,998	\$15,681	16	6
Missouri Southern State University	32,729	36,337	35,674	38,823	37,510	42,848	44,532	15	19
Missouri Western State University	34,751	36,428	35,945	34,382	36,685	41,021	41,782	22	-1
Central Missouri State University	90,566	95,267	103,723	98,496	99,325	113,322	110,770	12	9
Northwest Missouri State University	53,359	59,989	57,698	57,500	58,723	62,000	60,814	6	8
Southeast Missouri State University	76,291	80,412	81,475	77,774	87,867	89,808	93,099	20	2
Missouri State University***	144,511	152,116	154,469	166,542	161,610	173,906	182,272	9	15
Truman State University	69,270	73,685	70,772	72,840	73,865	78,672	80,809	11	5
Lincoln University	25,230	25,817	30,530	26,691	26,863	28,830	29,432	10	6
University of Missouri ¹	876,176	916,328	923,444	965,044	902,922 ²	975,729	1,023,009	6	10
HEPI								14	12
CPI								8	7
Personal Income****								8	10

¹Includes all 4 campuses

²2004 represents the first year of a University of Missouri accounting change that reclassified an estimated \$120 million as auxiliary services.

*Estimated

**Projected - includes state appropriations net of Governor's 3 percent withholding

***Formerly known as Southwest Missouri State University

**** The personal income measure used is real disposable personal income per capita. For the 03-06 period, personal income data was only available until 2005, making 2003-2006 personal income actually a measure of 2003-2005.

Source: Prepared by SAO based on DHE expenditure data and real disposable personal income per capita data obtained from United States Department of Commerce Bureau of Economic Analysis via Missouri Department of Economic Development.

Table II.2 shows total unrestricted expenditures per FTE student by fiscal year.

Table II.2: Total Unrestricted Expenditures Per FTE Student by State Fiscal Year

State	2000	2001	2002	2003	2004	2005*	2006**	Percent Change	
								03-06	00-03
Harris-Stowe State University	\$11,970	\$13,320	\$13,820	\$13,273	\$15,346	\$15,050	\$13,111	-1	11
Missouri Southern State University	7,601	8,408	8,086	8,890	9,194	10,596	10,607	19	17
Missouri Western State University	8,515	9,021	8,782	8,317	9,327	10,265	10,276	24	-2
Central Missouri State University	10,908	11,188	12,268	11,850	12,019	13,942	13,279	12	9
Northwest Missouri State University	10,293	11,329	10,761	10,857	11,273	12,358	11,841	9	5
Southeast Missouri State University	11,458	11,888	11,572	10,609	11,820	12,151	11,945	13	-7
Missouri State University***	10,444	10,779	10,730	11,382	10,825	11,455	12,088	6	9
Truman State University	11,463	12,663	12,371	12,831	13,345	13,829	14,290	11	12
Lincoln University	10,623	10,829	12,642	11,889	11,918	12,164	12,540	5	12
University of Missouri ¹	21,831	22,327	22,155	21,680	19,768 ²	20,864	21,680	-1	-1
HEPI								14	12
CPI								8	7
Personal Income****								8	10

¹Includes all 4 campuses

²2004 represents the first year of a University of Missouri accounting change that reclassified an estimated \$120 million as auxiliary services.

*Estimated

**Projected – includes state appropriations net of Governor's 3 percent withholding

***Formerly known as Southwest Missouri State University

**** The personal income measure used is real disposable personal income per capita. For the 03-06 period, personal income data was only available until 2005, making 2003-2006 personal income actually a measure of 2003-2005.

Source: Prepared by SAO based on DHE expenditure data and real disposable personal income per capita data obtained from United States Department of Commerce Bureau of Economic Analysis via Missouri Department of Economic Development.



Claire McCaskill

Missouri State Auditor

August 2006

ADMINISTRATION

Missouri Ethics Commission



Office Of
Missouri State Auditor
Claire McCaskill

August 2006

The following findings were included in our audit of the Office of Administration, Missouri Ethics Commission.

The Missouri Ethics Commission (MEC) was created by the Missouri Ethics Law of 1991. The law provides for the MEC to have responsibilities for the enforcement of conflict of interest and lobbying laws and campaign finance disclosure laws.

The Missouri Ethics Commission's enforcement authority is often limited or non-existent because some state laws are vague, confusing, and inconsistent. Noted problems include:

- State law requires each lobbyist or lobbyist principal to file a report, due twice a year, describing proposed legislation or actions supported or opposed. However, the law allows either the lobbyist or lobbyist principal to file this report and some principals have numerous lobbyists, which makes it difficult for the MEC to determine if all required reports were filed. Furthermore, penalties are not allowed for late filers or non-filers.
- State law allows a political subdivision to adopt an ordinance establishing its own method of disclosing potential conflicts of interest. Adopting this ordinance limits the number of employees of the political subdivision that have to file a report with the MEC and allows them to file a short form report rather than a long form. The law does not allow the MEC to charge a penalty for non-filers or late filers of the short form report.
- State law allows the MEC to request a political subdivision to submit a listing of persons designated as decision-making public servants, who are required by law to file a personal financial disclosure report. We noted 11 political subdivisions in 2004 that did not comply with the MEC's request for a listing and there is no penalty provisions for non-compliant political subdivisions.

The MEC is required by law to maintain files of lobbyist reports, campaign finance disclosure reports, and personal financial disclosure reports for public inspection, as well as review and audit them for timeliness, accuracy, and completeness. It appears the MEC is adequately reviewing reports for timeliness and ensuring these reports are filled out properly and signed. In addition, the MEC performs crosschecks on some campaign finance reports. The MEC considers these actions to be "audits" of the reports; however there is no independent audit or verification of the data in the reports.

The statutory deadline was not met for deciding election complaints for 21 out of 28

YELLOW SHEET

complaints filed before the April 4, 2006 election because the MEC did not have a quorum of four commissioners. A quorum was not possible as three of the six commissioner's terms expired on March 15, 2006, and new commissioners were not appointed in time to meet the statutory requirement of 15 days. Although appointments have since been made and approved, they were not done in a timely manner. Due to similar circumstances, 6 out of 15 and 12 out of 13 complaint decisions were untimely in 2004 and 2002, respectively.

The MEC does not publish written opinions annually as required by state law. The MEC currently lists opinions on their website with a brief description. The MEC management indicated they have plans to make their opinions available on the MEC's website, but there is currently no timeframe for this project.

Also included in the report are recommendations related to expenditures, information system policies and procedures, and performance appraisals.

Many of the findings in this audit were also included in our prior audit report #2002-37.

All reports are available on our website: www.auditor.state.mo.us

OFFICE OF ADMINISTRATION
MISSOURI ETHICS COMMISSION

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the Missouri Ethics Commission
and
Robert F. Connor, Executive Director
Missouri Ethics Commission
Jefferson City, MO 65109

We have audited the Office of Administration, Missouri Ethics Commission. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2005, 2004, 2003, and 2002. Section 105.955 (17), RSMo, does not allow the State Auditor's Office to review any file or document pertaining to any particular investigation, audit, or review by the Missouri Ethics Commission. As a result of this restriction on our access to such records, we could not determine if the commission had complied with laws pertaining to such investigations. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the Missouri Ethics Commission, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of

noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Except as indicated in the first paragraph, our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the commission's management and was not subjected to the procedures applied in the audit of the Missouri Ethics Commission.

The accompanying Management Advisory Report presents our findings arising from our audit of the Missouri Ethics Commission.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

May 9, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Randall Gordon, CPA
In-Charge Auditor:	Christina Davis
Audit Staff:	Ali Arabian

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

OFFICE OF ADMINISTRATION
MISSOURI ETHICS COMMISSION
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Statutory Requirements
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The MEC's enforcement authority is often limited or non-existent because the state laws are vague, confusing, inconsistent, and contain numerous exceptions to the various reporting requirements. The MEC has the responsibility for the enforcement of conflict of interest and lobbying laws (Section 105.450-498, RSMo). Examples of problems noted are as follows:

Lobbyist reporting

Section 105.473.12, RSMo, requires each lobbyist or lobbyist principal to file a report describing proposed legislation or actions supported or opposed. This report is due twice a year on March fifteenth and May thirtieth. However, the law allows either the lobbyist or lobbyist principal to file this report and some principals have numerous lobbyists. As a result, the law makes it difficult for the MEC to determine if all required reports were filed. In addition, the law does not allow the MEC to assess a penalty for late filers or non-filers.

Personal financial disclosure reporting

Section 105.485.4, RSMo, allows a political subdivision to adopt an ordinance establishing its own method of disclosing potential conflicts of interest. Adopting this ordinance limits the number of employees of the political subdivision that have to file a report with the MEC and allows them to file a short form report (employees of political subdivisions not adopting such an ordinance must file a long form). However, the law does not allow the MEC to charge a penalty for non-filers or late filers of the short form.

Section 105.955.18, RSMo, allows the MEC to request a political subdivision to submit a listing of persons designated as decision-making public servants, who are required by law to file a personal financial disclosure report. The law allows the political subdivision 30 days from the date of the request to submit the list to the MEC. We noted 11 political subdivisions in 2004 that did not comply with the MEC's request for a listing. The law does not allow the MEC to charge a penalty if a political subdivision fails to file the listing.

Failure to have clear, well-written laws limits the MEC's ability to effectively monitor and enforce compliance with Chapter 105. Legislative changes have been pursued by the MEC that would resolve some of these issues, but the changes have not passed.

This condition was also noted in our prior report.

WE RECOMMEND the MEC continue to pursue statutory changes to Chapter 105 to ensure the laws include appropriate enforcement provisions.

AUDITEE'S RESPONSE

The Missouri Ethics Commission provided the following response:

The auditor states that Missouri Ethics Commission enforcement authority is hampered due to state laws being vague, confusing, and inconsistent and contains numerous exceptions to various reporting requirements. The report cites several examples to support their position. These pertain to lobbyist reporting and personal finance disclosure reporting. The Missouri Ethics Commission for the years contained within the audit has annually supported legislation that would affect the methodology in which it can enforce Chapter 105, RSMo. These changes have not been enacted into law; however, the commission will continue to recommend legislation that will attempt to correct the issues set forth in this audit.

2.

Report Review and Auditing Procedures

The MEC does not perform adequate reviews and audits of reports received. The MEC is required by law to maintain files of lobbyist reports, campaign finance disclosure reports, and personal financial disclosure reports for public inspection. The law requires the MEC to review and audit these reports for timeliness, accuracy, and completeness. However, the MEC does not audit these reports by performing random independent verification of the data contained in them unless a complaint is filed under Section 105.472, RSMo. The following describes the current review process:

Lobbyist reports

Lobbyists are required to register with the MEC. Once registered, the MEC provides the lobbyist a username and a password, which the lobbyist uses to file the monthly expenditure reports electronically using the internet. Edit checks within the electronic reporting system help ensure the form is mathematically accurate and all required fields are properly completed before the report is accepted into the reporting system. In addition, the system generates lists of non-filers as well as late filers and the MEC reviews these lists on a monthly basis.

Campaign finance disclosure reports

Campaign finance disclosure reports are filed throughout the year by various candidates and committees. The MEC reviews each of these reports for timeliness and ensures the reports are filled out properly and signed. In addition, the MEC performs crosschecks of electronically filed reports and a random sample of five percent of reports filed on paper. If potential problems are identified by the crosschecks, further review is performed by obtaining bank documentation.

Personal financial disclosure reports

Personal financial disclosure reports are filed throughout the year by candidates for election, elected officials, individuals appointed to office, and various other individuals. The MEC reviews each of these reports for timeliness, proper signature, and proper reporting period. In addition, the MEC maintains a database of all known required filers and applicable filing deadlines which allows the MEC to identify potential non-filers.

Section 105.955.14(2), RSMo, requires the MEC to review and audit the reports noted above for timeliness, accuracy, and completeness. Section 105.959.1 requires the MEC to review reports and statements filed pursuant to Section 105.470 (**Lobbyist**), Section 105.483 (**Financial Interest**), and Chapter 130 (**Campaign Finance**) for completeness, accuracy, and timeliness, and upon review, if there are reasonable grounds to believe that a violation has occurred, shall conduct an audit of such reports and statements. In addition, Section 105.955.14(3), RSMo, requires cross-checks of information included in such statements and reports and Section 130.032.7, RSMo, requires a review for campaign contribution limits.

It appears the MEC is adequately reviewing reports for timeliness and ensuring these reports are filled out properly and signed. In addition, the MEC performs crosschecks on some campaign finance reports. While the MEC considers these actions to be audits of the reports, we would not consider them to be an actual audit because there is no independent verification of the data in the reports.

While it would not be feasible to audit about 1,000 monthly lobbyist reports, about 9,000 to 10,000 annual personal financial disclosure reports, and about 11,000 to 12,000 campaign finance disclosure reports in a major election year (about 4,000 reports are received in other years), it would be feasible to audit a sample of each type of report. Such audits should include a review of supporting documentation to verify the accuracy and completeness of information reported (i.e., expenditures, income, etc.). Auditing a sample of reports in this manner would provide assurance as to the accuracy and completeness of the reporting process and possibly act as a deterrent and prevent inaccurate or fraudulent reporting. According to MEC management, they do not have legislative authority to perform these types of audits as some other states and jurisdictions do.

This condition was also noted in our prior report.

WE AGAIN RECOMMEND the MEC perform audits of the various reports by obtaining independent verification of the data to ensure the accuracy and completeness of the reporting process.

AUDITEE'S RESPONSE

The Missouri Ethics Commission provided the following response:

The audit report reflects that even though the Missouri Ethics Commission conducts audits based on crosschecks, reviews for completeness and verification of timeliness, it should be the practice of the Missouri Ethics Commission to perform more significant audits by independent verification of the data. This audit methodology would require the commission to employ significant staff to travel the state and review the individual records of various persons and committees that possess those records.

The Missouri Ethics Commission will make an effort to determine the methodology required to implement this recommendation and pursue legislative changes necessary.

3. Election Complaints and Written Opinions

Statutory requirements for deciding election complaints and for publishing opinions were not met.

- A. Section 105.955, RSMo, states all members of the commission shall be appointed by the governor with the advice and consent of the senate and terms of successor members of the commission shall expire on March fifteenth of the fourth year of their term. Subsection 4, states the procedures for filling expired terms on the commission.

The statutory deadline was not met for deciding election complaints for 21 out of 28 complaints filed before the April 4, 2006 election because the MEC did not have a quorum of four commissioners. Section 130.054, RSMo, indicates that complaints received on persons running for office within 60 days prior to the primary election must be investigated and voted on by at least four commissioners within 15 business days. A quorum was not possible as three of the six commissioner's terms expired on March 15, 2006, and new commissioners were not appointed in time to meet the statutory requirement of 15 days.

The Governor appointed two commissioners on April 21, 2006. They were confirmed by the Senate on May 4, 2006. Commission meetings were held on May 5 and May 18, 2006, to decide the late complaint cases and to ensure compliance with other statutory deadlines. Although appointments have been made and approved, they were not done in a timely manner to ensure the MEC would be in compliance with state law regarding the 15 day complaints. According to MEC management, having three commissioners' terms expire on March 15th of an even numbered year causes a problem with deciding the complaints filed for that year's April election by the statutory deadline. As a result, due to similar circumstances, 6 out of 15 and 12 out of 13 complaint decisions were untimely in 2004 and 2002, respectively.

- B. The MEC does not publish written opinions annually as required by statute. Section 105.955.16 (1), RSMo, indicates opinions must be published annually and the name of the requestor shall be deleted from the published opinions. The MEC currently lists opinions on their website with a brief description. The original opinions are maintained by the MEC in a notebook and still include the requestor's name. However, the name of the requestor is deleted from the opinion when copies are made upon request by the public. The opinions are less accessible than required by statute since the opinions are not published. The MEC management indicated they have plans to make the entire opinion, minus the requestor's name, available on the MEC's website, but there is currently no timeframe for this project.

WE RECOMMEND the MEC:

- A. Work in cooperation with the Governor to ensure the MEC is able to maintain a quorum of commissioners to ensure compliance with statutory requirements for reviewing complaints.
- B. Ensure opinions are published annually as required by law.

AUDITEE'S RESPONSE

The Missouri Ethics Commission provided the following responses:

- A. *We will continue to work with the appropriate authorities in the process of nominating, appointing, and confirming the Missouri Ethics Commission members.*
- B. *The auditor recommendation that maintaining the commission opinions on the website will continue to be a goal of the commission members and its staff. The commission, and the staff, agrees that the annual publishing of opinions on its website is a target that should be pursued. However, 105.955.16(1), RSMo., contains a sentence that provides that the opinions shall be available for review in the office of the commission. This restriction may have to be removed before the opinions may be available by electronic methods. The statutory change will be discussed with the members of the General Assembly.*

4. Expenditures

The MEC reimbursed some employees for meals when the meals were not eligible for reimbursement, and has not solicited proposals for legal services since 1996.

- A. The MEC reimbursed some employees for meals when the employees were not in continuous travel status for 12 hours or more. According to 1 CSR 10-11.010 (3), to be eligible for reimbursement of meals, employees must be in continuous travel

status for 12 hours or more and employees shall indicate this on their expense report.

Before the regulation went into effect in July 2002, the Office of Administration (OA) sent out a notice to agencies reminding them of the new rule. The notice stated that only the Commissioner of Administration could approve exceptions to the rule. Any approved exceptions must be coded differently to allow for tracking the expenses for notification to the IRS of taxable income to the employee. The MEC did not seek an exception from the Commissioner of Administration and did not code these expenses so that the proper IRS forms would be prepared. After we brought this to their attention, the MEC management contacted the OA and has made the necessary corrections to allow the Form W2-C to be prepared for the employees and to allow for the proper withholdings to be made from their pay. The MEC management also reminded employees of this regulation and said they will not allow these reimbursements in the future.

While the MEC has corrected the current situation, they should ensure state policies regarding meal reimbursements are followed.

- B. The MEC has not solicited proposals for legal services since 1996 and does not have a written policy for the selection and procurement of legal services. Section 105.955.15(4), RSMo, allows the MEC to contract for services including legal counsel. The MEC originally solicited proposals for legal services ten years ago, in 1996. Since that time, the MEC has renewed the contract each year with the same firm without soliciting for proposals from other possible firms. There was no documentation indicating why proposals were not solicited for the legal counsel. This firm received approximately \$120,000 during the four years ended June 30, 2005. While professional services, such as attorneys, may not be subject to the standard bidding procedures, the MEC should solicit proposals for professional services to the extent practical. Soliciting proposals and subjecting services to a competitive selection process does not preclude the MEC from selecting the vendor or individual best suited to provide the service required.

Procurement and selection processes are necessary to ensure the MEC is receiving the best services and rates. The process should include soliciting proposals and evaluating these proposals for technical experience, capacity and capability of performing the work, past record of performance, and the firm's proximity to and familiarity with the MEC.

WE RECOMMEND the MEC:

- A. Follow state policy for allowing meal reimbursements only when employees document continuous 12 hour travel status.

- B. Adopt a policy addressing the procurement and selection of legal services, and periodically solicit proposals for the selection of these service providers. All documentation regarding proposals solicited should be retained.

AUDITEE'S RESPONSE

The Missouri Ethics Commission provided the following responses:

- A. *The recommendation of the auditor regarding meal reimbursement for travel less than twelve hours was implemented immediately upon the commission being notified of the error.*
- B. *Regarding the recommendation pertaining to procurement and selection of legal services, the Missouri Ethics Commission annually reviews the contract for the attorney, who has provided service to the Missouri Ethics Commission based on the special issues and content of cases submitted to the attorney. The annual solicitation for new legal services, could result in a situation that might place the Missouri Ethics Commission in a position of delay in review and determination of action in cases assigned to the legal service contractor. However, the Missouri Ethics Commission will review our procedures and, if possible, make appropriate changes to the process.*

5. Information System Policies and Procedures

The MEC has not established policies and procedures for all aspects of its electronic information system. Written policies and procedures have not been prepared for:

- a) Establishing, maintaining, and terminating user IDs and passwords - Procedures are essential to protect data from unauthorized access and to prevent intentional or unintentional modification, disclosure, or deletion of applicable information.
- b) Maintaining program documentation and operating instructions - Program documentation should be properly documented and maintained. In addition, operating instructions should be readily available to staff to allow for more efficient and effective use of these programs to generate reports or run queries.
- c) Producing reports - A report production list would help ensure that applicable staff is aware of their responsibilities and that all reports are generated accurately and timely.
- d) Changing software - Procedures for software and programming changes are essential to prevent unauthorized changes.

- e) Backing-up data - Procedures for backing-up data are essential to minimize the impact of the loss of original data.
- f) Disaster recovery - Procedures are needed for disaster recovery and contingency planning. Procedures need to include testing backed-up data to ensure critical operations can continue without interruption when unexpected events occur (fire, weather, or sabotage).

The MEC has changed various aspects of its operations from manual reporting to electronic filing. The changing information system environment at the MEC should be addressed in formal written policies and procedures which would establish lines of authority for software changes, production of reports, programming documentation, backing-up data, and disaster recovery planning.

This condition was also noted in our prior report.

WE AGAIN RECOMMEND the MEC establish formal written policies and procedures for all aspects of its electronic information system.

AUDITEE'S RESPONSE

The Missouri Ethics Commission provided the following response:

The auditor recommends the Missouri Ethics Commission establish formal written procedures for all aspects of our electronic information system. The Missouri Ethics Commission agrees that written policies are important in the operation of information systems. The systems that were in operation at the beginning of the time period of this audit were not documented by employees who developed those systems and those individuals are no longer employed by the Missouri Ethics Commission. The systems are being updated and the procedures are being rewritten, with specific documentation of the entire process. The future system upgrades will be appropriately documented. There are actual processes in place regarding back up and the other issues reflected in the audit, however, complete written documentation has not been developed. The systems stated in the audit will be completely documented as soon as possible.

6. Performance Appraisals

Periodic written performance appraisals are not prepared for MEC's employees. The MEC follows the Office of Administration, Division of Personnel guidelines for performance appraisals, which requires supervisors to conduct an annual performance appraisal for each employee.

Employee personnel files reviewed did not contain written appraisals. The MEC management indicated that due to the small number of employees, performance reviews are handled on a more informal basis. Discussions with employees regarding their performance are held in person on an as needed basis instead of in writing once a year.

Written performance appraisals can be used to document and support decisions on salary increases, promotions, and other personnel actions. In addition, appraisals can lead to improvements in overall work quality.

This condition was also noted in our prior report.

WE AGAIN RECOMMEND the MEC prepare written performance appraisals for all employees.

AUDITEE'S RESPONSE

The Missouri Ethics Commission provided the following response:

The audit recommends that written performance appraisals should be prepared on an annual basis. These appraisals would be used in various actions regarding employees of the commission. The methodology of annual reviews may be appropriate in agencies and units that have a significant number of employees. However, the everyday contact and discussion of personnel issues with a small staff, seems to be more effective in the management of employee/employer issues. The Missouri Ethics Commission and the staff will consider the benefit of the annual appraisal and will devise appropriate policies and definitions to implement a procedure that will pertain to the recommendation.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

OFFICE OF ADMINISTRATION
MISSOURI ETHICS COMMISSION
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Missouri Ethics Commission (MEC) on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended June 30, 2001.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the commission should consider implementing those recommendations.

1. Statutory Requirements

The MEC's enforcement authority was often limited or non-existent because the state laws were vague, confusing, inconsistent, and contained numerous exceptions to the various reporting requirements. Problems were noted regarding lobbyist reporting, campaign finance disclosure reporting, and personal financial disclosure reporting.

Recommendation:

The MEC pursue statutory changes to Chapters 105 and 130 to ensure the laws include appropriate enforcement provisions.

Status:

Statutory changes regarding campaign finance disclosure reporting were passed. Although the MEC has pursued statutory changes regarding lobbyist reporting and personal financial disclosure reporting, new legislation has not been passed by the General Assembly. See MAR finding number 1.

2. Electronic Reporting Systems

- A. The MEC was required by Sections 105.477 and 130.057, RSMo, respectively, to establish an electronic reporting system for lobbyist, campaign finance, and personal financial disclosure reporting. The MEC had not complied with the provisions of these laws in a timely manner. The contracts for the electronic reporting systems for campaign finance and lobbyists were poorly administered and managed, and these systems should have been implemented in a more timely manner. In addition, the MEC did not develop a system for personal finance disclosures.
- B. The MEC's reporting systems did not allow users functionality similar to other state web sites. Missouri's lobbyist system only allowed users to access a list of lobbyists and principals, view lobbyist monthly reports filed (since December 2000), and do searches for lobbyist expenditures made for or on behalf of certain

state elected officials only. In addition, the MEC's web site only allowed the user to make searches on statewide elected officials, members of the general assembly, and supreme court judges. Also, Missouri's campaign finance system only allowed users to view reports filed during 2001 and only some of the reports for prior years.

Recommendations:

The MEC:

- A. Implement the electronic reporting systems for campaign finance and personal financial disclosure as soon as possible.
- B. Update all reporting systems to provide more functionality for the public.

Status:

- A. Partially implemented. The electronic reporting system for campaign finance has been implemented, however, personal financial disclosures have not been converted to an electronic system. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented.

3. Assessment of Late Filing Fees

The MEC did not assess penalties for late filings of monthly expenditure reports by lobbyists from January 1, 1998 through January 31, 2001. In addition, the MEC had not assessed penalties for late campaign finance disclosure reports since 1997. The law did not authorize the MEC to waive late filing penalties.

Recommendation:

The MEC assess late filing fees in accordance with state laws and bill for those fees on a timely basis.

Status:

Implemented.

4. Report Review and Auditing Procedures

The MEC was required by law to maintain files of lobbyist reports, campaign finance disclosure reports, and personal financial disclosure reports for public inspection. The law requires the MEC to review and audit these reports for timeliness, accuracy, and completeness. However, the MEC did not audit these reports unless a complaint was

filed. It appears the MEC was adequately reviewing reports for timeliness and ensuring these reports are filled out properly and signed, and the MEC performed some crosschecks. However, the MEC could not determine if reports are accurate and complete unless the MEC performed audits of reports.

Recommendation:

The MEC perform audits of the various reports to ensure the accuracy and completeness of the reporting process.

Status:

Not implemented. See MAR finding number 2.

5. Information System Policies and Procedures

The MEC had not established policies and procedures for all aspects of its electronic information system. The MEC only had draft procedures for the electronic lobbyist reporting system and the web page.

Recommendation:

The MEC establish formal written policies and procedures for all aspects of its electronic information system.

Status:

Not implemented. See MAR finding number 5.

6. Personnel Policies and Procedures

- A. The MEC followed the Office of Administration, Division of Personnel guidelines for performance appraisals, which required supervisors to conduct an annual performance appraisal for each employee. We reviewed the personnel files for all current employees and none contained written appraisals.
- B. The MEC did not require prospective employees to complete applications for employment. We reviewed the personnel files for all current employees and none contained an application for employment. In addition, the MEC did not routinely contact persons listed as references nor document any reference or background checks that were made.

Recommendations:

The MEC:

- A. Prepare written performance appraisals for all employees on a periodic basis.
- B. Require individuals seeking employment to complete an employment application and perform and retain documentation of reference and background checks.

Status:

- A. Not implemented. See MAR finding number 6.
- B. Partially implemented. The MEC does require employees to complete an employment application; however, two files we reviewed did not contain a completed application. The MEC does perform reference checks and performs background checks on investigative personnel only. Although not repeated in the current MAR, our recommendation remains as stated above.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

OFFICE OF ADMINISTRATION
MISSOURI ETHICS COMMISSION
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Missouri Ethics Commission (MEC) was created by the Missouri Ethics Law of 1991 (Section 105.955, RSMo). The MEC is charged with enforcement of conflicts of interest and lobbying laws (Section 105.450-498, RSMo) and campaign finance disclosure laws (Chapter 130, RSMo). The MEC is assigned to the Office of Administration for budgeting purposes only.

The MEC receives and reviews complaints alleging violations of the conflict of interest and lobbying statutes and the campaign finance disclosure statute. After investigation of these complaints, the MEC refers the complaints to the appropriate prosecuting authority or disciplinary authority along with recommendations for sanctions. The MEC may also initiate judicial proceedings on its own.

The MEC reviews and audits reports required by the campaign finance disclosure law, the financial interest disclosure laws, and the lobbying registration and reporting laws. The MEC acts as the public repository for such reports. The MEC provides information and assistance to lobbyist, elected and appointed officials, employees of the state and political subdivisions, and the general public.

The MEC is composed of six members, not more than three of whom may be the same political party. These members must be from different congressional districts, and no more than three can be from an odd- or even-numbered congressional district. The governor appoints the members of the MEC with the advice and consent of the Senate. The commission elects a biennial chair. Members of the Missouri Ethics Commission as of June 30, 2005, were:

<u>Name</u>	<u>Term Expires</u>
Pier C. Patterson, Chair	March 15, 2006 (1)
Mariann Tow, Vice Chair	March 15, 2006 (2)
Clyde Farris	March 15, 2006 (3)
Warren E. Nieburg, Ph.D.	March 15, 2008 (4)
Michael E. Dunard	March 15, 2008 (5)
Robert L. Simpson	March 15, 2008

(1) Brad Mitchell was appointed in April 2006 and confirmed in May 2006 to replace Pier C. Patterson.

(2) John King was appointed in April 2006 and confirmed in May 2006 to replace Mariann Tow.

(3) Michael Kilgore was appointed in June 2006 to replace Clyde Farris.

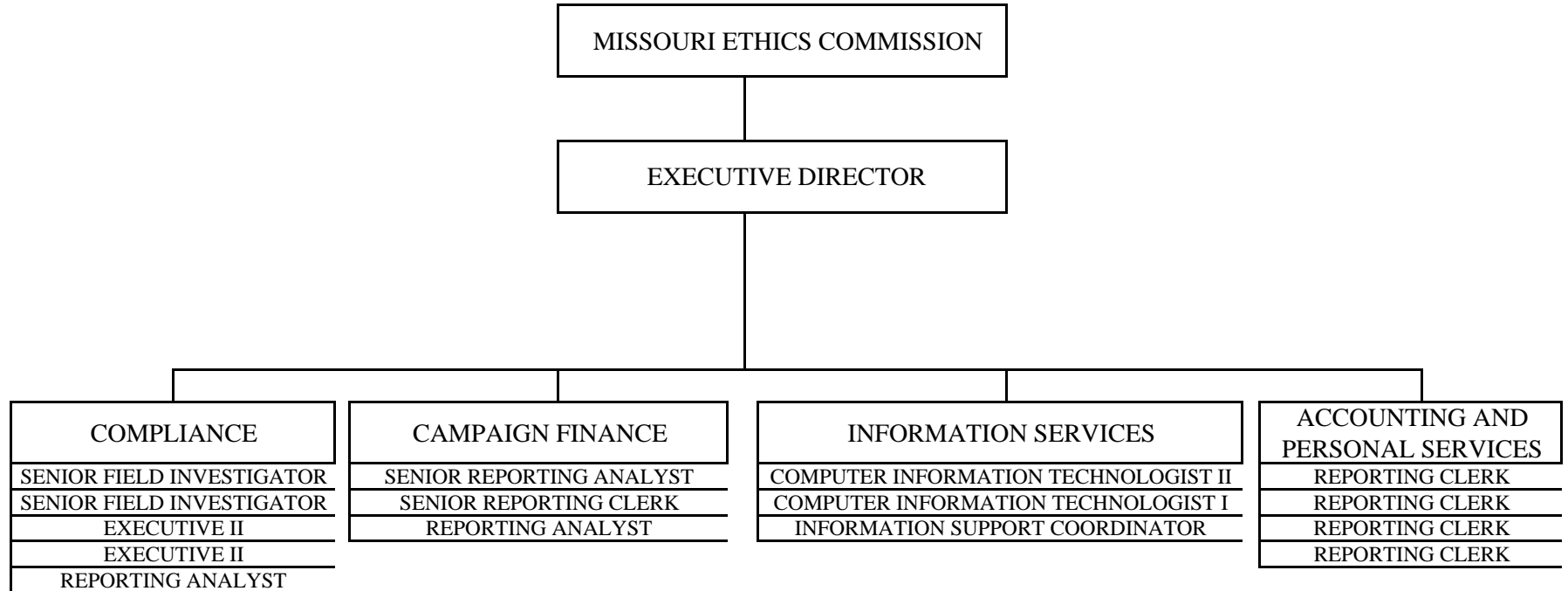
(4) Warren E. Nieburg, Ph.D. is the current Chair.

(5) Michael E. Dunard is the current Vice Chair.

The MEC employs twenty full-time personnel.

An organization chart follows.

OFFICE OF ADMINISTRATION
MISSOURI ETHICS COMMISSION
ORGANIZATION CHART
JUNE 30, 2005



Appendix A-1

OFFICE OF ADMINISTRATION
MISSOURI ETHICS COMMISSION
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

		Year Ended June 30,					
		2005			2004		
		Appropriation Authority	Expenditures	Lapsed Balances **	Appropriation Authority	Expenditures	Lapsed Balances **
GENERAL REVENUE FUND							
Personal Service	\$	854,962	814,034	40,928	829,762	777,698	52,064
Expense and Equipment		352,945	283,977	68,968	376,932	344,371	32,561
Building Lease		63,903	59,787	4,116	123,690	59,787	63,903 *
Total General Revenue Fund	\$	1,271,810	1,157,798	114,012	1,330,384	1,181,856	148,528

* Biennial appropriations set up in fiscal year 2004 are re-appropriations to fiscal year 2005. After the fiscal year-end processing has been completed, the unexpended fiscal year 2004 appropriation balance for a biennial appropriation is established in fiscal year 2005. Therefore, there is no lapsed balance for a biennial appropriation at the end of fiscal year 2004.

** The lapsed balances include the following withholdings made at the Governor's request:

		Year Ended June 30,	
		2005	2004
GENERAL REVENUE FUND			
Personal Service	\$	20,000	0
Expense and Equipment		0	0
Building Lease		0	3,710
Total General Revenue Fund	\$	20,000	3,710

Appendix A-2

OFFICE OF ADMINISTRATION
MISSOURI ETHICS COMMISSION
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

		Year Ended June 30,					
		2003			2002		
		Appropriation Authority	Expenditures	Lapsed Balances **	Appropriation Authority	Expenditures	Lapsed Balances **
GENERAL REVENUE FUND							
Personal Services	\$	821,362	770,633	50,729	844,362	769,706	74,656
Expense and Equipment		563,662	443,358	120,304	625,662	374,286	251,376
Building Lease		145,966	59,787	86,179	195,670	49,704	145,966 *
Total General Revenue Fund	\$	1,530,990	1,273,778	257,212	1,665,694	1,193,696	471,998

* Biennial appropriations set up in fiscal year 2002 are re-appropriations to fiscal year 2003. After the fiscal year-end processing has been completed, the unexpended fiscal year 2002 appropriation balance for a biennial appropriation is established in fiscal year 2003. Therefore, there is no lapsed balance for a biennial appropriation at the end of fiscal year 2002.

** The lapsed balances include the following withholdings made at the Governor's request:

		Year Ended June 30,	
		2003	2002
GENERAL REVENUE FUND			
Personal Service	\$	44,914	46,535
Expense and Equipment		77,813	118,069
Building Lease		0	40,983
Total General Revenue Fund	\$	122,727	205,587

Appendix B

OFFICE OF ADMINISTRATION
MISSOURI ETHICS COMMISSION
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,			
	2005	2004	2003	2002
Salaries and wages	\$ 814,034	777,698	770,633	769,706
Travel:				
In-State	25,310	42,029	41,695	45,804
Out-of-State	2,473	1,003	2,126	4,693
Fuel and utilities	18,304	17,837	18,601	9,113
Supplies	33,486	41,066	66,838	49,953
Professional development	3,514	1,960	4,586	16,326
Communication services and supplies	32,607	33,715	39,469	42,560
Services:				
Professional	58,607	52,258	89,989	100,485
Housekeeping and janitorial	6,520	7,051	6,050	6,837
Maintenance and repair	25,857	28,493	17,346	11,885
Equipment:				
Computer	65,715	79,975	85,435	74,264
Office	7,948	0	67,961	1,162
Other	1,848	0	0	0
Rentals and leases:				
Real property	59,787	59,787	59,787	50,204
Equipment	1,202	37,883	954	9,116
Miscellaneous expenses	566	801	697	758
Refunds	20	300	1,611	830
Total Expenditures	\$ <u>1,157,798</u>	<u>1,181,856</u>	<u>1,273,778</u>	<u>1,193,696</u>

Appendix C

OFFICE OF ADMINISTRATION
MISSOURI ETHICS COMMISSION
GENERAL REVENUE FUND
COMPARATIVE STATEMENT OF RECEIPTS

	Year Ended June 30,			
	2005	2004	2003	2002
RECEIPTS				
Lobbyists registration fees	\$ 1,970	1,340	2,130	2,260
Penalties	61,941	83,051	88,087	99,504
Fees for copying public records	2,704	7,525	9,335	7,025
Other	20	322	279	469
Total Receipts	\$ <u>66,635</u>	<u>92,238</u>	<u>99,831</u>	<u>109,258</u>



Claire McCaskill

Missouri State Auditor

August 2006

City of Bosworth, Missouri

Year Ended December 31, 2005



Office Of
Missouri State Auditor
Claire McCaskill

August 2006

The following findings were included in our audit report on the City of Bosworth, Missouri.

The city of Bosworth does not maintain a fund ledger for its General Fund showing the beginning balances, monthly revenues by source and expenditures by type, and ending balances. The city does not separately account for its water service activity and has not established a separate fund or separate accounting for motor vehicle-related revenues received from the state, and does not monitor the use of these funds to ensure compliance with state law.

Because the city has not established procedures for the review of the work and records of the city clerk's office, numerous recording errors made were not detected and/or corrected. As a result, the city's bank account and checkbook register for its General Fund account are in disagreement. Additionally, the City Clerk does not perform a monthly reconciliation of the bank balance to the accounting records and does not prepare a receipt log and/or receipts slips for monies she collects. Blank checks are sometimes signed in advance by the Mayor and City Treasurer and checks were sometimes written when sufficient funds were not available in the city's checking account.

The duties performed by the City Collector are not adequately segregated, and there is no independent review of the City Collector's controls, records, and procedures. Additionally, errors were found in calculations of some property taxes due. Additions and abatements to the tax records are made by the City Collector rather than the board, and monies received are not deposited in a timely manner. According to the City Collector, she may only make two deposits during busy months. The City Collector does not prepare appropriate reports for the board as required by state law including a detailed annual report, an annual list of delinquent taxes, and a monthly report of delinquent tax collections.

In 2005, water and trash collections totaled almost \$58,000, however there is no independent oversight of the water clerk's activities. Although the City Clerk makes the deposit, the water clerk does not receive a validated deposit slip to compare to her records. The water clerk does not perform monthly reconciliations of total billings, payments received, and amounts remaining unpaid for the water/trash services and such receipts are generally deposited only once a month. The water deposits recorded on city records are not reconciled to monies in the bank. In addition, effective January 1, 2006, the city increased fees paid by residents for trash services without having approval of the board.

The city does not prepare and adopt annual budgets in accordance with state law. In

YELLOW SHEET

addition, actual expenditures exceeded budgeted amounts in the General Fund by almost \$10,000 for the year ended December 31, 2005. It appears the board did not detect the overspending because budget to actual comparisons are not prepared and reviewed by the board prior to approving expenditures.

The appointment of the Mayor's wife as City Clerk is questionable. The mayor's wife was first appointed as City Clerk by a former mayor in 1997. However, when the current Mayor was first elected in April 2001, he reappointed his wife as City Clerk. The city's board minutes did not indicate that the board voted on this reappointment.

The city does not have a formal bidding policy. The decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. Overall, it appears the city bids very few items. In addition, the city did not solicit proposals for its engineering services. For the year ended December 31, 2004, the city paid almost \$30,000 for engineering services related to the city's waterworks and sidewalk improvements. Also, the city did not always have formal written agreements with individuals providing services to the city.

Also included in the report are recommendations related to financial reporting, payroll and personnel matters, minutes, meetings, and ordinances, and capital assets.

All reports are available on our website: www.auditor.mo.gov

CITY OF BOSWORTH, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Alderman
City of Bosworth, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Bosworth, Missouri. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2005. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the

provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Bosworth, Missouri.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

March 31, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Cara M. Hoff

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF BOSWORTH
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Accounting Controls, Records, and Procedures

There are numerous weaknesses in the city's accounting controls, records, and procedures. Duties related to the city clerk's office were not segregated; a financial accounting system was not established; errors in the accounting records were not identified and/or corrected; a monthly bank reconciliation was not prepared; a receipt log was not maintained; checks were not restrictively endorsed upon receipt; blank checks were signed in advance; and bond coverage was not adequate. In addition, the city needs to better manage its bank accounts.

- A. There is no independent oversight or adequate segregation of duties related to the city clerk's office. The City Clerk's duties include receiving and depositing monies, recording receipts and disbursements, preparing and distributing checks, preparing monthly financial reports, and maintaining payroll records. Additionally, the City Clerk can sign checks. There was no evidence the board provided adequate supervision or review of the work performed by the City Clerk. The current procedures jeopardize the system of independent checks and balances.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are properly accounted for and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible. If proper segregation of duties is not possible, timely supervisory or independent review of the work performed and investigation into unusual items and variances is necessary.

The errors noted below may have been detected and corrected on a timely basis if an independent review had been performed.

- B. The city needs to improve its accounting records. A complete financial accounting system has not been established.
1. The city does not maintain a fund ledger for its General Fund showing the beginning balances, monthly revenues by source and expenditures by type, and ending balances. The city's accounting records are manually prepared and include a checkbook register for the General Fund bank account and a monthly "balance sheet". The monthly "balance sheet" is prepared from the checkbook register and includes a detail list of the receipts and checks from the last meeting to the current meeting.

2. The city does not separately account for its water service activity. A fund ledger is not maintained to track the operations of the city's water services. All activity is accounted for in the General Fund bank account.

A water fund would help the city track the cost of providing water services to the residents and a rate could be developed to recoup all costs of operation including depreciation. Without proper allocations of expenses and recognition of all revenues and expenses, operations cannot be properly measured and evaluated to ensure funding levels are being met.

3. The city has not established a separate fund or separate accounting for motor vehicle-related revenues received from the state, and does not monitor the use of these funds to ensure compliance with state law. During the year ended December 31, 2005, the city received \$15,798 in motor vehicle-related revenues.

Article IV, Section 30 of the Missouri Constitution, requires that motor vehicle-related revenues apportioned by the state of Missouri be expended on street-related purposes including construction, maintenance, repair, policing, signing, lighting, and cleaning of roads and streets.

Fund ledgers and summary reports showing revenue sources and expenditure types should be prepared for each fund on a monthly basis and should be used for comparison to budgeted amounts and overall review of city operations. Also, revenues and expenditures associated with specific activities or restricted usage should be recorded in a fund established to account for those activities/usage and to ensure compliance with state law, as appropriate. Complete, organized, and timely accounting records are necessary to provide accurate and timely financial information to city officials upon which effective management decisions may be made.

- C. Because the city has not established procedures for the review of the work and records of the city clerk's office, numerous recording errors made were not detected and/or corrected. As a result, the city's bank account and checkbook register for its General Fund account are in disagreement.

We found the following errors:

- Two checks, totaling \$5,679, were recorded twice in the checkbook register; in 2004 when the checks were issued and again in 2005 when the checks were cashed by the bank.
- Two electronic transfers for tax payments, totaling \$2,575, were not recorded in the checkbook register.

- Interest earned from March to December 2005 and the sale of gravel, totaling \$49 and \$30, respectively, were not recorded in the checkbook register.
- Three checks returned for insufficient funds, totaling \$100, were not recorded in the checkbook register.
- Three checks recorded in the checkbook register were greater/less than the amount of the check.

Also, at December 31, 2005, the checkbook balance did not agree to the "balance sheet" given to the board. The ending balance for the checkbook was \$4,133 while the ending balance for the balance sheet was \$13,438. Part of the difference is due to recording the two checks, totaling \$5,679, twice in the checkbook. Additionally, another \$3,000 of the difference appears to be due to errors made in the checkbook and/or "balance sheet" prior to January 1, 2005.

Complete and accurate financial records are necessary for the board to make informed decisions and provides a basis for monitoring financial activity. The board should require the City Clerk to make adjustments as necessary to correct the errors in the city's accounting records.

- D. The City Clerk does not perform a monthly bank reconciliation of the bank balance to the accounting records.

The bank account should be reconciled to the accounting records on a monthly basis. A proper reconciliation helps ensure receipts and disbursements are properly handled and recorded, and that bank and book errors (as noted above) can be detected and corrected in a timely manner. Additionally, the reconciliation should be retained.

As city personnel were not able to perform the necessary reconciliations, we reconciled the bank account to the checkbook and made corrections as errors were found. The summary of financial activity presented in the History, Organization, and Statistical Information section of this report reflects this compilation.

- E. The City Clerk does not prepare a receipt log and/or receipts slips for monies she collects. To help ensure receipts are properly accounted for and errors are detected and corrected on a timely basis, a receipt log/receipt slips should be prepared for all monies received. The receipt log/receipt slips can be used to record receipts in the fund ledger. Additionally, details of the receipt records should be reconciled to the composition of deposits.
- F. Checks received by the City Clerk are not restrictively endorsed immediately upon receipt. According to the City Clerk, the bank endorses the checks when

deposits are made. To reduce the risk of loss or misuse of funds, checks should be restrictively endorsed immediately upon receipt.

- G. Blank checks are sometimes signed in advance by the Mayor and City Treasurer. Three signatures are required for each check with the Mayor, City Treasurer, and City Clerk being the authorized check signers. Signing blank checks in advance does not allow for proper review of documentation to support the disbursement and diminishes the control intended by three signatures.
- H. The city does not have bond coverage for its employees and officials. The City Clerk, City Collector, water clerk, and sometimes the maintenance employee all collect monies. In addition, the Mayor, City Treasurer and City Clerk sign checks. The failure to properly bond all persons with access to assets exposes the city to an unnecessary risk of loss.
- I. The city needs to better manage its bank accounts. At December 31, 2005, the city had one checking account, one savings account, and two Certificates of Deposit. These accounts totaled approximately \$33,600.
 - 1. Checks were sometimes written when sufficient funds were not available in the city's checking account. For example, the bank did not deduct two checks, one written in January 2004 for \$4,365 and one written in July 2004 for \$1,313, from the city's bank account until October 2005 because sufficient funds were not maintained in the checking account. In addition, at January 1, 2005, the reconciled balance of the checking account was a negative \$534.

According to the City Clerk, the bank covers payments when the city does not have sufficient funds in its checking account and considers these payments "registered warrants" (loans). The bank charges five percent interest on registered warrants. In October 2005, the bank charged \$562 to cover the insufficient funds checks. However, the checkbook showed there were funds available to cover these two checks before October 2005.

The city needs to ensure that sufficient funds are maintained in its checking account. If the bank covers any insufficient funds checks, the city needs to reimburse the bank on a timely basis to reduce the amount of interest due.

- 2. The city does not have a written agreement with its depository bank. For example, the arrangement regarding registered warrants, noted above, is an oral agreement. A written depository agreement helps both the bank and the city understand and comply with the requirements of any banking arrangement.

The depository agreement provisions should include, but not be limited to, bank fees for check printing, checking account services, interest charges for borrowed funds, and interest rates for invested funds.

WE RECOMMEND the Board of Aldermen:

- A. Segregate the duties of the city clerk's office to the extent possible. If proper segregation of duties cannot be achieved, timely supervision or independent review of the work performed and investigation into unusual items and variances is necessary.
- B. Ensure a complete financial accounting system is established. Funds should be established for the city's general account and other activities, as appropriate. Summaries should be prepared documenting monthly revenue sources and expenditure types. This information should be used to compare to budget estimates and monitor city operations. Additionally, the city should ensure restricted revenues are expended only for their intended purpose.
- C. Require the City Clerk to make adjustments as necessary to correct the errors in the accounting records. The board should also ensure the financial records are complete, accurate, and provide sufficient information to monitor financial activity.
- D. Require the City Clerk to reconcile the bank account to the accounting records on a monthly basis and retain the documentation.
- E. Require the City Clerk to prepare a receipt log/receipt slip for all monies received, record receipts in the fund ledger promptly, and reconcile the details of the receipt records to the composition of deposits.
- F. Require the City Clerk to restrictively endorse all checks immediately upon receipt.
- G. Ensure the practice of signing blank checks in advance is discontinued.
- H. Obtain adequate bond coverage for all persons handling city monies.
- I.1. Ensure sufficient funds are maintained in the city's checking account to cover checks issued.
- 2. Enter into a written agreement with the city's depository bank.

AUDITEE'S RESPONSE

A&B. We agree. We plan to discuss ways to implement.

C-F

&I. *We agree. We will do these.*

G. *We agree. However, it is necessary to sign a few checks in advance to avoid late fees.*

H. *We partially agree. We will need to see the actual costs involved.*

2. City Collector Controls, Records, and Procedures

The City Collector needs to improve her controls, records, and procedures. There is no independent review of the collector's activities; sufficient information is not included on current tax statements; an account book is not maintained; the board does not approve all additions/deletions to the tax records; and reports regarding tax collections and delinquent tax lists are not prepared.

During the year ended December 31, 2005, the City Collector remitted property taxes totaling almost \$15,000 to the city. In addition, at year end, over \$6,200 had been collected but not yet remitted.

A. The duties performed by the City Collector are not adequately segregated, and there is no independent review of the City Collector's controls, records, and procedures. The City Collector is responsible for performing the following functions:

- Extends tax books
- Prepares tax bills
- Collects payments
- Records payments
- Makes deposits
- Maintains tax records

To safeguard against possible loss or misuse of funds, internal controls should provide for reasonable assurances that all transactions are accounted for properly, and assets are adequately safeguarded. An adequate system of internal controls requires segregation of duties. If this is not feasible, the board should, at a minimum, designate someone independent of the tax collection process to perform and document periodic reviews of the procedures and records.

B. The City Clerk does not extend the tax books. From the Carroll County Assessor's real estate and personal property assessment books, the City Collector prepares worksheets to extend taxes for each resident. The total tax due from each resident is then recorded on the tax statements.

Section 94.290, RSMo, requires the City Clerk to prepare appropriate and accurate tax books, setting out in separate columns, the name of each person, the

item of taxable property and the amount of taxes and charge the City Collector with the amount to be collected.

Having the same individual prepare/extend the tax records and collect/record payments appears to be incompatible and eliminates the intent of this statute which is to provide some independent review and control over city tax collections.

- C. The current tax statements sent to city residents are not adequate. The statements do not identify the property being taxed, the related assessed valuation, or tax levy. The statements only includes the total amount due. Additionally, some errors were found in calculations of some taxes due.

We recalculated the tax due for 15 residents and found mathematical errors in 2 cases. In one case, there was a \$20 overpayment and in the other case, a \$4 underpayment. To help ensure errors and inconsistencies are corrected on a timely basis, the residents need to know which property is taxed, the related assessed valuation, and tax levy.

- D. The City Collector does not maintain an account book to record property tax charges, additions/abatements, collections, and remaining delinquent taxes. Tax records maintained by the City Collector include a tax log book, tax receipts, and tax statements. The log book identifies all property (real and personal) owned by each taxpayer and is prepared from the tax books received from the county. Information from the log is transferred to tax receipts and the receipts are used to prepare the tax statement. However, the information maintained does not summarize the total taxes charged, added/abated, or collected and delinquent taxes.

A properly maintained account book, including (by type) the property taxes charged to the city collector at the beginning of the year, collections each month, applicable adjustments, and balances uncollected can be useful in preparing the annual report require by state law.

- E. The tax receipts prepared by the City Collector serve as the city's record of receipt; however, the method of payment (cash, check, etc.) is not recorded on the tax receipts. To ensure proper handling and safeguarding of city monies, the method of payment should be indicated on the tax receipts and the composition of receipts should be reconciled to the bank deposits.
- F. Additions and abatements to the tax records are made by the City Collector rather than the board. These adjustments are just written into the tax records. To ensure all additions and abatements are proper, they should be approved by the board and reflected in the annual report to the board.

- G. Monies received are not deposited in a timely manner. According to the City Collector, she may only make two deposits during busy months. For example, the December 27, 2005 deposit totaled \$6,235, and the previous deposit was over 13 days earlier. To adequately safeguard receipts and to reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.
- H. The City Collector does not prepare appropriate reports for the board as required by state law.
1. A detailed annual report is not prepared. Section 79.310, RSMo, requires the city collector to make a detailed annual report to the board, stating the monies collected during the year, the amounts uncollected, and the names of the persons from which the amounts are uncollected.

A detailed annual report which complies with state law and is classified by type of tax would help provide assurance taxes have been properly collected, written off, or determined to be delinquent. Such a report would summarize all taxes charged to the city collector at the beginning of the tax year, monthly collections, delinquent credits, abatements and additions, and protested amounts. Without such a report, examined by the board, any errors or irregularities that might occur, are likely to go undetected.
 2. An annual list of delinquent taxes is not prepared. Section 94.320, RSMo, provides the board shall require the city collector, at the first meeting of the board in April each year, to prepare lists of delinquent taxes. This section also requires the board to examine and approve the lists and charge the city collector with the taxes due.
 3. A monthly report of delinquent tax collections is not prepared. Section 94.330, RSMo, requires the city collector to report to the board at the regular meeting each month all taxes collected on real and personal delinquent lists. Additionally, this section provides the board "may declare worthless any and all personal delinquent taxes they deem uncollectible."

WE RECOMMEND the Board of Aldermen:

- A. Designate someone independent to perform and document periodic reviews of the tax collection records.
- B. Require the City Clerk to extend the current tax books and charge the City Collector with the amount of taxes, in accordance with state law.

- C. Require the City Collector to include the property being taxed and related assessed valuation on the tax statements.
- D. Require the City collector to maintain an account book.
- E. Require the City Collector to record the method of payment received on the corresponding tax receipts and reconcile the composition of receipts to bank deposits.
- F. Review and approve all additions and abatements made to the tax book.
- G. Require the City Collector to deposit daily or when accumulated receipts exceed \$100.
- H.1. Require the City Collector to prepare a detailed annual report for presentation to the board.
- 2. Require the City Collector to prepare an annual list of delinquent taxes for approval of the board. All valid delinquent taxes which the board does not choose to abate or write-off should be charged back to the City Collector for collection in the ensuring year.
- 3. Require the City Collector to report collections on delinquent accounts at each regular monthly meeting.

AUDITEE'S RESPONSE

A-F

&H. We agree. We will do these.

G. We agree. We will try to deposit more often.

CITY COLLECTOR'S RESPONSE

I will work with the city to implement these recommendations.

3.	Water and Trash Services
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We noted several significant weaknesses related to the city's water and trash services. In 2005, water and trash collections totaled almost \$58,000, however there is no independent oversight of the water clerk's activities. In addition, the method of payment is not recorded on the city's copy of the water statements, a monthly reconciliation of billings, payments, and delinquent amounts is not performed, receipts are not deposited timely, and checks are not restrictively endorsed when received. Furthermore, water deposits are not accounted for.

- A. There is no independent oversight or adequate segregation of duties related to the city's water system. The city water clerk performs all functions related to generating monthly water/trash bills; receiving, recording, and preparing deposits for water/trash payments; approving and making adjustments; and monitoring delinquent accounts and initiating shut-off orders. There is no independent review of these activities. Additionally, although the City Clerk makes the deposit, the water clerk does not receive a validated deposit slip to compare to her records.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are properly accounted for and assets are adequately safeguarded. Internal controls could be improved by segregating the duties of receiving and depositing monies from that of generating bills, recording payments, and following up on delinquent accounts.

If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the reconciliations between water/trash payments and recorded deposits, and an independent review and approval of credit adjustments and delinquent account follow-up

- B. The method of payment (cash, checks, etc.) is not recorded on the city's copy of the billing statements and a listing of receipts received is not maintained. Thus, receipts cannot be readily reconciled to deposits. As a result, there is little assurance that all monies have been properly collected, recorded, and deposited. In addition, subsidiary records for each individual receiving water/trash service are not maintained.

For the January 2006 deposit, totaling \$4,662, we added the water statements marked paid for a total of \$4,838, a difference of \$176. According to the water clerk this difference could be because some businesses/residents prepay their bills for a period of time, and she prepares a monthly statement and marks the statement paid to track the prepay balances. In addition, she prepares a statement and marks it paid when a resident discontinues service and she uses their water deposit to pay their last bill. However, the clerk does not maintain documentation for the reconciliation of the water statements to deposits.

To adequately safeguard funds and ensure receipts are recorded and accounted for properly, a daily listing of receipts should be maintained, the method of payment should be recorded on the listing, and the listing and the composition of receipts should be reconciled to bank deposits.

Additionally, to better ensure the prepayments of water and the use of water receipts are handled and accounted for properly, the clerk should maintain a listing/ledger for identifying prepayment and water receipt activity. This listing/ledger can help ensure that the records are in balance and water deposits are accounted for properly. Also, subsidiary records need to be maintained for

each individual receiving water/trash service. The subsidiary records should include, at a minimum, the amounts billed, amounts paid, payment date, method of payment, and delinquent amounts. Periodically, the subsidiary records should be reconciled to the amounts deposited and/or listing of receipts, to ensure the accuracy of the subsidiary records. Any differences should be investigated.

- C. The water clerk does not perform monthly reconciliations of total billings, payments received, and amounts remaining unpaid for the water/trash services. The clerk scans all billing statements for payments not made, and then adds the delinquent amount on the next month's billing. The city should maintain a control account ledger to reconcile total billings to payments received and amounts remaining unpaid.

Monthly reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. Complete documentation of the reconciliation should be retained to support conclusions and any corrections made and to facilitate independent review.

- D. Water/trash receipts are not deposited in a timely manner. Water/trash receipts are generally deposited once a month. The January 19, 2006 deposit, totaling \$4,662, included \$874 (19 percent) in coin/currency and for 2005, the average monthly deposit was approximately \$4,700. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.
- E. Checks are not restrictively endorsed immediately upon receipt. According to the water clerk, she endorses the checks when deposit slips are prepared. To reduce the risk of loss or misuse of funds, checks should be restrictively endorsed immediately upon receipt.
- F. Controls over water deposits need to be improved. The deposits recorded on city records are not reconciled to monies in the bank. City residents are required to pay a refundable deposit for water service. Currently, the city collects \$50 from homeowners and \$100 from renters. The water deposits represent a liability to the city.

The monies are deposited into the General Fund bank account and the City Clerk maintains an index card for each homeowner/renter with the amount of deposit and any subsequent refund or outstanding balance. In addition, a summary of the water deposits (beginning balance, water deposits, refunds, and ending balance) is recorded on the monthly "balance sheet" prepared by the City Clerk and submitted to the board. At December 31, 2005, the "balance sheet" balance for water deposits was \$12,266.

However, the City Clerk does not periodically reconcile the monies in the bank ("balance sheet") to the index cards. To ensure all city residents have paid a proper deposit and the city only refunds deposits to residents that have actually paid, periodic reconciliations between the index cards and monies in the bank are necessary. Without these reconciliations, the possibility of undetected errors increases.

WE RECOMMEND the Board of Aldermen:

- A. Segregate the water clerk's duties of receipting and depositing monies from that of preparing bills and recording payments. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the reconciliations between payments deposited and recorded, and an independent review of and approval for credit adjustments and delinquent accounts follow-up.
- B. Require the water clerk to maintain a daily listing of receipts and record the method of payment. In addition, individual subsidiary records should be maintained. The listing and composition of receipts should be reconciled to bank deposits and subsidiary records. The board should also periodically recompute selected billings, collections and amounts due to ensure amounts recorded on the records are accurate. Finally, a listing/ledger should be maintained for the prepayment of water and the use of water deposits. This listing/ledger should be reconciled to bank deposits and water deposit records, as applicable.
- C. Require a control ledger be maintained and a monthly reconciliation performed of the amounts billed to amounts collected and delinquent accounts.
- D. Require water/trash deposits be made daily or when accumulated receipts exceed \$100.
- E. Require the water clerk to restrictively endorse all checks immediately upon receipt.
- F. Require the City Clerk to periodically reconcile the water deposit index cards to the monies in the bank.

AUDITEE'S RESPONSE

A-C&

E-F. *We agree. We will do these.*

D. *We agree. We will try to deposit more often.*

4.**Budgeting, Financial Reporting, and Planning**

Significant weaknesses were identified in the city's budgeting, financial reporting, and planning. The city's budgets are not adequate and actual expenditures exceeded budgeted expenditures. In addition, the city does not publish semi-annual financial statements and does not submit annual financial reports to the State Auditor's Office. Finally, the city needs to prepare an annual maintenance plan for city streets.

- A. The city does not prepare and adopt annual budgets in accordance with state law. The budget for the year ended December 31, 2005 did not include a budget message, beginning and ending fund balance, or actual revenues and expenditures for the two preceding budget years. The budget showed only the budgeted revenues and expenditures for the preceding two years, and budget amounts were not recorded for motor vehicle-related revenues received from the state. In 2005, these motor vehicle-related revenues totaled almost \$16,000. In addition, the board did not formally approve the budget. Also, as of February 2006, the City Clerk had not prepared the budget for the year ended December 31, 2006.

Section 67.010, RSMo, requires the preparation of an annual budget and Sections 67.010 to 67.080, RSMo, set specific guidelines for the format, approval, and amendments of the annual budget. A complete budget should include a budget message, actual (or estimated for the years not yet ended) revenues and expenditures for the preceding two budget years, and the beginning and estimated ending available resources. The board should adopt and approve the budget prior to the beginning of the applicable fiscal year, and indication of approval of the budget should be documented in the official minutes of the board.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific costs and revenue expectations for each area of city operations. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures. It will also assist in setting tax levies and informing the public about city operations and current finances.

- B. Actual expenditures exceeded budgeted amounts in the General Fund by almost \$10,000 for the year ended December 31, 2005. The budgeted expenditures were \$87,400, with actual expenditures over \$97,000. It appears the board did not detect the overspending because budget to actual comparisons are not prepared and reviewed by the board prior to approving expenditures.

Section 67.040, RSMo, requires political subdivisions to keep expenditures within amounts budgeted. If there are valid reasons which necessitate excess expenditures, a resolution should be adopted by the governing body setting forth the amount of the budget increase and the facts and reasons for the increase. Budgets are a planning tool and should serve as a guide throughout the year to

monitor revenues and expenditures. A periodic comparison of budgeted versus actual revenues and expenditures is necessary to properly monitor the financial activity of city funds.

- C. The city does not publish semi-annual financial statements as required by state law. Section 79.160, RSMo, requires the city to prepare and publish semi-annual financial statements. These financial statements are to include a statement of receipts and expenditures and indebtedness of the city for the preceding six-month period, and are to be published within one month of the end of the period. In addition, Section 79.165, RSMo, states the city cannot legally disburse funds until the financial statement is published.
- D. The city has not submitted an annual financial report to the State Auditor's Office since fiscal year 1998. Section 105.145, RSMo, requires political subdivisions to file an annual report of the financial transactions of the political subdivision with the State Auditor's Office. The board should ensure annual financial reports are submitted to the State Auditor's Office and accurately and completely reflect the financial activity and balances of city funds.
- E. The city does not prepare an annual maintenance plan for city streets. In 2005, the city spent almost \$5,000 for gravel.

A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. A plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

WE RECOMMEND the Board of Aldermen:

- A. Prepare budgets that contain all information as required by state law. In addition, the budgets should be adopted before the beginning of the city's applicable fiscal year.
- B. Ensure actual expenditures do not exceed budgeted amounts. In addition, the board should ensure complete and accurate monthly budget to actual reports are prepared and are used to monitor the city's financial activity.
- C. Publish semi-annual financial statements as required by state law.

- D. Submit complete and accurate annual financial reports to the State Auditor's Office as required by law.
- E. Prepare an annual street maintenance plan as part of the budget.

AUDITEE'S RESPONSE

A-E. We agree. We will do these.

5.	Minutes, Meetings, and Ordinances
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There are several weaknesses with the board's procedures for conducting and documenting board meetings. Additionally, the city needs a policy for public access to records and absenteeism by board members. Also, city ordinances need improvement.

- A. Board minutes are not signed to attest to their completeness and accuracy. The board minutes should be signed by the Mayor and City Clerk upon approval to provide an independent attestation that the minutes are a correct record of the matters discussed and action taken during the board meeting.

- B. Board minutes do not adequately document all matters discussed and action taken. For example, records of votes are not always documented. Also, the minutes for the December 2005 meeting do not indicate that the monthly bills were approved. Generally, the minutes include little detail of issues discussed by the board.

Section 610.020, RSMo, requires minutes of meetings be taken and retained by all governmental bodies and to include the date, time, place, members present, members absent, and a record of votes. Minutes serve as the only official permanent record of decisions made by the board. Therefore, it is necessary the minutes be prepared to clearly document all business conducted.

- C Open meeting minutes and related agendas do not document the specific reasons for a closed meeting.

Section 610.021, RSMo, allows the board to close meetings to the extent the meetings relate to specified subjects, including litigation, real estate transactions, and personnel issues. Except for "good cause", Section 610.020 provides that notice for meetings be given at least twenty-fours prior to the meeting and include the time, date, place of each meeting, and its tentative agenda. Section 610.022, RSMo, requires that before any meeting may be closed, the question of holding the closed meeting and the reason(s) for the closed meeting shall be voted on at an open session.

- D. Although a tentative agenda is prepared and posted for each board meeting, the agenda is a standard format which does not disclose specific information to be

discussed for the upcoming meeting. For example, the agenda only lists "discuss any old business" and "discuss any new business".

To adequately inform the residents of the business to be discussed during the board meeting and to ensure compliance with the Sunshine Law, Chapter 610, RSMo, the tentative agenda should summarize the topics to be discussed during the meeting.

- E. The city does not have a formal policy regarding public access to city records. A formal policy would establish guidelines for the city to make the records available to the public. This policy should identify a person to contact, provide an address to mail such requests, and establish a cost for providing copies of public records.

Section 610.023, RSMo, lists requirements for making city records available to the public. Section 610.026, RSMo, allows the city to charge fees for copying public records, not to exceed the city's actual cost of document search and duplication.

- F. The city does not have a policy regarding absenteeism by board members. During the year ended December 31, 2005, while monthly meetings were planned, two board members and the mayor missed four or more meetings. In addition, regular board meetings were cancelled in August 2005, January 2006, and February 2006 because a quorum was not present.

A quorum is necessary before decisions can be made. The lack of attendance by board members can result in the inability to hold meetings and take votes, which disrupts the conduct of city business. To help ensure city business is conducted in a timely manner, the city needs to have a policy addressing absenteeism by board members.

- G. The city ordinances do not appear complete and up-to-date. Additionally, the city has not adopted ordinances required by state law and/or needed to govern the city.

- 1. Many of the city ordinances appear old and outdated. It appears the ordinances were last codified in 1978.

Since ordinances represent legislation passed by the board to govern the city and its residents, it is important that they be maintained in a complete, well-organized, and up-to-date manner. An index of all ordinances passed and repealed by the city could help keep track of additions and changes made to the city ordinances. A complete set of the original signed ordinances should be maintained at the city hall.

- 2. The city has not adopted current ordinances to address all issues required by state law, such as setting the property tax rates. In addition, ordinances

used to govern the city such as personnel policies and procedures and bidding policies and procedures have not been adopted.

Sections 94.190.3 and 94.210, RSMo, require the property rate be set annually by ordinance. Additionally, the city's policies and procedures should be set forth in the ordinances to give the taxpayers information on how the city is to be governed.

WE RECOMMEND the Board of Aldermen:

- A. Ensure the board minutes are signed by the Mayor and the City Clerk to attest to their completeness and accuracy.
- B. Ensure minutes clearly document all business conducted.
- C. Ensure the open meeting minutes document the vote and state the reasons for going into closed session.
- D. Ensure the tentative agenda summarizes the information to be discussed for the upcoming meeting.
- E. Develop written policies regarding procedures to obtain access to, or copies of, public city records.
- F. Develop a policy regarding absenteeism by board members.
- G. Ensure a complete and up-to-date set of codified ordinances is maintained. This would include passing new ordinances where appropriate and required.

AUDITEE'S RESPONSE

A-G. *We agree. We will do these.*

6. Personnel and Payroll

The appointment of the Mayor's wife as City Clerk may represent nepotism. Additionally, the compensation for board members and employees is not set by ordinance, the compensation paid to the City Collector is not properly reported, and the payroll records for the Mayor and City Treasurer were not accurate. Also, personnel files are not maintained for city employees.

- A. The appointment of the Mayor's wife as City Clerk may represent nepotism. The City Clerk is an appointed position. The mayor's wife was first appointed as City Clerk by a former mayor in 1997. However, when the current Mayor was first elected in April 2001, he reappointed his wife as City Clerk. At that time, the

city's board minutes did not indicate that the board voted on this reappointment. Since that time the minutes have been silent regarding the appointment of a City Clerk. Also, the City Clerk received a raise in May 2005 and the minutes did not indicate the vote.

Article VII, Section 6, of the Constitution defines the penalty for nepotism and states "Any public officer or employee in this state who by virtue of his office or employment names or appoints to public office or employment any relative with the fourth degree, by consanguinity or affinity, shall thereby forfeit his office or employment." A mayor who appoints a family member as a city employee would appear to violate this section of the constitution.

Discussions and decisions concerning transactions where a potential for nepotism exists should be completely documented to provide assurance that no city official has acted improperly. The board should consider establishing an ordinance which addresses these type of situations and provides a code of conduct for city officials.

- B. The city has not established an ordinance for the compensation paid to board members and employees or the term of office for the City Clerk. The last ordinances approved by the board for the compensation of board members and employees were in 1978 and these ordinances do not reflect current positions and compensation. According to the City Clerk, city employees receive a pay increase each May.

Section 79.270, RSMo, provides that city officials and employees salaries be set by ordinance and Section 79.320, RSMo, requires the City Clerk's duties and term of office be established by ordinance.

Establishing ordinances to set compensation rates and term of office, in addition to meeting statutory requirements, document the approved amounts to be paid and eliminates misunderstandings regarding the amount of pay each city official and employee receives. Also, Section 70.270, RSMo, provides that "...the salary of an officer shall not be changed during the time for which he was elected or appointed." Thus, the term of office is significant in determining when pay increases are allowable under state law.

- C. The city did not either 1) report wages, withhold payroll taxes, or pay the employer's share of social security or 2) issue a Form 1099 on compensation paid to the City Collector. In 2005, the city paid the City Collector \$906, which represented 5 percent of taxes collected and 60 cents for each tax receipt prepared. In addition, she was paid \$170 for cleaning city hall.

The Internal Revenue Service (IRS) requires employers to report compensation on W-2 forms and withhold and remit federal income taxes. Similarly Chapter 143, RSMo, includes requirements for reporting wages and withholding state income taxes. Also, state and federal laws require employers to pay the employer's share

of social security on the compensation paid to employees. Section 105.300, RSMo, defines an appointive officer or employee of a political subdivision as an employee for social security tax purposes. Additionally, Section 6041 to 6051 of the Internal Revenue Code requires that non-wage payments of a least \$600 in one year to an individual be reported to the federal government on Form 1099.

The city needs to contact the IRS and/or the Missouri Department of Revenue for guidance regarding this situation.

D. The payroll records for the compensation paid to the Mayor and some board members were not always consistent, accurate, or correct.

- The Mayor was paid \$100 for the December 2005 meeting; however, this payment was not recorded in the payroll records.
- The mayor pro-tem was also paid \$100 for the December 2005 meeting.
- The mayor pro-tem was paid \$100 for the June 2005 meeting plus \$15 as board member's compensation; however, he was not paid the \$15 in other months when acting mayor pro-tem.
- A board member was paid \$15 per month to sign checks as the City Treasurer; however, these payments were not recorded in the payroll records.

The board needs to ensure the compensation paid to its members and the Mayor is correct and accurate. Additionally, the compensation paid should be properly recorded in the payroll records to ensure appropriate wages are reported and applicable payroll taxes are withheld.

E. Personnel files are not maintained for city employees. Personnel files should be maintained for each employee to provide documentation of personnel actions and to provide readily accessible work histories. In addition, personnel files should contain documentation of the board's authorization for the hiring of that employee, the pay rate at which the employee was hired, and any subsequent changes in pay rate.

WE RECOMMEND the Board of Aldermen:

A. Ensure apparent and actual instances of nepotism are avoided. City officials who have a conflict that is unavoidable should fully disclose their interests and should not vote on matters which involve them personally and/or relatives. Such matters and transactions should be completely documented so that the public has assurance that no city official has acted improperly. City officials should ensure strict compliance with the law when conducting city business and should consider adopting a code of conduct for city officials.

- B. Establish the compensation of city officials and employees by ordinance. In addition, the duties and term of office for the City Clerk should be set by ordinance.
- C. Contact the IRS and/or Missouri Department of Revenue for guidance regarding the reporting of compensation paid to the City Collector.
- D. Ensure the compensation paid to the Mayor and board members is correct, accurate, and recorded properly in the payroll records.
- E. Ensure complete personnel files are maintained for all city employees which include authorization for the employee's hiring, the initial pay rate and any subsequent increases, and any other personnel actions.

AUDITEE'S RESPONSE

A. *We agree. We will look into adopting a code of conduct.*

B-E. *We agree. We will do these.*

7.	Expenditures
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The city does not have a formal bidding policy and does not solicit proposals for its engineering services. Formal written agreements were not prepared for some services and agreements were not always signed in a timely manner. In addition, supporting documentation was not obtained/retained for some expenditures and the board needs to better document its approval of disbursements. Also, Form 1099 was not issued as appropriate and the purchase of gift certificates does not appear to be a prudent use of public funds. Finally, selling gravel to city residents may violate the city's sales tax exemption letter, and the city has no documentation supporting the amount charged the residents.

- A. The city does not have a formal bidding policy. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. For example, bids were either not solicited or bid documentation was not retained for city insurance totaling \$5,257, gravel totaling \$3,601, and wiring the concession stand for \$1,750. Overall, it appears the city bids very few items.

Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Competitive bidding helps ensure all parties are given an opportunity to participate in the city's business. A formal policy could include when various approaches for bidding, such as the requirement to advertise for sealed bids, are appropriate. Whichever approach is

used, complete documentation should be maintained of all bids received and reasons why the bid was selected.

- B. The city did not solicit proposals for its engineering services. City officials indicated they inquired of other cities and chose the only firm located in the area. For the year ended December 31, 2004, the city paid almost \$30,000 for engineering services related to the city's waterworks and sidewalk improvements. The city did not pay for any engineering services in 2005.

The city should solicit proposals for engineering services. Section 8.289 and 8.291, RSMo, provide that when obtaining engineering services, at least three highly qualified firms should be considered. These firms should be evaluated based upon specified criteria and qualifications for the type of service required as well as the fees being charged.

- C. The city did not always have formal written agreements with individuals providing services to the city. For example, a written agreement was not obtained for patrol services. During January 2005 and part of 2004, the city paid a deputy sheriff \$250 per month for patrolling the city and the county \$80 per month for the deputy's use of a county vehicle and gasoline. Additionally, the city had no documentation regarding the number of hours the deputy patrolled the city to ensure the compensation paid was reasonable.

The city should obtain formal written agreements, as needed, which specify the services being rendered and the manner and amount of compensation to be paid. Furthermore, Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.

- D. Effective January 1, 2006, the city increased fees paid by residents for trash services without having approval of the board. In addition, the city did not have a signed agreement with the vendor. Later, in February 2006, the Mayor signed the three-year trash service agreement which included an increase of fees; however, the board's approval of the agreement was not documented in board minutes.

Agreements should be approved and signed by all parties prior to the effective date so that all parties can be held to the contract terms and provisions during the contract period.

- E. For expenditures tested, vendor invoices or other supporting documentation were not properly obtained and/or retained for expenditures for patrolling fees (noted above) and cleaning city hall.

All expenditures should be supported by paid receipts and/or vendor provided invoices to ensure the obligations were actually incurred and the expenditures represent appropriate uses of public funds. The board should ensure adequate documentation is available prior to approval of the payment.

- F. The board minutes only make general reference that bills were approved for payment. Also, while the City Clerk may review invoices and/or supporting documentation, the board generally does not review the invoices/supporting documentation before approving the payments.

For each meeting, the City Clerk prepares a "balance sheet" for the board's review. The "balance sheet" includes a list of the checks from the last meeting to the current meeting. However, the "balance sheet" is not signed and/or initialed by the alderman to indicate approval and is not included with the official minutes.

To adequately document the board's review and approval of all disbursements, a detailed list of disbursements should be prepared, signed/initialed by the aldermen to denote their approval, and retained with the official minutes. In addition, supporting documentation should be reviewed by the board or someone independent of the disbursement process before payment is made. Failure to properly review all invoices and supporting documentation, and to document authorizations, increases the possibility of inappropriate disbursements occurring.

- G. The city has not established procedures to ensure all payments totaling more than \$600 in one year to non-employees and unincorporated businesses are properly reported to the IRS as required. For 2005, the city did not report all applicable payments to vendors for gravel, electrical wiring, and tax reports totaling over \$5,500.

Sections 6041 through 6051 of the Internal Revenue Code require non-wage payments of at least \$600 in one year to an individual or unincorporated business be reported to the federal government on Form 1099.

- H. The purchase of gift certificates for city officials and employees does not appear to be a prudent use of public funds. In December 2004, the city purchased gift certificates totaling \$125 for the board, mayor, and employees as holiday gifts.

This expenditure does not appear to be a necessary cost of operating the city and constitutes a questionable use of public funds. In addition, the Missouri Constitution prohibits the use of public money or property to benefit any private individuals, associations, or corporations, except as provided in the constitution. The city's residents have placed a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner. The board should evaluate the propriety of spending public funds on this type of expenditure.

- I. The selling of gravel to city residents appears to violate the terms of the city's sales tax exemption letter. Also, the city has no documentation supporting the amount charged the residents. For the year ended December 31, 2005, the city received \$650 for gravel sales.

The city routinely sells and delivers gravel to residents. As a result, the residents avoided paying sales tax on their purchases of gravel from the city. Additionally, the city buys by the ton and sells by the scoop and there are no reconciliations between purchases and sales. As a result, the city has not determined if the city is making or losing money on this arrangement.

The city needs to ensure its sales tax exemption is not used to benefit individuals. If the city continues to sell gravel to residents, it needs to establish a charge based upon its costs. In addition, the documentation to support the charge should be retained.

WE RECOMMEND the Board of Aldermen:

- A. Establish a formal bidding policy. Such a policy could require competitive bids be solicited through advertising for any purchases over an established amount.
- B. Ensure proposals are solicited for engineering services, in accordance with state law.
- C. Obtain formal written agreements for services which specify the services to be rendered and the manner and amount of compensation to be paid, as applicable.
- D. Ensure agreements are approved and signed by all parties prior to the effective date of the agreement.
- E. Obtain and retain adequate supporting documentation, including invoices, for all expenditures made.
- F. Ensure the approval of all disbursements is adequately documented by including a listing of all approved disbursements in the board minutes. In addition, the board should review and approve the disbursement of city funds prior to the disbursement being made.
- G. Establish procedures to ensure payments totaling greater than \$600 in one year to non-employees and unincorporated business are properly reported to the IRS as required.
- H. Ensure all expenditures of city's monies are necessary and a prudent use of public funds and do not violate the constitution.
- I. Ensure the city's sales tax exemption is not used to benefit individuals. If the city continues to sell gravel to residents, the city needs to establish a charge based upon its costs and retain the documentation to support the charge.

AUDITEE'S RESPONSE

A-I. We agree. We will do these.

8. Capital Assets

The city needs to improve internal controls over its capital assets. The city does not maintain complete and detailed records for its capital assets, including land, buildings, equipment and furniture. In addition, property is not tagged for specific identification and an annual physical inventory of the property is not performed. In fall 2005, the city prepared a list of property; however, the list did not include all necessary and relevant information. For example, the city's list did not include any office furniture and equipment and the name, make, model or serial number, as applicable.

Property records for capital assets are necessary to ensure accountability for all items purchased and owned and for determining the proper amount of insurance coverage. To develop appropriate records and procedures for capital assets, the city needs to undertake a comprehensive review of all property owned by the city. Assets should be counted, tagged for specific identification, and recorded by description and serial number in a detailed property ledger at historical cost or estimated historical cost if the original cost is not available. In addition, the city needs to maintain the property records on a perpetual basis, accounting for property acquisitions and dispositions as they occur. Periodically, the city should conduct annual physical inventories and compare to the detailed records.

WE RECOMMEND the Board of Aldermen maintain complete and detailed capital asset records that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition. These records should be updated for any property additions or dispositions as they occur. Additionally, annual physical inventories should be performed and compared to the detailed records.

AUDITEE'S RESPONSE

We agree. We will do this.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF BOSWORTH, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Bosworth is located in Carroll County. The city was incorporated in 1895 and is currently a fourth class city. The population of the city in 2000 was 382.

The city government consists of a mayor and six member board of alderman. The members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of alderman, and votes only in the case of a tie. The Mayor, Board of Alderman, and other officials during the year ended December 31, 2005, are identified below. The Mayor is paid \$100 per month and Board members \$15 per month. In addition, the Board member acting as the City Treasurer is paid an extra \$15 per month.

<u>Mayor and Board of Aldermen</u>	<u>Dates of Service During the Year Ended December 31, 2005</u>	
Jimmy Wagy, Mayor	January 2005 to December 2005	
Aaron Bell, Alderman	January 2005 to December 2005	
Michelle Bell, Alderwoman	April 2005 to December 2005	
Ronnie Wooden, Alderman	January 2005 to April 2005	
Roger Painter, Alderman	January 2005 to December 2005	
Laveda Wright, Alderwoman	January 2005 to December 2005	
Ray Drury, Alderman	January 2005 to December 2005	
Anthony Butterfield, Alderman	April 2005 to December 2005	
Janet Smith, Alderwoman	January 2005 to April 2005	
<u>Other Principal Officials</u>	<u>Dates of Service During the Year Ended December 31, 2005</u>	<u>Compensation Paid for the Year Ended December 31, 2005</u>
Melissa Wagy, City Clerk	January 2005 to December 2005	\$ 2,465
Delores Potter, City Collector	January 2005 to December 2005	906
Hazel Henderson, Water Clerk	January 2005 to December 2005	2,068
Robert Bruce, Maintenance Worker	January 2005 to December 2005	19,066

Assessed valuations and tax rates for 2005 were as follows:

ASSESSED VALUATIONS

Real estate	\$ 1,056,687
Personal property	429,549
Total	<u>\$ 1,486,236</u>

TAX RATE(S) PER \$100 ASSESSED VALUATION

	Rate
General Fund	\$.8731

Deposits and disbursements from the city's General Fund checkbook register were compiled by type of revenue and expenditures for the year ended December 31, 2005. This summary of the city's financial activity is presented below:

	General Fund
RECEIPTS	Account
Property taxes	\$ 14,873
Motor fuel and motor vehicle taxes	15,798
Kansas City Power and Light gross tax	7,366
Interest	58
Water and trash collections	57,648
Water deposits	1,175
Concession stand reimbursement	6,163
Gravel collections	650
Other	1,875
Total Receipts	<u>105,606</u>

DISBURSEMENTS	
Salaries and fringe benefits	27,653
Tax collector commissions	906
Insurance and bonds	5,257
Telephone	750
Electricity (street lights)	6,652
Electricity	4,615
Trash service	12,286
Postage and box rent	1,254
Advertising	231
Diesel, gas, propane	6,070
Water system maintenance and repair	6,413
Water deposit refunds	319
Supplies	933
Other repair and maintenance supplies	2,262
Primacy fee	348
Fees and dues	4,332
Cleaning services	373
Reimbursements for labor and supplies	639
Equipment	705
Construction, concession stand	7,744
Gravel	4,869
Interest expense	562
Miscellaneous	1,308
Transfer to savings account	900
Total Disbursements	<u>97,381</u>
Receipts Over (under) Disbursements	8,225
Cash Balance, January 1	25,411
Cash Balance, December 31	<u>\$ 33,636</u>



Claire McCaskill

Missouri State Auditor

August 2006

City of Osborn

Year Ended March 31, 2005



Office Of
Missouri State Auditor
Claire McCaskill

August 2006

The following findings were included in our audit report on the City of Osborn, Missouri.

The city of Osborn has not prepared a cost study to support the water and sewer rates to ensure these user fees are established to cover the costs of providing these services. Without a current cost study to support the rate charged for water and sewer services, it is unclear whether the rate assessed for these services is set at an appropriate level.

The City Clerk performs all functions related to preparing the water and sewer bills, receipting and recording water and sewer payments and credit adjustments, depositing water and sewer receipts, monitoring accounts for delinquencies, and initiating service shutoff orders. No independent review of the City Clerk's work is performed. Records to account for water and sewer meter deposits are not reconciled with the cash balance in the water and sewer meter deposit bank accounts, and some water and sewer deposits collected did not agree with the amounts indicated on the signed water and sewer deposit agreement. Also, the city does not perform monthly reconciliations of total billings, payments received, and delinquent amounts for water and sewer services.

The City Clerk prepares checks for current bills throughout the month and presents them to the mayor for his signature, but only a listing of paid bills is provided to the board at their monthly meeting. In addition, the vendor invoices supporting payments are not typically presented to the Mayor or Board of Alderman for their review. Furthermore, employee wages are not always reported to the IRS properly and subjected to payroll tax withholdings and a cell phone usage policy has not been adopted.

The city does not have a formal bidding policy. The decision of whether to solicit bids and proposals for a particular purchase or a professional service is made on an item-by-item basis. Bids or proposals were not solicited for any of the expenditures we selected for testing, including a water/sewer extension project totaling over \$14,000.

Accounting duties are not adequately segregated and there is no independent oversight of the work performed by the City Clerk, who also serves as the City Treasurer. In addition, the City Clerk signs all checks and records all disbursements, performs bank reconciliations and prepares financial reports. Neither the board nor other personnel independent of the cash custody and record-keeping functions provide adequate supervision or review of the work performed by the City Clerk. Receipts slips are not issued for monies received, and documentation of bank reconciliations is not maintained.

YELLOW SHEET

Numerous errors and omissions were found in the record keeping of the City Clerk. Cash control ledgers were not complete and monthly financial reports were not prepared and presented to the board. In addition, numerous receipts were not posted to the ledgers, including some motor vehicle related revenues, grant proceeds, and bank interest.

The city's budgets lack information required by state law. Disbursements exceeded budgeted amounts by approximately \$11,700 and \$12,400 for the General Fund and Water and Sewer Fund, respectively, for the year ended March 31, 2005. The city did not prepare amended budgets for either fund, nor did the city set forth any reasons for exceeding the budgeted amounts in the board minutes or adopt a resolution authorizing the additional expenditures. Also, the city has not published semi-annual financial statements and has not obtained annual independent audits as required by state law.

The city has not established a separate fund or separate accounting for street receipts and disbursements and does not monitor the use of these funds. During the year ended March 31, 2005, the city deposited approximately \$15,800 in state motor vehicle-related receipts into the General Fund, but only spent approximately \$5,300 for identifiable street related purposes. In addition, the General Fund subsidized the Water and Sewer Fund by paying for various water and sewer expenditures. Justification for these subsidies was not maintained, and it is unclear whether these payments were intended as loans or subsidies.

Also included in the report are recommendations related to minutes and records, property taxes, capital assets, ordinances, and a street maintenance plan.

All reports are available on our website: www.auditor.mo.gov

CITY OF OSBORN
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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
And
Board of Alderman
City of Osborn

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Osborn, Missouri. The scope of our audit of the city included, but was not necessarily limited to, the year ended March 31, 2005. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the

provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Osborn, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

February 10, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Audit Manager: Todd M. Schuler, CPA
In-Charge Auditor: Tania Williams

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF OSBORN
MANAGEMENT ADVISORY REPORT –
STATE AUDITOR'S FINDINGS

1.	Water and Sewer System
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A cost study has not been prepared to support the water and sewer rate. In addition, duties have not been adequately segregated, meter deposits are not reconciled to their related cash balance, and a reconciliation of total billings, payments received and delinquent amounts is not performed.

- A. The city has not prepared a cost study to support the water and sewer rates to ensure these user fees are established to cover the costs of providing these services. In June 2002, United States Department of Agriculture (USDA) prepared a cost study for the city, but the city has not formally reviewed the adequacy of water and sewer rates since that time. Without a current cost study to support the rate charged for water and sewer services, it is unclear whether the rate assessed for these services is set at an appropriate level. The city should make efforts to establish user fees at a level consistent with the costs of providing only those services.

Section 67.042, RSMo, provides that fees may be increased if supported by a statement of the costs necessary to maintain the funding of the service. Water and sewer fees are user charges which should cover the cost of providing the related services, but rates should not be set at a level which results in excessive fund balances. The city should perform and document a detailed review of its water costs, including depreciation, and establish rates to cover the total costs of operations without generating excessive profits. Preparation of a statement of costs would allow the city to determine the rates necessary to support current and future operations as well as provide documentation to customers of the rationale behind the rates.

- B. The duties of cash custody and record keeping related to the water and sewer system are not adequately segregated. The City Clerk performs all functions related to preparing the water and sewer bills, receipting and recording water and sewer payments and credit adjustments, depositing water and sewer receipts, monitoring accounts for delinquencies, and initiating service shutoff orders. No independent review of the accounting records is performed.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receipting and depositing monies from that of preparing bills, recording payments and following up on delinquent accounts. If proper

segregation of duties cannot be achieved, at a minimum, there should be an independent review of the accounting records.

- C. Records to account for water and sewer meter deposits are not reconciled with the cash balance in the water and sewer meter deposit bank accounts. In addition, water and sewer deposits collected do not agree with the amount recorded on the water and sewer deposit agreement. City residents are required to pay a refundable deposit for water and sewer service. Although the city water and sewer agreements indicate a deposit of \$75 was paid upon connection, varying amounts ranging from \$25 to \$75 have been collected in the past. Five of twelve signed water and sewer agreements we reviewed indicated \$75 was collected; however, the listing of water and sewer meter deposits indicated \$25 was collected. This listing is not periodically totaled and agreed to the balance of the bank account. The balance in the water meter deposit bank account totaled approximately \$10,200 as of March 31, 2005.

Preparing accurate listings of water and sewer deposits and agreeing the total with the reconciled cash balance monthly will provide assurance that sufficient assets exist to cover liabilities and all monies can be properly identified. Such reconciliations also allow for the prompt detection and correction of errors.

- D. The city does not perform monthly reconciliations of total billings, payments received, and delinquent amounts for water and sewer services. No one reviews or compares monthly statements with monthly reports of amounts billed to each customer, total deposits made, and cumulative delinquent balances for each applicable customer. At January 15, 2006, the city reported a total of \$1,789 was due from water and sewer customers, including delinquent penalties. Based on billing and collection data from May 2005, (when the new billing system was started) to January 15, 2006, it appears the January 15, 2006 receivable balance is overstated by approximately \$239.

Monthly reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. Complete documentation of the reconciliations should be retained to support conclusions and any corrections made.

WE RECOMMEND the Board of Aldermen:

- A. Prepare a cost study for the water and sewer system and establish rates to ensure only the amount of revenue necessary to fund the system is collected.
- B. Segregate the duties of receiving and depositing monies from that of preparing bills, recording payments and following up on delinquent accounts. If this is not possible, at a minimum, procedures for adequate independent reviews should be established.

- C. Identify all water and sewer meter deposits held by the city and periodically reconcile these deposits to the water and sewer meter deposit bank account. In addition, the city should ensure the amount collected agrees to the amount indicated on the water and sewer deposit agreement.
- D. Perform monthly reconciliations of the amounts billed to amounts collected and delinquent accounts.

AUDITEE'S RESPONSE

- A. *We agree and will ensure a cost study is prepared by March 31, 2007.*
- B. *We will ensure an independent review of the records is performed.*
- C. *We are in the process of identifying the water and sewer deposit for each customer and updating the water and sewer deposit agreement.*
- D. *Effective August 2006 this will be done on a monthly basis.*

2.	Expenditures
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Bills are paid before the board reviews invoices and approves payments. The city did not take bids or proposals for some major purchases, did not issue 1099-MISC forms when required, and has not developed a cell phone usage policy.

- A. The board does not normally approve payments or review invoices before bills are paid. The City Clerk prepares checks for current bills throughout the month and presents them to the mayor for his signature, but only a listing of paid bills is provided to the board at their monthly meeting. In addition, the vendor invoices supporting payments are not typically presented to the Mayor or Board of Alderman for their review. Allowing payments to be made without board approval increases the likelihood that an improper payment will be made.

To adequately document the board's review and approval of all disbursements, a complete and detailed listing of invoices should be prepared, signed or initialed by the alderman to denote their approval, and retained with the official minutes. In addition, supporting documentation should be reviewed by the Board of Alderman before payment is made to ensure all disbursements represent valid operating costs of the city, are within budget, and funds are available for payment.

- B. The city does not have a formal bidding policy. As a result, the decision of whether to solicit bids and proposals for a particular purchase or a professional service is made on an item-by-item basis. Bids or proposals were not solicited for any of the expenditures we selected for testing, including a water/sewer extension project totaling over \$14,000 and property and liability insurance totaling

approximately \$5,500. In addition, the city paid an independent contractor approximately \$27,000 during the fiscal year ended March 31, 2005 for water and sewer maintenance services, but proposals were not solicited.

Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. In addition, soliciting proposals and entering into a truly competitive bidding process provides the city a means to select the contractor best suited to provide the service required. Competitive bidding also helps ensure all parties are given equal opportunity to participate in the city's business. Bids can be handled by telephone quotation, by written quotation, by sealed bids, or by advertised sealed bids. Various approaches are appropriate, based on the dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and reasons noted why the winning bid was selected.

- C. The City does not ensure all employee compensation is reported on a W-2 Form and subjected to proper tax withholdings. The city paid the City Clerk \$5,575 and the City Collector \$983 during the year ended March 31, 2005, but did not issue W-2 forms or withhold payroll taxes from these payments. Federal and state regulations require that proper withholdings be made from all salaries and wages and that gross wages be reported on a W-2 form.
- D. The city does not have a cell phone usage policy. The water superintendent is reimbursed \$30 a month for use of his personal cellular phone for city business; however, the city does not obtain or request any supporting documentation to justify the reimbursement. During our test work, documentation was requested to support a reimbursement made to the water superintendent to determine if the city is receiving sufficient benefit for its cost, but the request was denied. Without an itemized statement identifying any business calls, there is no assurance that the water superintendent is using his personal cellular phone for city business.

The Board of Aldermen should review the propriety of the usage of the cellular phones to determine whether the city is receiving sufficient benefit for its cost. If the cellular phones are deemed necessary, the board should establish a policy to ensure cellular phones are used only for reasonable business purposes. Such a policy should address which employees need a cellular phone, proper use of the phone, and a reimbursement policy if the board authorizes the phone to be used for personal matters. Procedures should be implemented to monitor cellular phone usage and review invoices for propriety.

WE RECOMMEND the Board of Alderman:

- A. Ensure the approval of all disbursements is adequately documented by including a listing of all disbursements in the board minutes, and requiring supporting documentation be reviewed by the board.

- B. Establish a formal bidding policy, including solicitation of proposals for professional services.
- C. Ensure payments totaling greater than \$600 are either considered wages and subjected to withholdings and proper reporting or are reported as payments to non-employees and unincorporated businesses and are properly reported to the Internal Revenue Service.
- D. Develop a formal written policy regarding the use of cellular phones and review invoices for propriety to ensure the city is receiving sufficient benefit for its cost.

AUDITEE'S RESPONSE

- A. *The Board will make every attempt to approve as many bills as possible before they are paid.*
- B. *We will establish a formal bidding policy by January 2007.*
- C. *We agree.*
- D. *We will assess the need for employees to use cell phones and develop a policy as we deem necessary.*

3.	Accounting Controls and Procedures
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Duties are not adequately segregated and there is no independent oversight of the City Clerk. Numerous weaknesses exist in receipt procedures and bank reconciliations.

- A. Accounting duties are not adequately segregated and there is no independent oversight of the work performed by the City Clerk. The City Clerk also serves as the City Treasurer, and is responsible for receiving, recording, and depositing of receipts. In addition, the City Clerk signs all checks and records all disbursements, performs bank reconciliations and prepares financial reports. Neither the board nor other personnel independent of the cash custody and record-keeping functions provide adequate supervision or review of the work performed by the City Clerk. Numerous errors and omissions were found in the cash control ledgers prepared by the City Clerk (see part D), which may have been detected had some oversight of her work been performed.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receipting and depositing monies from that of preparing bills, recording payments. If a proper segregation of duties cannot be achieved, at

a minimum, there should be an independent review of the reconciliations between the bank deposits and recorded payments.

- B. Receipts slips are not issued for monies received. Water and sewer payments received each week are listed on a transaction report, but the method of payment is not recorded and the total amount received is not reconciled to deposits. No record of individual receipts is maintained for the General Fund. Amounts deposited to both funds are posted to receipt and disbursement ledgers, but these ledgers are also incomplete (see part D). By failing to issue receipt slips for all monies received, there is less assurance that all monies have been properly posted to the accounting records and deposited.

To ensure receipts are handled properly, receipt slips should be issued for all monies received. In addition, the method of payment should be indicated on each receipt slip and the composition (cash and checks) should be reconciled to the composition of bank deposits.

- C. Documentation of bank reconciliations is not maintained. The City Clerk indicated she reconciled bank statement balances to her check book register monthly, but did not reconcile to the receipt and disbursement ledgers maintained for the Water and Sewer Fund and General Fund. Documentation of the reconciliation to the check book was not maintained and the failure to reconcile to the receipt and disbursement ledgers allowed the various errors described in part D to go undetected.

Monthly bank reconciliations and comparisons to financial statement balances are necessary to ensure accurate accounting and financial reporting and that any errors are detected and corrected on a timely basis.

- D. Cash control ledgers of receipts and disbursements for both general funds and sewer funds were not complete and monthly financial reports summarizing the financial activity were not prepared and presented to the board. In addition, the City Clerk did not post transactions to the ledgers timely. Numerous receipts were not posted to the ledgers, including some motor vehicle related revenues, grant proceeds, and bank interest. It appeared the City Clerk would occasionally attempt to bring the ledgers up to date by posting numerous transactions at once, sometimes not in date order. The City Clerk indicated the office is only open on Saturday mornings and she had to focus on posting water and sewer payments to the system and other financial duties and updated the ledgers when she found time. The ledgers included no monthly totals for receipts or disbursements, or monthly balances, which would allow them to be reconciled to bank activity to ensure their completeness.

Complete financial reports, showing receipts and disbursements and beginning and ending cash balances for each fund, would not only provide the board with

critical data necessary to make financial decisions, but help improve accountability over funds.

- E. Checks and money orders are not restrictively endorsed immediately upon receipt. A cash count revealed over forty checks, totaling approximately \$1,200, were on hand and had not been endorsed. Endorsements are applied when deposits are made. To adequately safeguard receipts, all checks and money orders should be restrictively endorsed immediately upon receipt.

WE RECOMMEND the Board of Aldermen:

- A. Segregate the duties of receiving and depositing monies from that of preparing bills, recording payments and following up on delinquent accounts. If this is not possible, at a minimum, procedures for adequate independent reviews should be established.
- B. Ensure pre-numbered receipt slips are issued for all monies received, the method of payment is indicated on all receipt slips and the composition of receipts is reconciled to the composition of bank deposits.
- C. Maintain documentation of monthly bank reconciliations.
- D. Ensure all transactions are recorded in the cash control ledgers and they are reconciled monthly with other financial records. In addition, prepare monthly financial reports summarizing receipts, disbursements, and changes in the cash balance of each fund and ensure these reports are reviewed by the board.
- E. Ensure checks and money orders are restrictively endorsed immediately upon receipt.

AUDITEE'S RESPONSE

- A. *We will ensure an independent review of the records is performed.*
- B. *We are already doing this.*
- C, D
&E. *We have already implemented these recommendations.*

4. Budgets and Financial Reporting

Numerous problems were noted regarding city budgets and financial reporting. The Board of Aldermen has not received enough information to monitor the budget and evaluate the financial position of the city's funds. In addition, the city does not prepare or publish semiannual financial statements and annual audits have not been obtained.

Annual financial reports were not filed with the State Auditor's Office on a timely basis, and the financial reports did not include all city monies and related financial activity.

A. The city's budgets are in need of improvement and do not contain some information required by state law. The budgets prepared for the years ended March 31, 2006 and 2005 did not include:

- A budget message.
- Information regarding the city's debt.
- Beginning and ending fund balances.
- Actual revenues and expenditures for the General Fund and Water/Sewer Fund for the preceding two years.

Section 67.010, RSMo, requires each political subdivision of the state to prepare an annual budget with a budget message and comparisons of actual revenues and expenditures for the two preceding fiscal years. Prior year comparisons of actual revenues and expenditures need to be included to help ensure accurate amounts are budgeted. A budget should include appropriate revenue and expenditure estimations by classification, and include the beginning available resources and reasonable estimates of the ending available resources. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area.

B. The city approved disbursements in excess of budgeted amounts. Disbursements exceeded budgeted amounts by approximately \$11,700 and \$12,400 for the General Fund and Water and Sewer Fund, respectively, for the year ended March 31, 2005. The city did not prepare amended budgets for either fund, nor did the city set forth any reasons for exceeding the budgeted amounts in the board minutes or adopt a resolution authorizing the additional expenditures. This overspending was caused, at least in part, because no comparison of budget to actual activity is performed.

Section 67.040, RSMo, indicates a political subdivision shall not increase the total amount authorized for expenditures from any fund, unless the governing body adopts a resolution documenting the reasons making the increase necessary and approves or adopts a resolution or ordinance to authorize the expenditures. The board should ensure any budget amendments are properly authorized and adequately documented.

C. The city has not published semi-annual financial statements and has not obtained annual independent audits as required by state law. A financial statement of receipt and disbursement activity has not been prepared semi-annually in recent years and the city has not obtained an independent audit since the year ended

March 31, 2000. In addition, financial reports filed with the State Auditor's Office were not complete and not filed on a timely basis. The 2005 financial report, which was due by July 31, 2005, was not filed until September, 2005, and did not include all city bank accounts and investments.

Section 79.160, RSMo, requires a statement of receipts and expenditures, as well as indebtedness, to be prepared semiannually. Section 250.150, RSMo 2000, requires the city to obtain annual audits of the combined waterworks and sewage system. Section 105.145, RSMo, requires the city to file a financial report with the State Auditor's Office annually.

WE RECOMMEND the Board of Aldermen:

- A. Prepare budgets for all funds of the city in accordance with state law.
- B. Periodically compare actual revenues and expenditures with budgeted amounts to monitor city finances and to ensure actual expenditures do not exceed budgeted amounts. If it is necessary to incur additional expenditures, a resolution setting forth the increase and reasons for such should be adopted before the additional expenditures are incurred.
- C. Require semi-annual financial statements be prepared and published and require an annual independent audit be performed of all city funds. In addition, financial reports filed with the State Auditor's Office should be complete and filed timely.

AUDITEE'S RESPONSE

- A. *We will ensure the fiscal year 2008 budget is prepared in accordance with state law.*
- B. *We are currently reviewing budget to actual activity on a monthly basis, and will ensure amendments are prepared if necessary.*
- C. *We will ensure semi annual financial statements are prepared and published in the future. We plan to get a financial audit done for the year ended March 31, 2006.*

5. Minutes and Records

City procedures for conducting and documenting closed meetings are not always done in compliance with state law, a policy regarding public access to city records has not been established, and minutes are not always signed by the city clerk and mayor.

- A. Improvement is needed in the handling of closed meetings. Numerous closed sessions were held by the board, but the various requirements in Chapter 610, RSMo (the Sunshine Law) regarding closed meetings were not always followed.

- The minutes of open meetings do not document the reasons for closing the meeting or the related vote.
- Some issues discussed in closed meetings did not appear to be allowable per the Sunshine Law. These topics included operating hours for city hall, fringe benefits for employees, such as health insurance and vacation, and the review and acceptance of mowing bids.
- While minutes of closed meetings are now required by state law (effective August 28, 2004), the city failed to provide minutes of several closed meetings held by the board after that date.
- Decisions made in closed meetings were not always properly disclosed in open meetings, or due to the lack of closed session minutes, it is not known whether any decision was properly disclosed.

City officials indicated they are aware of the Sunshine Law and once this topic was discussed with them, improvement was noted in their handling of closed meetings

The Sunshine Law, Chapter 610, RSMo, states the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open meeting and requires minutes be kept for all closed meetings. In addition, the Sunshine Law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. The minutes should provide sufficient details of discussions to demonstrate compliance with statutory provisions and support important decisions made.

- B. The city does not have a formal policy regarding public access to city records. A formal policy regarding access and obtaining copies of city records would establish guidelines for the city to make the records available to the public. This policy should establish a contact person, an address for mailing such requests, and a cost for providing copies of public records.

Section 610.023, RSMo, lists requirements for making city records available to the public. The Sunshine Law states the fees for copying public records shall not exceed ten cents per page, with the hourly fee for duplicating time not to exceed the average hourly rate of pay for clerical staff of the public governmental body. Research time may be charged at the actual cost of time required to fulfill records requests.

- C. Board minutes, including minutes of closed meetings that were maintained, were not always signed by the city clerk and the mayor. The board minutes should be signed by the City Clerk as preparer and the Mayor upon approval to provide an

independent attestation that the minutes were a correct record of the matters discussed and actions taken during the board meetings.

WE RECOMMEND the Board of Aldermen:

- A. Ensure minutes document the vote to go into closed session, state the reasons for going into closed meetings and publicly disclose the final disposition of applicable matters discussed in closed meetings. In addition, minutes should be maintained to support all closed meetings and only allowable topics should be discussed in closed meetings.
- B. Develop written policies regarding procedures to obtain public access to, or copies of, public city records.
- C. Ensure board minutes are properly signed to attest to their accuracy.

AUDITEE'S RESPONSE

- A. *We have already taken steps to improve our handling of closed meetings and will ensure the regulations of the Sunshine Law are followed.*
- B. *We will develop a policy for public access to city records by October 2006.*
- C. *We will start doing this by August 2006.*

6. Property Taxes

The City Collector does not provide the Board of Aldermen monthly or annual reports summarizing taxes collected, as well as those that remain delinquent. In addition, the City Clerk does not prepare the tax books, any additions and abatements of taxes are not reviewed by the board, and taxes are not distributed to the city treasury timely.

- A. The City Collector does not prepare and submit to the board a monthly or annual report of taxes collected, and delinquent tax lists are not reviewed and approved by the board. A report of taxes collected is submitted periodically to the City Clerk to receive commission payments, but these reports are not submitted to the board for review and approval. In addition, while a delinquent tax list was prepared by the City Collector in March 2005 and filed with the City Clerk, the Board of Aldermen did not review and approve the list. Due to the lack of reports of taxes collected and delinquent and lack of oversight by the board over tax collections, there is less assurance that all taxes were collected.

Sections 79.310, 94.320, and 94.330, RSMo require the city collector to prepare monthly and annual reports to the Board of Aldermen of the amount of taxes collected and to prepare annual lists of delinquent taxes including a detailed list of

persons who have not paid. The board is to examine and approve the reports and charge the City Collector to collect the amount of delinquent taxes due. Monthly and annual reports which comply with state law would help provide assurance taxes have been properly collected, written off, or determined to be delinquent. Such a report would summarize all taxes charged to the City Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. Without such a report examined by the board, any errors or irregularities that might occur are likely to go undetected.

- B. The tax books are prepared by the City Collector and no independent verification of the tax book information or totals is performed by the City Clerk to ensure they are correct. Tax statements are prepared and mailed by the City Collector. In addition, the City Collector posts additions and abatements to the tax books without review or approval by the Board of Aldermen. Without this segregation of duties between the City Clerk and City Collector, the internal control over this process is weakened.

Section 94.290, RSMo, requires the City Clerk to prepare the tax books and charge the City Collector with the full amount of taxes levied. Verification of tax book information and totals is necessary to ensure the amount of taxes charged to the City Collector is complete and accurate. In addition, any changes to the tax books (additions or abatements) should be prepared by the City Clerk, approved by the Board of Aldermen, and charged to the City Collector.

WE RECOMMEND the Board of Aldermen:

- A. Require the City Collector to prepare and submit detailed monthly and annual reports of taxes collected and delinquent taxes and ensure these reports are reviewed and approved.
- B. Require the City Clerk to prepare the current tax books and charge the City Collector with the amount of taxes, or at a minimum, document procedures performed to verify the accuracy of the tax book totals. In addition, the City Clerk should prepare and the Board of Aldermen should approve all tax book additions and abatements.

AUDITEE'S RESPONSE

- A. *We will take steps to implement this by November 2006.*
- B. *The board will take this under advisement and decide what actions need to be taken.*

7.**Restricted Revenue**

The city has not established a separate accounting for motor vehicle-related revenues and the General Fund has subsidized the Water and Sewer Fund.

- A. The city has not established a separate fund or separate accounting for street receipts and disbursements and does not monitor the use of these funds to ensure compliance with the Missouri Constitution. The city receives state motor vehicle-related revenues and deposits them into the General Fund. During the year ended March 31, 2005, the city deposited approximately \$15,800 in state motor vehicle-related receipts into the General Fund, but only spent approximately \$5,300 for identifiable street related purposes.

Article IV, Section 30 of the Missouri Constitution, requires that motor vehicle-related receipts apportioned by the state of Missouri be expended for street-related purposes only including policing, signing, lighting, and cleaning of roads and streets. To ensure compliance with the Missouri Constitution, the city should maintain a separate fund or separate accounting of motor vehicle-related receipts and ensure these receipts are used only for the purposes allowed by the constitution. The unspent balance of street revenues should be accounted for separately along with future receipts.

- B. The General Fund subsidized the Water and Sewer Fund by paying for various water and sewer expenditures and justification for these subsidies was not maintained. While the cash balance of the Water and Sewer Fund at March 31, 2005 was approximately \$115,000, the majority of this balance was invested in certificates of deposit and was not available for spending. Consequently, the board approved numerous expenditures from the General Fund related to water and sewer services and it is unclear whether these payments were intended as a loan or subsidy. If the board intends to use General Fund monies in the future for water and sewer related expenditures, they should clearly document if they intend these monies to be repaid and the reasons for the subsidy.

Revenues of the Water and Sewer Fund represent user charges which are intended to cover the cost of providing the related services. The board should reevaluate the need for future subsidies and ensure adequate documentation is maintained to support these type transactions. The funds of the city are established as separate accounting entities to account for specific activities of the city. Reflecting expenses in the proper fund is necessary to accurately determine the results of operations and/or specific activities; thus, enabling the city to establish the level of taxation and/or user charges necessary to meet operating costs.

WE RECOMMEND the Board of Aldermen:

- A. Establish the necessary records to account for those monies restricted for specified purposes and allocate expenditures to the appropriate funds.
- B. Clearly document the reasons for subsidizing the Water and Sewer Fund and evaluate the need for future subsidies.

AUDITEE'S RESPONSE

- A. *The Board has already established a street fund to account for these receipts and disbursements.*
- B. *We will consider repaying these monies to the General Fund and will ensure expenses are paid from the proper fund in the future.*

8. Capital Assets

The city has not prepared and maintained permanent, detailed property records for capital assets, including the cost of land, buildings, equipment, and furniture owned by the city. Also, annual physical inventories are not performed and standard fuel logs are not maintained for city owned vehicles.

- A. The city has not prepared and maintained permanent, detailed property records for capital assets, including the cost of land, buildings, equipment, and furniture owned by the city, or the assets of the water and sewer system. In addition, annual physical inventories have not been performed. Without property records for capital assets, accountability for all items purchased and owned are lessened and there is no documentation for determining the proper amount of insurance coverage.

To develop appropriate records and procedures for capital assets of the city and water and sewer systems, the city needs to undertake a comprehensive review of all property owned by the city. Assets should be counted, tagged for specific identification, and recorded by description and serial number in a detailed property ledger at historical cost or estimated historical cost if the original cost is not available. The city should properly record all capital asset transactions, and ensure the accuracy of the recorded capital assets. In addition, the city should periodically take physical counts of its assets and compare to the detailed records.

- B. The city does not maintain usage logs, including maintenance information and fuel usage, for its two vehicles. Fuel is purchased using a charge card at a local gas station, and fuel purchases during the year ended March 31, 2005 totaled approximately \$600. A monthly billing is received from the gas station, but the individual charge receipts are not compared to the invoice. Without adequate

usage logs, the district cannot effectively monitor that vehicles are used for official business only, that maintenance and fuel costs for vehicles are reasonable, and that fuel and maintenance billings to the district represent legitimate and appropriate charges.

Usage logs are necessary to document appropriate use of the vehicles and equipment and to support fuel and other charges. The logs should include the purpose and destination of each trip, beginning and ending odometer readings or hours of usage as applicable, and all operation and maintenance costs. Supervisory reviews of the logs should be performed to ensure vehicles and equipment are used only for city business and are being properly utilized, and to help identify vehicles and equipment that should be replaced. Information on the logs should be periodically reconciled to applicable expenditure records to help identify and prevent inappropriate fuel purchases or other maintenance and operating charges.

WE RECOMMEND the Board of Aldermen:

- A. Establish property records for general fixed assets that record all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent transactions. In addition, the city should properly tag or otherwise identify all city property and conduct physical inventories for comparison to the property records.
- B. Require vehicle usage logs be maintained and periodically reviewed by a supervisor. In addition, fuel purchases should be recorded in the log and periodically reconciled to applicable expenditure records.

AUDITEE'S RESPONSE

- A. *We will prepare records of our capital assets by March 31, 2007, and we will ensure annual inventories are performed in the future.*
- B. *We will ensure these usage logs are maintained, including fuel purchases, in the future.*

9. Ordinances

Improvement is needed in the organization of the city's ordinances. The city's ordinances have not been codified, thus hindering the city's ability to locate specific ordinances. At least one ordinance passed by the Board of Alderman could not be located. In addition, the city has not adopted or updated ordinances to address issues required by state law and/or needed to govern the city.

- We selected four ordinances referred to in board minutes, but could only locate three in the ordinance book.

- An ordinance establishing rates, assessment of late fees for delinquent payments, reconnection fees, and deposit amounts for water and sewer services has not been adopted. The City Clerk indicated the city's current practices are to assess a 5% late fee on bills paid after the 15th of the month, collect a \$25 re-connect fee for the first disconnection and \$100 re-connect fee for any disconnections thereafter, and collect a \$75 water and sewer deposit.
- An ordinance establishing compensation for elected officials is not current. The compensation ordinance the city has filed indicated the Mayor and aldermen may receive \$5 per meeting; however, the Mayor and aldermen received \$10 per meeting during year ended March 31, 2005. In addition, the city has not adopted an ordinance establishing compensation for the city clerk, as well as the term of office and duties, as required by law.

To ensure equitable treatment of all water customers, the board should establish an ordinance establishing the reconnection fee and water deposit amounts, which the city is already assessing and collecting. Compensation rates set by ordinance, in addition to meeting statutory requirements, document the approved amounts to be paid and eliminate potential misunderstandings on the amount each city official and employee is to receive, and is necessary to ensure the compensation of an official is not changed during the term of office. Since ordinances represent legislation which has been passed by the board to govern the city and its residents, it is important that the city's ordinances be maintained in a complete and up-to-date manner.

WE RECOMMEND the Board of Aldermen update and codify the city's ordinances, ensure a complete set of ordinances is maintained, and establish an index of all city ordinances passed and rescinded. In addition, the Board should establish ordinances regarding the assessment of late fees for delinquent utility payments and property taxes, reconnection fees, and water deposit amount. Furthermore, establish or update ordinances setting the compensation and duties for all elected and appointed officials and employees as required by state law.

AUDITEE'S RESPONSE

We will research this issue and attempt to update the ordinance book by March 31, 2007.

10.

Street Maintenance Plan

A formal maintenance plan for city streets has not been prepared annually. The city spent approximately \$5,300 on identifiable street related expenditures during the year ended March 31, 2005. A maintenance plan should be prepared in conjunction with the annual budget and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant

information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. A plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

WE RECOMMEND the Board of Aldermen prepare a formal maintenance plan for the city streets at the beginning of the year and periodically update the plan throughout the year. In addition, the board should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects.

AUDITEE'S RESPONSE

We will prepare a maintenance plan for city streets by March 31, 2007.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF OSBORN, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Osborn is located in DeKalb and Clinton counties. The city was incorporated in 1887 and is currently a fourth-class city. The population of the city in 2004 was 451.

The city government consists of a mayor and four-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other officials during the year ended March 31, 2005 are identified below. The Mayor and Board of Aldermen are paid \$10 per meeting. The compensation of these officials is not established by ordinance.

Elected Officials	Dates of Service During the Year Ended March 31, 2005	Compensation Paid for the Year Ended March 31, 2005
Brice Hamann, Mayor (1)	October 2004 to March 2005	\$ 130
Rodney Hankins, Mayor	April 2004 to October 2004	80
Jerry Bestgen, Alderman (2)	April 2004 to March 2005	170
Rick Uthe, Alderman (3)	November 2004 to March 2005	80
Brice Hamann, Alderman	April 2004 to October 2004	70
David Enloe, Alderman (4)	October 2004 to March 2005	90
Joel Hummel, Alderman	April 2004 to October 2004	80
Sherri Grey, Alderwoman (5)	November 2004 to March 2005	70
Gary Marshall, Alderman	April 2004 to July 2004	70

Other Principal Officials	Dates of Service During the Year Ended March 31, 2005	Compensation Paid for the Year Ended March 31, 2005
Pam Hoggatt, City Clerk (6)	April 2004 to March 2005	\$ 5,575
Paula George, Collector	April 2004 to March 2005	983
Ed Procter, City Attorney	April 2004 to April 2004	86
Miller Robinson, City Attorney	May 2004 to March 2005	315

- (1) Michael Meek was elected in April 2005. Resigned in August 2005 and Norman Baumgarden was appointed in September 2005. Brice Hamann was elected to a one year term in April 2006.
- (2) Elected in April 2006
- (3) Elected in April 2005.
- (4) Terry Dierenfeldt was elected to a two year term in April 2005.
- (5) Elected to a one year term in April 2005. Norman Baumgarden was elected in April 2006.
- (6) Resigned in March 2006. Kristie Smith was appointed in April 2006.

In addition to the officials identified above, the city employed one full-time employee and one part-time employee on March 31, 2005.

Assessed valuations and tax rates for 2005 were as follows:

ASSESSED VALUATIONS

Real estate	\$	1,942,680
Personal property		803,675
Railroad and utility		281,668
Total	\$	<u>3,028,023</u>

TAX RATE PER \$100 ASSESSED VALUATION

		Rate
General Fund	\$	<u>.7561</u>

A summary of the city's financial activity for the year ended March 31, 2005, is presented below:

	General, Street Fund	Water Replacement & Extension Fund	Water Bond Reserve Fund	Water & Sewer Fund	Total
RECEIPTS					
\$					
Water /sewer fees	0	0	0	79,321	79,321
Water/sewer deposits	0	0	0	74	74
Grant	0	0	0	32,000	32,000
Interest	4,083	0	0	3,303	7,386
Taxes	28,408	0	0	0	28,408
Road fees	19,020	0	0	0	19,020
Franchise fees	14,944	0	0	0	14,944
Poll rent	75	0	0	0	75
Tubes/Rock	544	0	0	0	544
Miscellaneous	47	0	0	0	47
Water/Sewer installation	9,843	0	0	0	9,843
Insurance proceeds	0	0	0	4,727	4,727
Transfer In	0	1,768	1,768	7,000	10,536
Total Receipts	<u>76,964</u>	<u>1,768</u>	<u>1,768</u>	<u>126,425</u>	<u>206,925</u>
DISBURSEMENTS					
Vehicle expenses	608	0	0	0	608
Postage	0	0	0	528	528
Printing	0	0	0	254	254
Utilities	3,930	0	0	4,725	8,654
Salaries	3,275	0	0	3,135	6,410
Payroll Taxes	1,326	0	0	604	1,930
Repair and maintaince	17,533	0	0	3,382	20,915
Insurance	6,038	0	0	0	6,038
Contract laborer	1,655	0	0	33,263	34,917
Loan payments	0	0	0	15,017	15,017
Water/Sewer extension	0	0	0	61,291	61,291
Election costs	2,352	0	0	0	2,352
Rock	991	0	0	181	1,172
Street lights	4,223	0	0	0	4,223
Mowing	5,758	0	0	0	5,758
Legal	860	0	0	0	860
Tubes	98	0	0	0	98
Miscellaneous	2,095	0	0	470	2,565
Transfers Out	7,544	0	0	2,992	10,536
Total Disbursements	<u>58,283</u>	<u>0</u>	<u>0</u>	<u>125,841</u>	<u>184,125</u>
Receipts Over (Under) Disbursements	18,680	1,768	1,768	583	22,800
Cash April 1, 2004	183,199	508	508	115,051	299,266
Cash March 31, 2005	<u>\$ 201,879</u>	<u>2,276</u>	<u>2,276</u>	<u>115,634</u>	<u>322,065</u>



Claire McCaskill

Missouri State Auditor

August 2006

Clay County Public Water
Supply District #8

Year Ended December 31, 2005



Office Of
Missouri State Auditor
Claire McCaskill

August 2006

The following findings were included in our audit report on the Clay County Public Water Supply District #8.

Since 2003, the Clay County Public Water Supply District #8 (district) has been involved in various lawsuits with property owners seeking detachment of their properties from the district, which would allow property owners to develop residential or commercial units on the property and obtain water and sewer services from nearby cities. The planned housing developments on the affected properties would significantly increase the district's customer base and provide additional revenues to fund capital improvements for the entire system.

The district has engaged six principal law firms over the past three years for these lawsuits and incurred legal fees totaling approximately \$1,083,000 during the three years ended December 31, 2005. The district has paid approximately \$716,000 in legal costs from 2003 to 2005, disputed and has unpaid billings of \$136,000 from one firm dismissed in 2003, and is making payments on the unpaid balances due the current attorneys totaling about \$231,000.

The board sought these firms because of their resources and expertise and interviewed attorneys from the firms; however, documentation of the interviews was not prepared, nor were they mentioned in the board minutes. Written contracts were not executed with all firms employed and anticipated legal expenditures were not properly budgeted in 2005 or 2006. While the anticipated expenditures for litigation was included in a cash basis analysis included with the budget, a line item for litigation expense was not budgeted, and nothing was included for additional litigation expenditures related to ongoing lawsuits. In addition, detailed invoices were not maintained for two attorney billings, totaling approximately \$82,000, which were submitted and paid in 2003.

The district did not prepare complete budgets as required by state law and actual expenses exceeded budgeted amounts. The district's 2005 budget did not include expected capital improvement costs and actual costs of the project were not periodically compared to estimates. Actual and estimated costs of the project were not monitored monthly, no documentation was maintained in the board minutes to document any progress report reviews, and estimated capital improvement costs were not included in the 2005 budget. In addition, the district did not revise its master plan for changes in the project plans and did not revise the cost estimates.

The district does not have a formal bidding policy. The decision of whether to solicit bids/proposals for a particular purchase is made on an item-by-item basis. During 2005, bids were not solicited for lawn mowing services, and in 2003 there were no bids for the

YELLOW SHEET

lease purchase of a \$65,000 backhoe. Additionally, there was no documentation explaining why the district did not accept the lowest bid for road boring services bid in 2005.

District water sales revenues totaled approximately \$480,000 for the year ended December 31, 2005. There is no independent oversight or adequate segregation of duties related to the district's water billing system. The office manager performs all functions related to generating monthly water bills; receiving, recording and depositing water payments; approving and making adjustments; and producing various reports. There is no documented independent review by the board of these activities or reports.

The board does not always document its approval of employee salaries, additions, and pay raises. There was no documented board approval for the 2005 salaries for the construction employees, which totaled approximately \$78,000 for the year ended December 31, 2005.

Also included in the report are recommendations related to minutes and equipment records.

All reports are available on our website: www.auditor.mo.gov

CLAY COUNTY PUBLIC WATER SUPPLY DISTRICT #8

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Board of Directors
Clay County Public Water Supply District #8

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Clay County Public Water Supply District #8. The district had engaged Westbrook and Company, P.C., Certified Public Accountants, to audit the district for the year ended December 31, 2005. To minimize any duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the district included, but was not necessarily limited to, the year ended December 31, 2005. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the district; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the

provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in the audit of the district.

The accompanying Management Advisory Report presents our findings arising from our audit of the Clay County Public Water Supply District #8.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

January 26, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Audit Manager: Todd M. Schuler, CPA
In-Charge Auditor: John Lieser, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CLAY COUNTY PUBLIC WATER SUPPLY DISTRICT # 8
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Litigation Costs
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The district did not adequately document its decisions for hiring law firms, did not execute written contracts with some law firms, did not adequately budget for expected litigation costs, and did not always maintain detailed billing documentation for legal services.

Since 2003, the district has been involved in various lawsuits with property owners seeking detachment of their properties from the district. Detachment would allow them to develop residential or commercial units on the property and obtain water and sewer services from the cities of Kearney or Excelsior Springs. The planned housing developments on the affected properties would significantly increase the district's customer base and provide additional revenues to fund capital improvements for the entire system.

The district has engaged six principal law firms over the past three years for these lawsuits and incurred legal fees totaling approximately \$1,083,000 during the three years ended December 31, 2005. The district questioned the performance of and dismissed and replaced three of these firms in 2003. Since November 2003, the district has employed one firm as lead counsel and employed two other firms to assist the lead counsel. The district has paid approximately \$716,000 in legal costs from 2003 to 2005, disputed and has unpaid billings of \$136,000 from one firm dismissed in 2003, and is making payments on the unpaid balances due the current attorneys totaling about \$231,000.

- A. The decision to hire these various law firms was not adequately documented. The district's manager indicated the board sought these firms because of their resources and expertise and interviewed attorneys from the firms; however, documentation of the interviews was not prepared, nor were they mentioned in the board minutes. The decision to hire two of the firms was disclosed in the minutes, but these decisions were made in closed session and the decision to hire these firms was not subsequently disclosed in open session.

The district should document the firms interviewed and the basis for selection as part of the board meeting minutes to provide complete documentation of its efforts to obtain quality services at a reasonable price. Additionally, Section 610.021, RSMo, requires certain matters discussed in closed session be made public upon final disposition.

- B. Written contracts were not properly executed with some of the law firms employed by the district. The board had no written contracts with two of the principal firms employed in 2003 and the district currently has no written

agreement with its general counsel, who also provides some assistance on the litigation matters. The fees and other agreed-upon terms were not documented for the agreements with these attorneys. Additionally, the board hired the current lead counsel in November 2003, and began paying him monthly for services, but did not have a signed contract in place until November 2004.

Section 432.070, RSMo, requires contracts of political subdivisions be in writing. The district should enter into written contracts for services rendered or obtained. A written contract, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties. The written agreements should be prepared and signed before services are rendered.

- C. The district did not properly budget for all anticipated expenditures. The district's 2005 and 2006 budgets contained no estimated expenditures for litigation. According to the district's office manager, while the district expected additional litigation expenses, they did not budget them because they would be difficult to estimate and the district considered them extraordinary costs, which would distort the budgeted operating expenses. As a result, for 2005, the district incurred approximately \$191,000 in billings for new litigation expenses which were not budgeted.

The anticipated expenditures for litigation were included in a cash basis analysis included with the budget, but a line item for litigation expense was not budgeted. For 2005 and 2006, the cash basis analysis performed by the district included \$156,000 and \$90,246, respectively, for litigation payments of existing legal fees, but the actual budget did not include these amounts, and nothing was included for additional litigation expenditures related to ongoing lawsuits. By failing to include expected payments on existing liabilities in the budget and failing to include estimates of new litigation expenses, the district's budgets do not include a complete forecast of the district's expected financial condition.

Section 67.010, RSMo, requires the preparation of an annual budget, and sections 67.010 to 67.080, RSMo, set specific guidelines for the format, approval, and amendments of the annual operating budget. A complete budget should include estimates of litigation expenses. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific costs expectations for each area of district operations and provide a means to effectively monitor actual costs. It will also assist in informing the public about the district's operations and current finances.

- D. Detailed invoices were not maintained for two attorney billings, totaling approximately \$82,000, which were submitted and paid in 2003. The billings contained only the total charge for professional fees and did not detail the hours,

hourly rate, or tasks performed. The office manager believes the district received detailed billings but he could not locate the documents.

The district should ensure adequate supporting documentation is obtained and retained for services provided, including a description of the tasks performed and time spent on these tasks. Lack of adequate documentation prevents the district from evaluating the appropriateness of the services being billed.

WE RECOMMEND the Board of Directors:

- A. Maintain documentation in the meeting minutes of firms interviewed for professional services and the criteria considered in awarding the contracts. Additionally, make public the final disposition of applicable matters discussed and decisions made at closed meetings.
- B. Ensure formal written agreements are prepared for legal services. The agreements should be prepared before the services are rendered.
- C. Ensure all anticipated expenditures are included in the budgets.
- D. Maintain detailed invoices supporting payments for professional services.

AUDITEE'S RESPONSE

The District, facing encroachment from adjoining municipalities, was forced to make a decision between protecting its territory or letting the territory go with no indication of when or where the encroachment might end. The short-sighted approach would have been to let the territory go and assume the encroachment would end at a point which would not affect the integrity of the District. The long-term approach was to protect the territory even if in the short term considerable expense would be incurred. The District chose to protect the District.

That choice has lead to success for the District in court and opportunities to resolve encroachment issues; negotiating from a position of strength rather than weakness. Of course, it has been, given the relentless nature of the attacks on the District, a difficult and expensive proposition.

Currently the District employs one firm to handle litigation matters and one attorney to handle general matters. All of the current attorneys were retained at open meetings, and are under written contract with the District. It is not anticipated that the District will need additional counsel; in fact, recent events suggest that the District's need for litigation representation will continue to lessen in the days and months ahead.

As the auditor's comments suggest, it has been a trying and difficult process to secure appropriate counsel willing to aggressively represent the interests of the District at the same time understanding the need to protect and preserve the District's financial resources. The

District believes it has struck that balance. The recommendations of the auditor are well received and the District will continue to see that they are implemented.

2. Capital Improvements

The board has not adequately budgeted for capital improvement costs or loan and bond proceeds related to extension of the water system and has not maintained documentation of its modifications to its capital improvements plan.

In October 2002 the district developed a master plan outlining capital improvements needed to the district's water system over 20 years, at an estimated cost of approximately \$8.5 million. In March 2003 the district issued special revenue bonds totaling about \$960,000 to begin making the improvements detailed in the master plan. District outlays for its capital improvement projects from 2003 through 2005 from bond proceeds and general funds totaled about \$1.2 million. New water lines were installed as part of the plan to develop a primary water line loop around the district, but this project is not complete and the district is currently pursuing additional funding sources to continue the project. During 2005, \$8 million in bonds were approved by voters and the district has also applied for a loan from the United States Department of Agriculture. The district intends to utilize the loan proceeds, if approved, before issuing additional bonds. During our review of the district's plans and cost data, the following concerns were identified.

- A. The district's 2005 budget did not include expected capital improvement costs and actual costs of the project were not periodically compared to estimates. The budget includes depreciation expense for the completed sections of its capital improvement projects, but the planned cash outlays for the current year are not included. Actual and estimated costs of the project were not monitored monthly, but the board did compare actual and estimated costs at the end of 2004 and determined that total actual costs were less than estimated costs principally because the district had performed most of the construction labor using district employees, rather than contracting for the work. The manager indicated the board received verbal progress reports on the project at each meeting and reviewed all construction cost outlays as part of its normal payment process. No documentation was maintained in the board minutes to document these progress report reviews and estimated capital improvement costs were not included in the 2005 budget. The district should consider budgeting capital improvement costs separately as the loop project continues, to allow the board to more adequately monitor the actual costs of the project.

The board should include estimated capital improvement costs, and revenues if applicable, in its annual budget to allow for monitoring of its receipts and costs and provide disclosure to the public about its plans for the upcoming year.

- B. The district did not revise its master plan for changes in the project plans. The district decided to lay pipe for the loop in contiguous sections rather than the

order outlined in the master plan. The board maintained no documentation of this change in plans and the decision was not recorded in the board meeting minutes. Additionally, while an amendment was made to the master plan in January 2003 increasing the pipe sizes for the loop project, the district did not revise the cost estimates. Also in 2003, the district decided to extend water service to a northern section of the district, which was not included in the 2002 Master Plan. Cost estimates for this additional phase of the project, which subsequently cost approximately \$155,000, were not added to the master plan.

The board's changes to its capital improvement plans should be documented in amendments to the plan or in the board meeting minutes to provide an official record of the board's intentions and to allow for public disclosure of the plans. Also, complete documentation of construction plans and cost estimates allows for better monitoring of project progress.

WE RECOMMEND the Board of Directors:

- A. Include estimated construction costs in the annual budget or consider budgeting capital improvement projects separately. In addition, documentation should be maintained to support comparisons of actual and estimated costs of the project.
- B. Document changes to the capital improvement plans in amendments to the plan or in the board meeting minutes.

AUDITEE'S RESPONSE

The District will make separate notations in its annual budget to reflect capital improvement projects and will document any changes or amendments to the capital improvement plans.

3. Budgets

The district did not prepare complete budgets as required by state law and the district's actual expenses exceeded budgeted amounts.

- A. The budgets prepared for the years ending December 31, 2006 and 2005 did not include a budget message or the beginning cash balance and estimated ending available resources. Additionally, as noted in MAR finding number 1 and 2, the budget did not contain estimates of capital improvement costs and litigation expenses and actual costs for these items were also omitted from the budgets.

Section 67.010, RSMo, requires the preparation of an annual budget, and Sections 67.010 to 67.080, RSMo, set specific guidelines for the format, approval, and amendments of the annual operating budget. A complete budget should include a budget message, beginning and estimated ending available resources, and estimates of capital improvement costs and litigation expenses.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific costs and revenue expectations for each area of district operations and provide a means to effectively monitor actual costs and revenues. It will also assist in informing the public about the district's operations and current finances.

- B. Actual expenditures reported on the December 31, 2005 income statement, exceeded budgeted amounts for the year ended December 31, 2005 by approximately \$58,000. Budget to actual data is tracked on the monthly income statement, which includes year to date activity. Actual litigation costs are included on the income statement, although litigation costs were not included on the original budget as they should have been which at least in part caused the overspending. We also noted some other budgeted amounts on the income statement analysis that differed from the original budgeted amount, and no amendments to the 2005 budget were prepared. The budgeted amounts presented on the income statement should be the amounts formally adopted by the board and the actual expenditures should include all expenditures made by the board. By including line items in the budget to actual report that were not originally budgeted or changing the budgeted amount, it is difficult to tell if the boards' projections in the budget were accurate.

Section 67.040 RSMo, indicates a political subdivision shall not increase the total amount authorized for disbursement from any fund, unless the governing body adopts a resolution documenting the reasons making the increase necessary and approves or adopts a resolution to authorize the disbursements. To ensure the board can adequately monitor budget to actual data throughout the year, the budgeted figures used in monitoring activity should agree to the authorized budget amounts from the original budget.

WE RECOMMEND the Board of Directors:

- A. Ensure complete and accurate budgets are prepared annually in accordance with state law.
- B. Ensure budget figures used to monitor actual expenditures agree to budgeted amounts and total actual expenditures do not exceed budget.

AUDITEE'S RESPONSE

The budget of the District will include a beginning cash balance and estimated ending available resources, and the District will continue to diligently monitor the expenditures made as they relate to the budget. Obviously, with any budget for any entity, unexpected expenditures will surely arise and the District will continue to deal with those events with a goal toward avoiding having total expenditures exceed the total budgeted amount. That has not occurred thus far in 2006 and the District does not anticipate at this time that it will.

4.**Minutes**

Open meeting minutes sometimes did not document the specific reason for going into closed session, the closed session minutes sometimes did not document the issues discussed, and the board minutes are not signed by a board member.

- A. Closed session meeting minutes were maintained, but were generally limited to a vote to adjourn and lacked detail of the topics discussed and votes taken. In addition, open session minutes did not always document the specific reason to go into a closed session.

Chapter 610, RSMo (The Sunshine Law) requires governmental bodies to prepare and maintain minutes of open and closed meetings, and specifies details that must be recorded. Minutes are required to include, but not limited to, the date, time, place, members present, members absent, and a record of votes taken. The Attorney General's Sunshine Law booklet advises governmental bodies to keep minutes of the discussion that takes place during meetings, especially closed sessions. Complete and accurate minutes are necessary to retain a record of the business conducted and actions taken by the commission. In addition, Chapter 610, RSMo states the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session.

- B. Board minutes are not signed by a board member. The minutes are prepared and signed by the clerk, and while the minutes indicate the board has reviewed and approved the previous meeting minutes, none of the board members signs the minutes. The board meeting minutes should be signed by the board president or another board member to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board's meetings.

WE RECOMMEND the Board of Directors:

- A. Ensure the minutes and agenda state the specific reasons for going into a closed session, as required by state law, and ensure minutes of the closed meetings are maintained.
- B. Ensure minutes are signed by the board president or another board member.

AUDITEE'S RESPONSE

The requirements that public entities maintain minutes of closed meetings has only existed under Missouri law since 2004, and since that time the District has endeavored to prepare and retain such minutes. The District's agendas reflect the reasons why a meeting may go into closed session, and on March 15, 2006, the District amended its rules and regulations to require the presiding officer of the meeting to sign the minutes.

The district does not have a formal bidding policy and duties related to the district's water billing system are not adequately segregated.

- A. The district does not have a formal bidding policy. As a result, the decision of whether to solicit bids/proposals for a particular purchase is made on an item-by-item basis. During 2005, bids were not solicited for lawn mowing services totaling approximately \$5,500. Bids were also not taken for the lease purchase of a \$65,000 backhoe in 2003. Additionally, there was no documentation explaining why the district did not accept the lowest bid for road boring services bid in 2005, which was \$60 per lineal foot. The bid accepted was \$82 per lineal foot, and this company was paid approximately \$11,000 for road bores.

Formal bidding procedures provide a framework for the economical management of district resources and help ensure the district receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given an equal opportunity to participate in the district's business. Bids can be handled by telephone quotation, by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids/proposals received and reasons noted why the bid/proposal was selected.

- B. There is no independent oversight or adequate segregation of duties related to the district's water billing system. The office manager performs all functions related to generating monthly water bills; receiving, recording and depositing water payments; approving and making adjustments; and producing various reports. He occasionally is assisted by the part-time district clerk in recording and depositing payments. There is no documented independent review by the board of these activities or reports. The district's water sales revenues totaled approximately \$480,000 for the year ended December 31, 2005.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are properly accounted for and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing monies from that of generating bills, recording payments and following up on delinquent accounts. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the reconciliations between water payments and deposits, and an independent review and approval of credit adjustment and delinquent account follow-up.

WE RECOMMEND the Board of Directors:

- A. Establish formal bidding policies and procedures, including documentation requirements regarding the bids or quotes received and justification for the bid selected.
- B. Segregate the duties of receipting and depositing monies from that of preparing bills and recording payments. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent board review of the reconciliations between water payments and deposits, and an independent board review of and approval for credit adjustments and delinquent accounts follow-up.

AUDITEE'S RESPONSE

On March 15, 2006, the District amended its rules and regulations adopting a formal bidding process.

Given that the District employs only one office manager (full time) and assistant (part time), achieving a full segregation of duties is difficult. However, the District prepares a detailed monthly analysis of all receipts and deposits which are reviewed by board members. Further, all bank statements and cancelled checks are mailed direct from the bank to the District president for review.

Additionally, each year independent auditors review the financial records and accounting practices of the District. Neither the independent auditor nor the State Auditor has found any discrepancies or concerns arising from the actual receipt and deposit of District monies, the preparation of bills or the recording of payments.

6. Payroll and Personnel Procedures

The board does not formally document its approval of employee salaries, some employees do not prepare time sheets, and records of employee leave balances are not maintained.

- A. The board does not always document its approval of employee salaries, additions, and pay raises. Salaries for the office manager, clerk, and plant manager were included in the budget; however, capital improvement costs were not included in the 2005 budget and consequently, there was no documented board approval for the 2005 salaries for the construction employees, which totaled approximately \$78,000 for the year ended December 31, 2005. Also, formal board approval for the addition of two construction employees and pay increases in 2005 for two other employees was not documented.

The board should maintain formal documentation of its approval for employee salaries, additions and pay raises to serve as its written authorization for district personnel and their salaries.

- B. The plant manager and office manager do not prepare time sheets. Time sheets are necessary to document hours actually worked, to substantiate payroll expenditures and to provide the board with a method to monitor hours worked. To support payroll expenses, the district should require all employees prepare detailed time sheets that are reviewed and approved by the board or supervisor.
- C. The district does not maintain current records of vacation, sick leave, and compensatory time earned, taken, or accumulated for each employee. The office manager tracks the leave balances of the construction foreman but has not updated this record since January 2005. The district has no record of leave for its two other full-time employees. Without an accurate record of leave accruals, the district has little assurance that employee's using leave have sufficient balances available.

Adequate documentation of vacation, sick leave, and compensatory time earned, taken, and accumulated is necessary to ensure leave time used is not in excess of time accumulated. Leave records will also aid the district in determining unused vacation leave upon termination of employment.

WE RECOMMEND the Board of Directors:

- A. Ensure written authorizations for employee salaries, additions, and pay increases are maintained.
- B. Require all district employees prepare time sheets reflecting actual time worked. In addition, the time sheets should be signed by the employee and approved by the board or supervisor.
- C. Maintain current records of vacation, sick leave, and compensatory time earned, taken, and accumulated balances.

AUDITEE'S RESPONSE

On March 15, 2006, the District amended its rules and regulations to provide that all pay rates and raises of District employees be documented in the minutes of the District. The District will maintain records reflecting vacation, sick leave, and compensatory time, if any, earned. The District, however, given the limited staff and the other requirements placed upon the staff, does not believe at this time requiring the staff to keep detailed time sheets would be an appropriate expenditure of effort. If the District becomes aware that the job duties and responsibilities of its employees are not being fulfilled, which is not the case at this time, the District may revisit the issue of detailed time sheets.

The district does not maintain complete and detailed records for its equipment and office furniture and does not require usage logs for its trucks and backhoe.

- A. The district does not maintain complete and detailed records for its capitalized equipment and office furniture or perform annual inventories of its equipment. The financial statements presented in the independent audit report for the year ended December 31, 2004, showed district equipment totaling approximately \$350,000. A listing of capitalized equipment is maintained by the districts' auditor, which is updated each year to include any items purchased or disposed of by the district; however, this listing lacks detail and does not include the location of the various assets. This listing includes 8 different entries titled equipment or tools, totaling almost \$8,000, for which the district maintains no detailed records supporting the individual assets making up those groupings. In addition, district equipment is not tagged to identify it as district property. Failing to maintain detailed records of capitalized assets, including location, does not allow for annual inventories of capital assets. A lack of adequate controls over capital assets increases the likelihood of misuse or theft of district assets.

Equipment records should be maintained on a perpetual basis, accounting for equipment acquisitions and dispositions as they occur. The records should include a detailed description of the assets including the name, make and model numbers, asset identification numbers, the physical location of the assets, and the date and method of disposition of the assets. All property items should be identified with a tag or other similar device, and the district should conduct annual physical inventories and compare to the detailed records.

- B. The district does not maintain usage logs, including maintenance information and fuel usage, for its three trucks and one backhoe. Fuel is purchased using charge cards which are kept in each vehicle, and fuel and oil purchases during the year ended December 31, 2005 totaled approximately \$6,000. The district manager indicated maintenance costs for vehicles could be tracked through the vendor invoice files, but specific maintenance costs for each vehicle are not tracked. Without adequate usage logs, the district cannot effectively monitor that vehicles are used for official business only, that maintenance and fuel costs for vehicles are reasonable, and that fuel and maintenance billings to the district represent legitimate and appropriate charges.

Vehicle usage logs should include trip information (i.e., employee, dates used, beginning and ending odometer readings, destination, and purpose) and operating costs information (fuel and maintenance). These logs should be reviewed by a supervisor to ensure vehicles are used only for district business and evaluate operating costs. In addition, information on the logs should be reconciled to fuel and maintenance billings received by the district.

WE RECOMMEND the Board of Directors:

- A. Maintain complete and current equipment records that include all pertinent information for each asset such as tag number, description, cost, acquisition date, location, and subsequent disposition. Additionally, annual physical inventories should be performed and compared to the detailed records.
- B. Require usage logs for the trucks and backhoe, which contain maintenance and fuel costs.

AUDITEE'S RESPONSE

On March 15, 2006 the District amended its rules and regulations to provide for the listing and identification of all District property and the annual updating thereof. It also calls for the preparation and retention of maintenance logs on all vehicles.

The District has appreciated the professionalism of the staff of the State Auditor's Office in conducting this audit. The District, as should any public entity, appreciates the view of a disinterested eye which can point out details that may have been overlooked. The District believes that while it has always sought to protect the interest of its customers first and foremost, recognizes that the auditor's report offers suggestions and recommendations that enable the District to do the job even better. For this the District is grateful.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CLAY COUNTY PUBLIC WATER SUPPLY DISTRICT #8
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Clay County Public Water Supply District #8 was incorporated in 1967 and serves approximately 810 customers.

The Board of Directors consists of five members who serve three-year terms. The Board elects a President and Vice-President from the board membership. The board members serve without compensation. The Board of Directors and other principal officials during the year ended December 31, 2005, are identified below.

Elected Officials	Dates of Service During the Year Ended December 31, 2005	Compensation Paid for the Year Ended December 31, 2005
David Faltys, President Roy Freeman, Vice-President (1) Curtis Campbell (2) Dan Miller Allan Tison Brian Lawrence Jennifer Kelly	January 2005 – December 2005 January 2005 – December 2005 January 2005 – December 2005 April 2005 – December 2005 April 2005 – December 2005 January 2005 – April 2005 January 2005 – February 2005	
Other Principal Officials	Dates of Service During the Year Ended December 31, 2005	
Ron Foster, Office Manager Sam Hatheway, Plant Manager Joshua Edson, Construction Foreman	January 2005 – December 2005 January 2005 – December 2005 January 2005 – December 2005	\$ 40,000 38,792 31,798

(1) Re-elected in April 2006

(2) Gene Milsap was elected in April 2006

In addition to the officials identified above, the district employed one part-time clerical employee and two full-time temporary construction employees at December 31, 2005. The temporary construction employees were laid off on January 1, 2006.



Claire McCaskill

Missouri State Auditor

August 2006

Lincoln County Public Water Supply District #2

Year Ended December 31, 2005



Office Of
Missouri State Auditor
Claire McCaskill

August 2006

The following findings were included in our audit report on the Lincoln County Public Water Supply District #2.

The Lincoln County Public Water Supply District #2 (district) does not have a current contract with the City of Troy regarding the district's arrangements to purchase water from the city and provide water hookups to district residents. A contract was established in 1980 for a period of 20 years with a renewal option for an additional 5 years, but there is no documentation that the contract was renewed after the original 20 years and no current contract has been negotiated. In addition, the district's water rules and regulations appear to be outdated because the district is not following several of the provisions outlined in the rules and regulations, including billing and collection cycles and delinquent service charges.

The district does not reconcile the total gallons of water billed to customers to the gallons of water purchased from the City of Troy. Our review noted water losses and while the city provided possible explanations, they had not identified water losses or formally documented the reasons for such losses. The district does not have procedures to reconcile total billings, payments received, and amounts remaining unpaid, and has not maintained a complete, accurate, and up-to-date listing of refundable meter deposits. Late fees assessed on some utility payments were abated without documented reasons or board approval. In addition, adequate documentation is not maintained to support partial payment agreements. Also, the district has not established formal procedures for making adjustments to individual water bills, and there is no independent review or approval of the adjustments recorded.

A district board member and an office employee are the grandson and daughter, respectively, of the board president. There was no documentation in the board minutes as to whether the board president abstained from voting on the appointment of his grandson, or the hiring of his daughter.

The district does not have a formal bidding policy. The decision of whether to solicit bids/proposals for a particular purchase is made on an item-by-item basis. During 2005, bids were not solicited for water meter installation and reading, plumbing services and plumbing inventory. Additionally, a request for proposal was not distributed by the district to use in selecting their legal and accounting services. There was inadequate documentation to support certain expenditures, including meter reading and grass mowing. For two loads of dirt, a district check was made payable to cash, then cashed by the district with the cash used to pay the vendor.

The board president receives a \$150 monthly travel allowance, and during 2005, the

YELLOW SHEET

district reimbursed him \$854 for cell phone costs and \$143 for gasoline expenses. The district does not require documentation of any expenses he incurs on behalf of the district, including the amount of his cell phone usage that is for district business nor the destination and reason for his trips.

The district does not prepare budgets, submit annual financial reports, and obtain annual audits as required by state law. Also, in connection with \$83,700 in water system revenue bonds issued in 1974, the district has not established separate accounts to fund the costs of operation and maintenance, depreciation, and extensions as required by state law. Furthermore, the sewerage system revenue bonds issued in September 2005 will require similar accounts.

Also included in the report are recommendations related to minutes, agendas and bylaws, internal controls over receipts, personnel procedures, and capital asset records.

All reports are available on our website: www.auditor.mo.gov

LINCOLN COUNTY PUBLIC WATER SUPPLY DISTRICT #2

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Board of Directors
Lincoln County Public Water Supply District #2

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Lincoln County Public Water Supply District #2. The district engaged Wade Stables P.C., Certified Public Accountants (CPAs), to audit the district's financial statements for the year ended December 31, 2005. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the district included, but was not necessarily limited to, the year ended December 31, 2005. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the district, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the

provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in the audit of the district.

The accompanying Management Advisory Report presents our findings arising from our audit of the Lincoln County Public Water Supply District #2.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 21, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Audit Manager: Mark Ruether, CPA
In-Charge Auditor: Robert L. McArthur II

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

LINCOLN COUNTY PUBLIC WATER SUPPLY DISTRICT #2
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Water System and Billing Concerns

The district does not have a current water purchase agreement with the City of Troy and has not updated their water rules and regulations. In addition, the district does not reconcile water billings to water usage, does not reconcile their accounting records, and does not maintain a complete listing of refundable meter deposits. The district also does not maintain adequate documentation or obtain proper approval for late fee exemptions, partial payment agreements, or credit adjustments. The district did not have a certified chief operator for their water system for the year ended December 31, 2005.

A. The district does not have a current contract with the City of Troy regarding the district's arrangements to purchase water from the city and provide water hookups to district residents. In addition, the district's water rules and regulations are not up-to-date. The following concerns were noted during our review:

- The water contract between the district and the City of Troy was dated May 6, 1980, was for a period of 20 years, and had a renewal option for an additional five years at the district's request. Also, the contract established a bulk rate for water usage of \$1.00 per 1,000 gallons while the district currently pays the city \$1.65 per 1,000 gallons of usage, and the district currently has over 300 water hookups, exceeding the contract limitations of 250. Per discussion with the City Clerk of the City of Troy, a new contract has not been negotiated as of June 1, 2006. As a result, there is no evidence that there has been a valid agreement in place with the city since 2000, and there appears to be no current written agreement with the city.
- The district's water rules and regulations require bills to be sent to customers on the 5th day of the month and payment due by the 16th of the month, however such dates do not correspond with the district's actual billing cycle. The rules also indicate that bills not paid by the 16th will be charged a 5 percent service charge; however, the district currently charges 10 percent. In addition, the rules indicate that each customer shall read their own meters; however, the meters are read by the district's meter reader. Finally, the water rules and regulations reference a meter deposit resolution to be adopted by the board; however, no such resolution was provided for our review.

A signed, written, and updated contract should be maintained to support the district's agreement with the City of Troy and to prevent misunderstandings. In addition, since the water rules and regulations were adopted by the board to govern the district and its residents, such rules and regulations should be maintained in an up-to-date manner.

- B. The district does not reconcile the total gallons of water billed to customers to the gallons of water purchased from the City of Troy. Our review of water purchased and billed in 2005, noted an average water loss of approximately 12 percent for the year; however, in two of these months, the water loss was 25 and 22 percent, respectively. District officials indicated that the higher water losses were probably due to the annual flushing of the water system, as well as water breaks which occurred during construction of the new sewer system; however, the district does not investigate significant water losses or formally document the reasons for such losses.

To help detect any significant water loss on a timely basis and to help ensure all water usage is properly billed, the district should monthly prepare and maintain records of the total gallons of water pumped and reconcile them to the gallons of water billed. Significant differences should be investigated. The Public Service Commission generally recommends such differences be investigated if unbilled water usage exceeds 15 percent.

- C. The district does not have procedures to reconcile total billings, payments received, and amounts remaining unpaid. The computer system automatically carries any unpaid balance from the previous month's detail billing report to the next month's report after payments have been entered; however, monthly reconciliations are not performed to ensure beginning receivable balances plus total billings less total collections equals ending receivable balances.

Monthly reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. Complete documentation of the reconciliations should be retained to support conclusions and any corrections made.

- D. The district does not maintain a complete, accurate, and up-to-date listing of refundable meter deposits, and the district has not established a control account to track total liabilities related to meter deposits. District residents are required to pay a meter deposit before receiving water services. The clerk records meter deposits in a spiral notebook which lists deposits received by year. The disposition of refunded meter deposits is not recorded in the notebook, so a total of the district's current liability could not be easily determined. In addition, some meter deposits that were received in 2005 were not recorded in this notebook.

The district should review its meter deposit listing and establish a control account liability balance for the total of meter deposits. In addition, the district needs to keep the detailed listing updated and periodically reconcile the detailed listing to the control account balance. These procedures would help ensure that sufficient funds are available for the payment of all liabilities.

- E. Late fees assessed on some utility payments were abated without documented board approval, and the reasons for these abatements were also not documented.

In addition, adequate documentation is not maintained to support partial payment agreements.

The district has a computerized billing system which automatically records a late fee of 10 percent to customer accounts if payment has not been received approximately 30 days after the billing date. However, if the assistant district clerk believes such an adjustment is appropriate, she has the ability to abate the late fees from the computer system, without obtaining board approval or maintaining adequate supporting documentation for the abatement. Our review noted that some late fees were abated without documented reasons to support the abatements. In addition, the assistant district clerk may allow a water customer to make partial payments for specific reasons, such as when a customer experiences a significant water leak. However, board approval is not documented for these partial payment agreements.

Failure to consistently charge the late fee to all individuals results in inequitable treatment of customers. To ensure all late fee adjustments to water billings and partial payments on delinquent accounts are proper, the Board of Directors should review and approve documentation supporting all late fee adjustments and partial payment agreements.

- F. The district has not established formal procedures for making adjustments to individual water bills, and there is no independent review or approval of the adjustments recorded on the computerized water system. While the board president may verbally authorize adjustments to the water bills upon discussion with the assistant clerk, these adjustments are not formally approved or documented to ensure that all adjustments made were appropriate. Our review noted no significant adjustments to water bills; however, without an independent review and approval of all adjustments, the risk of unauthorized adjustments is increased.

To ensure that all credit adjustments are valid and properly approved, someone independent of receipting and recording functions should review all credit adjustments, and proper supporting documentation should be maintained of such adjustments and be periodically reviewed and approved by the board.

- G. Prior to 2006, the district did not have a licensed certified operator for their water system as required by state regulations. Currently the district is using the City of Troy's operator to perform monthly testing of the district's water while the district's plumber obtains the proper certification necessary to comply with state regulations.

State regulations require that no governmental subdivision shall operate a public water system unless the competency of the chief operator to operate the facility is duly certified by the Department of Natural Resources as provided in 10 CSR 60-14.020 or 10 CSR 60-14.010(4)(A)5. In addition, an interim operator shall be

considered the system's certified chief operator for the purposes of complying with 10 CSR 60-14.010 and 10 CSR 60-14.020 on a temporary basis until a properly certified chief operator is hired.

WE RECOMMEND the Board of Directors:

- A. Update the rules and regulations governing the district water system. In addition, a signed and updated contract should be maintained to support the district's agreement to purchase water from the City of Troy and to provide water hookups.
- B. Perform monthly reconciliations of the total gallons of water billed and the total gallons of water purchased. Any significant differences should be documented and investigated.
- C. Perform monthly reconciliations of sewer billings, collections, and receivables to ensure the accounting records are in balance.
- D. Maintain a complete listing of meter deposits and periodically reconcile the listing to monies held by the district.
- E. Ensure late fees are charged in accordance with district policy, and review and approve any late fee abatements or partial payment agreements.
- F. Establish formal procedures to require someone independent of the utility system to review and approve all credit adjustments and ensure adequate documentation is retained of such adjustments.
- G. Continue to use a licensed certified operator in accordance with state regulations.

AUDITEE'S RESPONSE

- A. *We are in the process of obtaining an updated contract with the City of Troy for the water system. In addition, we plan to update our water rules and regulations.*
- B. *We agree and plan to perform monthly reconciliations of water usage and amounts billed.*
- C&D. *We agree and plan to implement these recommendations.*
- E&F. *We agree with these recommendations.*
- G. *We are currently utilizing Troy's certified operator and are in the process of having our plumber obtain the necessary certification.*

2.**Questionable Appointments**

A district board member and an office employee are the grandson and daughter, respectively, of the board president. On August 5, 2005, the board president's grandson was appointed as a new board member. There was no documentation in the board minutes as to whether the board president abstained from voting on the appointment of his grandson, as there was no documentation how each board member voted. In addition, on October 3, 2003, the board approved a motion to hire the board president's daughter to work in the district office. Again, there was no documentation as to whether the board president abstained from voting on the hiring of his daughter or how each board member voted.

Article VII, Section 6, of the Missouri Constitution provides that any public official who names or appoints to public office or employment any relative within the fourth degree shall forfeit his office. Because of the serious consequences which result by hiring or appointing a relative, the board should ensure its members abstain from any decision to hire a relative and ensure that action is fully documented in the board minutes. In addition, the board should consider establishing policies, including a code of conduct for district officials, which address this type of situation.

WE RECOMMEND the Board of Directors ensure board members abstain from voting when a relative's employment or appointment is involved. Such matters should be completely documented so the public has assurance that no district official or employee has acted improperly. The board should also consider adopting a code of conduct for officials and employees.

AUDITEE'S RESPONSE

The board is in agreement that the board president did not vote on these matters. In the future, we will ensure all votes are sufficiently documented in the minutes, and we will consider adopting a code of conduct.

3.**Expenditures**

The district does not have formal bidding policies and did not solicit bids for some purchases or solicit requests for proposals for some professional services. In addition, invoices and supporting documentation for some expenditures were not retained, and expenditures were incurred which do not appear to be a prudent use of public funds. The district does not require the board president to document his actual costs for district reimbursements he receives, and the district does not report payments to non-employees to the IRS as required by federal guidelines.

- A. The district does not have formal bidding policies. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis.

Bids were not solicited for the following purchases for the year ended December 31, 2005:

<u>Expenditure</u>	<u>Amount</u>
Water meter installation	\$14,759
Plumbing	5,149
Plumbing inventory	4,846
Meter reading	3,000

The district did not have written contracts for the plumbing and meter reading services noted above. Section 432.070, RSMo, requires contracts of political subdivisions be in writing.

In addition, the district did not solicit requests for proposals for legal and accounting services. During the year ended December 31, 2005, the district incurred expenditures for these professional services totaling \$7,313 and \$1,550, respectively.

Formal bidding procedures for major purchases provides a framework for economical management of the district's resources and help ensure the district receives a fair value by contracting with the lowest or best bidder. Competitive bidding also helps ensure all parties are given an equal opportunity to participate in the district's business. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids and proposals received and reasons noted why a bid or proposal was selected. In addition, soliciting proposals for professional services help provide a range of possible choices and allows the district to make a better-informed decision to ensure necessary services are obtained from the best qualified vendor at the lowest and best cost.

- B. The district did not require documentation, such as vendor invoices, to support the following expenditures:

<u>Expenditure</u>	<u>Amount</u>
Meter reading	\$3,000
Grass mowing	120
Two loads of dirt	100
Locating water lines	95
Cleaning services	20

The meter reader gets \$250 per month for reading approximately 300 meters; however the district has not evaluated the actual time needed to perform this service. For the two loads of dirt noted above, a district check was made payable to cash, then cashed by the district and the cash was used to pay the vendor. District officials indicated that the vendor would only accept cash for the two

loads of dirt. Making disbursements in cash increases the risk of loss or theft of district funds.

All expenditures should be made by check and supported by paid receipts or vendor invoices to ensure the obligation was actually incurred and the expenditures represent appropriate uses of public funds.

- C. The district annually holds an employee Christmas dinner. Each December, board members, employees, the district attorney, and their spouses or guests are invited to attend the annual Christmas party. For the year ended December 31, 2005, expenditures totaled \$419 for 18 people who attended. This expenditure does not appear to be a necessary cost of operating the district.
- D. The following concerns were noted regarding reimbursements paid the board president.

- 1. The district reimburses the board president one-half of his monthly personal cell phone bill. However, he does not document the amount of his cell phone usage that is for district business. During 2005, the district reimbursed him a total of \$854 for cell phone costs. In addition, the district reimburses the board president for gasoline in his personal vehicle; however, these reimbursements were not adequately supported, as the destination and reason for the trips were not documented. During 2005, the district reimbursed him a total of \$143 for gasoline expenses.

These reimbursements may represent taxable compensation to the president but are not reported on his W-2 forms. IRS regulations require travel and expense reimbursements be reported on the recipients' W-2 forms unless the recipients are required to report the related expenses to their employer.

- 2. On October 1, 2004, the board approved a motion to pay the board president a travel expense allowance of \$150 per month. However, there was no documentation as to whether the board president abstained from voting to approve this reimbursement to himself, as votes were not documented in the meeting minutes. In addition, the board president is not required to document the actual travel expenses he incurs in return for the \$150 monthly reimbursement, and as noted above he already receives cell phone usage and gasoline reimbursements.

Starting in 2005, the district classified the \$150 payments as compensation and reports this amount on W-2 forms. However, Section 247.060.1, RSMo, indicates that the board of directors shall serve without pay. Given that the board president is already reimbursed for gasoline and cell phone usage, the board should reconsider why the \$150 payments are being made and whether they are appropriate.

The district should review these payments to the board president and ensure he is reimbursed for only actual and necessary district expenses. In addition, the district should require the president to provide adequate supporting documentation for all reimbursable expenses, or report as taxable compensation all reimbursements that are not documented. Finally, the board president should abstain from voting to approve any reimbursements made to him.

- E. The district has no procedures in place to ensure Forms 1099 are filed with the Internal Revenue Service (IRS). As a result, the district did not file Forms 1099 for payments made for legal or plumbing services.

Sections 6041 through 6051 of the Internal Revenue Code require payments of \$600 or more for professional services or for services performed as a trade or business by non employees (other than corporations) be reported to the federal government on Forms 1099.

WE RECOMMEND the Board of Directors:

- A. Establish formal bidding policies and procedures, with provisions for documentation of the justification for selecting and rejecting bids or proposals. In addition, proposals should be solicited for professional services and the proposals should be formally evaluated and retained.
- B. Require adequate supporting documentation for all expenditures.
- C. Ensure all district expenditures are a prudent use of public funds.
- D. Require the president to provide adequate supporting documentation for all reimbursable expenses and report as taxable compensation on W-2 forms any reimbursements for which there is no accounting of the actual business-related expense. The board president should also abstain from voting on matters concerning himself.
- E. Establish procedures to ensure IRS Forms 1099 are filed as required.

AUDITEE'S RESPONSE

A, B

&E. *We agree with these recommendations.*

C. *We do this as a courtesy to the board members because they serve the district without pay, and it also provides an opportunity for the board and employees to discuss district issues. No district customers have complained about this expenditure to date.*

D. *We will review this matter and take action considered necessary to properly address this matter.*

4.**Board Meeting Minutes, Agendas, and Bylaws**

The district does not have a formal policy for public access to district records. In addition, board minutes did not always include sufficient detail of matters discussed and actions taken, closed session meetings were not documented in accordance with state law, and agendas were not always sufficiently detailed. District bylaws could not be located.

- A. The district does not have a formal policy regarding public access to district records. A formal policy regarding access and obtaining copies of district records would establish guidelines for the district to make the records available to the public. This policy should establish a contact person, an address for mailing such requests, and a cost for providing copies of public records.

Section 610.023, RSMo, lists requirements for making district records available to the public. Section 610.026, RSMo, allows the district to charge fees for copying public records, not to exceed the district's actual cost of document search and duplication.

- B. Board minutes did not always include sufficient detail of matters discussed and actions taken. The board minutes often include very little detail of issues discussed by the board. In addition, there is usually no documentation in the minutes that motions are approved by a vote of the board. Generally, the minutes document that a board member would make a motion on an issue, another board member would second the issue, and the motion carried. In these instances, the minutes did not document that a vote was taken.

Section 610.020.7, RSMo, requires minutes of meetings be taken and retained by all governmental bodies and to include the date, time, place, members present, members absent, and a record of votes taken. Complete and accurate minutes of the board's meetings are necessary to retain a record of the business conducted and to provide an official record of board actions and decisions. In addition, Section 610.015, RSMo, requires all votes be recorded, and if a roll call is taken, to attribute each "yea" and "nay" vote, or abstinence if not voting, to the name of the individual member of the Board of Trustees.

- C. The minutes of open meetings do not document that the board voted to go into closed session, nor the specific reasons for closing the meeting. In addition, the board did not document how some items discussed in closed sessions complied with state law, including sewer project financing and user rates.

Section 610.022, RSMo, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that the board shall not discuss any other business during the closed meeting that differs from the

specific reasons used to justify such meeting, record, or vote. Section 610.021, RSMo, lists the topics which may be discussed in closed session.

- D. Agendas posted to notify district residents of upcoming board meetings did not always clearly indicate issues to be discussed at the board meetings. For example, many of the agendas simply stated that the meeting was called "to discuss general business and possible litigation."

Section 610.020.1, RSMo, requires a tentative agenda and a meeting notice be posted for all open meetings of a public governmental body. To better inform the public, the agendas should include sufficient detail about the issues to be discussed.

- E. The Board of Directors could not locate the district's bylaws. Per discussion with district officials, bylaws were adopted upon the incorporation of the district. Good business practice dictates the district adopt bylaws to govern board elections, meetings, and rules for transacting district business. Bylaws can be used as a management tool for establishing district policies and procedures. The bylaws should be updated on a regular basis and should comply with applicable laws and regulations. Bylaws should include policies relating to bidding, purchasing, and conflicts of interest, as noted in this report.

WE RECOMMEND the Board of Directors:

- A. Develop a formal policy regarding procedures to obtain public access to, or copies of, public district records.
- B. Ensure sufficient detail of all significant discussions is documented in the meeting minutes to better inform the public, and ensure records of votes and other actions taken are included in the minutes as required by state law.
- C. Ensure minutes document the vote to go into closed session and state the reasons for going into closed session. In addition, the board should ensure only allowable specified subjects are discussed in closed session.
- D. Ensure tentative agendas of all board meetings include sufficient detail about the issues to be discussed.
- E. Locate or adopt written bylaws to govern district business.

AUDITEE'S RESPONSE

- A. *We will look into adopting a formal policy and establishing a records custodian.*
- B-D. *We agree and have already implemented these recommendations.*

- E. *We will try to locate the bylaws and update them as necessary.*

5. Budgets, Financial Statements, and Restricted Revenues

The district does not prepare budgets, submit annual financial statements to the State Auditor's Office, or obtain audits in accordance with state law. In addition, the district needs to separate water and sewer system revenues into the proper accounts in accordance with applicable state statutes and bond covenants.

- A. Budgets are not prepared as required by state law. Section 67.010, RSMo, requires the preparation of an annual budget which should present a complete financial plan for the ensuing budget year and sets specific guidelines for the format of the annual operating budget.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost and revenue expectations for the district's operations. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted to actual disbursements. A complete budget should include separate revenue and disbursement estimations, and include the beginning available resources and reasonable estimates of ending available resources. The budget should also include a budget message and comparisons of actual revenues and disbursements for the two preceding fiscal years.

- B. The district did not submit annual financial reports to the State Auditor's office for the years ended December 31, 2004 and 2003, until our request in March 2006. Section 105.145, RSMo, requires political subdivisions to file annual reports of the financial transactions of the political subdivision with the State Auditor's Office within the time prescribed by the State Auditor (currently within four months of the end of the fiscal year for un-audited financial statements and within six months of the end of the fiscal year for audited financial statements).

- C. Prior to the year ended December 31, 2005, the district did not obtain annual audits as required by state law. The district annually contracts with an independent auditor to perform a compilation of the district's financial statements, but did not receive the auditor's opinion on the fair presentation of those statements. The district recently contracted and received an audit for the year ended December 31, 2005. Section 247.080.2, RSMo, provides that annual audits of the district's receipts and expenditures be performed.

- D. In connection with the issuance of \$83,700 in water system revenue bonds in 1974, the district has not established separate accounts to fund the costs of operation and maintenance, depreciation, and necessary extensions and enlargements out of the net income and revenues arising from the operation of the waterworks system, as required by Section 247.130.5, RSMo. All water revenues

are recorded in one account and the district has not established separate reserve accounts for debt service or depreciation and replacement. As of December 31, 2005, the district owed \$6,264 on these water bonds which should be retired in early 2007.

In addition, sewerage system revenue bonds issued on September 26, 2005, in the amount of \$219,400, require similar accounting as well as separate accounts for debt service payments, debt service reserve, and surpluses as required in the bond covenants. The sewer bonds will be paid over a period of 35 years. To ensure compliance with applicable state statutes and bond covenants, the board should establish the required accounts and set aside the required funding amounts.

WE RECOMMEND the Board of Directors:

- A. Prepare annual budgets as required by state law.
- B. Submit annual financial reports to the State Auditor's Office as required by state law.
- C. Obtain annual audits as required by state law.
- D. Establish the required accounts for the bond issues in accordance with state statutes and bond covenants, and deposit the required amounts into these accounts.

AUDITEE'S RESPONSE

A&B. We agree and plan to implement these recommendations.

C. We agree and will continue to obtain annual audits as required.

D. We have been working with our CPA to establish the required accounts for the sewer bonds. In addition, we will consider early payoff of the water system bonds.

6. Internal Controls and Personnel Matters

Receipts are not always recorded in the district's records, reconciled to deposits, or deposited intact and in a timely manner. In addition, documentation was not maintained to support an employee pay raise, and timesheets are not prepared by district employees.

- A. The district needs to improve its controls over receipts as they are not always recorded in the district's records, deposited intact, or reconciled to deposits. The district receives cash and checks for the payment of water bills, meter deposits and memberships, meter sales, and other miscellaneous billings. These receipts are recorded in various ways, including water billing stubs, post-it notes (if no

billing stub is returned for a water payment), pre-numbered receipt slips (usually requested by the payor if payment is made in cash), a spiral notebook (for meter deposits and memberships), or on a district invoice. In addition, receipts are not reconciled to deposits, and recording receipts in so many different ways makes it difficult to perform such reconciliations.

Our review of receipts and deposits for the month of August 2005 noted several receipts that were not recorded by any of the means indicated above. In addition, receipts were not always deposited intact or in the order received, and there were no reconciliations between amounts received and amounts deposited.

To ensure the proper handling and safeguarding of district monies, the number of ways to record receipts should be significantly reduced, and all monies should be recorded immediately upon receipt (preferably in the pre-numbered receipt book or by the billing stubs). In addition, receipts should be deposited intact and in the order received, and recorded receipts should be reconciled to bank deposits, including the composition of cash and checks received.

- B. Receipts are not deposited on a timely basis. Receipts are generally deposited two times a week and averaged approximately \$1,600 during 2005. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all receipts should be deposited daily or when accumulated receipts exceed \$100.
- C. Documentation was not maintained to support a pay raise given to the assistant district clerk. Beginning January 2005, the assistant district clerk received a pay increase of \$1.50 per hour; however, there was no documentation to show that this was approved by the Board of Directors, although several of the board members indicated they did approve the pay raise. To ensure all changes to employees' compensation are properly authorized, documentation of board approval should be maintained to support all employee raises.
- D. Time sheets are not prepared by district employees. In addition, the district has not adopted a written personnel policy, addressing the use of timesheets and other personnel matters. Timesheets are necessary to document hours actually worked, substantiate payroll expenditures, and provide the board with a method to monitor hours worked. The board should require detailed time sheets be prepared of actual time worked by all district employees. In addition, a comprehensive written personnel policy would provide guidance and control to ensure equitable treatment among employees, and the avoidance of misunderstandings.

WE RECOMMEND the Board of Directors:

- A. Ensure all receipts are recorded immediately upon receipt, deposited intact and in the order received, and are reconciled to bank deposits, including the composition of cash and checks. In addition, the district should reduce the number of methods in which receipts are recorded.

- B. Ensure all receipts are deposited daily or when accumulated receipts exceed \$100.
- C. Ensure board approval is documented and maintained to support employee raises.
- D. Require time sheets be prepared by all employees which reflect actual time worked. In addition, the board should adopt a formal written personnel policy.

AUDITEE'S RESPONSE

A&C. We agree with these recommendations.

B. We agree and have already implemented this recommendation.

D. We agree that timesheets should be prepared. In addition, we will consider implementing a personnel policy.

7.	Capital Asset Records
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The district's records of capital assets are not complete, and annual physical inventories of property are not performed.

- A. The district's records of capital assets are not complete. For example, the district computer is not included on the property listing, while a truck and trailer no longer owned by the district are included on the listing. In addition, property is not tagged for specific identification and a specific location is not identified.

The capital asset records should include a detailed description of the asset including the name; description; make and model number, if applicable; asset identification number; the physical location of the asset; and the date and method of disposition, if applicable.

- B. Annual physical inventories of capital assets are not performed. Annual physical inventories are necessary to ensure the records are accurate, identify any unrecorded addition and deletions, and detect loss, theft, or misuse of assets. The district should conduct annual physical inventories and reconcile the results of the inventories to the detailed property listing, investigating any discrepancies.

Adequate capital asset records are necessary to secure better internal controls and safeguard district assets that are susceptible to loss, theft, or misuse.

WE RECOMMEND the Board of Directors:

- A. Maintain detailed capital asset records that include all pertinent information for each asset including description, cost, acquisition date, identification number,

location, and date and method of disposition, if applicable. In addition, tags should be used to identify all district property.

- B. Require annual physical inventories be conducted for capital assets. The physical inventories should be reconciled to the detailed property listing.

AUDITEE'S RESPONSE

A&B. We agree and plan to implement these recommendations.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

LINCOLN COUNTY PUBLIC WATER SUPPLY DISTRICT #2
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Lincoln County Public Water Supply District #2 was incorporated in 1972 and currently serves 319 water customers and 113 sewer customers.

The Board of Directors consists of five members who serve three-year terms. The Board elects a President and Vice President from the board membership and appoints a clerk/treasurer for the district. The Board of Directors and other principal officials during the year ended December 31, 2005, are identified below. The members of the Board receive no compensation; however, the Board President is paid a travel allowance of \$150 per month.

Board of Directors	Dates of Service During the Year Ended December 31, 2005	
Charles Day, President	January – December 2005	
John Littleton, Vice President	January – December 2005	
Elsie Cockrell, Board Member	January – December 2005	
Jim Prouhet, Board Member	January – December 2005	
Nathan Day, Board Member (1)	August – December 2005	
Other Principal Officials and Employees	Dates of Service During the Year Ended December 31, 2005	Compensation Paid for the Year Ended December 31, 2005
Carolyn Cockrell, District Treasurer and Clerk (2)	January – December 2005	\$ 10,464
Carmen Wells, Assistant Clerk	January – December 2005	9,399
James D. Burlison, District Attorney (3)	January – December 2005	

- (1) This position was vacant from September 2003, until Nathan Day's appointment to the board in August 2005.
- (2) Carolyn Cockrell was also reimbursed \$2,294 for health insurance benefits for the year ended December 31, 2005.
- (3) The district is billed on a hourly basis by the law firm of McIlroy and Millan for James Burlison to serve as District Attorney. The district paid \$7,313 for legal services for the year ended December 31, 2005.



Claire McCaskill

Missouri State Auditor

August 2006

CORRECTIONS

Jefferson City Correctional Center



Office Of
Missouri State Auditor
Claire McCaskill

August 2006

The following findings were included in our audit of the Department of Corrections, Jefferson City Correctional Center.

The Jefferson City Correctional Center (JCCC) first opened in 1836 as the Missouri State Penitentiary (MSP), a maximum security facility. In September 2004, the new JCCC facility was completed and all offenders were transferred. The facility houses 2,000 male offenders in eight housing units.

Procedures to account for and dispose of assets remaining at the MSP after the move to the JCCC was completed were not adequate. The department's Central Office (CO) did not physically verify assets picked up by and transferred to other facilities, and performed a mass disposition of any assets eventually remaining at the vacant MSP from the fixed asset records without conducting a physical verification of the assets or proper review of the inventory records. In addition, the JCCC staff transferred some assets from the MSP to the JCCC without completing the necessary transfer paperwork. These conditions resulted in discrepancies in the state's fixed asset system and less accountability over assets.

Several assets with a total cost of over \$155,600 were purchased with restricted bond funds designated for construction and start-up costs for the JCCC facility, but were placed in service at correctional facilities other than the JCCC. For example, a bus costing \$110,000 was transferred to another facility in June 2005, and 21 ice machines costing a total of \$35,112 were transferred to the CO and 5 other facilities. In addition, the JCCC purchased several assets with state and bond funding which do not appear to be prudent expenditures, including a Stradivarius trumpet costing \$1,600 and nineteen pieces of exercise equipment for use by employees and costing nearly \$50,000.

Perpetual records are not maintained for inventory in the offender clothing distribution office or on the canteen floor unless the canteen items are high risk or high value items. In addition, the results of monthly inventory counts are not compared to any records. Reviews of soda inventory balances identified, that, on average, the canteen was short 294 cans of soda each month for thirteen months between March 2005 and March 2006.

Furthermore, economic order quantities or reorder points are not calculated or utilized for clothing or canteen inventories.

The JCCC maintains two bulk storage tanks which contain gasoline and diesel fuel for use in DOC vehicles and equipment. Actual fuel usage data was not recorded on the monthly inventory reports from July 2003 through September 2004. Instead the usage amounts appear to have been calculated to allow the report to indicate a zero variance. In addition,

YELLOW SHEET

monthly inventory reports did not contain ending tank readings for the nine months from October 2004 through June 2005. Finally, monthly inventory reports for the diesel tank were not prepared at all until July 2005.

All reports are available on our website: www.auditor.mo.gov

DEPARTMENT OF CORRECTIONS
JEFFERSON CITY CORRECTIONAL CENTER

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Larry Crawford, Director
Department of Corrections
and
David Dormire, Superintendent
Jefferson City Correctional Center
Jefferson City, MO 65101

We have audited the Department of Corrections, Jefferson City Correctional Center. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2005 and 2004. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions, regulations, policies, and contracts.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the correctional center, as well as certain external parties; inspection of capital assets, and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed

and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the correctional center's management and was not subjected to the procedures applied in the audit of the correctional center.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Corrections, Jefferson City Correctional Center.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 14, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Gayle A. Garrison
Audit Staff:	Anne Jenkins
	Mark Golden

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF CORRECTIONS
JEFFERSON CITY CORRECTIONAL CENTER
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Capital Asset Controls and Procedures
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Controls and procedures to account for capital assets are not adequate. Accounting for assets during the move from the Missouri State Penitentiary to the Jefferson City Correctional Center was not adequate, some asset purchases were not appropriate and consistent with the fund's purpose, and canteen physical inventory procedures were not sufficient. The correctional center's capital assets totaled over \$5.4 million as of February 2006. Canteen assets totaled over \$150,000 as of April 2006.

A. The Jefferson City Correctional Center (JCCC) construction was completed and the staff and offenders occupied the facility in September 2004, leaving the prior facility, the Missouri State Penitentiary (MSP), vacant. Because new assets were purchased for the JCCC facility, assets from the MSP were not moved to the JCCC facility unless there was a particular need to retain and move the asset. The department's Central Office (CO) staff assumed responsibility for the assets that remained at the MSP. Some assets left at the MSP were transferred to other correctional facilities in October 2004 or sold at a public auction in April 2005. Any assets remaining after the transfer and public auction were eliminated from the SAM II fixed asset system by a mass disposition entry recorded in September 2005. Controls and procedures to account for the assets which remained at MSP after the move were inadequate. Discussions with DOC staff indicated the following conditions:

1. The CO staff prepared a listing in September 2004 of the items remaining at the MSP after the move to the JCCC facility was completed. After assets were transferred to other facilities in October 2004 and the public auction was conducted in April 2005, the CO recorded the transfers and sales in the SAM II fixed asset system and relinquished the MSP facility and all remaining contents to the Office of Administration (OA). Because the property was relinquished to OA, CO staff performed a mass disposition in September 2005 of MSP assets which remained on the SAM II fixed asset system. However, the mass disposition was performed without conducting a final physical verification of the assets or confirming that the assets were included on the inventory listing which had been prepared in September 2004.
2. Information on the availability of serviceable assets was provided by CO staff to other correctional facilities, and the assets were transferred in October 2004 to other facilities based on requests submitted by the facilities. However, CO staff indicated that the assets, which were loaded

by the receiving facilities' staff onto the receiving facilities' vehicles, were not physically verified by the CO staff. As a result, there is no independent verification that the asset transfers recorded in the SAM II fixed asset system are accurate and complete.

As a result of these conditions, our review noted several discrepancies in the SAM II fixed asset system. Our review of 25 dispositions recorded in the SAM II fixed asset system identified seven assets (with original purchase prices totaling approximately \$93,000) which were disposed of during the mass disposition but were not recorded on the CO listing of items remaining at MSP after the move. In addition, our review of the 25 dispositions identified that the JCCC staff had transferred three assets totaling approximately \$4,400 to the JCCC facility. However, the necessary transfer paperwork was either not completed by JCCC staff or not recorded by CO in the SAM II system. Because the appropriate paperwork was not processed and because CO did not verify the assets which remained at MSP subsequent to the move, the unrecorded transfers were not detected and the assets which were still in service at JCCC were improperly disposed of in the SAM II fixed asset system.

There is little assurance that the entries recorded in the SAM II fixed asset system for assets transferred from MSP to other facilities and the mass disposition of MSP assets are accurate. Adequate controls over capital assets include physical verification of the disposition of assets. The JCCC and CO should work together to develop procedures to ensure assets are appropriately accounted for during facility moves and that proper verification and documentation of an asset's disposal is obtained prior to recording the disposition in the SAM II fixed asset system.

- B. Restricted funding sources were not properly utilized by the JCCC for some asset purchases. Construction costs and start-up funding for the JCCC facility were provided through a restricted use Board of Public Buildings Bond Fund. Our review of the major expenditures from the bond fund revealed assets which were placed in service at correctional facilities other than the JCCC as noted below.

Item Description	Cost	Service location and number of assets transferred
Offender transport bus	\$110,000	Western Reception, Diagnostic and Correctional Center (1)
21 ice machines	35,112	Central Office (1) Crossroads Correctional Center (1) Algoa Correctional Center (8) Eastern Reception, Diagnostic and Correctional Center (4) Tipton Correctional Center (4) Western Missouri Correctional Center (3)
Medical sterilizers	5,985	Moberly Correctional Center (1) Algoa Correctional Center (1)
Stair step exerciser	1,894	Algoa Correctional Center (1)
Elliptical exerciser	<u>2,670</u>	Algoa Correctional Center (1)
	<u><u>\$155,661</u></u>	

The CO instructed JCCC to transfer the new transport bus to Western Reception, Diagnostic and Correctional Center in June 2005. The JCCC administration originally intended to place the ice machines and exercise equipment in service at JCCC but determined after the facility was occupied that the equipment was in excess of their needs. Finally, JCCC administration indicates that the CO Division of Offender Rehabilitative Services was responsible for purchasing the sterilizers so the JCCC staff is unaware if the assets were originally intended for service at JCCC. The Board of Public Buildings Bond Funding is for restricted purposes and those funds should be spent only for allowable activities.

In addition, the JCCC purchased several assets with state and bond funding which do not appear to be prudent expenditures. These purchases include a Stradivarius trumpet costing \$1,600 for use by the DOC's color guards when attending funerals of employees, and nineteen pieces of exercise equipment for use by employees, including the two items noted above which were transferred to the Algoa Correctional Center. The exercise equipment totaled nearly \$50,000. However, employees are not required to utilize the equipment. General Revenue Fund and Bond Fund disbursements for these items totaled approximately \$4,500 and \$47,100, respectively. While the purposes for these purchases may have been commendable, they do not appear to be reasonable and prudent uses of state monies and not necessary to support the mission of the department.

- C. Annual physical inventories of assets purchased with canteen profits are not performed by employees independent of the physical custody of the assets, and some asset listings are not accurate. Profits generated from canteen sales are

designated by state law for the use and benefit of the offenders through purchases of religious, educational and recreational materials, supplies and equipment, and expenses necessary for canteen operations. JCCC monitors over 500 assets purchased with canteen profits for the inmates' use and maintains a detailed inventory listing of the canteen-owned assets.

During our review of the canteen assets we noted several discrepancies. A printer that had been disposed of was still included on the asset listing, two printers that were purchased had not been added to the asset listing, and an amplifier had been assigned a state tag number instead of a canteen asset tag number but was recorded on the canteen asset listing.

DOC Canteen Operations Policy D3-9.2 Section III.S. requires that items purchased by the canteen with an individual value of over \$1,000 or that are high risk items are to be tagged and that the business office is responsible for maintaining the canteen property book. Adequate procedures for maintaining the property book include ensuring that purchases and dispositions are properly recorded on the asset listing and that annual physical inventories of the canteen assets are performed by an independent employee.

WE RECOMMEND the JCCC:

- A. Work with the CO to develop procedures to ensure assets are appropriately accounted for during facility moves, and that proper verification and documentation of an asset's disposal is obtained prior to recording the disposition in the SAM II fixed asset system.
- B. Ensure all purchases are in compliance with fund restrictions, and that expenditures are reasonable and prudent uses of state funds. The JCCC should work with the CO and the Board of Public Buildings to resolve the improper use of the bond funds to purchase assets not being utilized at the JCCC.
- C. Ensure that canteen assets are properly recorded in the asset listing when purchased and removed from the listing when disposed of. In addition, the business office should ensure that annual physical inventories of canteen assets are conducted by employees independent of physical custody of the assets.

AUDITEE'S RESPONSE

- A. *Under normal circumstances the DOC believes its controls and procedures to account for capital assets are very good as department policy provides clear direction on the accounting for capital assets. This was an abnormal situation with a very short timeframe to remove capital assets from the MSP site. The preparation and equipping of a new institution using existing staff was unprecedented in the Missouri Department of Corrections history. Never before had existing staff taken on such duties and responsibilities while still saddled with the duties and responsibilities of an existing*

institution. There was a significant savings to the State of Missouri and the work done was remarkable. The DOC concurs with this finding in part. Given the scope of moving a multitude of items under these circumstances the DOC believes its accounting for these assets was quite good with minimal inaccuracies noted. Nonetheless, we acknowledge the findings of the State Auditor's Office and have noted the lessons learned for use in the future.

- B. The DOC concurs in part with the State Auditor's recommendations. Tentative findings during the audit pointed out that a bus purchased for JCCC had been assigned to the Western Reception, Diagnostic and Correctional Center. The DOC agrees this assignment was not appropriate and the bus will be reassigned to the JCCC immediately.*

It was our intent to put a small ice machine in each of the four wings of each housing unit to reduce the amount of inmate movement outside the wings. We then learned that the available connections and drains allowed for only two ice machines in each housing unit. The DOC then attempted to return the extra ice machines but the company would not accept them indicating they were a discontinued item. We acknowledge our error, but also recommend the Office of Administration consider revising their bid documents to help prevent similar situations where companies bid discontinued products and refuse to work with the state on returns and/or exchanges.

The exercise equipment was purchased based on our estimate of space and staff usage. We determined, based on usage, that we needed a different type of equipment to better serve the staff so we transferred the items to the Alcoa Correctional Center. They in turn transferred equipment of comparable value to us. This was a better alternative to simply buying additional equipment. The purchase of exercise equipment is appropriate since many of the staff are required to meet physical standards. All correctional officers must meet a physical requirement and must remain able to perform all the essential physical functions of their jobs. Emergency squad members have the additional requirement of meeting several different physical standards each year. We also have the ACC staff utilizing our equipment. Providing the equipment to assist staff in meeting required physical standards is reasonable and serves the mission of the department. Staff from all shifts use the equipment on a daily basis.

The trumpet was purchased after many discussions with the members of the Color Guard at which time it was determined that the higher quality professional trumpet would last the state longer than the lower quality ones and eventually save the state money.

The two sterilizers are being returned to the JCCC immediately. This will leave the Alcoa and Moberly Correctional Centers without sterilizers until new ones can be purchased for these sites.

To the extent possible, the DOC will account for all assets through standard inventory transfer procedures. The DOC will also work with the Board of Fund Commissioners to develop a future system for advising agencies of assets that have been collateralized through the use of bonds funds in order that assets are better tracked and accounted for.

- C. *Prior to the move from the MSP to the JCCC, an annual physical inventory of canteen assets was performed by the business office staff. Due to time constraints and other priorities related to the move, a temporary system of sending a list to canteen supported section heads for verification was used in place of an actual physical inventory. We have now returned to our customary practice of conducting random physical inventories of canteen assets.*

Paperwork removing the printer from the inventory list has not reached the business office to formally remove it from the asset listing. The two printers in question were under \$1,000 and a recent policy revision changed the tagging threshold on canteen property from \$100 to \$1,000. Therefore, by policy, the two new printers are not required to be tagged.

2. Expendable Inventory Procedures

The JCCC operates a canteen for the benefit of offenders, maintains bulk storage tanks for fuel, and maintains clothing inventories for officers and inmates. Procedures to account for the inventory are not adequate and criteria for determining the most appropriate reorder quantity and timing are not effectively utilized.

The canteen stocks and sells numerous items such as soda, tobacco products, snack foods, hygiene items, radios, and televisions. The February 2006 ending inventory value totaled \$133,000 and sales for the month totaled \$127,000. In addition, the JCCC maintains inventories of clothing issued to offenders assigned to JCCC custody and clothing issued to DOC custody officers of all correctional facilities throughout the state. Physical counts of clothing and canteen inventory items are conducted monthly. Our review of the canteen and clothing inventory procedures noted the following concerns:

- A. Although perpetual inventory records are maintained by the warehouse personnel for all offender clothing and canteen inventory held in the warehouse, perpetual records are not maintained for inventory in the offender clothing distribution office or on the canteen floor unless the canteen items are high risk or high value items, such as radios, tape players, and televisions.

Because perpetual inventory records are not maintained for offender clothing held in the distribution office or for food and personal use items held on the canteen floor, the results of the monthly inventory counts are not compared to any records. In addition, although perpetual records are maintained for items held in the warehouse and for high risk or high value items canteen items, the monthly counts are not compared to those records. As a result, the benefits of the physical inventory procedure are diminished and inventory variances are not identified or reported to JCCC management, and the risk of undetected loss, theft, or misuse of inventory is increased.

Our test of the soda inventory balances for the month of February 2006 indicated that 273 cans of soda were missing from inventory. Because the JCCC canteen staff had not maintained perpetual records or compared the inventory count results to the available records on soda beginning count balance, purchase, and sale activity, the staff were unaware that the difference existed. After learning this, the canteen staff performed additional review work that identified, on average, the canteen was short 294 cans of soda each month for thirteen months between March 2005 and March 2006. Regular comparisons of canteen inventory counts to the perpetual records or calculated ending inventory balances would have documented that this condition existed.

Department of Corrections (DOC) Consumable Inventory Control Policy D4-5.1 Section III.A.1 requires the facility to maintain a perpetual inventory of all consumable items. In addition, DOC Canteen Operations Policy D3-9.2 Section III.H.2 requires the facility to maintain a perpetual inventory on all inventory stock items. DOC Consumable Inventory Control Policy D4-5.1 Section III.C requires that all discrepancies between the physical inventory and the perpetual records be documented and reviewed by the section head. In addition, the policy requires that significant inventory variances over \$100 be reported to the chief administrative officer.

- B. Economic order quantities or reorder points are not calculated or utilized for clothing or canteen inventories. Such procedures are designed to minimize the cost of inventory by taking advantage of volume discounts, matching quantities in stock to sales patterns, and minimizing warehousing costs. Our review of inventory balances and sales for selected canteen stock items for the month of February 2006 indicated that some items held in stock may have had excessive balances.

Without economic order quantities and reorder points, the JCCC cannot demonstrate that the quantities of inventory on hand are necessary for the efficient operation of the canteen and that inventory costs are minimized. DOC Canteen Operations Policy D3-9.2 Section III.N. requires that every effort be made to order in the highest bulk amounts to gain the best price. In addition, DOC Consumable Inventory Control Policy D4-5.1 Section III.A.b(3) requires that consumable perpetual inventory records include the reorder point which is the level of inventory at which a reorder is necessary, including the economic reorder quantity.

- C. The JCCC maintains two bulk storage tanks which contain gasoline and diesel fuel for use in DOC vehicles and equipment. Procedures to account for the fuel inventory are not adequate. Monthly gasoline tank readings are not always performed or documented, and even when the actual gasoline tank readings are performed and documented, there is no comparison to calculated ending balances.

Actual gasoline usage data was not recorded on the monthly inventory reports from July 2003 through September 2004. Instead the usage amounts appear to have been calculated to allow the report to indicate a zero variance. In addition, monthly inventory reports did not contain ending gasoline tank readings for the nine months from October 2004 through June 2005. Finally, monthly inventory reports for the diesel tank were not prepared at all until July 2005. Significant variances could reasonably be expected to occur due to the evaporation of fuel and expansion or contraction of fuel volume as a result of varying temperature.

Because tank readings are not always performed or documented and comparisons of the readings to calculated balances are not performed, inventory variances are not identified, reviewed for reasonableness, or reported to JCCC management. DOC Consumable Inventory Control Policy D4-5.1 Section III.B.1 requires that a physical inventory be taken every month and documented. Section III.C of the policy further requires that all discrepancies between the physical inventory and the perpetual records be documented and reviewed by the section head. In addition, the policy requires that significant inventory variances over \$100 be reported to the chief administrative officer.

WE RECOMMEND the JCCC:

- A. Maintain perpetual inventory records of all inmate clothing and canteen resale items and compare inmate clothing and canteen inventory counts to the perpetual records or calculated ending inventory balances. Significant discrepancies between the calculated and counted inventory balance should be investigated and inventory balance discrepancies should be reported to JCCC management as required by DOC policy.
- B. Calculate and utilize economic order quantities and reorder points to minimize inmate clothing, officer clothing, and canteen inventory costs.
- C. Perform and document bulk fuel tank readings. The tank readings should be compared to calculated balances and significant variances should be identified, reviewed for reasonableness, and reported to JCCC management.

AUDITEE'S RESPONSE

- A. *Canteen perpetual inventory had been maintained in accordance with DOC policy D3-9.2 and per the recommendation of Department of Corrections audits. However, we concur with the Auditor's recommendation that a perpetual inventory be implemented for items held on the canteen sales floor, and this was implemented with advice and assistance of the auditor. A reconciliation report is now prepared monthly after each count, with copies to the Warehouse Manager and the Business Manager. Likewise, perpetual inventory has always been maintained on inmate clothing held in storage, and we are exploring options for implementing a perpetual inventory system for items removed from storage awaiting issue. A perpetual inventory has always been maintained*

on all items stored in the warehouse and is always compared to the monthly count. As required by policy D4-5.1, a computer generated version of the Consumable Inventory Summary Report, form 931-3381, is prepared on all warehouse inventories and on the clothing inventory held in storage, with copies going to the Warehouse Manager and the Business Manager. This report lists all variances. A separate report is prepared by the Warehouse Manager each month and sent to the Business Manager listing any significant variances (over \$100) of any of the warehouse inventories or of clothing inventory.

- B We concur with the State Auditor's recommendation. Recorder points and economic order quantities were established for the canteen prior to the conclusion of the audit. Offender and officer clothing orders are placed quarterly, as appropriations become available. Per the advice of the auditor, recommended inventory levels were established prior to the conclusion of the audit and are used when determining quarterly purchases.*
- C. We concur with this audit finding. Once the concerns were brought to our attention by the auditors, we immediately implemented the recommendation.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF CORRECTIONS
JEFFERSON CITY CORRECTIONAL CENTER
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Jefferson City Correctional Center (JCCC) first opened in 1836 as the Missouri State Penitentiary (MSP). The maximum security facility was located in Jefferson City, Missouri. In September 2004, construction on the new JCCC facility was completed and all offenders were moved from the old MSP to the new JCCC leaving the former MSP facility vacant.

The new JCCC is a level five maximum security institution housing approximately 2,000 male offenders in eight housing units, consisting of four general population housing units, administrative segregation, protective custody, intensive therapy, and medical offenders. The facility occupies 141 acres of land located approximately six miles east of Jefferson City. Other buildings at the facility include a multipurpose building, central services building, garage, warehouse, industry building, powerhouse, two elevated towers, and an administrative building. The perimeter is secured by two 12-foot-high fences that are separated by one lethal fence. All three fences have razor sharp barbed wire at the top of the fence and high voltage electricity is used as the lethal force in the middle fence. The facility is surrounded by a private asphalt road that is constantly patrolled by an armed roving vehicular patrol.

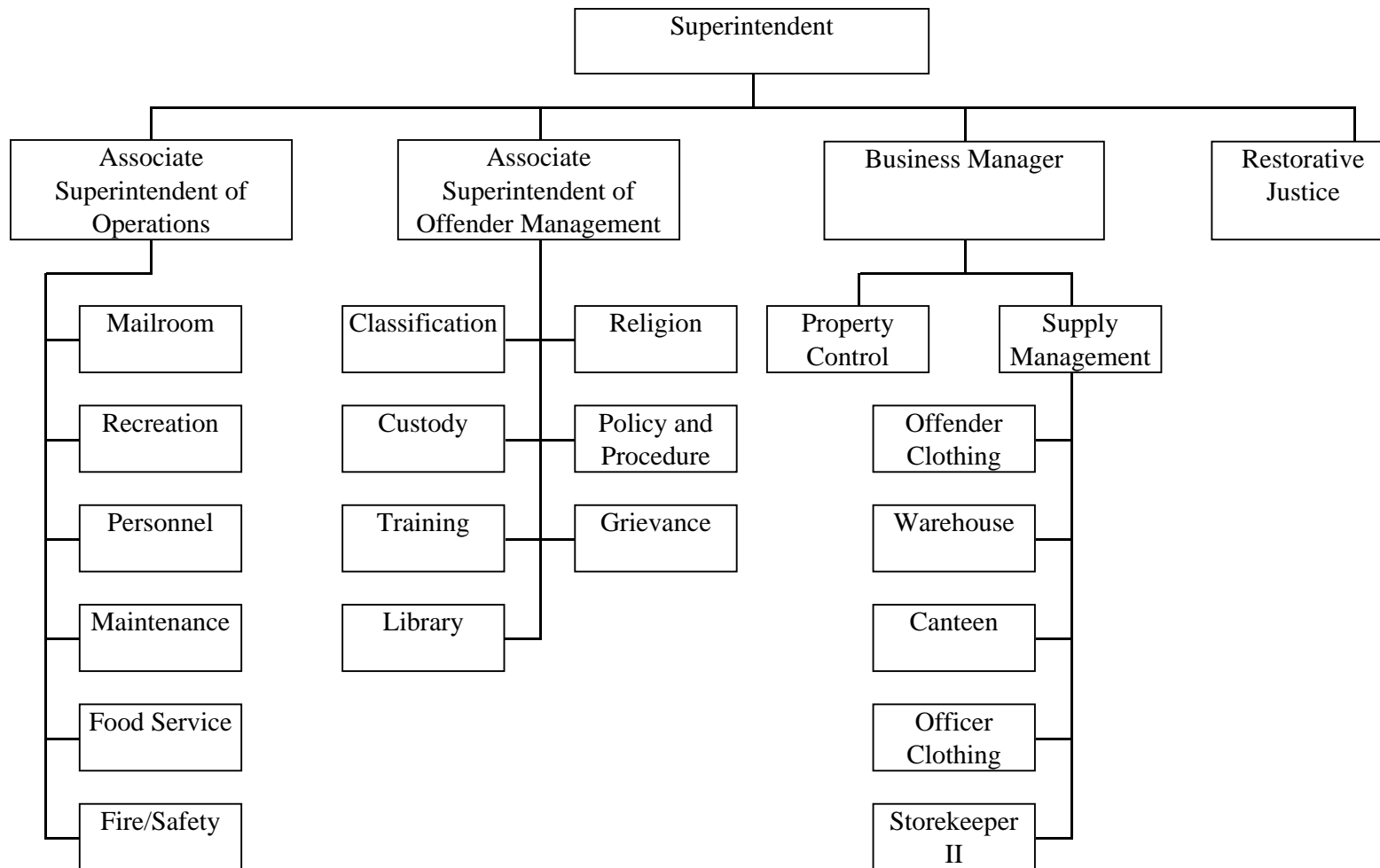
The administrative building contains the administrative offices, control center, training rooms, and an armory. The multipurpose building houses the visiting room, parole hearing room, meeting rooms, staff barbershop, the security video monitoring room, and the shift captain's room. The central services building houses the medical unit, library, chapel, canteen, offender clothing, the center for the Bureau of the Blind, recreation, and food services. The industry building contains five factories which are under the direction of Missouri Vocational Enterprises; clothing, graphic arts, engraving, license plate manufacturing, and furniture manufacturing. The warehouse is located outside the perimeter of the correctional center, and it houses the JCCC warehouse, a regional warehouse, the department's cook/chill food preparation area, and offices for the Central Transportation Unit.

The JCCC offered G.E.D. classes for offenders with less than a 12th grade education through June 30, 2005. Offenders are required to complete their G.E.D. to be eligible for parole or premium job assignments. A total of 375 offenders entered into the G.E.D. program in 2005 and 32 completed the course. As of July 1, 2005, the G.E.D. program is staffed by volunteers. The JCCC has about 123 regular volunteers that are authorized to assist with offender programs. These volunteers provide services in religion, therapeutic treatment, and education. Volunteers also act as staff liaisons for offender organizations. Therapeutic treatment programs offered include Alternatives to Violence, Intensive Therapeutic Community, and Positive Mental Attitude. Offender organizations include NAACP, Alcoholics Anonymous, Alpha Toastmasters, Visiting Room Activities Committee, Restorative Justice, Youth Services Group, and Vietnam Vets of America.

Dave Dormire became facility superintendent at the MSP in November 1995 and is the current facility superintendent at JCCC. The JCCC employed approximately 614 employees assigned to various administrative, service, security, and academic and vocational education functions as of June 30, 2005.

An organization chart and financial data follow:

DEPARTMENT OF CORRECTIONS
JEFFERSON CITY CORRECTIONAL CENTER
ORGANIZATION CHART
JUNE 30, 2005



Appendix A

DEPARTMENT OF CORRECTIONS

JEFFERSON CITY CORRECTIONAL CENTER

COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

		Year Ended June 30,				
		2005			2004	
		Appropriation Authority	Expenditures	Lapsed Balances *	Appropriation Authority	Expenditures B
GENERAL REVENUE FUND						
Jefferson City Correctional Center-Personal Service	\$	16,609,849	15,525,539	1,084,310	18,230,110	15,656,728
Jefferson City Correctional Center-Expense and Equipment		0	0	0	533,149	531,735
Missouri State Penitentiary Operating Expense		561,459	315,430	246,029	0	0
Total General Revenue Fund		17,171,308	15,840,969	1,330,339	18,763,259	16,188,463
WORKING CAPITAL REVOLVING FUND						
Jefferson City Correctional Center-Personal Service		203,024	127,090	75,934	192,361	136,136
Total Working Capital Revolving Fund		203,024	127,090	75,934	192,361	136,136
Total All Funds	\$	17,374,332	15,968,059	1,406,273	18,955,620	16,324,599

Note: The appropriations presented above are used to account for and control the facility's expenditures from amounts appropriated to the facility by the General Assembly. The facility administers transactions from the appropriations presented above. However, the state treasurer as fund custodian and the Office of Administration provide administrative control over the fund resources within the authority prescribed by the General Assembly. This does not represent expenditures of the facility. Some expenditures relating to state facilities are charged to department-wide appropriations and not identified by facility. Expenditures charged to the department-wide appropriations that are identified to Jefferson City Correctional Center (JCCC) are noted in Appendix B.

* The lapsed balances include the following withholdings made at the Governor's request:

		Year Ended June 30,	
		2005	2004
General Revenue Fund			
Personal Service and/or Expense and Equipment	\$	1,080,072	586,450
Missouri State Penitentiary Operating Expense		16,844	0
Total General Revenue Fund	\$	1,096,916	586,450

Appendix B

DEPARTMENT OF CORRECTIONS

JEFFERSON CITY CORRECTIONAL CENTER (See note 1)

COMPARATIVE STATEMENT OF EXPENDITURES (BY BUDGET OBJECT) (See note 2)

		Year Ended June 30,					
		2005			2004		
		Expenditures from Facility Specific Appropriations for JCCC	Expenditures From Department-Wide Appropriations for JCCC	Expenditures from Board of Public Buildings Bond Construction Fund for JCCC	Expenditures from Facility Specific Appropriations for JCCC	Expenditures From Department-wide Appropriations for JCCC	Expenditures from Board of Public Buildings Bond Construction Fund for JCCC
Salaries & Wages (See note 3)	\$	15,652,629	1,302,200	0	15,792,864	905,245	0
Travel, In-State		0	5,100	0	262	989	0
Travel, Out-of-State		0	0	0	0	1,741	0
Fuel & Utilities		70,115	1,953,565	0	2,472	1,902,567	0
Supplies		46,573	2,055,933	11,966	219,207	2,105,198	62,685
Professional Development		0	647	720	625	4,110	0
Communication Services & Supplies		291	34,595	4,507	0	22,123	0
Professional Services		115,436	18,841	17,072	3,501	37,805	9,036
Housekeeping & Janitorial Services		1,658	75,971	0	0	69,310	0
Maintenance & Repair (M&R) Services		25,548	12,530	2,500	6,846	60,433	817,805
Computer Equipment		0	1,436	55,910	3,993	155,972	36,851
Motorized Equipment		0	0	456,368	39,892	3,100	634,580
Office Equipment		0	37,266	1,098,113	95,169	65,460	196,885
Other Equipment		26,466	187,437	1,441,481	157,795	120,767	1,050,369
Property & Improvements		29,263	13,054	12,362	0	8,851	0
Equipment Rental & Leases		80	1,309	0	846	1,675	0
Miscellaneous Expenses		0	208,565	0	1,127	220,318	0
Total Expenditures	\$	15,968,059	5,908,449	3,100,999	16,324,599	5,685,664	2,808,211

Note 1: Expenditures in this schedule include operating costs of the Missouri State Penitentiary which closed in September 2004. Expenditures in this schedule also include operating and some startup costs of the Jefferson City Correctional Center which was constructed to replace the Missouri State Penitentiary.

Note 2: Not included in this schedule are expenditures paid from department-wide appropriations that do not specify amounts by facility. In addition, expenditures paid from the Board of Public Buildings Construction Bond Fund represent only those expenditures processed by the Jefferson City Correctional Center staff for start up costs and do not represent the total cost of construction and start up funding expended during the two years.

Note 3: The JCCC receives an appropriation for salaries and wages. During fiscal years 2004 and 2005, up to 10 percent of the appropriation could be allocated to and expended by other correctional facilities or units. During the fiscal year ended June 30, 2005, no other correctional facilities or units made personal service expenditures from the JCCC appropriation for salaries and wages. During the fiscal year ended June 30, 2004, three other correctional facilities or units made personal service expenditures totaling \$100,938 from the JCCC appropriation for salaries and wages. The expenditures for each of the facilities or units are as follows:



Claire McCaskill

Missouri State Auditor

August 2006

Worth County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of
Missouri State Auditor
Claire McCaskill

August 2006

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Worth, that do not have a county auditor. In addition to a financial audit of county funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Worth County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county's procedures for expenditures and monitoring of contracts are in need of improvement. While the county has procedures to solicit bids for major purchases, the county did not always solicit bids and/or retain bid documentation for various purchases including insurance, copy machines, and prisoner boarding at a private facility. Also, the patron gravel program was not adequately monitored and fuel usage records were not maintained for the Road and Bridge Department. In addition, several budgets were overspent, compliance with the economic development contract was not monitored and the county donated \$1,066 in federal grant monies to a local skating rink.
- Time sheets were not submitted by a part-time employee funded by a federal grant and donations paid by patrons to the Senior Citizens Services Board's in-home service providers were not reported to the county and the IRS.
- The Prosecuting Attorney's procedures related to accounting for receipts and open-items, as well as the system for tracking bad check complaints received, are in need of improvement. While prenumbered receipt slips were issued for most monies received, not all receipts were recorded on the summary monthly fee log. Also, monthly open-items listings (liabilities) were not prepared, and consequently liabilities were not reconciled to the cash balance. As a result of the lax controls, some receipts, while deposited, were not remitted to the County Treasurer or other parties and an unidentified balance in the bank account had increased significantly since the last audit. Part of the unidentified balance was used to pay office expenses. In addition, a log or other record was not maintained to account for all bad check complaints filed with the Prosecuting Attorney and their ultimate disposition.
- Sheriff's Office procedures related to the processing of monies collected and bank account reconciliations are in need of improvement. The method of payment was not always noted on receipt slips and the composition of receipt slips issued was

YELLOW SHEET

not reconciled to the amounts posted on the monthly fee log or to the composition of deposits. In addition, a checkbook balance was not maintained and reconciled monthly to the bank statements for the Sheriff's account.

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WORTH COUNTY, MISSOURI

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WORTH COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL
STATEMENTS, REQUIRED SUPPLEMENTARY INFORMATION, AND
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Worth County, Missouri

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Worth County, Missouri, as of and for the years ended December 31, 2005 and 2004, which collectively comprise the county's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed more fully in Note 1, the county prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position—cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of Worth County, Missouri, as of December 31, 2005 and 2004, and the respective changes in financial position—cash basis thereof for the years then ended in conformity with the basis of accounting discussed in Note 1.

As discussed more fully in Note 1, for the years ended December 31, 2005 and 2004, the county implemented applicable provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*; Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Note Disclosures*. The implementation of these Statements resulted in significant changes in the format and contents of the basic financial statements and other information in the county's financial report. The county also implemented the provisions of Statement No. 40, *Deposit and Investment Risk Disclosures*.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 6, 2006, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required to accompany those financial statements. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the county's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Worth County, Missouri, and was not subjected to the auditing procedures applied in the audit of the basic financial statements. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 6, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Cheryl L. Colter, CPA, CGFM
Audit Staff:	Earlene Gladden
	Karla Swift



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Worth County, Missouri

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Worth County, Missouri, as of and for the years ended December 31, 2005 and 2004, which collectively comprise the county's basic financial statements, and have issued our report thereon dated April 6, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of Worth County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of Worth County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Worth County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 6, 2006 (fieldwork completion date)

Management's Discussion and Analysis

WORTH COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2005 AND 2004

This discussion and analysis of Worth County's financial performance provides an overview of the county's financial activity for the years ended December 31, 2005 and 2004. The information below, prepared by the county's management, should be read in conjunction with the county's financial statements that immediately follow.

OVERVIEW OF THE FINANCIAL STATEMENTS

The contents of this report comply with the presentation requirements of Statement No. 34 of the Governmental Accounting Standards Board, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as applicable to the cash basis of accounting. The county's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. The notes are an integral part of the government-wide and fund financial statements and provide more detail about the information presented in the statements. This report also contains other financial information in addition to the basic financial statements.

The county has elected to present its financial statements on the cash basis of accounting, a basis of accounting other than accounting principles generally accepted in the United States of America. "Basis of accounting" refers to when financial events are recorded. Under the cash basis of accounting, revenues are recorded when received rather than when earned, and expenditures are recorded when paid rather than when the related liabilities are incurred. Therefore, when reviewing the financial information and discussion in this report, the reader should recall the limitations resulting from use of the cash basis of accounting.

Government-Wide Financial Statements

The Government-Wide Statement of Net Assets and the Government-Wide Statement of Activities report information about the county as a whole. These statements present the county's net assets and show how they have changed. Over time, increases or decreases in the county's net assets are one indicator of whether its financial health or position is improving or deteriorating. However, to assess the county's overall financial health, the reader needs to consider additional nonfinancial factors. The government-wide financial statements report only governmental activities—activities such as general government operations, public safety, and health and welfare that are usually financed through taxes and intergovernmental receipts. The county has no business-like activities—activities financed wholly or partially by fees charged to external parties for goods or services.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the county as a whole. Some funds are required to be established by state law or by bond covenants. However, the County Commission establishes other funds to help it control and

manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, or other receipt sources. The fund financial statements include only governmental funds, which focus on the flow of money into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed view of the county's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether more or fewer financial resources can be spent in the near future to finance the county's programs.

The County as Trustee

The county is the trustee, or fiduciary, for its trust and agency funds that are used to account for assets held by the county's elected officials in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The county's fiduciary assets are reported in a separate Statement of Fiduciary Net Assets. Fiduciary funds are excluded from the county's other financial statements because the county cannot use these assets to finance its operations. The county is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Other Information

The report also includes as required supplementary information this Management's Discussion and Analysis and the Budgetary Comparison Schedule - General Fund and Major Special Revenue Funds - Cash Basis. Such information is intended to supplement the government-wide financial statements, fund financial statements, and notes to the financial statements but is not a part of those statements.

In addition, the report includes the following components that are not a required part of the financial statements: the Schedule of Expenditures of Federal Awards, required for audits of federal program expenditures conducted in accordance with Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the History, Organization, and Statistical Information.

FINANCIAL HIGHLIGHTS

The county's financial profile began to show the effect of measures taken in 2002 and 2003:

- The overall improvement of the governmental funds can be attributed to several factors: passage of the Use Tax (2002), separation of the Circuit Clerk and Recorder offices (2002), passage of the non-rollback sales tax (2002) and prudent use of governmental funds by each fund custodian.
- The county has exercised an aggressive strategy to secure the maximum amount of grants provided by the state and federal governments. These grants are used to provide services or capital improvements that the county might not otherwise be in a position to provide.

This chart shows grant funds provided by the state and federal governments for 2005 and 2004:

<u>Grant Funds</u>	2005	2004
MoSMART Grant	\$ 1,760	33,730
Interoperability Communications Grant	22,490	32,213
BRO	540,860	47,655
Other grants and aid	43,430	39,223
Total	\$ 608,540	152,821

- The county has aggressively used the BRO Bridge program. Prior to 2006, the county has replaced 14 bridges, with the fifteenth bridge entering the final phase of inspection and acceptance; and the sixteenth bridge in the design phase. Use of this program has enabled the county to replace bridges that otherwise would not be replaced. This has been accomplished with no outlay of cash from the county.
- The county elected officials, through the Salary Commission of 2005, were able to equalize the salaries of elected offices. This action brought the county into compliance with Missouri statutes.

THE COUNTY AS A WHOLE

The following chart displays assets, receipts and disbursements for 2003 through 2005. The most significant fluctuation is attributable to the level of BRO activity. This chart also shows the start of a trend where receipts are greater than disbursements.

	2005	2004	2003
Net Assets	\$ 310,377	203,772	192,070
Receipts	1,774,777	1,289,277	1,380,967
Disbursements	1,668,172	1,277,575	1,395,963
Change in Net Assets	\$ 106,605	11,702	(14,996)

The change in net assets shows an upward trend from (\$14,996) in 2003 to \$106,605 by the end of 2005. Should this trend continue and barring any catastrophes, the reserve balance should continue to grow. At some point in the future when the reserve balance has increased to a comfortable level, property taxes could conceivably be voluntarily rolled back. Another interesting occurrence to note is by the end of 2005 this reserve balance had increased to \$310,377, with \$62,372 in General Revenue, *the first time in collective memory that the County has not had to borrow against the next year's taxes to finance basic governmental operations.*

THE COUNTY'S FUNDS

The chart below shows the receipts and disbursements for the county for 2004 and 2005. The trend would seem to show a slow growth in assessed valuation, thus an increase in property taxes, and similar growth in sales tax. Intergovernmental revenue is hard to use as a benchmark, because these funds vary year to year depending upon the types of projects the county has undertaken. For example: The Mossbarger Bridge project (BRO-15) caused over \$500,000 in receipt and disbursement activity that will not show up until the next bridge built under the BRO program. Further explanation is given below.

		General Fund	Special Road and Bridge Fund	Capital Improvement Sales Tax 60% Fund	Other Governmental Funds
<u>2005</u>					
Cash Balance End of Year	\$	62,372	65,267	43,807	138,931
Receipts		424,795	1,029,420	27,625	292,937
Disbursements		350,619	985,728	26,663	305,162
Net Transfers		(11,804)	(50,400)	0	62,204
Net Change in Cash Balances	\$	62,372	(6,708)	962	49,979

		General Fund	Special Road and Bridge Fund	Capital Improvement Sales Tax 60% Fund	Other Governmental Funds
<u>2004</u>					
Cash Balance End of Year	\$	0	71,975	42,845	88,952
Receipts		454,041	532,817	26,011	276,408
Disbursements		457,970	476,568	9,243	333,794
Net Transfers		3,929	(61,495)	(1,247)	58,813
Net Change in Cash Balances	\$	0	(5,246)	15,521	1,427

- General Revenue Fund - Public safety and tax anticipation note (TAN) expense decreased in 2005 as a result of a large grant received in 2004. The Interoperability Grant was awarded in 2004, but before reimbursements were received, money was borrowed on a TAN note to pay grant expenses. In 2005, the second part of the grant was reimbursed. At the time, the General Revenue Fund had sufficient funds to cover the remaining expenses, so executing another TAN was not necessary.
- Road and Bridge Fund - Intergovernmental receipts and disbursements were higher than normal in 2005 because of the BRO-15 project. The Mossbarger bridge project grant was over \$500,000, which was received from MoDOT and then paid out to cover the expenses of building the bridge.

- Capital Improvement Sales Tax 60% Fund - This fund is used for capital improvements to the Courthouse. In 2005 the wheel chair lift was installed from the ground floor to the lobby and from the lobby to the second floor. Also the rider mower for the courthouse lawn failed, was deemed beyond repair, and was replaced from this fund in 2005.
- Other Governmental Funds - Public safety receipts and disbursements decreased in 2005 because the MoSMART Grant ended December 2004. The sole activity in the fund during 2005 involved some expenses paid in 2004 that were reimbursed in 2005. Also in 2004, the Sheriff's staff decreased by 2 - a deputy and a part-time dispatcher.

General Fund Budgetary Highlights

During the course of 2004 and 2005 the county budget was not amended. Although disbursements were allowed which were not budgeted or expenditures exceeded the budgeted amount for various line items, these transactions were made with the approval of the County Commission and documented in the minutes.

- Variances in intergovernmental receipts were the result of confusion from year to year as to the proper classification of receipts in this category.
- In 2005, none of the usual administrative transfers were made. It was the opinion of the County Commission to wait until the end of the year to do the transfer, if necessary. At the end of the year, the General Revenue Fund had a surplus, so no transfers were made as there was no need.
- Additional funds were budgeted, yet unexpended, in anticipation of losing a voter registration clerk (the previous clerk was paid through a federal grant which expired in 2005 and she has been replaced by as-needed help). The previous County Clerk felt the need to budget additional money available to help meet Help America Vote Act (HAVA) requirements.
- The 2004 Interoperability Grant and the related TAN borrowings were not budgeted. At the time the budget was prepared there was some uncertainty as to whether the grant would be approved.
- Expenses will be more closely scrutinized to ensure that if a special revenue fund is in place for applicable expenses, those funds will be used before the General Revenue Fund. For example: in both 2004 and 2005, the Prosecuting Attorney expenditures exceeded the budgeted amount, but training expenses were budgeted and paid from that portion of the General Revenue Fund, while the Prosecuting Attorney Training Fund had nothing budgeted or expended.

CAPITAL ASSET AND DEBT ADMINISTRATION

The county used TANs as a short term borrowing mechanism. The following chart shows borrowing that occurred during 2003-2005 (2003 included for comparison).

<u>TAN Notes</u>		<u>2005</u>	<u>2004</u>	<u>2003</u>
Notes	\$	0	23,332	73,597
Interest		0	340	1,545
Special Purpose Notes*		0	32,213	0
Interest	\$	0	50	0

*Special purpose notes were used to fund the purchase of the interoperability radios; these were paid back with grant funding at a later date. Further explanation is given below under radios.

The county will be implementing a policy to track capital asset investments. This policy has several aspects that will include an annual inventory of county-owned property that has a fair market value greater than \$250. Capital assets could include land, buildings and improvements, equipment and machinery, and vehicles, etc.

Law Enforcement Vehicles

In October 2002, the county entered into a lease-purchase agreement for a 2003 Ford Crown Victoria Police Interceptor. Grant funding was received for \$8,800 and the balance was financed by a promissory note for \$11,282. The promissory note was paid monthly until it was paid in full in 2005.

In March 2004, the county entered into a lease-purchase agreement for a 2004 Chevrolet Silverado Pickup for use as a Law Enforcement vehicle. The purchase was financed by a short-term promissory note for \$23,216 which was paid in full in 2004.

Motor Graders

In January, 2002, the county entered into a lease-purchase agreement with Dean Machinery for a Caterpillar 140H Motor Grader. The payments are \$25,750 annually for seven years.

In April 2004, the county entered into a lease-purchase agreement with Victor Phillips for a CASE 865 Motor Grader. The payments are \$27,960 annually for five years.

Radios

In 2003, the county applied and was approved for an Interoperability Communications Grant. The total grant amount was \$61,221, which was received in 2004 and 2005. A short-term special purpose TAN was entered to pay expenses for the initial installment of \$32,263, which was paid back once grant funds were received. The General Revenue Fund was able to pay expenses of the second installment of \$28,710. Grant funds for this amount were deposited into the General Revenue Fund when received in 2005.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Worth County economy continues to experience a slow growth, not a radical increase that results in greater sales tax revenue or an increase in property or commercial taxes, but growth none-the-less. In the past 3 years, ten new businesses have opened, 2 previously established businesses have reopened and 1 retail business was established. Jobs are primarily found in education, health care, county government and, of course, the agricultural arena. Several citizens travel to Maryville, Creston or Bethany for employment in factories, hospitals or the prison.

The employment statistics show a slightly better employment situation than a year ago. The regional unemployment rate as of December 2004, and October through December 2005 are shown below alongside the rates for neighboring counties. Also compared are the rates of Missouri and the entire United States.

Entity	December 2004	December 2005	November 2005	October 2005
Worth County	4.1	3.7	4.3	3.1
Holt County	5.1	4.5	4.3	4.5
Gentry County	4.1	4.4	4.7	3.7
Nodaway County	3.4	3.1	3.2	2.8
Missouri	5.4	4.9	5.3	4.5
USA	5.1	4.6	4.8	4.6

These statistics were produced by the Missouri Department of Economic Development in cooperation with U. S. Department of Labor, Bureau of Labor Statistics. Interestingly, they show that Worth County is consistently below the United States and Missouri in unemployment rates and in neighboring counties, only Nodaway County has a lower rate.

Revenues for the coming year are expected to improve, but only slightly. Assessed valuation is anticipated to rise somewhat, sales tax and use tax receipts are anticipated to remain at present levels, and other revenue sources are expected to remain flat.

All of these factors were considered in the preparation of the County's 2006 budget. The County anticipated a slight increase in retail sales tax and an increase in property taxes was anticipated due to general reassessment.

The County Commission applied for a Courthouse Restoration Loan from the Missouri Department of Natural Resources, which has been approved. The maximum amount for the loan is \$200,500. This long-term debt will be due over a ten-year period with no penalties for early repayment. Annual payments are estimated to be \$26,000. The first payment has been budgeted for 2006 from the Capital Improvement Sales Tax Fund. CIST 60% receipts are annually \$25,000 to \$26,000 therefore repayment of the loan is planned from that fund.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

Questions about this report or requests for additional information should be addressed to Lisa Hargrave, Worth County Clerk, 11 West Fourth Street, Grant City MO 64456, (660) 564-2219.

Basic Financial Statements

Government-Wide Financial Statements

Exhibit A-1

WORTH COUNTY, MISSOURI
GOVERNMENT-WIDE STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2005

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ <u>310,377</u>
Total Assets	<u>310,377</u>
NET ASSETS	
Restricted	248,005
Unrestricted	<u>62,372</u>
Total Net Assets	\$ <u><u>310,377</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

WORTH COUNTY, MISSOURI
GOVERNMENT-WIDE STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2004

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ <u>203,772</u>
Total Assets	<u>203,772</u>
NET ASSETS	
Restricted	203,772
Unrestricted	<u>0</u>
Total Net Assets	\$ <u><u>203,772</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B-1

WORTH COUNTY, MISSOURI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - CASH BASIS
YEAR ENDED DECEMBER 31, 2005

		Program Receipts		Net (Disbursements) Receipts and Changes in Cash Balances
				Primary Government
	Disbursements	Charges for Services	Intergovernmental	Governmental Activities
GOVERNMENTAL ACTIVITIES				
General county government	\$ 283,992	55,557	140,436	(87,999)
Roads and bridges	1,135,614	72,692	850,426	(212,496)
Public safety	209,134	5,240	34,437	(169,457)
Health and welfare	19,789	0	151	(19,638)
TAN expense	19,643	0	0	(19,643)
Total Governmental Activities	<u>1,668,172</u>	<u>133,489</u>	<u>1,025,450</u>	<u>(509,233)</u>
Total Primary Government	\$ <u>1,668,172</u>	<u>133,489</u>	<u>1,025,450</u>	<u>(509,233)</u>
GENERAL RECEIPTS				
Taxes				
Property taxes				402,394
Sales taxes				183,932
Interest				1,804
Other				<u>27,708</u>
Total General Receipts				615,838
Change in Cash Balances				106,605
NET ASSETS, JANUARY 1				<u>203,772</u>
NET ASSETS, DECEMBER 31				\$ <u><u>310,377</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B-2

WORTH COUNTY, MISSOURI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - CASH BASIS
YEAR ENDED DECEMBER 31, 2004

		Program Receipts		Net (Disbursements) Receipts and Changes in Cash Balances
	Disbursements	Charges for Services	Intergovernmental	Primary Government Governmental Activities
GOVERNMENTAL ACTIVITIES				
General county government	\$ 267,581	57,550	129,789	(80,242)
Roads and bridges	602,110	63,490	314,380	(224,240)
Public safety	311,793	3,705	62,215	(245,873)
Health and welfare	16,920	0	0	(16,920)
TAN expense	79,171	0	0	(79,171)
Total Governmental Activities	<u>1,277,575</u>	<u>124,745</u>	<u>506,384</u>	<u>(646,446)</u>
Total Primary Government	\$ <u>1,277,575</u>	<u>124,745</u>	<u>506,384</u>	<u>(646,446)</u>
GENERAL RECEIPTS				
Taxes				
Property taxes				393,163
Sales taxes				175,704
Interest				757
Other				<u>88,524</u>
Total General Receipts				658,148
Change in Cash Balances				11,702
NET ASSETS, JANUARY 1				<u>192,070</u>
NET ASSETS, DECEMBER 31				\$ <u>203,772</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Fund Financial Statements

Exhibit C-1

WORTH COUNTY, MISSOURI
GOVERNMENTAL FUNDS BALANCE SHEET - CASH BASIS
DECEMBER 31, 2005

		General Fund	Special Road and Bridge Fund	Capital Improvement Sales Tax 60% Fund	Other Governmental Funds	Total Governmental Funds
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS						
Cash	\$	<u>62,372</u>	<u>65,267</u>	<u>43,807</u>	<u>138,931</u>	<u>310,377</u>
Total Assets	\$	<u><u>62,372</u></u>	<u><u>65,267</u></u>	<u><u>43,807</u></u>	<u><u>138,931</u></u>	<u><u>310,377</u></u>
FUND BALANCES						
Unreserved	\$	62,372	0	0	0	62,372
Unreserved special revenue funds		0	65,267	43,807	0	109,074
Unreserved reported in nonmajor funds		<u>0</u>	<u>0</u>	<u>0</u>	<u>138,931</u>	<u>138,931</u>
Total Fund Balances	\$	<u><u>62,372</u></u>	<u><u>65,267</u></u>	<u><u>43,807</u></u>	<u><u>138,931</u></u>	<u><u>310,377</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C-2

WORTH COUNTY, MISSOURI
GOVERNMENTAL FUNDS BALANCE SHEET - CASH BASIS
DECEMBER 31, 2004

	General Fund	Special Road and Bridge Fund	Capital Improvement Sales Tax 60% Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 0	71,975	42,845	88,952	203,772
Total Assets	\$ 0	71,975	42,845	88,952	203,772
FUND BALANCES					
Unreserved	\$ 0	0	0	0	0
Unreserved special revenue funds	0	71,975	42,845	0	114,820
Unreserved reported in nonmajor funds	0	0	0	88,952	88,952
Total Fund Balances	\$ 0	71,975	42,845	88,952	203,772

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D-1

WORTH COUNTY, MISSOURI
GOVERNMENTAL FUNDS STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
YEAR ENDED DECEMBER 31, 2005

	General Fund	Special Road and Bridge Fund	Capital Improvement Sales Tax 60% Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property taxes	\$ 199,569	191,488	0	11,337	402,394
Sales taxes	67,127	0	26,351	90,454	183,932
Intergovernmental	98,177	831,134	0	96,139	1,025,450
Charges for services	51,393	0	0	82,096	133,489
Interest	229	185	762	628	1,804
Other	8,300	6,613	512	12,283	27,708
Total Receipts	<u>424,795</u>	<u>1,029,420</u>	<u>27,625</u>	<u>292,937</u>	<u>1,774,777</u>
DISBURSEMENTS					
General county government	206,885	0	26,663	50,444	283,992
Roads and bridges	0	985,728	0	149,886	1,135,614
Public safety	121,591	0	0	87,543	209,134
Health and welfare	2,500	0	0	17,289	19,789
TAN expense	19,643	0	0	0	19,643
Total Disbursements	<u>350,619</u>	<u>985,728</u>	<u>26,663</u>	<u>305,162</u>	<u>1,668,172</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>74,176</u>	<u>43,692</u>	<u>962</u>	<u>(12,225)</u>	<u>106,605</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	475	0	0	63,163	63,638
Transfers out	(12,279)	(50,400)	0	(959)	(63,638)
Total Other Financing Sources (Uses)	<u>(11,804)</u>	<u>(50,400)</u>	<u>0</u>	<u>62,204</u>	<u>0</u>
NET CHANGE IN CASH BALANCES	62,372	(6,708)	962	49,979	106,605
CASH BALANCES, JANUARY 1	<u>0</u>	<u>71,975</u>	<u>42,845</u>	<u>88,952</u>	<u>203,772</u>
CASH BALANCES, DECEMBER 31	<u>\$ 62,372</u>	<u>65,267</u>	<u>43,807</u>	<u>138,931</u>	<u>310,377</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

WORTH COUNTY, MISSOURI
 GOVERNMENTAL FUNDS STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
 YEAR ENDED DECEMBER 31, 2004

	General Fund	Special Road and Bridge Fund	Capital Improvement Sales Tax 60% Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property taxes	\$ 188,703	193,034	0	11,426	393,163
Sales taxes	65,378	0	25,760	84,566	175,704
Intergovernmental	85,005	314,380	0	106,999	506,384
Charges for services	52,417	0	0	72,328	124,745
Interest	78	166	251	262	757
Other	62,460	25,237	0	827	88,524
Total Receipts	<u>454,041</u>	<u>532,817</u>	<u>26,011</u>	<u>276,408</u>	<u>1,289,277</u>
DISBURSEMENTS					
General county government	213,847	0	9,243	44,491	267,581
Roads and bridges	0	476,568	0	125,542	602,110
Public safety	162,452	0	0	149,341	311,793
Health and welfare	2,500	0	0	14,420	16,920
TAN expense	79,171	0	0	0	79,171
Total Disbursements	<u>457,970</u>	<u>476,568</u>	<u>9,243</u>	<u>333,794</u>	<u>1,277,575</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(3,929)</u>	<u>56,249</u>	<u>16,768</u>	<u>(57,386)</u>	<u>11,702</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	18,447	0	0	60,914	79,361
Transfers out	<u>(14,518)</u>	<u>(61,495)</u>	<u>(1,247)</u>	<u>(2,101)</u>	<u>(79,361)</u>
Total Other Financing Sources (Uses)	<u>3,929</u>	<u>(61,495)</u>	<u>(1,247)</u>	<u>58,813</u>	<u>0</u>
NET CHANGE IN CASH BALANCES	0	(5,246)	15,521	1,427	11,702
CASH BALANCES, JANUARY 1	<u>0</u>	<u>77,221</u>	<u>27,324</u>	<u>87,525</u>	<u>192,070</u>
CASH BALANCES, DECEMBER 31	<u>\$ 0</u>	<u>71,975</u>	<u>42,845</u>	<u>88,952</u>	<u>203,772</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E-1

WORTH COUNTY, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
DECEMBER 31, 2005

ASSETS

Cash	\$	<u>33,369</u>
Total Assets		<u>33,369</u>

NET ASSETS

Restricted		33,369
Unrestricted		<u>0</u>
Total Net Assets	\$	<u><u>33,369</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E-2

WORTH COUNTY, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
DECEMBER 31, 2004

ASSETS

Cash	\$	<u>37,757</u>
Total Assets		<u>37,757</u>

NET ASSETS

Restricted		37,757
Unrestricted		<u>0</u>
Total Net Assets	\$	<u><u>37,757</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

WORTH COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

As Note 1.C. discusses further, the accompanying financial statements of Worth County, Missouri, are presented in conformity with the cash basis of accounting, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles for state and local governments. The significant accounting policies related to those principles and used by the county are described below.

A. Reporting Entity

A financial reporting entity consists of (1) the primary government, (2) component units, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading or incomplete. The primary government of Worth County consists of all funds, departments, offices, or organizations that are not legally separate from the county.

Component units are legally separate organizations for which the county government is financially accountable. The county is financially accountable for an organization if the county appoints a voting majority of the organization's governing board and (1) is able to significantly influence the programs or services provided or performed by the organization or (2) is legally entitled to and or can otherwise access the organization's resources, is legally obligated for or has otherwise assumed the obligation to finance the organization's deficits or provide financial support to it, or is obligated in some manner for the organization's debt. Component units also may include organizations that are fiscally dependent on the county because their budgets, tax levies, or debt issuances are approved by the county.

Based on application of the above criteria, the county has no component units.

B. Basis of Presentation

1. Government-Wide Financial Statements

The government-wide financial statements display information about the county as a whole. These statements include the financial activities of the primary government, except for the activities of fiduciary funds. The primary government's financial activities are required to be classified as governmental or business-like. Governmental activities generally are financed through taxes, intergovernmental receipts, and other nonexchange transactions. Business-like activities are financed wholly or partially by fees

charged to external parties for goods or services. For the years ended December 31, 2005 and 2004, the county had only governmental activities.

The Government-Wide Statement of Net Assets presents the financial condition of the county's governmental activities at year-end. The Government-Wide Statement of Activities presents a comparison between direct disbursements and program receipts for each program or function of the county's governmental activities. Direct disbursements are specifically associated with and clearly identifiable to a particular function. The county does not allocate indirect costs to those functions. Program receipts include (a) charges paid by the recipients of goods or services offered by the programs and (b) intergovernmental receipts that are restricted to meeting the operational or capital requirements of a particular program. Receipts not classified as program receipts, including all taxes, are presented as general receipts. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the county.

2. Fund Financial Statements

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The county uses funds to segregate transactions related to certain functions or activities in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the county primary government at this detailed level. The fund financial statements focus on major funds. Each major fund is presented in a separate column, and nonmajor funds are aggregated and presented in a single column. Major funds include (a) the county's primary operating fund, (b) any fund for which total cash, receipts, or disbursements of an individual fund are at least 10 percent of the corresponding element total for all funds of that type, and (c) any other fund that county officials believe is particularly important to financial statement users.

The accompanying financial statements are structured into two categories of funds—governmental and fiduciary. Governmental funds are those through which most governmental functions typically are financed. Reporting for such funds focuses on the sources, uses, and balances of current resources. The county's major governmental funds are as follows:

General Fund: The General Fund is the primary operating fund of the county, accounting for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Road and Bridge Fund: This fund accounts for property tax collections and other receipts that are legally restricted to disbursements for road and bridge purposes.

Capital Improvement Sales Tax 60% (CIST 60%) Fund: This fund accounts for sales tax collections that are legally restricted to disbursements for major capital improvements.

The county's nonmajor governmental funds are also special revenue funds.

Fiduciary funds account for assets held by the county as a trustee or an agent for individuals, private organizations, other governments, or other funds. Fiduciary fund reporting focuses on net assets and changes in net assets; fiduciary assets are reported in a separate Statement of Fiduciary Net Assets because the county cannot use those assets to finance its operations. The county's fiduciary funds consist of agency funds, which report assets held in a purely custodial capacity and do not involve measurement of results of operations.

The agency funds include the County Collector's fund which has a fiscal year ending February 28; therefore, financial information for its reporting periods is included in the accompanying Statement of Fiduciary Net Assets.

The agency funds also include the Public Administrator's fund. The financial information included for this fund in the Statement of Fiduciary Net Assets consists of estate assets (cash) held in trust by the Public Administrator as reported in the annual settlements filed throughout the years ended December 31, 2005 and 2004.

C. Basis of Accounting

Basis of accounting refers to when transactions are recorded in the financial records and reported in the financial statements. The government-wide and fund financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. Consequently, certain assets and their related revenues (such as accounts receivable and revenues billed but not yet collected for goods and services provided) and certain liabilities and their related expenditures (such as accounts payable and expenditures for goods and services received but not yet paid for) are not recorded in these financial statements. Generally accepted accounting principles for state and local governments require revenues to be recognized when they are earned or when they become available and measurable and expenditures or expenses to be recognized when the related liabilities are incurred.

The accounting treatment for specific account balances and transaction types is as follows:

Equity classifications: On the Government-Wide Statement of Net Assets, equity is classified as net assets and displayed in two components: restricted and unrestricted. Net assets are reported as restricted when limitations are imposed on their use through either the enabling legislation adopted by the County Commission or external restrictions imposed by creditors, grantors, or the laws and regulations of other governments. All other net assets are reported as unrestricted. The county applies restricted resources first when a disbursement is made for which both restricted and unrestricted net assets are available.

In the fund financial statements, equity is classified as fund balance and also may be displayed in two components: reserved and unreserved. Fund balance is reported as reserved to indicate that a portion of the fund balance is not available for appropriation or is legally segregated for a specific future use. When such restrictions do not exist, fund balance is reported as unreserved.

Inventories and capital assets: Inventories include office, housekeeping, and road maintenance supplies. Capital assets consist of land, buildings, furniture, equipment, vehicles, and infrastructure such as roads and bridges. Both inventories and capital assets are recorded as disbursements when they are purchased or constructed.

Compensated absences: The county provides vacation and sick leave to its employees. Full-time county employees, other than road and bridge department personnel, accrue 1 day of sick leave per full month of employment. Road and bridge department employees accrue 3.5 hours of sick leave per 2-week pay period, except the first 2 pay periods of the year, during which 6 hours is accrued for each period. Sick leave can be accumulated without limit, but accumulated hours are not compensated upon termination of employment.

Full-time county employees, other than road and bridge department personnel, accrue vacation leave at 1 week per year for employees with less than 3 years of service, 2 weeks per year for 3 through 7 years of service, and 3 weeks per year for 8 or more years of service. Road and bridge personnel accrue 3 hours of vacation leave per 2-week pay period, except the first 2 pay periods of the year, during which 4 hours is accrued for each period. An employee cannot use vacation time before completing 1 full year of employment. Thereafter, vacation time must be used within 1 year of the date on which it accrues, which is the anniversary date of employment. No more than 2 weeks of unused vacation leave is paid to a terminating employee. Employees terminating before completing 1 year of service are not compensated for any accumulated vacation leave.

Part-time employees are eligible to accrue a pro rata portion of sick leave and vacation leave earned by full-time employees in similar positions. Vacation and sick leave amounts are reported as disbursements when they are paid. Accrued liabilities related to compensated absences and any employer-related costs earned and unpaid are not reflected in the government-wide or fund financial

statements. The county has not restricted any net assets or reserved any fund balance for these commitments.

Other postemployment benefits: The county does not provide postemployment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). Under the COBRA the county provides health care benefits to eligible former employees and their dependents. The premiums are paid by the former employees. The county incurs no cost for these benefits.

Long-term debt: Consistent with the cash basis of accounting, long-term debt is not reported in the government-wide or fund financial statements. Proceeds from debt issuances are reported when received, and payments of principal and interest are reported when disbursements are made.

D. Accounting Changes

For the years ended December 31, 2005 and 2004, the county implemented applicable provisions of the following GASB Statements:

Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*; Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Note Disclosures*: The implementation of these Statements resulted in significant changes in the format and contents of the basic financial statements and other information in the county's financial report. As Note 1.B. discusses, the basic financial statements now include government-wide financial statements that report information for the county as a whole and fund financial statements that focus on major funds. However, as Note 1.C. discusses, because the basic financial statements are prepared on the cash basis of accounting, they exclude certain items and amounts that would be recorded under the bases of accounting prescribed by generally accepted accounting principles for state and local governments. Also, agency funds, a type of fund not reported in the county's prior-period financial statements, are now included in the Statement of Fiduciary Net Assets.

Statement No. 40, *Deposit and Investment Risk Disclosures*: This Statement amends Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*. Statement No. 40 revises Statement No. 3's requirements regarding disclosure of custodial credit risk and establishes new requirements for disclosures regarding credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

2. Deposits and Investments

Disclosures are provided below to comply with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. For the purposes of these disclosures, deposits with financial

institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit. To protect the safety of county deposits, Section 110.020, RSMo, requires depositories to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities must be of the types specified by Section 30.270, RSMo, for the collateralization of state funds and held by either the county or a financial institution other than the depository bank. Section 67.085, RSMo, also requires certificates of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depository bank fails, Worth County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The County Treasurer's deposits at December 31, 2005 and 2004, and the County Collector's deposits at February 28, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

Investments

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. At December 31, 2005 and 2004, the county had no such investments. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

3. Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects its own property taxes and also taxes for most other local governments (except some cities). Collections for other governments and remittances to those governments are accounted for in various County Treasurer's agency funds.

4. Defined Benefit Pension Plan

Plan Description

Worth County contributes to the County Employees' Retirement System (CERS), a mandatory cost-sharing multiple-employer public employee retirement system for Missouri counties, excluding first-class counties with a charter form of government and any city not within a county. The CERS, a defined benefit plan, provides retirement and death benefits to its members and is administered in accordance with Sections 50.1000 through 50.1300, RSMo. Responsibility for the operation and administration of the system is vested in the CERS Board of Directors. The CERS issues a publicly available financial report that includes financial statements and required supplementary information. Copies of the report may be requested from:

County Employees' Retirement System
2121 Schotthill Woods Drive
Jefferson City, MO 65101

Funding Policy

Before January 1, 2003, members, except for those who participated in the Local Government Employees Retirement System (LAGERS), were required to make contributions equal to 2 percent of gross compensation. Effective January 1, 2003, in addition to the prior contribution requirements, members hired on or after February 25, 2002, must contribute 4 percent if they participate in the LAGERS and 6 percent if they do not participate. If an employee terminates employment before attaining 8 years of creditable service, the CERS refunds the accumulated contributions to the employee. The contribution rate is set by statute.

In addition, the CERS receives a portion of delinquent property tax penalties, penalties for late filing of personal property tax declarations, a portion of document recording fees, a portion of fees for merchants and manufacturers licenses, and any interest derived from the collection and investment of any part of the penalties and fees. The Office of Secretary of State also collects and remits fees for certain filing transactions to the system.

The county's contributions to the CERS for the years ending December 31, 2005, 2004, and 2003, were \$9,835, \$13,020, and \$10,042, respectively, equal to the required contributions for each year.

5. Defined Contribution and Deferred Compensation Plans

Plan Description

Worth County offers employees the opportunity to participate in the CERS defined contribution plan and Internal Revenue Code (IRC) Section 457 deferred compensation plan. The plans' provisions and contribution requirements are established and may be amended only by the Missouri General Assembly. Pension plan members are eligible to participate.

Contributions

Pension plan members who are not LAGERS members are required to contribute 0.7 percent of gross compensation to the defined contribution plan. Contributions of \$1,802 and \$1,958 were made during the years ended December 31, 2005 and 2004, respectively. Participation in the deferred compensation plan is voluntary, and the employee elects the contribution level, subject to the limitations of IRC Sections 401(a) and 457. The CERS Board of Directors decides if matching contributions from the pension plan trust funds for a calendar year will be made to the defined contribution plan accounts of those who participated in the deferred compensation plan. The amount of any matching contribution is determined by the Board and is limited to 50 percent of a non-LAGERS member's (25 percent of a LAGERS member's) voluntary contributions to the deferred compensation plan, up to 3 percent of the non-LAGERS member's (2.5 percent for the LAGERS member's) compensation. Matching contributions for the years ended December 31, 2005 and 2004, were \$757 and \$1,357, respectively.

Administration

Maintenance of individual member accounts and custody of assets have been contracted to a third-party administrator and investment custodian, respectively. The counties send member contributions directly to the third-party administrator. Members have several options for investing their contributions and respective share of matching contributions.

6. Interfund Transfers

Interfund transfers, the flow of assets from one fund to another when repayment is not expected, are reported as transfers in and out. The county made the following interfund transfers:

Year Ended December 31, 2005			
Transfers In:			
	General Fund	Nonmajor Governmental Funds	
Transfers Out:			
General Fund	\$ 0	12,279	
Special Road and Bridge Fund	0	50,400	
Nonmajor Governmental Funds	475	484	

Year Ended December 31, 2004

		Transfers In:	
		General Fund	Nonmajor Governmental Funds
Transfers Out:			
General Fund	\$	0	14,518
Special Road and Bridge Fund		16,279	45,216
CIST 60% Fund		1,247	0
Nonmajor Governmental Funds		921	1,180

Interfund transfers occurred primarily because they were statutorily required or allowed—for example, transfer of an administrative service fee to the General Fund from the Special Road and Bridge Fund or contribution of General Fund monies to the Assessment Fund to pay for assessment and equalization maintenance costs not met by other sources of receipts. The Special Road and Bridge Fund made transfers each year to the Patron Gravel Fund for the county's share of the Patron Gravel program.

7. Risk Management

The county carries commercial insurance for various risks of loss to which it is exposed, including risks related to torts; theft of, damage to, or destruction of assets; natural disasters; errors and omissions; injuries to employees; and employees' health and life. No significant reductions in coverage were made since December 31, 2001, and settlements have not exceeded coverage in the past 3 years.

The county is a member of the Missouri Association of Counties Self-Insurance Workers' Compensation and Insurance Fund. The county purchases workers' compensation insurance through this fund, a non-profit corporation established to provide insurance coverage to Missouri counties. The fund is self-insured up to \$2,000,000 per occurrence and reinsured up to the statutory limit through excess insurance.

8. Commitments and Contingencies

Through December 31, 2005, Worth County collected \$10,821 in excess property taxes. Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Worth County voters previously enacted a one-half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections. In April 2003, the voters approved a proposition to discontinue the sales tax that required a property tax reduction and replace it with a sales tax that had no rollback provisions.

9. Subsequent Event

The county has been approved to receive a loan and a grant from the Missouri Department of Natural Resources for courthouse restoration. The maximum amount for the loan is

\$200,500 and the grant amount is \$50,000. The loan will be repayable over a 10-year period with no penalties for early repayment. The Capital Improvement Sales Tax 60% Fund will be used to make the annual payments estimated to be \$26,000 per year.

10. Related Organization

The County Commission is responsible for appointing the members of the board of another organization, but the county's accountability for this organization does not extend beyond making the appointments. The County Commission appoints the board members of the Worth County Library.

11. Jointly Governed Organizations

The county, in conjunction with Gentry and DeKalb Counties, has created the Tri-County Health Center to provide public health services to residents of the three counties. The governing board is composed of the presiding commissioner from each of the participating counties. Worth County provides \$2,500 per year for health center operations.

The county, in conjunction with Gentry, Atchison, Holt, and Nodaway Counties and other local government units, is a member of the Northwest Missouri Regional Council of Governments (NMRCG). The NMRCG provides special planning, economic development, and administrative services to the member governments. The governing board is composed of one representative from each of the member governments. Worth County pays membership dues annually based on a charge of \$.35 cents per resident based on the most recent census.

Required Supplementary Information

Schedule 1

WORTH COUNTY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS - CASH BASIS

Year Ended December 31,								
2005					2004			
Budgeted Amounts		Actual	Variance with		Budgeted Amounts		Actual	Variance with
Original	Final	Cash Basis	Final Budget--		Original	Final	Cash Basis	Final Budget--
			Favorable					Favorable
			(Unfavorable)					(Unfavorable)
GENERAL REVENUE FUND								
RECEIPTS								
Property taxes	\$ 177,523	177,523	199,569	22,046	167,515	167,515	188,703	21,188
Sales taxes	63,035	63,035	67,127	4,092	63,035	63,035	65,378	2,343
Intergovernmental	55,000	55,000	98,177	43,177	52,050	52,050	85,005	32,955
Charges for services	47,255	47,255	51,393	4,138	42,790	42,790	52,417	9,627
Interest	75	75	229	154	55	55	78	23
Other	8,267	8,267	8,300	33	156,044	156,044	62,460	(93,584)
Transfers in	97,653	97,653	475	(97,178)	29,874	29,874	18,447	(11,427)
Total Receipts	448,808	448,808	425,270	(23,538)	511,363	511,363	472,488	(38,875)
DISBURSEMENTS								
County Commission	24,652	24,652	24,537	115	24,542	24,542	24,318	224
County Clerk	38,747	38,747	37,272	1,475	38,262	38,262	37,223	1,039
Elections	20,035	20,035	886	19,149	21,096	21,096	10,546	10,550
Buildings and grounds	28,398	28,398	22,093	6,305	44,333	44,333	17,739	26,594
Employee fringe benefits	23,100	23,100	17,900	5,200	22,409	22,409	19,421	2,988
County Treasurer	14,186	14,186	13,755	431	14,120	14,120	14,246	(126)
County Collector	26,540	26,540	22,471	4,069	23,135	23,135	22,576	559
Recorder of Deeds	16,777	16,777	15,650	1,127	16,905	16,905	16,530	375
Circuit Clerk	2,551	2,551	2,416	135	2,405	2,405	2,446	(41)
Associate Circuit Court	1,825	1,825	489	1,336	1,825	1,825	510	1,315
Public Administrator	8,220	8,220	8,243	(23)	8,190	8,190	8,111	79
Sheriff	32,000	32,000	31,632	368	35,500	35,500	31,336	4,164
Jail	17,500	17,500	13,774	3,726	29,000	29,000	18,750	10,250
Prosecuting Attorney	37,145	37,145	38,821	(1,676)	37,185	37,185	39,128	(1,943)
Juvenile Officer	0	0	3,459	(3,459)	0	0	2,529	(2,529)
County Coroner	6,377	6,377	4,410	1,967	6,723	6,723	5,885	838
Health and welfare	2,500	2,500	2,500	0	2,500	2,500	2,500	0
Other General County Government	87,075	87,075	69,409	17,666	59,395	59,395	64,199	(4,804)
Communications equipment loan	0	0	0	0	0	0	32,263	(32,263)
TAN expense	27,735	27,735	19,643	8,092	91,500	91,500	79,171	12,329
Transfers out	20,282	20,282	12,279	8,003	16,999	16,999	14,518	2,481
Emergency Fund	13,163	13,163	1,259	11,904	15,339	15,339	8,543	6,796
Total Disbursements	448,808	448,808	362,898	85,910	511,363	511,363	472,488	38,875
Net Change in Cash Balances	0	0	62,372	62,372	0	0	0	0
CASH BALANCE, JANUARY 1	0	0	0	0	0	0	0	0
CASH BALANCE, DECEMBER 31	\$ 0	0	62,372	62,372	0	0	0	0

WORTH COUNTY, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS - CASH BASIS

Year Ended December 31,									
2005					2004				
Budgeted Amounts		Actual	Variance with		Budgeted Amounts		Actual	Variance with	
		Amounts	Final Budget--				Amounts	Final Budget--	
Original	Final	Cash Basis	Favorable		Original	Final	Cash Basis	Favorable	
(Unfavorable)									
<u>SPECIAL ROAD AND BRIDGE FUND</u>									
RECEIPTS									
Property taxes	\$	176,184	176,184	191,488	15,304	176,831	176,831	193,034	16,203
Intergovernmental		985,279	985,279	831,134	(154,145)	699,157	699,157	314,380	(384,777)
Charges for services		18,100	18,100	0	(18,100)	0	0	0	0
Interest		299	299	185	(114)	1,125	1,125	166	(959)
Other		390	390	6,613	6,223	0	0	25,237	25,237
Total Receipts		1,180,252	1,180,252	1,029,420	(150,832)	877,113	877,113	532,817	(344,296)
DISBURSEMENTS									
Salaries		107,640	107,640	112,217	(4,577)	107,120	107,120	99,569	7,551
Employee fringe benefits		28,514	28,514	15,542	12,972	17,195	17,195	13,196	3,999
Supplies		0	0	21	(21)	31,875	31,875	1,167	30,708
Insurance		8,000	8,000	8,000	0	7,700	7,700	7,740	(40)
Road and bridge materials		81,900	81,900	52,188	29,712	49,684	49,684	62,407	(12,723)
Equipment repairs		95,325	95,325	59,045	36,280	65,000	65,000	46,321	18,679
Rentals		4,700	4,700	2,120	2,580	2,320	2,320	4,581	(2,261)
Equipment purchases		100,164	100,164	89,414	10,750	65,704	65,704	83,130	(17,426)
Construction, repair, and maintenance		639,718	639,718	557,335	82,383	504,100	504,100	103,357	400,743
Other		35,050	35,050	89,846	(54,796)	30,830	30,830	55,100	(24,270)
Transfers out		145,955	145,955	50,400	95,555	73,018	73,018	61,495	11,523
Total Disbursements		1,246,966	1,246,966	1,036,128	210,838	954,546	954,546	538,063	416,483
Net Change in Cash Balances		(66,714)	(66,714)	(6,708)	60,006	(77,433)	(77,433)	(5,246)	72,187
CASH BALANCE, JANUARY 1		66,795	66,795	71,975	5,180	77,479	77,479	77,221	(258)
CASH BALANCE, DECEMBER 31		\$ 81	81	65,267	65,186	46	46	71,975	71,929
<u>CAPITAL IMPROVEMENT SALES TAX 60% FUND</u>									
RECEIPTS									
Sales taxes	\$	25,015	25,015	26,351	1,336	25,025	25,025	25,760	735
Intergovernmental		0	0	0	0	0	0	251	251
Interest		250	250	762	512	650	650	0	(650)
Other		0	0	512	512	0	0	0	0
Total Receipts		25,265	25,265	27,625	2,360	25,675	25,675	26,011	336
DISBURSEMENTS									
Courthouse upkeep		60,740	60,740	26,663	34,077	50,300	50,300	9,243	41,057
Transfers out		1,263	1,263	0	1,263	1,509	1,509	1,247	262
Total Disbursements		62,003	62,003	26,663	35,340	51,809	51,809	10,490	41,319
Net Change in Cash Balances		(36,738)	(36,738)	962	37,700	(26,134)	(26,134)	15,521	41,655
CASH BALANCE, JANUARY 1		40,838	40,838	42,845	2,007	29,047	29,047	27,324	(1,723)
CASH BALANCE, DECEMBER 31		\$ 4,100	4,100	43,807	39,707	2,913	2,913	42,845	39,932

The accompanying Note to the Required Supplementary Information is an integral part of this information.

Note to the Required Supplementary Information

WORTH COUNTY, MISSOURI
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2005 AND 2004

Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Other Supplementary Information

Schedule 2

WORTH COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16	Joint Operations	04-5270-P	\$ 0	7,000
16	Overtime	05-KAN-187-AFF	0	2,181
Passed through:				
Missouri Sheriff Association				
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,502	0
State Department of Public Safety -				
16.007	State Domestic Preparedness Equipment Support Program	2003-MU-T3-0003	22,490	32,213
16.575	Crime Victim Assistance	2002-VOCA-0096	0	11,987
		2003-VOCA-0085	11,804	1,999
		2004-VOCA-0085	2,064	0
	Program Total		13,868	13,986
Cape Girardeau County:				
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	2000DDVX0055	1,760	33,730
U.S DEPARTMENT OF LABOR				
Passed through Experience Works				
17.235	Senior Community Service Employment Program	N/A	3,826	6,030
U. S. DEPARTMENT OF TRANSPORTATION				
20.205	Passed through state:			
Highway and Transportation Commission				
Highway Planning and Construction				
		BRO-NBIL-B113(15)	517,983	47,655
		BRO-NBIL-B113(16)	22,877	0
	Program Total		540,860	47,655
Department of Public Safety -				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	0	1,066
GENERAL SERVICES ADMINISTRATION				
Passed through state				
Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	6,875	367

WORTH COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2005	2004
	Office of Secretary of State			
39.011	Election Reform Payment	HAVA2002FED	2,125	2,238
	FEDERAL EMERGENCY MANAGEMENT AGENCY			
	Passed through state Department of Public Safety			
83.562	State and Local All Hazards Emergency Operations Plannin	EMK-2003-GR-2540	0	2,700
	ELECTIONS ASSISTANCE COMMISSION			
	Passed through state Office of Secretary of State			
90.401	Help America Vote Act Requirements Payment	HAVA2002FED	5,277	0
	U.S. DEPARTMENT OF HOMELAND SECURITY			
	Passed through state Department of Public Safety			
97.004	State Domestic Preparedness Equipment Support Program	2004-GE-T4-0049	6,220	0
97.036	Public Assistance Grants	EMPG2005	3,737	0
97.042	Emergency Management Performance Grant	EMPG2004	0	3,655
	Total Expenditures of Federal Award:		\$ <u>608,540</u>	<u>152,821</u>

N/A - Not applicable

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Notes to the Schedule of Expenditures of Federal Awards

WORTH COUNTY, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Worth County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Senior Community Service Employment Program (CFDA number 17.235) represent wages paid directly from the grantor agency to an individual that worked for the county. Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2005 and 2004.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Worth County, Missouri

Compliance

We have audited the compliance of Worth County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2005 and 2004. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Worth County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2005 and 2004.

Internal Control Over Compliance

The management of Worth County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of Worth County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 6, 2006 (fieldwork completion date)

Schedule

WORTH COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2005 AND 2004

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes x no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major program:

- Material weaknesses identified? yes x no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Type of auditor's report issued on compliance for major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? yes x no

Identification of major program:

CFDA or Other Identifying <u>Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

WORTH COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the 2 years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

WORTH COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the 2 years ended December 31, 2001, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

WORTH COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Worth County, Missouri, as of and for the years ended December 31, 2005 and 2004, which collectively comprise the county's basic financial statements, and have issued our report thereon dated April 6, 2006. We also have audited the compliance of Worth County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2005 and 2004, and have issued our report thereon dated April 6, 2006.

This Management Advisory Report (MAR) includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Worth County or of its compliance with the types of compliance requirements applicable to its major federal program but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1.	Expenditures and Related Matters
-----------	-----------------------------------------

The county did not always solicit bids and/or retain bid documentation for various purchases, the patron gravel program is not adequately monitored, and fuel usage records are not maintained for the Road and Bridge Department. In addition, several budgets were overspent, compliance with the economic development contract is not monitored and the county donated \$1,066 in federal grant monies to a local skating rink.

- A. While the county has procedures to solicit bids for major purchases, the county did not always solicit bids or retain bid documentation for some purchases. Examples of items purchased for which bid documentation could not be located are as follows:

<u>Item or Services</u>	<u>Cost</u>
Property, vehicle, and liability insurance	\$ 51,236
Prisoner board at a private jail facility	19,155
Copy machines	7,622

Insurance bids were solicited in 2003, but new bids were not requested when the renewal premium increased 33 percent in 2004, rising from approximately \$18,500 in 2003 to approximately \$24,500 in 2004, with an additional \$2,000 increase for 2005. The amount above represents the total spent on insurance for 2004 and 2005. In addition, although the County Commission indicated phone

bids were obtained for the copy machines, bid documentation could not be located.

In addition, the county is supposed to receive a six-cent per gallon discount on fuel purchased for the Road and Bridge Department according to the bid accepted by the county. However, the county has not established procedures to monitor the daily posted prices on the days that fuel is delivered for comparison to the invoices to ensure the discount is received.

Also, the lowest bid was not accepted for a grader purchase. The county commission indicated the next lowest bidder was already servicing other county equipment and the county had a bad prior experience with service on a similar machine from the low bidder. However, these reasons were not adequately documented in the meeting minutes or the bid files. The bid accepted, totaling approximately \$130,000, exceeded the lowest bid by approximately \$26,000.

Section 50.660, RSMo, requires bids for all purchases of \$4,500 or more from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidders. Competitive bidding ensures all parties are given equal opportunity to participate in county business.

Similar conditions were noted in prior reports.

- B. The county has not established procedures to ensure the quantity of gravel for which it is billed for the patron gravel program agrees to the quantity of gravel provided to the patrons. Patrons can contribute up to \$300 per mile annually to the county's Patron Gravel Fund to have gravel put on county roads by their property. In addition, the county matched the contributions by approximately 69 percent and 72 percent during the years ended December 31, 2005 and 2004, respectively. These monies are used to purchase gravel from a quarry, which also hauls and spreads the gravel on the roads. Disbursements to the quarry from the Patron Gravel Fund totaled approximately \$123,000 and \$109,000 for the years ended December 31, 2005 and 2004, respectively.

The County Clerk maintains records of the contributions received and locations where the gravel should be spread. This information is provided to a quarry employee whom the county pays \$400 per year to coordinate the delivery of the gravel. The quarry employee maintains a hauling log documenting the patron's name, road number, weight ticket number, tons hauled, and truck driver for each delivery. The hauling log is provided to the County Clerk with the weight tickets and gravel invoices. However, the county has not established a monitoring system to ensure the amounts billed to the county agree to the amounts delivered to the patrons. The quarry employee contacts the patrons prior to the delivery to verify the location where the gravel should be spread. However, county

employees are not observing any of the deliveries. The county relies on the patrons to notify the county or the quarry if they feel the amount of gravel delivered was not correct.

In addition, the quantities recorded on the individual weight tickets for the gravel purchases are not reconciled to the quantity listed on the invoice received from the gravel vendor. For one of two gravel invoices we reviewed, the quantity listed on the invoice exceeded the sum of the quantities listed on the weight tickets by approximately 15 tons, causing an apparent overcharge of \$162.

The county should establish a monitoring system to at least spot check some deliveries and graveling projects to ensure county patrons received the amount of gravel that is billed to the county for the patron gravel program. In addition, the quantity listed on gravel invoices should be reconciled to the applicable weight tickets to ensure the invoices are mathematically accurate.

C. Actual disbursements exceeded budgeted amounts for several funds, as follows:

Fund	Year Ended December 31,	
	2005	2004
Capital Improvement Sales Tax 40% Fund	\$ 821	N/A
Senior Citizen Services Fund	2,649	N/A
Sheriff's Revolving Fund	605	N/A
Law Library Fund	995	N/A
Patron Gravel Fund	47,376	32,907
MoSmart Grant Fund	1,760	5,002
LEPC Fund	248	3,196
Prosecuting Attorney Delinquent Tax Fund	102	47
Emergency Management Planning Fund	N/A	2,693
Recorder Preservation Fund	N/A	500
Sheriff's Civil Fees Fund	N/A	260
Hazardous Materials Emergency Planning Fund	N/A	1,066

The County Clerk indicated that the level of potential participation in the Patron Gravel program each Spring is hard to predict at the time the budget is prepared. In addition, the MoSmart and Sheriff's Revolving funds in 2005 and the LEPC, Prosecuting Attorney Delinquent Tax, Recorder Preservation, and Hazardous Materials Emergency Planning funds in 2004 each budgeted for expenditures to be \$0. The County Commission and other officials receive budget to actual comparison reports periodically. The County Clerk indicated that the commission discussed that various budgets would be overspent, but did not formally amend the budgets. However, there was no evidence in the commission meeting minutes

of discussions regarding the budget status.

Case law indicates that strict compliance with county budget laws is required by county officials. If there are valid reasons which require excess disbursements (i.e., emergencies, unforeseen occurrences or revenues, and statutorily required obligations), amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. To improve the effectiveness of the budgets as a planning tool and ensure compliance with state law, budget to actual comparison reports need to be reviewed and used when making spending decisions throughout the year.

- D. Records of fuel usage by the Road and Bridge Department employees are not maintained, so the gallons purchased cannot be reconciled to the gallons dispensed. The county expended approximately \$42,000 and \$26,000 during 2005 and 2004, respectively, for gasoline and diesel fuel for approximately seven pickups and dump trucks, a few graders and tractors, a backhoe, an excavator, a dozer, a forklift, and other equipment used by the Road and Bridge Department. The Road and Bridge Department employees dispense fuel into the equipment and vehicles from bulk fuel tanks located at two sites in the county. While the bulk tanks are equipped with meters, records are not maintained of the amounts of fuel pumped from each tank or the amounts pumped into each vehicle or piece of equipment, nor are measurements taken periodically of the fuel remaining in the tanks.

To ensure the reasonableness and propriety of fuel usage and expenditures, fuel usage logs should be established to record the date, employee name, vehicle description, odometer or hour readings, and gallons pumped. The logs should be periodically reviewed and recorded usage should be reconciled to fuel purchased and on hand. Failure to account for fuel usages could result in loss, theft, or misuse.

- E. The county does not monitor compliance with the contract for economic development and grant writing services. The county contracts with Worth County Progress Organization (WCPO), a local non-profit corporation, to obtain economic development and grant writing services for \$4,300 per year. The WCPO also receives funding from other governmental and business sources. However, the county does not obtain and review periodic progress reports and financial statements from the WCPO.

The county should obtain periodic progress reports and financial statements from the WCPO and review them to ensure monies provided by the county were accounted for properly and used for the intended purposes.

- F. The county donated \$1,066 of federal grant monies to a local skating rink. The Local Emergency Planning Committee (LEPC) annually receives federal Hazardous Material Emergency Planning (HMEP) grant monies from the

Missouri Emergency Response Commission through a grant to the county. The county maintains the funding and makes disbursements as requested by the LEPC. In 2004, the LEPC sponsored a hazardous material transportation survey to fulfill its duties. The study was performed by an assistant fire chief who elected to not be compensated. Since the monies were not needed as planned to provide compensation for the work performed, the LEPC requested the county to disburse grant revenue totaling \$1,066, to a local skating rink in need of funding.

Documentation provided by the grantor indicates HMEP grant monies must be used for training, equipment for training, exercises, flow studies, or hazard analysis. Providing funding to a skating rink does not appear to meet this criteria. In addition, Article VI, Section 23 of the Missouri Constitution specifically prohibits counties, cities, or other political subdivisions of the state from granting public money to any corporation, association, or individual. The money should have been used for other grant related purposes.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official County Commission minutes should reflect the necessitating circumstances. In addition, the county should ensure that all invoices agree with the related bid terms.
- B. Establish a monitoring system to ensure county patrons received the amount of gravel that is billed to the county for the patron gravel program and reconcile the quantity listed on gravel invoices to the applicable weight tickets.
- C. And other county officials and boards review budget to actual reports carefully and refrain from approving disbursements which exceed budgeted amounts. Budgets should be properly amended if necessary.
- D. Require the Road and Bridge Department to maintain fuel usage logs, periodically review the logs for completeness and reasonableness of usage, and reconcile recorded usage to fuel purchased and on hand.
- E. Obtain and review periodic progress reports and financial statements to ensure economic development and grant writing services are being provided in accordance with contract terms.
- F. Ensure all expenditures of federal grant monies comply with grant requirements and refrain from making donations. The county should consider requiring the LEPC to obtain repayment of the improper donation from the skating rink.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. We agree and will make every effort to ensure proper documentation is recorded.*
- B. We agree and now have a program in place.*
- C. We agree and are now monitoring expenditures and are amending budgets as necessary.*
- D. We agree and have now provided fuel usage logs to the road and bridge crews.*
- E. We agree and future agreements will outline measurable goals and require monthly progress reports from WCPO.*
- F. We will meet with the Emergency Management Director and the LEPC to try to resolve this matter and make every effort to ensure that federal funds are used properly.*

2. Personnel Policies and Procedures

Time sheets are not submitted by a part-time employee funded by a federal grant and donations paid to the Senior Citizens Services Board's in-home service providers are not reported to the county and the IRS.

- A. Time sheets are not submitted by a part-time employee funded by a federal grant to provide victim advocacy services. The employee is supervised by the Prosecuting Attorney and the county pays the employee monthly. The county receives monthly reimbursements for the employee's salary and expenses, which total approximately \$14,000 annually. Although the employee prepares activity reports, neither the County Commission, nor the Prosecuting Attorney, receive copies of these reports or any other time sheet. The grant agreement indicates the employee should work approximately 20 hours per week.

Proper controls over payroll requires documentation, such as time sheets prepared and signed by employees and approved by supervisors, to provide evidence of actual time worked. In addition, time records are necessary to ensure compliance with the grant requirement.

- B. The Senior Citizens Services Fund Board does not ensure all donations collected and retained by in-home service providers are reported to the county and the Internal Revenue Service (IRS). The board's fund is held in the county treasury and the county makes all disbursements approved by the board, and prepares all IRS reports.

The board pays two individuals \$8 per hour to provide two-hour in-home service visits to senior citizens of the county. These visits are reported to the board on monthly activity logs which are initialed by the clients to document the receipt of the service. The contracts with the individuals indicate the service providers are responsible for collecting a voluntary two dollar per visit donation from the clients, which they keep as an additional part of their compensation. However, the donations collected are not recorded on the activity logs and the board does not require the service providers to report the donations to the county, so they are not reported by the county to the IRS. Based on the amounts paid to the service providers, it appears the donations could have totaled as much as \$2,100 and \$1,700 for the years ending December 31, 2005 and 2004, respectively.

To ensure all compensation is reported to the IRS, the board should require all client donations provided to in-home service providers be recorded on the activity logs and reported to the county.

WE RECOMMEND:

- A. The County Commission require all employees to submit time sheets to the County Clerk to support payroll disbursements. All time sheets should be approved by the applicable supervisor.
- B. The Senior Citizens Services Fund Board establish procedures to require all client donations provided to in-home service providers be recorded on the activity logs and reported to the county.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We will request timesheets for all employees not currently submitting timesheets.*
- B. *We have already provided a new form for the housecleaners to document the tips.*

The Senior Citizens Services Fund Board President provided the following response:

- B. *We agree.*

3. Prosecuting Attorney's Accounting Controls and Procedures

The Prosecuting Attorney's procedures related to accounting for receipts and open-items, as well as the system for tracking bad check complaints received, are in need of improvement. As a result of the lax controls, some receipts, while deposited, were not remitted to the County Treasurer or other parties and an unidentified balance in the bank account has increased significantly since the last audit. In addition, part of the unidentified balance was used to pay office expenses.

The Prosecuting Attorney received bad check restitution and administrative fees, merchant bad check fees, and several traffic ticket fees and fines totaling approximately \$18,000 per year during the years ended December 31, 2005 and 2004, respectively. Collections, other than administrative fees due to the county, are disbursed as they are received. Administrative fees are remitted to the County Treasurer monthly.

- A. While prenumbered receipt slips are issued for most monies received, not all receipts were recorded on the summary monthly fee log. The monthly summary fee log only includes activity related to bad checks, not miscellaneous traffic ticket collections, and is not complete.

Current office procedures only require collections on bad checks to be posted from the receipt slips to the monthly fee log. The log is then totaled to determine the amount to be remitted at month end to the County Treasurer for administrative fees and also has a column to indicate the check number for the payout to the vendors, though that information was not consistently included. Receipt slips indicated twenty-three bad check receipts collected in September 2004 and November 2005. Five of these receipts, totaling approximately \$285, were not subsequently recorded on the monthly fee log. Although the bad check restitution and merchant fees noted were remitted to the merchants, the related administrative fees were not included in the remittance to the County Treasurer. As noted above, traffic ticket collections, while properly disbursed, were also not recorded on the monthly log.

All receipt slips and check numbers should be included on the monthly fee log, and the numerical sequence accounted for, to ensure all monies received are properly disbursed.

- B.1. Monthly open-items listings (liabilities) are not prepared, and consequently liabilities are not reconciled to the cash balance. As noted in our prior report, the Prosecuting Attorney's checking account had an unidentified balance of \$45 at December 31, 2001. The unidentified balance had increased to approximately \$1,100 when the former Prosecuting Attorney left office at December 31, 2002, and totaled approximately \$1,900 at December 31, 2005. Based on the types of monies collected in the Prosecuting Attorney's office, there should normally be very few, if any, open-items since most receipts are paid out immediately as collected or at month-end in the turnover to the County Treasurer.

Open-items listings should be prepared and reconciled to the cash balance to ensure underlying records are in balance and that sufficient cash is available to pay all liabilities. Furthermore, the Prosecuting Attorney should attempt to determine the proper disposition of the items in the bank account and take appropriate action. Various statutory provisions including Sections 447.500 through 447.995, RSMo, provide for the disposition of unclaimed monies.

2. The Prosecuting Attorney used portions of the unidentified balance in the Prosecuting Attorney's Trust Account bank account to pay office expenses totaling approximately \$1,000. All monies deposited in the trust account represent accountable fees or restitution which should be remitted to the County Treasurer, or the applicable court or merchant. In addition, using the trust account to pay office expenses circumvents the county's procedures for ensuring all operating expenditures are properly budgeted and reported in the county's financial statements. Such expenses should be paid from the separately budgeted Administrative Fee Bad Check fund established for this purpose, maintained by the County Treasurer, and reported in the county's financial statements.
- C. A log or other record is not maintained to account for all bad check complaints filed with the Prosecuting Attorney and their ultimate disposition. A bad check complaint log would provide a record of all such complaints filed with the Prosecuting Attorney and would provide more assurance that all receipts, disbursements, or other actions related to these cases are properly handled.

To ensure accountability, a sequential number should be assigned to the complaint form prepared for each bad check received and a log should be maintained showing each bad check complaint in numerical order, along with its ultimate disposition. The log should contain information such as the assigned complaint number, the date the complaint was received by the prosecutor's office, the merchant, the issuer of the check, the amount of the check, and the amount of all applicable fees. In addition, the log should document the disposition of the bad check, including the date payment was received and forwarded to the merchant and County Treasurer or the criminal case number in which charges were filed or other disposition.

Conditions similar to A., B.1., and C. were noted in our prior report.

WE RECOMMEND the Prosecuting Attorney:

- A. Include all receipt slips and check numbers on the monthly fee log and account for the numerical sequences.
- B.1. Prepare a monthly listing of open items and reconcile the listing to the cash balance. In addition, the Prosecuting Attorney should attempt to identify and properly dispose of the unidentified monies in the bank account.
- 2. Discontinue the practice of using the trust account to pay office expenses.
- C. Assign sequential complaint numbers and maintain a log to account for all bad check complaints filed with the Prosecuting Attorney's office.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *Checks for traffic tickets are infrequent and are made payable to the Associate Circuit Court, so they are not deposited in the bad check account. Receipt and check numbers are now listed on the monthly fee log. I will start reviewing the logs to account for the numerical sequences.*
- B.1. *Once I determine the unidentified balance in the checking account, I will remit it to the County Treasurer. I will continue to pay out fees monthly. There should be no open items after the fees are disbursed.*
- B.2&
- C. *I agree. These will be implemented.*

4. Sheriff's Accounting Controls and Procedures

Sheriff's Office procedures related to the processing of monies collected and bank account reconciliations are in need of improvement. The Sheriff's Office received fees, bonds, gun permits, and telephone commissions totaling approximately \$11,000 and \$4,000 during the years ended December 31, 2005 and 2004, respectively.

- A. The method of payment is not always noted on receipt slips and the composition of receipt slips issued is not reconciled to the amounts posted on the monthly fee log or to the composition of deposits. For example, the method of payment was not indicated on four of thirteen receipt slips issued in December 2005. In addition, a check received in August 2005 was not deposited until December 2005, because the check was misplaced with the deposit slips in the bank bag.

The method of payment should be indicated on receipt slips and reconciled to the composition of deposits to ensure all monies collected are ultimately recorded and deposited.

A similar condition was also noted in our prior report.

- B. A checkbook balance is not maintained and reconciled monthly to the bank statements for the Sheriff's account. All monies received by the Sheriff should be disbursed at least monthly, resulting in a zero balance. However, the bank account contained an unidentified balance of approximately \$500 at January 4, 2006.

Maintaining a checkbook balance and reconciling to the bank statements monthly is necessary to ensure accounting records are in agreement and to detect and correct errors timely. Furthermore, the Sheriff should attempt to determine the proper disposition of the unidentified monies in the bank account and take appropriate action. Various statutory provisions including Sections 447.500 through 447.995, RSMo, provide for the disposition of unclaimed monies.

WE RECOMMEND the Sheriff:

- A. Ensure the method of payment is recorded on all receipt slips and the composition of receipt slips is reconciled to deposits.
- B. Maintain a checkbook balance and ensure formal bank reconciliations are prepared monthly. The Sheriff should attempt to identify and properly dispose of the unidentified monies in the bank account.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A. *This will be implemented.*
- B. *When the unidentified balance in the account stabilizes, I will remit it to the County Treasurer as fees. I will also try to maintain a checkbook balance and prepare monthly bank reconciliations.*

I expect to have both recommendations implemented by September 2006.

Follow-Up on Prior Audit Findings

WORTH COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Worth County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the 2 years ended December 31, 2001.

Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Financial Condition

Worth County had faced financial difficulty for several years and relied heavily on the use of proceeds from tax anticipation notes to fund normal operating expenses of the General Revenue Fund, which paid the majority of the general operating costs of the county.

Recommendation:

The County Commission consider various alternatives of increasing revenues and reducing expenses to ensure that the General Revenue Fund's financial condition improves. The County Commission should obtain the residents' input regarding increased taxation, decreased services, and the possibility for shared services or consolidation with another county.

Status:

Implemented. The financial condition did not improve in 2002 and 2003, and the county continued to rely on the use of tax anticipation notes. However, the County's General Revenue Fund cash balance increased from \$0 at January 1, 2004, to approximately \$62,000 at December 31, 2005. In addition, the outstanding tax anticipation note balance decreased from approximately \$74,000 at January 1, 2004, to \$0 at December 31, 2005, with no new tax anticipation notes needed in 2005. Factors contributing to the improved financial condition included the sales tax that required a property tax reduction being replaced with a sales tax without rollback requirements, approved by county voters in April 2003, and the receipt of monies from the state related to a new statutory recorder's fee, starting in September 2003, that the county receives for separating the offices of Circuit Clerk and Recorder. These items resulted in about \$33,000 in additional annual allowable property tax receipts and approximately \$53,000 annually in the statutory recorder's fee subsidy.

2. Property Tax Reduction Due to Sales Tax

The County had not sufficiently reduced its general revenue property tax revenues by 50 percent of sales tax revenues as required by Section 67.505, RSMo.

Recommendation:

The County Commission reduce the county property tax levy adequately to meet the sales tax reduction requirements, including reductions for excess property taxes collected in prior years.

Status:

Not implemented. In April 2003, the county voters approved a proposition to discontinue the sales tax that required a property tax reduction and replace it with a sales tax without rollback requirements. Although the county rolled back the tax levy in both 2002 and 2003, the county had still collected \$10,821 in excess property taxes as of December 31, 2003. Due to the discontinuation of the sales tax rollback requirements, there were no rollbacks in 2004 and 2005. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Expenditures and Related Matters

- A. Bids were not always solicited or advertised by the county nor was bid documentation always retained for various purchases for road and bridge purposes.
- B. The Special Road and Bridge Fund was used to pay the entire salary of a Safety Officer whose main duty was law enforcement.
- C.1. Receipt of goods or services was not always documented.
- C.2. Invoices were not canceled upon payment.
- C.3. The Prosecuting Attorney's Office kept original invoices and only submitted copies of invoices to the County Commission for payment.
- D. The Victims of Domestic Violence Fund was used to pay \$1,000 to a children's hospital which did not appear to meet the statutory requirements to qualify for such funding.
- E. The county did not enter into written contracts for emergency management program participation, a patrol car loan to a city, and housing of county prisoners in a privately-owned jail.

Recommendation:

The County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain all applicable bid documentation, including reasons for decisions made. If bids cannot be obtained and/or sole source procurement is necessary, the County Commission minutes should reflect the circumstances.

- B. Reimburse the Special Road and Bridge Fund for the amount paid to the Safety Officer that was related to law enforcement and ensure all future expenditures from the Special Road and Bridge Fund comply with state law.
- C.1. Require acknowledgement of receipt of goods and/or services prior to payment.
- C.2. Ensure all invoices are canceled upon payment.
- C.3. Make payments only from original invoices and retain all original invoices.
- D. Determine if there are any shelters for domestic violence victims which provide services to county residents and ensure all future expenditures from the Victims of Domestic Violence Fund comply with state law. In addition, the county should consider seeking reimbursement for the \$1,000 paid to the children's hospital or otherwise reimburse \$1,000 to the Victims of Domestic Violence Fund.
- E. Enter into written contracts as required by state law.

Status:

- A. Not implemented. See MAR finding number 1.
- B. Partially implemented. The county did not reimburse the Special Road and Bridge Fund, but has not employed a Safety Officer since 2000. Although not repeated in the current MAR, our recommendation remains as stated above.
- C.1,
2&3. Implemented.
- D. Partially implemented. The Victims of Domestic Violence Fund was not reimbursed for the payment to the children's hospital. There were no expenditures from the fund during the three years ending December 31, 2005. However, in February 2006, the county paid \$500 to a shelter. Although not repeated in the current MAR, our recommendation remains as stated above.
- E. Partially implemented. Worth County entered into an agreement for the loan of the patrol car, which was subsequently terminated in 2003, but has not entered into written agreements for emergency management program participation and prisoner housing. Receipts from participants in the emergency management program total approximately \$1,625 annually. During the current audit period, the county moved its prisoners from the privately-owned jail facility to the Harrison County jail. The county spent approximately \$11,000 and \$17,000 on boarding of prisoners in 2005 and 2004, respectively. Although not repeated in the current MAR, our recommendation remains as stated above.

4. Budgets

- A. Actual disbursements exceeded approved budgeted amounts in several funds.
- B. Estimated amounts were used to report the prior years' receipts and disbursements on the county budgets, but the budgets did not indicate the amounts were estimates.

Recommendation:

The County Commission:

- A. Keep disbursements within the amounts budgeted. If additional disbursements are necessary, the circumstances should be fully documented and the budgets properly amended.
- B. Include the actual receipts and disbursement on the budgets when available for prior years. Any estimated amounts should be clearly marked or explained on the budgets.

Status:

- A. Not implemented. See MAR finding number 1.
- B. Implemented.

5. County Clerk

The County Clerk's account book with the County Collector was not complete.

Recommendation:

The County Clerk ensure the account book includes all information regarding property tax charges and credits, and the County Commission make use of this account book to verify the County Collector's annual settlements.

Status:

Implemented.

6. Prosecuting Attorney's Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. Monthly open-items listings (liabilities) were not prepared and reconciled to the cash balance, and an unidentified balance of \$45 existed at December 31, 2001.
- C. Receipt slips were issued only for monies paid in person.

- D. An adequate system was not established to account for all bad check complaints received and their subsequent disposition.

Recommendation:

The Prosecuting Attorney:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Prepare monthly listings of open items and reconcile the listings to bank and book balances. Unidentified monies should be disposed of in accordance with state law.
- C. Issue prenumbered receipt slips for all monies received and account for the numerical sequence.
- D. Assign sequential control numbers to bad check complaints and maintain a log to adequately account for bad check complaints as well as the ultimate disposition.

Status:

- A. Partially implemented. The Prosecuting Attorney's secretary receives, records, and deposits monies, maintains bad check complaint files, and prepares disbursements and bank reconciliations. The Prosecuting Attorney signs all checks and periodically reviews monthly fee sheets. In addition, she indicated she periodically reviews bank reconciliations, however, the reviews of bank reconciliations are not documented. Although not repeated in the current MAR, our recommendation remains as stated above.

B&D. Not implemented. See MAR finding number 3.

- C. Partially implemented. Although receipt slips are now issued for most monies received, the numerical sequence of receipts is not accounted for on the monthly activity summary sheets. See MAR finding number 3.

7. Circuit Clerk's Accounting Controls and Procedures

- A. Monthly open-items listings (liabilities) were not prepared and reconciled to the cash balance.
- B. The method of payment received (cash, check, money order, etc.) was not always indicated on receipt slips.

Recommendation:

The Circuit Clerk:

- A. Prepare monthly listings of open items and reconcile the listings to the cash balance.
- B. Indicate the method of payment on all receipts slips and reconcile the composition of receipt slips to the composition of bank deposits.

Status:

A&B. Implemented.

8. Sheriff's Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. Receipt slips were issued only for bonds and gun permits.
- C. The Sheriff deposited calendar commissions in a separate bank account instead of remitting the monies to the County Treasurer.

Recommendation:

The Sheriff:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Issue prenumbered receipt slips immediately upon receipt for all monies received and account for the numerical sequence. In addition, the method of payment received should be recorded on the receipt slips and reconciled to bank deposits.
- C. Turn over the amounts in the Sheriff's special account to the County Treasurer, and in the future, turn over all accountable fees to the County Treasurer.

Status:

- A. Partially implemented. The Sheriff is responsible for all accounting and bookkeeping duties, but the Treasurer indicated she also reviews the activity on the monthly fee sheets.
- B. Partially implemented. While receipt slips are now issued for all monies received, the method of payment is not always marked and is not reconciled to the composition of the deposits. See MAR finding number 4.
- C. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

WORTH COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1861, the county of Worth was named after William Worth, a general of the Florida and Mexican Wars. Worth County is a county-organized, third-class county and is part of the Fourth Judicial Circuit. The county seat is Grant City.

Worth County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 296 miles of county roads and 66 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 3,008 in 1980 and 2,382 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2005	2004	2003	2002	1985*	1980**
		(in millions)					
Real estate	\$	13.4	13.2	13.1	12.8	13.4	12.2
Personal property		6.9	6.3	6.3	6.4	3.5	3.6
Railroad and utilities		2.6	3.1	3.2	3.1	2.1	2.4
Total	\$	22.9	22.6	22.6	22.3	19.0	18.2

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Worth County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2005	2004	2003	2002
General Revenue Fund	\$	0.5000	0.5000	0.4427	0.3700
Special Road and Bridge Fund		0.5000	0.5000	0.5000	0.5000
General Revenue Fund (Temporary)*		0.3500	0.3500	0.3500	0.3500
Special Road and Bridge Fund (Temporary)**		0.3300	0.3300	0.3300	0.3300
Senior Citizens Services Fund		0.0500	0.0500	0.0500	0.0500

* For many years, this additional temporary general revenue levy has been periodically approved by Worth County voters as allowed by Section 137.065, RSMo. The current levy expires in 2006.

** For many years, this additional temporary special road and bridge levy has been periodically approved by Worth County voters as allowed by Section 137.565, RSMo. The levy expired in 2005 but was renewed by voters in April 2006 for four years, with a new expiration of 2009.

Taxes collected were distributed as follows:

		Year Ended February 28 (29),			
		2006	2005	2004	2003
State of Missouri	\$	6,835	6,752	6,685	6,559
General Revenue Fund		197,014	194,040	180,031	161,779
Special Road and Bridge Fund		186,635	184,403	183,004	179,572
Assessment Fund		17,246	16,846	12,854	12,445
School districts		813,115	793,337	784,144	768,274
Library district		22,485	22,200	22,048	21,507
Ambulance district		33,739	33,336	33,083	32,462
Watershed districts		5,882	5,786	2,283	2,222
Fire protection districts		42,642	43,278	4,202	4,155
Senior Citizens Services Fund		11,254	11,119	11,034	10,827
Surtax		20,389	22,505	22,935	21,880
Tax Maintenance Fund		2,363	2,197	2,145	1,131
Other		4,667	3,976	4,523	5,248
Cities		4,410	5,671	6,399	6,273
County Clerk		48	53	60	52
County Employees' Retirement		4,906	4,715	4,399	4,265
Commissions and fees:					
General Revenue Fund		25,042	24,536	23,461	23,124
Total	\$	1,398,672	1,374,750	1,303,290	1,261,775

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2006	2005	2004	2003	
Real estate	95.5	95.1	95.0	95.1	%
Personal property	94.1	92.8	92.6	92.1	
Railroad and utilities	100.0	100.0	100.0	100.0	

Worth County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ 0.00500	None	None
Capital improvements	0.00375	2008	None
Law enforcement	0.00500	None	None
Local use tax	0.01375	None	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2006	2005	2004	2003	2002
County-Paid Officials:	\$				
Billy F. Mozingo, Presiding Commissioner		7,534	7,534	7,534	7,534
William Calhoon, Associate Commissioner		7,534	7,534	7,534	7,534
Lorace A Waldeier, Associate Commissioner		7,534	7,534	7,534	7,534
Angela Pickering Steele, Recorder of Deeds (1)		14,100	14,100	14,100	
Lisa M. Hargrave, County Clerk		20,252			
John P. Jones, County Clerk			20,252	20,252	20,252
Janet Wake Larison, Prosecuting Attorney		24,035	24,035	24,035	
David Parman, Prosecuting Attorney					24,035
Neal Groom, Sheriff		20,800	20,800	20,800	20,800
Linda L. Brown, County Treasurer		12,490	12,490	12,490	12,490
Gary D. Hahn, County Coroner		3,575	3,575	3,575	3,575
Patsy A. Worthington, Public Administrator		7,500	7,500	7,500	7,500
Julie Tracy, County Collector, year ended February 28 (29),	17,750	17,750	17,750	17,750	
Carolyn J. Hardy, County Assessor (2), year ended August 31,		21,089	21,146	21,266	21,300

(1) Worth county voters approved separating the offices of the Recorder of Deeds and the Circuit Clerk in 2002. The newly elected Recorder of Deeds took office in January 2003.

(2) Includes \$689, \$746, \$866, and \$900, respectively, of annual compensation received from the state.

State-Paid Officials:

Jana Findley Smyser, Circuit Clerk and Ex Officio Recorder of Deeds	48,500	47,850	47,300	47,300
William Rex Beavers, Associate Circuit Judge	96,000	96,000	96,000	96,000



Claire McCaskill

Missouri State Auditor

July 2006

Wheaton R-III School District

Year Ended June 30, 2005



Office Of
Missouri State Auditor
Claire McCaskill

July 2006

We identified the following concerns with the Wheaton R-III School District.

During two of the last four fiscal years ended June 30, 2004, the district has spent more than it received, resulting in a decline of the district's ending fund balance. In addition, the board approved carrying the July and August payrolls into the next year during the years ending June 30, 2004 and 2003 contrary to the district's handling of payroll in prior and current years and misrepresented the district's financial condition on the Annual Secretary to the Board Report, to DESE, and to the public. Losses incurred by the district's self-insurance fund and the need for the district to subsidize it limited the district's ability to fund school programs. The district has demonstrated a better job of utilizing the budget document as a tool to monitor and control the district finances during the 2004-2005 and 2005-2006 school years.

Additional compensation totaling \$31,400 was paid to 38 employees' for attending meetings and workshops, and for after school tutoring during the 2004-2005 school year. The district failed to enter into extra duty contracts or require the employees to document their time spent at these functions, and the additional compensation was not included on the employees' W-2 form nor subjected to payroll tax withholdings. In addition, the district paid monies to former employees for work on a grant, but had no extra duty contracts. Also, a former superintendent resigned in January 2003 and was paid \$34,000 in severance pay; however, the superintendent's contract did not provide for severance pay and there was no documentation that the board obtained a legal opinion to support their decision.

The district refinanced \$420,000 in general obligation bonds through a negotiated instead of a competitive sale, and selected a bond underwriter and financial advisor to act in a dual capacity. Also, the district's current bidding procedures could be made more effective by adopting a more comprehensive policy.

The school board reviews and approves a listing of expenditures each month; however, the listing does not include payroll expenditures or other expenditures paid prior to each board meeting. Some expenditures we reviewed were not approved by the board. The district's policy provides for the superintendent to review and authorize all invoices prior to payment; however, the current and former superintendents' reviews were not always documented.

The school district has numerous credit cards. Purchases on these cards totaled approximately \$61,800 during the 2004-2005 school year. The school district has not adopted formal policies and procedures for the use of these credit cards. Adequate supporting documentation was not maintained for \$7,050 of the credit card purchases

YELLOW SHEET

reviewed. Credit card purchases are not always reviewed and approved by the superintendent or school board. The superintendent's secretary determined the amount to be paid each month by compiling credit card slips submitted by the individual card holders. In addition, the school district carried balances on several of its credit card accounts throughout the 2004-2005 school year, and often incurred late fees or finance charges. Finally, the district incurred expenditures totaling approximately \$524 for shopping gift cards, restaurant gift cards, a bike, a boom box/cd player, and a luncheon. District officials indicated that some of these items were given away as attendance awards; however, documentation of the awards was not retained.

Accounting controls over student meal collections, vocational agriculture receipts, and vending monies need improvement. The elementary and high school offices processed approximately \$31,388 in meal receipts during the 2005-2005 school year, and the district's accounting records indicated revenues of \$28,794 were collected by the vocational agriculture (VoAg) teacher during the 2004-2005 school year.

Various board members apparently violated the district's conflicts of interest policy. For example, a school board member approved payments totaling \$1,387 to his wife's flower shop, another school board member approved \$1,275 in additional compensation to his wife, another board member approved selling a district vehicle to his father, and another board member and the board president approved payments to themselves to serve as score keepers at ballgames.

The district has employed a librarian during the 2005-2006 and 2004-2005 school years and two teachers during the 2005-2006 school year that were not certified or appropriately certified by DESE.

Also included in the report are recommendations related to timesheets and payroll functions, written contracts, expenditures, meeting minutes and appointment policies, accounting controls, budgets, and general fixed assets.

All reports are available on our website: www.auditor.mo.gov

WHEATON R-III SCHOOL DISTRICT

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Board of Education
Wheaton R-III School District

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Wheaton R-III School District. The school board had engaged Davis, Lynn, and Moots, P.C., Certified Public Accountants (CPA), to audit the district's financial statements for the year ended June 30, 2005. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the school district included, but was not necessarily limited to, the year ended June 30, 2005. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the school district, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the

provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the school district's management and was not subjected to the procedures applied in the audit of the school district.

The accompanying Management Advisory Report presents our findings arising from our audit of the Wheaton R-III School District.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

April 13, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Pamela Allison Tillery, CPA
In-Charge Auditor:	Jay Ross
Audit Staff:	Diane Smiley

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

WHEATON R-III SCHOOL DISTRICT
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Financial Condition
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During two of the last four fiscal years ended June 30, 2004, the district has spent more than it received, resulting in a decline of the district's ending fund balance during the years ending June 30, 2003, and 2002 as shown below:

		Year Ended June 30,			
		2004	2003	2002	2001
Ending Fund Balance	\$	134,550	91,524	210,665	264,879
Ending Fund Balance as a Percentage of Expenditures		4.74%	3.29%	7.55%	24.36%

In addition, the board approved carrying the July and August payrolls into the next year during the years ending June 30, 2004 and 2003 to avoid the district being declared financially stressed by the Department of Elementary and Secondary Education (DESE). Those payrolls totaled to \$227,916 and \$239,563, respectively. This procedure was contrary to the district's handling of payroll in prior and current years and misrepresented the district's financial condition on the Annual Secretary to the Board Report (ASBR) to DESE and to the public. The ending fund balances and the ending fund balance as a percentage of expenditures for the years ended June 30, 2004 and 2003 would have been (\$93,366) and (\$148,039) and (3.29%) and (5.31%), respectively had the district reported these payroll expenditures appropriately. Further, had the district reported these expenditures properly, the district would have met DESE's criteria for being declared a financially stressed district. The district's independent auditor also reported this issue to the board during the audit years ending June 30, 2004 and 2003.

The following areas contributed to the overall financial decline during the 2001-2002 and 2002-2003 school years:

In July 2001, the school board approved a self-funded health insurance plan, where the school district was responsible for paying claims up to the stop loss (individual deductible) amount. The school district also purchased reinsurance to obtain reimbursement for claims over the stop loss amount; however, the district paid several large claims in excess of the stop loss amount that ranged from approximately \$39,000 to \$98,000 over a period of time without obtaining reimbursement from the reinsurance carrier.

In March 2002, the reinsurance carrier that paid claims over the stop loss amounts filed for liquidation. As a result of the district's poor monitoring of reimbursements due from the reinsurance carrier and the subsequent liquidation of the reinsurance company, the district was unable to re-coup any of the claims paid over the stop loss amount. After the

loss of the reinsurance company, the school district contracted with another reinsurance carrier. The stop loss amount from July 2001 until June 2002 was \$20,000 and then increased to \$25,000.

The self-insurance fund expenditures exceeded the revenues in the three years the district was self funded. The district subsidized the self-insurance fund by transferring operating funds during the years ended 2003 and 2002 as noted below:

Self-Insurance Fund	Year Ended June 30,		
	2004	2003	2002
Receipts			
Charges for services	\$ 5,734	241,604	174,992
Interest	1	34	160
Transfer in	0	284,762	126,418
Total Receipts	<u>5,735</u>	<u>526,400</u>	<u>301,570</u>
Expenditures			
Insurance claims	25,747	410,066	240,114
Administrative fees and premiums	0	105,059	52,719
Total Expenditures	<u>25,747</u>	<u>515,125</u>	<u>292,833</u>
Receipts Over (Under) Expenditures	<u>(20,012)</u>	<u>11,275</u>	<u>8,737</u>
Beginning Cash, July 1	<u>20,012</u>	<u>8,737</u>	<u>0</u>
Ending Cash, June 30	<u>0</u>	<u>20,012</u>	<u>8,737</u>

In addition, the district's independent auditor recommended in a letter of findings to the board dated October 1, 2002 to evaluate the self insurance plan and either discontinue it or collect the funds necessary from participants in order to break even. Further, the district's independent auditor reported the district failed to adequately monitor the reimbursements of claims over the stop loss amounts from the reinsurance carrier, and a lack of adequate accounting records and bank reconciliations for the self insurance fund during audits of the school district for the years ended June 30, 2003 and 2002. The lack of accounting records hindered the district's ability to adequately monitor the reinsurance carrier.

Losses incurred due to the self insurance fund limited the district's ability to continue to fund school programs, and as a result, the district made cuts to various school programs during the 2003-2004 school year in an effort to recover from losses incurred from the self insurance plan.

Finally, the district is only provisionally accredited by Department of Elementary and Secondary Education (DESE). A provisionally accredited district has not met enough of the Missouri School Improvement Program (MSIP) standards and indicators to be accredited.

The district has demonstrated a better job utilizing the budget document as a tool to monitor and control the district finances during the 2004-2005 and 2005-2006 school years. In addition, the district approved an increase in the tax levy in August 2005. The

district's revenues, expenditures, and ending fund balances for the year ended June 30, 2005 were \$3,003,175, \$2,730,608, and \$407,117, respectively. For fiscal year 2006, the district's October 2005 budget amendment had budgeted revenues of \$3,412,365 and expenditures of \$2,949,859 with a projected fund balance of \$869,623 at June 30, 2006.

WE RECOMMEND the School Board continue to monitor the district's financial position in a timely manner, and make any necessary adjustments to ensure compliance with the district's financial constraints. In addition, accurate annual budgets should continue to be prepared that accurately reflect the district's anticipated activity, and continue to work with DESE to ensure it becomes accredited.

AUDITEE'S RESPONSE

The School Board provided the following response:

The school board is monitoring the district's financial condition by a) receiving monthly reports – cash balances, budget to actual account ledger, student activities ledger, and state revenues report; b) communicating with the superintendent regarding financial matters and the budget; and c) planning for the future by looking at future needs. The school board will continue to work with the administration to provide the best education possible to the students with the funds available.

DESE recently released information related to 4th cycle MSIP. When 4th cycle MSIP standards were applied to the district's 2005 Annual Performance Report (APR), the result was a full waiver for the district's 4th cycle review. The district's change in accreditation will come after the 2006 APR is released in the fall. To be fully accredited, the district must meet at least 8 of the 13 standards. Using the 2005 APR data, the district met 11 of 13 standards. The district continues to make every effort to meet all 13 of the standards.

2. Additional Compensation, Employment Contracts, and Payroll Procedures

Additional compensation paid to employees totaling \$31,400 was not reported to the IRS as taxable compensation and taxes were not withheld. In addition, the district failed to enter into extra duty contracts or require the employees to document their time spent for this additional compensation. A former superintendent resigned in January 2003; however, payments totaling \$34,000 were subsequently paid to him during the year ending June 30, 2003 for the remainder of his contract. Additional controls over payroll need improvement, including preparation of timesheets by administrative employees, time sheets signed by the employee or the employee's supervisor, and payroll duties being adequately segregated.

- A. Additional compensation totaling \$31,400 was paid to 38 employees for attending meetings and workshops, and for after school tutoring during the 2004-2005 school year. The additional compensation was not included on the employee's W-2 form nor subjected to payroll tax withholdings.

In addition, the district indicated attendance at these meetings and workshops were extra duties; however, the district failed to enter into extra duty contracts or require the employees to document their time spent at these meetings and workshops. Employees were paid \$100 for each meeting, \$25 to \$150 for each workshop, and \$17.50 per hour for tutoring. Additional compensation paid to individual employees ranged from \$90 to \$2,708.

The district also paid \$6,500 and \$4,900 in May 2005 and March 2003, respectively, to the former superintendent for work performed relating to a grant the district received. In addition, the district paid \$2,500 in May 2005 to the former principal for work performed relating to this grant. Although these monies were reported on the superintendent's and principal's W-2 forms, extra duty contracts were not entered into, and it is unclear how the work performed was not within the normal job duties outlined in their employment contracts.

Any additional compensation received by employees of the district should be reported on the employee's W-2 form. In addition, extra duty contracts or documentation of time spent should be prepared and reviewed to support any additional compensation.

- B. A former superintendent resigned in January 2003; however, district payments totaling \$34,000 were subsequently paid to him during the year ending June 30, 2003 for the remainder of his contract. While the district had no documentation in board minutes for making these additional payments, district officials have subsequently indicated the payments represented severance pay. The superintendent's contract did not provide for severance pay upon resignation, and there was no documentation that the board obtained a legal opinion to support their decision that the payments were a necessary use of district funds.
- C. The superintendent, district secretary, and high school and elementary school secretaries do not prepare timesheets. In addition, time sheets are prepared and maintained for hourly employees of the district; however, the time sheets are not signed by the employee or the employee's supervisor. The district secretary does track any leave earned, taken, and balances for all district employees based upon leave request forms prepared by each employee.

Timesheets are necessary to document hours actually worked, substantiate payroll expenditures, and provide the board with a method to monitor hours worked. In addition, timesheets should be signed by the employee and the employee's supervisor to indicate their agreement to the actual time reported each month.

- D. Duties are not adequately segregated to provide the necessary internal controls over the payroll function. The district secretary handles all payroll duties including preparation, record keeping, disbursing payroll checks, distributing employee W-2s, and maintaining the personnel files.

In addition, the school board does not review or approve any payroll reports prepared by the district secretary. The current superintendent indicated he reviews payroll reports, but does not document his review.

A proper segregation of duties provides a means of establishing control over assets, thus minimizing the risk of loss, theft, or misuse of funds. If segregation of duties is not possible, the comparison of the payroll disbursements to the payroll register and employees time sheets by an independent individual would provide another supervisory review to minimize the risk of loss, theft or misuse of funds. The district's lack of adequate review procedures over payroll allows the potential for errors and misstatements which may not be detected.

WE RECOMMEND the School Board:

- A. Ensure any additional compensation paid to employees is processed through the payroll system, and employee's W-2 forms are amended. In addition, the board should ensure extra duty contracts or documentation of time spent is prepared and reviewed to support any additional compensation paid to district employees.
- B. Consider the necessity of including severance payments in future employment contracts, and ensure all payments are a necessary use of district funds.
- C. Ensure administrative employees prepare timesheets, and all timesheets have been signed by both the employee and the employee's supervisor.
- D. Adequately segregate the payroll function of recording, calculating and dispersing payroll. At a minimum, there should be a documented supervisory review of the reconciliation between time sheets and payroll records.

AUDITEE'S RESPONSE

The School Board provided the following responses:

- A. *Procedures are presently in place to ensure all employee payments representing compensation in the normal course of business are recorded as W-2 wages. The district will collect contracts and/or documentation of attendance as appropriate to allow for an appropriate review prior to authorizing additional compensation.*
- B. *The district will consider the necessity of this provision.*
- C. *All classified employees will prepare signed timesheets in the 06-07 school year that are reviewed and signed by their supervisor.*
- D. *Presently, the superintendent approves all payrolls either by review of the payroll register for those on a contracted amount, or by review of the timesheets for those*

receiving non-contracted pay (part-time employees, extra trips, tutoring, etc.). Documentation will be retained to demonstrate this review.

3. Bond Refinancing and Bidding Procedures

The district refinanced \$420,000 in general obligation bonds through a negotiated instead of a competitive sale, and selected a bond underwriter and financial advisor to act in a dual capacity. In addition, the district's current bidding procedures could be made more effective by adopting a more comprehensive policy. Also, the district has contracted for audit services with their current independent auditor for ten years without conducting a selection process, and the district has not solicited proposals or entered into a written agreement for attorney services.

- A. The school district refinanced \$420,000 in general obligation bonds in June 2004. The district sold these bonds through a negotiated instead of a competitive sale. In addition, the School Board selected a bond underwriter and financial advisor to act in a dual capacity. Having an underwriter serve in the dual capacity of financial advisor and underwriter for a bond issue may create a conflict of interest. Additionally, the lack of independent financial advice could result in the School Board not always being adequately informed of bond issuance options, or being able to adequately evaluate bond proposals. Further, the School Board relied upon the advice of the bond underwriter instead of seeking open bids assuring the most competitive rate of return for the taxpayers.

Historically, negotiated bond sales result in increased interest cost. The additional interest cost could have been used to fund additional school purposes. As a result of the negotiated sale, taxpayers may have more debt to pay for less services.

While Missouri law does not require competitive bond sales or competition in selecting bond advisors, the historically lower interest costs on competitive sales suggest such sales to be in the best interest of the school district.

- B. The district's bidding policy and state law only requires competitive bidding for construction of facilities that are projected to exceed \$12,500. The district's current bidding procedures could be made more effective by adopting a more comprehensive policy. The following are examples of purchases for which the district did not follow a bid process or did not retain adequate bid documentation:

Item	Cost
Computers	\$ 15,658
Books (2004-2005 school year)	13,347
Computer consulting services (2004-2005 school year)	12,326
Storage building for preschool	5,293
Floor buffer	3,829

Competitive bidding helps ensure the school district receives fair value by contracting with the lowest and best bidders. Bidding helps ensure all parties are given an equal opportunity to participate in the district's business.

A more comprehensive policy would require bidding and would identify specific bidding procedures that are required for all types of expenditures. Bids could be handled by telephone quotation, sealed bids, or advertised sealed bids. Different approaches may be appropriate depending on the dollar amount of the purchase. Written documentation of bids also provides evidence that the board has complied with its procurement policy. Bid documentation should include a list of vendors contacted, a copy of the bid specifications, copies of all bids received, justification for awarding the bid, and documentation of discussion with vendors. If sole source procurement is necessary, the district should retain documentation of these circumstances.

- C. The district has contracted for audit services with their current independent auditor for ten years without conducting a selection process. The district paid \$6,000 for audit services for the 2005-2006 school year.

Selection processes are necessary to ensure the district is receiving the best services and rates. The process should include advertising and soliciting proposals and evaluating these proposals for technical experience, capacity and capability of performing the work, past record of performance, and the firm's proximity to and familiarity with the school district. Information concerning the selection process should be documented and retained.

- D. The district does not have a contract with its attorney outlining the types of services that are to be provided and at what cost. In addition, the district has not periodically solicited proposals for these services. The district paid its attorney \$7,859 during the 2004-2005 school year.

Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Written contracts should specify the services to be rendered and the manner and amount of compensation to be paid. In addition, Section 432.070, RSMo, requires contracts for political subdivisions to be in writing. Also, the board should periodically solicit proposals for legal services to ensure they are receiving the best services and rates.

WE RECOMMEND the School Board:

- A. Pursue open competition in any future bond sales.
- B. Adopt a more comprehensive bid policy which requires bidding and establishes bidding guidelines for other types of expenditures. Such bid policies should include criteria on how bids are to be solicited and when formal advertising should be used. Documentation of bids received and the bid process should be retained. If sole source procurement is necessary, the district should retain documentation of these circumstances.

- C. Periodically solicit proposals for audit services.
- D. Periodically solicit and document proposals for legal services, and enter into written contracts with the firm which provides legal services detailing the duties to be performed and the costs associated with the service.

AUDITEE'S RESPONSE

The School Board provided the following responses:

- A. *The district will take this into consideration in any future bond sales.*
- B. *The district is following legal bidding requirements and will review the bidding policies of the district to determine if changes are necessary.*

C&D. The district is in compliance with state law, but will consider these recommendations.

4.	Expenditures
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The district's procedures for reviewing and approving invoices for payment are in need of improvement. In addition, adequate documentation was not retained by the senior class sponsor for senior class monies, the board president's signature is applied electronically to checks by either the board secretary or the superintendent, some employees that handle district monies are not bonded, and the district expended funds which did not appear to be a necessary or prudent use of public funds. Also, the district did not always enter into written contracts defining services to be provided and benefits to be received, and procedures are not in place to ensure Forms 1099 are always filed with the IRS. Further, controls over fuel, and mileage reimbursements need improvement.

- A. The school board reviews and approves a listing of expenditures each month; however, the listing is not complete. It does not include payroll expenditures or other expenditures paid prior to each board meeting. As a result, 14 of 56 expenditures which we reviewed were not approved by the board. In addition, the board does not review invoices and/or supporting documentation unless a specific expenditure is questioned.

While the district's policy provides for the superintendent to review and authorize all invoices prior to payment, the current and former superintendents' reviews were not always documented. For example, 33 of the 56 expenditures we selected for review were not approved by the superintendent.

The district also does not perform a reconciliation of the listing of bills reviewed by the school board, the approved invoices, and the actual checks written.

Good business practice requires all disbursements to be closely scrutinized by the board or someone independent of the disbursement process and properly authorized. Failure to properly review all invoices and other supporting documentation, and to document authorization, increases the possibility of inappropriate disbursements occurring. To adequately document the board's review and approval of all disbursements; a complete and detailed listing of bills should be prepared and signed or initialed by the board to denote their approval, and retained with the official minutes. In addition, the superintendent should document his review of each invoice, and an independent reconciliation of the approved listing of bills; invoices; and actual checks written should be performed.

- B. Adequate documentation was not retained by the senior class sponsor for senior class monies. The district issued a check on May 3, 2005 to the senior class sponsor totaling \$1,255. The senior class sponsor indicated the check was cashed and distributed evenly among senior class members and chaperones to be spent on the senior class trip; however, no documentation of how much was given to each student or chaperone was retained. To ensure funds were handled properly, documentation of how student and chaperone funds were distributed should be retained.

- C. Invoices are typically not marked paid or otherwise cancelled. In addition, receipt of goods or services is rarely indicated on the invoice prior to the expenditure being approved for payment. For example, receipt of goods or services was not indicated for 36 of 50 expenditures we selected for review.

Canceling invoices and all other supporting documentation reduces the possibility of duplicate payments, and documentation of the receipt of goods or services is necessary to ensure the district actually received the items or services being paid.

- D. All checks require two signatures, the board president and the secretary of the board. Currently, the board president's signature is applied electronically; however, both the superintendent and secretary to the board have access to the electronic signature. Also, the board president is not bonded.

Given the lack of the expenditure review process noted in Part A., and to decrease the potential for unauthorized disbursement by check and to adequately safeguard assets, access to the electronic signature should be limited, and the board president should review all checks in which his electronic signature is applied. In addition, the board president should be adequately bonded.

- E. During December 2005 and 2004, the School Board authorized expenditures totaling approximately \$1,360 for hams that were given to the employees as Christmas gifts. In addition, during the period July 2004 through February 2006, the district incurred expenditures totaling \$964 for flowers for funerals.

These expenditures do not appear to be a prudent use of school districts funds. The School Board should ensure school district funds are spent only on items which are necessary and beneficial to the school district. Further, the district's residents have placed a fiduciary trust in their public officials to spend tax revenues in a necessary and prudent manner. Additional expenditures which did not appear to be a prudent or necessary use of district funds were noted during our review of credit cards as noted in finding number 5.

- F. The district did not always enter into written contracts defining services to be provided and benefits to be received. For example, the district paid a company \$12,326 and \$18,446 during the 2004-2005 and 2003-2004 school years, respectively for computer technical services. The district did not enter into a written agreement for these services. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Written contracts should specify the services to be rendered and the manner and amount compensation should be paid. In addition, Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.
- G. The district has no procedures in place to ensure Forms 1099 are always filed when required. As a result, the district did not file 1099s for grant services provided by four individuals, \$1,400 each for three individuals and \$700 for the other.

Section 6041 through 6051 of the Internal Revenue Code require payments of \$600 or more for professional services or for services performed as a trade or business by non-employees (other than corporations) be reported to the federal government on Forms 1099.

- H. Mileage and fuel usage logs are not reconciled to fuel purchases. Fuel for the district's seven buses is purchased at a local station. Established procedures required bus drivers to complete mileage and fuel usage logs for each bus indicating how much fuel was pumped. As of March 2006, the district has spent approximately \$13,538 for fuel during the 2005-2006 school year and spent \$15,171 for fuel during the 2004-2005 school year. To ensure the reasonableness of fuel expenditures, the district should reconcile mileage and fuel usage logs to fuel purchased. Failure to account for fuel purchases could result in loss, theft, and misuse.

WE RECOMMEND the School Board:

- A. Ensure detailed and complete listings of bills are prepared, that the board's approval is reflected on the listing, and that the listing is retained. In addition, either the board should review the invoices or assign someone independent of the check preparation and signing process to perform and document this review. Approved listings of bills should also be compared to checks written.

- B. Ensure documentation is retained for all monies distributed to students and chaperones. A listing of monies distributed should be initialed by the student or chaperone receiving the funds.
- C. Ensure all invoices are properly canceled, by marking the invoice 'Paid,' to reduce the possibility of duplicate payments. Also, require all invoices to be initialed or signed by a district employee to indicate acceptance of the goods or services.
- D. Limit access to the electronic signature, and the board president should review all checks to which his electronic signature is applied. In addition, obtain adequate bond coverage for all district employees with access to monies.
- E. Ensure expenditures are a necessary and prudent use of school district funds.
- F. Enter into written agreements with all parties that clearly detail the services to be performed and the compensation to be paid or benefits received.
- G. Ensure Forms 1099 are prepared and submitted to the IRS as required.
- H. Ensure a documented periodic reconciliation of fuel purchased to amounts used is performed, and investigate any significant discrepancies.

AUDITEE'S RESPONSE

The School Board provided the following responses:

- A. *The board presently approves all bills. In the future, the board minutes will identify, by number, the bills approved, and the board president will initial the listing of bills approved. The superintendent presently documents review of all invoices prior to payment. The board will review these policies to ensure good accounting practices.*
- B. *The district will consider a policy to address this concern.*
- C. *The district presently makes every effort to attach the purchase order, packing slip and approved invoice to the check stub showing the payee, date and amount of the check. We will consider the necessity of also marking each invoice with "paid".*
- D. *The ability to use the electronic signature is limited by passwords, knowledge of the accounting program, and access to the computer and checks. The board will consider policies to address the board president's approval of all electronically signed checks.*
- E. *The district does not expend funds for anything that is not considered necessary and prudent use of school district funds.*
- F. *The district will use written contracts and use due diligence before entering into any written agreement.*

- G. *Presently, procedures are in place to ensure that accurate 1099s are prepared and submitted to the IRS at the end of the year.*
- H. *The district will review the current procedures for monitoring fuel purchases and reconciling miles driven to fuel used.*

5. Credit Cards

Controls over district credit cards need improvement. The school district has sixteen discount store credit cards, two bank credit cards, an office supply card, and a craft store credit card. Credit card purchases on these cards totaled approximately \$61,800 during the school 2004-2005 school year.

- Adequate supporting documentation was not maintained for \$7,050 of the credit card purchases reviewed. On several charges including hotels, meals, books, and computer supplies, documentation was not adequate or retained. In addition, individual credit card slips are not reconciled to the credit card statement each month.
- Credit card purchases are not always reviewed and approved by the superintendent or school board. We reviewed eight monthly credit card statements that had purchases totaling \$16,468 that were not approved by the superintendent. In addition, the board does not review the monthly credit card statements or the itemized invoices. The superintendent's secretary determined the amount to be paid to the credit card company each month by compiling credit card slips submitted by the individual card holders and prepared the check for the board president's signature.
- The school district carried balances on several of its credit card accounts throughout the 2004-2005 school year, and often incurred late fees or finance charges. In addition, many of these credit card accounts maintained large credit limits. For example, one of the bank credit card accounts reported the following credit limit and activity during the 2004-2005 school year:

Mastercard-\$10,000 credit limit					
Date of Monthly Statement	Beginning Balance	Purchases	Finance Charges/ Late Fees	Payments and Credits	Ending Balance
July 15, 2004	\$ 7,941	1,119	45	6,818	2,287
August 16, 2004	2,287	4,308	41	1,403	5,233
September 15, 2004	5,233	4,450	64	2,609	7,138
October 16, 2004	7,138	741	55	4,690	3,244
November 16, 2004	3,244	3,443	60	2,301	4,341
December 16, 2004	4,341	2,680	0	4,453	2,568
January 16, 2005	2,568	1,225	0	2,583	1,210
February 16, 2005	1,210	875	0	1,217	868
March 16, 2005	868	544	0	840	582
April 16, 2005	582	1,223	1	627	1,179
May 16, 2005	1,179	4,748	33	794	5,168
June 14, 2005	5,168	4,481	77	4,134	5,592

- The district paid an annual fee of \$210 for seven membership cards (\$30 each) to a local wholesale vendor.
- The district incurred expenditures totaling approximately \$524 for shopping gift cards, restaurant gift cards, a bike, a boom box/cd player, and a luncheon which may not appear to be a prudent or necessary use of district funds. District officials indicated that some of these items were given away as attendance awards; however, documentation of the awards was not retained.
- The school district has not adopted formal policies and procedures for the use of these credit cards.

Given the lack of controls over these credit cards, the school board and superintendent should closely evaluate the need for each credit card and any membership costs associated with those cards. In addition, complete and detailed written credit card policies and procedures are necessary to provide guidance to employees, and help ensure credit cards are used only for school district business. The school district should develop policies which require all credit slips be submitted prior to payment of credit card invoices and compared to the credit card statements and require purchases to be approved by someone other than the cardholder. In addition, given the district's improved financial condition these balances should be paid off, and credit card payments should be made in a timely manner. Also, credit limits should be reviewed for reasonableness.

WE RECOMMEND the School Board evaluate the need for each credit card and cancel any cards which are determined unnecessary. Formal policies and procedures should be adopted for credit card use, including policies which require all credit slips be submitted prior to payment of credit card invoices and require purchases to be approved by someone other than the cardholder. In addition, credit cards payments should be made in a timely manner and credit limits should be reviewed for reasonableness.

AUDITEE'S RESPONSE

The School Board provided the following response:

Credit card usage is presently being monitored more closely, receipt slips are being reviewed prior to payment and payments are being made in a timely manner. The Board and administration will review policy as it relates to: a) who has access to cards, b) who approves the purchases; and c) what the credit limit should be.

6. District Policies and Procedures

Various board members apparently violated the district's conflicts of interest policy. In addition, the district employed a librarian and two teachers that were not certified or appropriately certified by DESE. The librarian is also receiving a salary that requires a degree according to the salary schedule which she has not obtained. Also, some students are attending the Wheaton R-III school district that live outside the school district's boundaries and are not paying non-resident tuition.

- A. Various board members apparently violated the district's conflicts of interest policy. While board members generally attempted to avoid conflict situations, there were a few instances where more effort should have been taken. For example, from June 2003 to February 2006, a school board member approved payments totaling \$1,387 to his wife's flower shop. Another school board member approved \$1,125 in additional salary compensation to his wife, another board member approved selling a district vehicle to his father, and another board member and the board president approved a detailed listing of bills which included payments to themselves to serve as score keepers at ballgames. One board member apparently resigned from the board during the 2005-2006 school year due to conflict concerns.

District policy states that the board will not employ one of its members. In addition, the district's conflict of interest policy provides for board members to make a good faith effort to avoid a conflict of interest, and if a situation arises which involves the potential for a conflict of interest, the board member will declare his interest and refrain from action regarding the transaction in question.

- B. The district has employed a librarian during the 2005-2006 and 2004-2005 school years and two teachers during the 2005-2006 school year that were not certified or

appropriately certified by DESE. In addition, the librarian is receiving a salary according to the district's salary schedule which requires a Bachelors of Science degree with four years of service within the district. The librarian is only certified by DESE to teach as a substitute and does not have a Bachelor of Science degree. The other two teachers are either applying for a certificate to teach in Missouri or are in the process of taking the test to obtain the needed teaching certificate. The Board is responsible for establishing salary schedules, terms of employment, and other personnel policies district wide.

To ensure students are receiving quality instruction and the district becomes accredited, the district should ensure employees are appropriately certified by DESE. In addition, to ensure employees are treated fairly and equitably, employees should be paid in accordance with district salary schedules established by the board (and the related requirements). If necessary, the board should document any decisions to deviate from the district's salary schedule in its minutes.

- C. Some students are attending the Wheaton R-III school district that live outside the school district's boundaries and are not paying non-resident tuition. The superintendent indicated he was unaware these students were not residents of the district, and as a result, the School Board had not followed district procedures regarding non-resident tuition. The superintendent indicated that they utilize a map and student records to determine residency, and if necessary, will call the County Assessor's office to verify a student's district residency. However, there was no documentation that the County Assessor was contacted by the school district or provided any documentation to prove/disprove residency in those identified above.

To document compliance with district policy and state law and to ensure consistent treatment of individuals regarding residency, the district should review student records and contact the County Assessor's office for residency requirements, and follow its procedures for non-resident tuition.

WE RECOMMEND the School Board:

- A. Strictly enforce the district's conflict of interest policy.
- B. Ensure employees are certified by DESE and are paid in accordance with the district's salary schedule. If deviations from the schedule are necessary, document the board's decisions in its minutes.
- C. Review student records and contact the County Assessor's office for residency requirements and follow district policies regarding non-resident tuition.

AUDITEE'S RESPONSE

The School Board provided the following responses:

- A. Board members share a heightened awareness of nepotism and conflict of interest in light of recent events. Efforts are being made by all parties to eliminate any further problems.*
- B. Certification requirements were met during the 05-06 school year by all staff. The staff member in question was taken off of the salary schedule for the 06-07 school year.*
- C. Ongoing efforts are being made with local government agencies to address residency issues with present students. Building administrators will continue to be diligent about documenting student residency when enrolling new students.*

7. School Board Minutes and Appointment Policies

The school board frequently held closed meetings during the 2004-2005 school year, but did not maintain minutes to document matters discussed in closed meetings. In addition, the district's school board failed to follow its own policy and state laws for filling board vacancies.

- A. The school board frequently held closed meetings during the 2004-2005 school year, but did not maintain minutes to document matters discussed in closed meetings. Section 610.020, RSMo requires closed meeting minutes to document and record official board decision and actions affecting the school district and to ensure compliance with the Sunshine Law. In addition, Section 610.021, requires certain matters discussed in closed session to be made public upon final disposition. Further, the Sunshine Law requires certain decisions made during closed meetings/sessions related to legal, real estate, and personnel actions to be made public within specified timeframes. As a result of the school board not maintaining closed meeting minutes, it is not known whether the final disposition of the board's decisions is made public.
- B. The district's school board failed to follow its own policy and state law for filling board vacancies. For example, a board member resigned and a new member was subsequently appointed in December 2005. The board minutes indicated paper ballots were used to vote for the board vacancy appointment. The school board's unexpired term fulfillment/vacancy policy states the board will (1) announce and make public notification in a local newspaper of any school board vacancies, (2) interview perspective candidates in open session, and (3) approve any candidate by vote in open session. In addition, Section 610.015, RSMo states, "all votes shall be recorded, and if a roll call is taken, as to attribute each "yea" and "nay" vote, or abstinence if not voting, to the name of the individual member of the public governmental body. Any votes taken during a closed meeting shall be taken by roll call."

The board should follow its own policy and state laws to ensure board member appointments to vacant positions are handled fairly and to ensure the best candidate is appointed.

WE RECOMMEND the School Board:

- A. Ensure minutes are prepared for all closed meetings, and the final disposition of applicable matters discussed at closed meetings is made public.
- B. Review and follow its policy and state laws for filling board vacancies.

AUDITEE'S RESPONSE

The School Board provided the following responses:

- A. *Minutes for all closed sessions will be prepared in compliance with state statute and legal advice. All closed session action will be made public per state statute.*
- B. *The board will review board policy prior to filling the next board vacancy and document all steps taken.*

8. Accounting Controls and Budgets

Accounting procedures and controls over various district receipts and controls over change funds and the petty cash fund need to be improved. Disbursements were made in excess of approved budgets during the year ended June 30, 2005.

- A. Controls over student meal collections need improvement. The elementary and high school offices processed approximately \$31,388 in receipts during the 2004-2005 school year. Our review noted the following concerns:
 - 1. A daily collection log is not maintained by the high school secretary to account for meals purchased by students. The high school secretary collects meal monies from high school students and issues the student a card with the number of lunches and breakfasts purchased for the week. The student then uses the card to obtain meals in the cafeteria. The high school meal monies are transmitted by the high school secretary to the superintendent's secretary for deposit; however, documentation of the number of meals sold and from whom the monies were collected was not provided to the superintendent's office.
 - 2. A consistent form of recording student meal collections is not used by the elementary teachers, and a daily collection log is not maintained by the elementary secretary. Each elementary teacher collects meal monies from students and transmits those monies to the elementary secretary, who then

transmits those monies to the superintendent's secretary for deposit. Some teachers document the amount of meal monies collected by students on attendance sheets, and others do not. However, documentation of the number of meals sold and from whom the monies were collected was not provided to the superintendent's office.

3. Student meal collections are not always deposited intact on a timely basis. Checks dated between January 10 and January 20, 2006 and totaling \$303 were not deposited until January 24, 2006, and a \$40 personal check from the high school secretary was cashed from meal receipts.
4. Checks and money orders are not always restrictively endorsed upon receipt by the high school and elementary school secretaries. The endorsement is not applied until the superintendent's secretary prepares the deposit.
5. As a result of the lack of collection records maintained by the high school and elementary offices noted above in parts 1. and 2., the district does not have an adequate system to track meal accounts receivables or payables. A reconciliation of meals served to meals purchased, charged, and any meal monies on hand is not performed. The high school secretary maintains a running list of students that have charged meals on a sheet of notebook paper; however, the list only documents the student's name and the dollar amount owed.

To ensure proper accountability over student meal collections and reduce the potential for loss, theft, or misuse of funds, meal monies received should be recorded on a daily collection log and reconciled to monies received and deposited. Any differences should be investigated and resolved. Deposits should be made intact when accumulated receipts exceed \$100, and personal checks should not be cashed with receipts. In addition, checks and money orders should be restrictively endorsed immediately upon receipt. Further, an adequate system for tracking meals purchased, charged, served, and any meal monies on hand should be established.

- B. Controls over vocational agriculture (VoAg) and Future Farmers of America (FFA) receipts need improvement. District's accounting records indicated revenues of \$28,794 were collected by the VoAg teacher during the 2004-2005 school year.

A receipt ledger or other record of various fundraisers, shop projects, and FFA membership dues, jackets, etc. collected during the school year is not maintained by the VoAg teacher and reconciled to amounts transmitted to the superintendent's secretary. Fundraisers include: horse pulls, poinsettia and fruit sales, and the operation of a greenhouse. Shop projects are sold to area farmers, and farm equipment repair service fees are also collected. These monies are

collected by the VoAg teacher and remitted to the superintendent's secretary for deposit into the FFA activity fund.

As a result of the lack of accountability over these monies, there is no assurance that all the monies collected were properly accounted for. Receipt ledgers of monies collected should be maintained by the VoAg teacher and reconciled to amounts transmitted by the superintendent's secretary. In addition, the district should implement additional policies and procedures to better account for monies received from these various activities.

- C. Vending monies are not deposited intact, and a number of people have access to these monies and vending items. The district operates four soda and one snack vending machines throughout the high school and elementary school buildings. During a cash count conducted on January 24, 2006 vending machine monies collected from one soda machine in the elementary office totaled to \$717; however, only \$600 was subsequently deposited on January 25, 2006. The district was not able to provide adequate documentation to account for the remaining \$117.

In addition, class sponsors, students, and the elementary school secretary are responsible for replenishing soda and snacks and collecting the monies from the machines on a periodic basis. The monies collected from the machines are deposited into the senior, athletic, and the elementary activity funds by the superintendent's secretary. To properly account for all receipts, deposits should be made intact, and access to these monies and vending items should be limited.

- D. Adequate documentation was not retained of concession and gate fee monies collected at sporting events. During a cash count conducted on January 24, 2006 in the high school office, concession and gate fee monies totaled to \$1,214. Gate and concession receipt sheets from the previous few nights totaled \$735; however, the gate receipt from January 20, 2006 was not completed, which should have been used for reconciling. In addition, a \$20 personal check of a student's parent was cashed from concession and gate fee receipts.

To properly account for all receipts and ensure they are properly deposited, concession and gate fee receipts should be retained and reconciled with monies remitted to the high school secretary. In addition, personal checks should not be cashed from district receipts.

- E. Change funds ranging in amounts from \$60 to \$120 are maintained in the elementary and high school offices for various activities such as concessions, gate fees, lunch monies, and student fees. Our review of these change funds disclosed the following concerns:

- 1. The district does not have a listing of approved change funds and a written policy regarding these change funds. Written policies should be established outlining the procedures for maintaining, using, and

accounting for change funds. The district should also maintain a listing of all authorized change funds and amounts as well as procedures for adding funds or changing fund amounts.

2. The elementary and high school change funds used for lunch monies and student activity fees were not maintained at a constant amount.

Change funds should be maintained at a constant amount. Periodically, the funds should be counted and reconciled to the authorized balance by an independent person to ensure the funds are being accounted for properly, to detect any errors, and to help prevent these monies from being misused.

- F. The superintendent's secretary maintains a petty cash fund for small purchases but the fund is not maintained on an imprest basis. In addition, a petty cash fund ledger is not maintained showing receipts, disbursements and balances or proper documentation to support the receipts and disbursements of the petty cash fund. The petty cash fund was last replenished with \$200 in March 2003. During a cash count conducted on February 7, 2006, the petty cash fund contained \$22 on hand with and supporting documentation for \$57 of expenditures. The district has indicated they are in the process of spending the remaining funds and plan to discontinue its use.

If the district decides that a petty cash fund is necessary in the future, the district should maintain the petty cash fund on an imprest basis, meaning the fund should be maintained at a constant predetermined balance, and the cash on hand plus the total of all paid invoices should always equal the predetermined balance. The fund should only be reimbursed by district checks equal to the amount of the paid invoices and other district receipts should not be added to the fund. In addition, maintain a petty cash ledger documenting receipts, disbursements, and the balance of the petty cash fund and retain documentation to support disbursements of the fund.

- G. Disbursements were made in excess of approved budgets in the General Fund by \$13,590 and the Debt Service Fund by \$2,573 during the year ended June 30, 2005. If the school district has valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved. In addition, Section 67.040, RSMo, allows for budget increases, but only after the governing body officially adopts a resolution setting forth the facts and reasons. Section 67.080, RSMo, provides that no expenditure of public monies shall be made unless it is authorized in the budget. The board should refrain from approving expenditures in excess of the budgeted amounts, and if necessary, adopt budget amendments in accordance with state law. A similar comment was also reported in the district's independent audit report.

WE RECOMMEND the School Board:

- A. Ensure daily collection logs of meal receipts are prepared and reconciled to monies received and deposited. Meal receipts should be deposited intact daily or when accumulated receipts exceed \$100, personal checks should not be cashed with district receipts, and checks and money orders should be restrictively endorsed immediately upon receipt. In addition, an adequate system for tracking meals purchased, charged, served, and any meal monies on hand should be established.
- B. Ensure receipt ledgers are maintained by the VoAg teacher and reconciled to amounts transmitted to the superintendent's secretary. In addition, the district should implement additional policies and procedures to better account for monies received from these various activities.
- C. Ensure vending monies are deposited intact and access to these monies and vending items is limited.
- D. Retain documentation of concession and gate fee receipts and reconcile receipts to monies deposited. In addition, personal checks should not be cashed from district receipts.
- E. Establish written procedures governing the accounting for change funds. Also, the district should maintain a listing of each change fund and the authorized balance of each fund, and establish procedures for adding funds or changing fund amounts. In addition, ensure the funds are periodically counted and reconciled to the authorized balance by an independent person.
- F. Maintain the petty cash fund on an imprest basis and retain adequate documentation for all petty cash disbursements. The district should also ensure a petty cash ledger is maintained.
- G. Ensure expenditures do not exceed budgets and if budget amendments are necessary they are made according to state statute.

AUDITEE'S RESPONSE

The School Board provided the following responses:

- A. *In preparation for the 06-07 school year, all meal payment and recording procedures will be reviewed. The district is implementing an automated meal tracking program that is part of student records. This implementation will allow for a streamlining of meal money collections and provide greater controls over collection/endorsement, recording and depositing of the money. Efforts will be made to eliminate personal check cashing.*
- B. *District administration plans to review the accounting policies related to VoAg and student activities.*

- C-E. *Vending machine, concession, gate, and change fund accounting policies will be reviewed and modified as necessary to maintain appropriate control of the funds.*
- F. *A petty cash fund is no longer maintained.*
- G. *In the future, budgets will be amended according to state statute to ensure compliance.*

9. General Fixed Assets

A permanent detailed record of the property owned by the district has not been properly maintained. Physical inventories of assets have not been performed for several years, and past inventory records have not been updated. During the 2005-2006 school year an inventory listing of computer equipment was prepared. In addition, the district does not tag or otherwise identify fixed assets as property of the district. Also, the district has not recorded buildings on its property records.

Property records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. Additions should be reconciled to purchases annually. Complete and accurate property records are necessary to secure better internal control over district property, provide a basis for determining proper insurance coverage, and provide assurance to the public that assets purchased with school monies are being utilized by the school district. Physical inventories are necessary to ensure the property records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Pre-numbered tags, when affixed to property items, allow for identification of property in the records and may deter the potential for personal use of district assets.

WE RECOMMEND the School Board establish property records for all fixed assets. Additions to the property records should be reconciled to purchases annually, and pre-numbered inventory tags that label each item as "Property of Wheaton R-III School District" should be attached to all fixed assets. The district's buildings should be added to the district's property listing.

AUDITEE'S RESPONSE

The School Board provided the following response:

During the 05-06 school year an inventorying system of tagging and recording all electronic equipment began. Presently, all technology equipment is inventoried. Future efforts will include reconciling class inventories and inventorying all district fixed assets. The district's buildings are reported on our insurance report each year.

HISTORY, ORGANIZATION AND
STATISTICAL INFORMATION

WHEATON R-III SCHOOL DISTRICT
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Wheaton R-III School District is located approximately 62 miles southwest of Springfield in Wheaton, Missouri on Highway W. The school district lies within Barry, Newton, and McDonald Counties.

The district operates a senior high school (grades 9-12), a middle school (grades 7-8), and an elementary school (grades K-6). Enrollment was approximately 446 (K-12) for the 2004-2005 school year. The district employed approximately 70 full- and part-time employees, including 3 administrators, 25 teachers, and 42 support staff.

The Wheaton R-III School District has been classified under the Missouri School Improvement Program as "Provisionally Accredited" by the Missouri Department of Elementary and Secondary Education. A provisionally accredited district has not met enough of the MSIP standards and indicators to be accredited.

An elected board acts as the policy-making body for the district's operations. The board's seven members serve 3-year terms without compensation. Members of the board during the year ended June 30, 2005, were:

School Board	Dates of Service During the Year Ended June 30, 2005
Lindy Lombard, President (1)	July-June
Larry Butler, Vice President (2)	July-June
Lowell McInturff, Member	July-June
Doug Goostree, Member (3)	July -June
Bobby Brown, Member	April-June
Jason Johnson	July -March
Larry Prewitt, Member	April-June
Jeff Musick	July -March
Robert Pointer, Member	April-June
Ronnie Senseney	July -March

(1) Ronnie Senseney was elected in April 2006.

(2) Bobby Banks was elected in April 2006.

(3) Replaced by Ronnie Senseney in December 2005 and was reelected in April 2006.

The district's other principal officials during the year ended June 30, 2005, are identified below. The compensation of these officials is established by the school board.

Other Principal Officials	Dates of Service During the Year Ended June 30, 2005	Compensation Paid for the Year Ended June 30, 2005
Cindy Brandt, Superintendent (1)	July-June	\$ 66,500
Mark Summers, High School Principal (2)	July-June	47,000
Teresa Abramovitz, Elementary School Principal (3)	July-June	48,500

- (1) Jim Cummins became the Superintendent in July 2005 with a salary of \$65,000. His salary will increase to \$71,500 in July 2006.
- (2) Lance Massey became the High School Principal in July 2005 with a salary of \$48,500. His salary will increase to \$53,350 in July 2006.
- (3) Eileen Ford became the Elementary School Principal in July 2005 with a salary of \$48,500. Her salary will increase to \$53,350 in July 2006.

Assessed valuations and tax rates for 2005 and 2004 were as follows:

	2005	2004
Assessed valuation	\$ <u>15,332,627</u>	\$ <u>14,184,262</u>
Tax rates:		
General Fund	\$ 3.4300	\$ 2.7500
Debt Service Fund	0.0000	0.5300
Total	3.4300	3.2800

The district issued \$360,000 in general obligation bonds for expansion of the high school during fiscal year 1999 due in varying annual installments through 2006. Interest ranges from 3.5 percent to 4.00 percent, and the bonds payable balance at June 30, 2005 was \$10,000. The district also issued another \$420,000 in general obligation bonds during fiscal year 2004 due in varying annual installments through 2014. Interest ranges from 2.7 percent to 4.3 percent.



Claire McCaskill

Missouri State Auditor

July 2006

ELEMENTARY AND SECONDARY EDUCATION

School District Purchasing Practices



Opportunities exist to improve school district purchasing and procurement practices

Missouri's 524 public school districts spend approximately \$2 billion annually on goods and services that can be competitively bid. We focused audit objectives on (1) determining whether school districts have maximized competitive procurement opportunities, (2) barriers that impact bidding opportunities and results, and (3) identifying potential improvements to purchasing practices. To accomplish our objectives we visited a sample of 15 school districts based on their student enrollment and location in the state.

Districts did not always use an adequate competitive selection process

Ten of the 15 districts visited did not competitively select at least one professional service contract we reviewed. For other goods, inconsistent district procurement procedures existed. State law requires construction expenditures exceeding \$15,000 to be competitively bid and, with the exception of insurance, architectural and banking services, is silent regarding all other purchases of goods and services at the school district level. (See page 5)

Procurement guidelines have not been established at the state level

The state has not established any type of procurement guidelines to help school districts regarding procurement policies. Other states, such as Texas, Florida and Arkansas, have implemented or are implementing legislation intended to increase the fiscal accountability of school districts. These states have established financial management "best practices," which include guidelines on procurement. (See page 6)

Access to electronic bid solicitation system could benefit schools

North Carolina and Louisiana have established Internet-based electronic bid solicitation systems for state agency use which allow government entity purchasers, including school districts, to access vendors across the state.

Missouri maintains a purchasing system that notifies vendors of potential state agency requests for bids. However, this system is not Internet-based and can only be accessed by state agencies. A Division of Purchasing official stated this system is in the process of being updated, but no plans had been made to make it available for use by other government entities. (See page 6)

Procurement procedure improvements could enhance accountability and reduce expenditures

We observed situations where the competitive selection process and other procedures have been inadequate or could be improved. Districts had not (1) developed formalized procurement policies, (2) maintained adequate documentation of the procurement process, (3) fully taken advantage of cooperative purchasing opportunities, (4) taken advantage of electronic ordering and approval systems, (5) coordinated school supply orders across the district to maximize purchasing power, and (6) always considered state purchasing resources. (See page 7)

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Abbreviations

DESE	Department of Elementary and Secondary Education
GFOA	Government Finance Officer's Association
MCHCP	Missouri Consolidated Health Care Plan
RSMo	Missouri Revised Statutes



CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the General Assembly
and
School District Boards
and
Michael Keathley, Commissioner
Office of Administration
and
D. Kent King, Commissioner
Department of Elementary and Secondary Education
Jefferson City, MO 65102

Missouri public school districts spend approximately \$2 billion annually on goods and services that can be competitively bid. We focused audit objectives on (1) determining whether school districts have maximized competitive procurement opportunities, (2) barriers that impact bidding opportunities and results, and (3) identifying potential improvements to purchasing practices.

Districts visited did not always use an adequate competitive selection process. Districts did not competitively select some professional service contracts, and did not establish consistent procedures for selection of other goods. This condition occurred because current state law does not require districts to competitively select most purchases and because no procurement "best practice" guidance has been established at the state level. In addition, schools do not have access to an electronic bid solicitation system to assist them in reaching more vendors. While the districts visited had implemented informal procurement procedures most had not formalized all procedures into board policy. Districts could further improve procurement practices by maintaining adequate procurement documentation, taking advantage of cooperative opportunities, utilizing vendor electronic ordering and approval systems, coordinating and consolidating supply orders, and utilizing state resources such as state contracts.

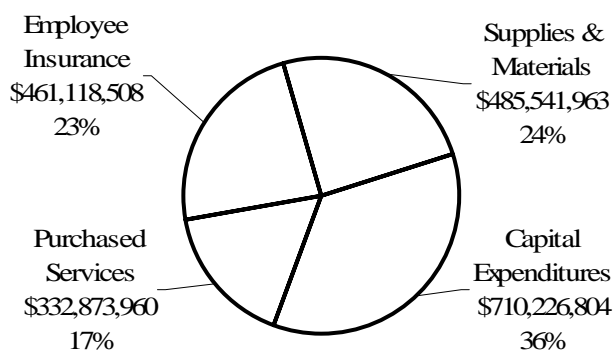
We conducted our audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. This report was prepared under the direction of John Blattel. Key contributors to this report include Jon Halwes, Robert Showers, Jennifer Nunez, and Steven Ward.

Claire McCaskill
State Auditor

Introduction

Missouri's 524 public school districts spend approximately \$2 billion annually on the purchase of biddable goods and services, according to Department of Elementary and Secondary Education (DESE) data. See Figure 1.1 for a breakdown of those expenditures. Schools purchase such goods as paper, teacher supplies, and school buses on an ongoing basis. Schools must also make capital expenditures to maintain and improve existing facilities as well as to build new facilities. In addition, school districts must purchase professional and operations related services and insurance. Schools also purchase health and workers' compensation insurance coverage for employees.

Figure 1.1: Average School District Purchases by Type, School Year 2003 to 2005



Source: DESE - Annual School Board Report data 2003, 2004 and 2005 school years

Current procurement statutes The most significant procurement statute relevant to school districts is section 177.086, RSMo, which requires school district officials to competitively select, through public advertisement for bids, construction expenditures of \$15,000 or higher. The statute requires the contract be awarded to the lowest and best bid, complying with the terms of the request for proposal.

Section 67.150, RSMo, requires political subdivisions, including school districts, to competitively bid at least every 3 years health and life insurance, if provided to employees. Section 376.696, RSMo, requires political subdivisions to bid all other insurance at least every 6 years.

Section 8.285, RSMo, requires political subdivisions, including school districts, to select architectural services "on the basis of demonstrated competence and qualifications for the type of services required and at fair and reasonable prices."

Section 165.201, RSMo, requires school districts to obtain bids from banking institutions for deposit of operating funding.

Scope and Methodology

We reviewed state law to determine what procurement requirements applied to school districts. We also researched school district procurement requirements in various states including the eight states bordering Missouri and spoke with representatives of those states to better understand identified laws and procedures. We reviewed work performed by other auditors on the topic. We also reviewed two sources of guidance on public entity procurement and cite these sources in the report where appropriate.

To gain an understanding of the procurement procedures currently in use at school districts in Missouri, we selected a sample of districts to visit. To ensure we selected districts that had recent major projects, we randomly selected 20 school districts from a list of districts that had issued bonds in the previous 2 years. We randomly selected an additional 15 districts from a statewide listing of school districts. From this list of 35 districts, we selected 15 districts to visit based on size and location. See Appendix I for the list of districts visited.

During our visits we asked questions to determine the procurement procedures in place. We specifically inquired about purchases such as school buses, general supplies, teacher supplies, copiers, furniture, computers, and professional services for items such as audits, financial advice, bond underwriting, and architectural work. We obtained supporting documentation whenever possible. We also specifically inquired about the use of any cooperative purchasing opportunities and state purchasing resources.

We obtained Annual School Board Report data from the DESE to identify the total amount expended by Missouri school districts on purchases of goods and services for the three school years 2002-2003 through 2004-2005. We reviewed the department's accounting manual to determine which expenditure codes best represented purchases that could be competitively bid. This data is presented in Figure 1.1.

We talked with officials from the DESE; the Office of Administration, Division of Purchasing and Materials Management; the Missouri Consolidated Health Care Plan (MCHCP); the Missouri Association of School Business Officials; the Missouri School Boards' Association, and the Missouri Association of Rural Educators regarding school district procurement issues. We also interviewed various education related cooperative purchasing organization representatives throughout the state to gain an understanding of the availability of goods and the costs and benefits of these organizations.

We requested comments on a draft of our report from the Commissioners of the DESE and the Office of Administration and the school districts visited. We conducted our work between October 2005 and March 2006.

Opportunities Exist to Improve School District Purchasing and Procurement Practices

School districts have not fully utilized a competitive process for the procurement of goods and services. The majority of districts visited did not competitively select some professional services, and did not demonstrate consistency in how and when they solicited bids for goods. This situation has occurred because current state law does not require districts to competitively select most purchases, leaving it up to each district to decide how best to procure necessary goods and services. In addition, schools do not have access to an electronic bid solicitation system, making it difficult for many districts to obtain a sufficient number of proposals for goods and services. We also observed situations where school's procurement documentation or procedures were inadequate.

Districts Did Not Always Use an Adequate Competitive Selection Process

Ten of the 15 districts visited did not competitively select at least one professional service contract we reviewed. Professional services include items such as auditing, bond underwriting, architectural and food services. At one district visited, bids for auditing services had not been requested for at least 14 years. In addition, 10 districts visited had not solicited proposals for financial advice or bond underwriting services.

Guidance issued by the Government Finance Officer's Association (GFOA)¹ recommends the use of a competitive sealed proposal process when awarding service contracts where cost is not the sole selection factor. When using a competitive sealed proposal process, "the award is made to the proposal that is most advantageous to the government considering price and the other evaluation criteria."

For other goods, inconsistent district procurement procedures existed. For example districts used a combination of verbal bids, request-for-proposal sealed bids, advertised bids and select vendor requests. Only two districts visited had formally established a dollar value for purchases requiring a bid, but those thresholds varied from \$100 to \$5,000 and had been inconsistently applied. Some other districts had established informal bidding levels discussed further on page 8.

State law does not require competitive selection of most goods and services

State law requires construction expenditures exceeding \$15,000 to be competitively bid and, with the exception of insurance, architectural and banking services, is silent regarding all other purchases of goods and services at the school district level. Each school district is allowed to establish and implement its own procurement policies and procedures.

¹ Government Finance Officer's Association, *An Elected Official's Guide to Procurement*, 1995.

According to guidance published by the GFOA, only a fully competitive procurement process can meet all of the objectives of a government procurement system, which are integrity, efficiency, and achieving the lowest possible overall cost. The guidance states an increase in the number of bids received increases the likelihood of lower purchasing costs, likewise, with an increase in the number of proposals received for services, the more likely the entity is to receive a quality service at a lower price.

Five states bordering Missouri have procurement laws which require school district purchases over a certain dollar threshold to be competitively bid. Tennessee law, for example, requires public competitive bidding for every purchase over \$5,000 and three competitive bids when possible for any purchases under \$5,000. Similarly, several Missouri state statutes require other public entities to competitively bid for goods and services. Section 177.171, RSMo, requires "metropolitan" school districts, which only applies to the city of St. Louis public school district per statute, to bid any supplies that cumulate to more than \$5,000. In addition, Section 50.660, RSMo, requires competitive bid for county government purchases of goods and services which exceed \$4,500.

Procurement guidelines have not been established at the state level

The state has not established any type of procurement guidelines to help school districts regarding procurement policies. Other states, such as Texas, Florida and Arkansas, have implemented or are implementing legislation intended to increase the fiscal accountability of school districts. These states have established financial management "best practices," which include guidelines on procurement. According to an Arkansas education official, this legislation resulted from demands for increased accountability due to increased education funding.

Access to Electronic Bid Solicitation System Could Benefit Schools

School districts advertise and obtain vendor proposals and bids individually without the benefit of an electronic bid solicitation system. We found districts use local newspapers, self-developed vendor lists and referrals from other districts to locate vendors that may be interested in submitting a bid. During our district visits, we observed numerous situations where districts were not able to obtain a sufficient number of bids, especially in rural areas. According to GFOA guidance, the more bids solicited on a given purchase, the lower the purchase price is likely to be.

In order to help governmental units reach more vendors and achieve increased competition, guidance issued by National Association of State

Procurement Officials² discusses the use of electronic bid solicitation tools. Some states have implemented such Internet-based systems with positive results. The systems in place in North Carolina and Louisiana, for example, allow vendors to self-enroll on a state vendor list. Vendors are notified electronically of requests for bid in their areas of business. North Carolina's system currently has over 100,000 vendors registered. A government entity seeking bids posts its bid specifications electronically. Vendors then respond directly to the entity requesting the bids by mail and a sealed bid selection process takes place.

The North Carolina and Louisiana systems allow government entity purchasers, including school districts, community colleges, cities and counties, to access vendors across the state and help ensure adequate competition for goods and services purchased. According to discussions with purchasing officials in North Carolina and Louisiana, their systems require minimal upfront and ongoing maintenance costs. These officials also said such systems can result in cost savings for government entities through reduced advertising and postage expense.

Missouri's Office of Administration, Division of Purchasing and Materials Management, maintains a purchasing system that notifies vendors of potential state agency requests for bids. However, this system is not Internet-based and can only be accessed by state agencies. A Division of Purchasing official stated this system is in the process of being updated, but no plans had been made to make it available for use by other government entities.

Procurement Procedure Improvements Could Enhance Accountability and Reduce Expenditures

While all of the districts visited used a competitive selection process for many goods and services they purchased, we observed situations where the competitive selection process and other procedures have been inadequate or could be improved. Districts had not (1) developed formalized procurement policies, (2) maintained adequate documentation of the procurement process, (3) fully taken advantage of cooperative purchasing opportunities, (4) taken advantage of electronic ordering and approval systems, (5) coordinated school supply orders across the district to maximize purchasing power, and (6) always considered state purchasing resources. Districts have been successful in evaluating health coverage options.

² National Association of State Procurement Officials, *State and Local Government Purchasing Principles and Practices*, 2001.

Districts lack formalized procurement policy and did not always maintain adequate bid documentation

Thirteen of the 15 districts visited did not have procurement procedures formalized as part of school board policies except for what is required by state law. While these districts had established procedures, such as obtaining written quotes when the purchase amount exceeded a certain limit, these procedures had not been documented in policy. GFOA guidance states one of the essential elements of a procurement system is "clear written procedures available to the public." According to officials at the districts we visited, school boards have not included specific procurement procedures into policy because state laws do not require any procedures be followed.

Five of the 15 districts visited could not provide adequate bid documentation of all sampled purchases of goods or services. Adequate documentation includes all documentation of bids or proposals received and documentation of the decision-making process resulting in the selection of the vendor chosen. This condition has also been noted in prior audits of other school districts conducted by the State Auditor's Office.

According to GFOA guidance, "all steps in the procurement cycle should be recorded in writing."

Districts have not taken full advantage of cooperative purchasing opportunities

Five of the 15 districts visited did not participate in cooperative purchasing opportunities and two others only took part in health insurance cooperatives. Various cooperative purchasing opportunities exist for school districts. We observed several districts that took advantage of memberships in organized cooperative purchasing not-for-profit entities. We also found several districts had taken advantage of informal cooperative opportunities with surrounding districts. For example, one district obtained some supplies through an arrangement with a nearby larger district that sold supplies to smaller districts out of its warehouse at cost, plus a small administrative fee. In another example, three bordering districts collectively bid trash pickup services.

According to GFOA guidance, such cooperative efforts "can reduce the administrative costs of procurement and can result in lower costs due to economies of scale when placing large orders." Officials at the majority of schools visited said transportation and delivery costs and administrative fees are significant factors to consider when planning a cooperative purchase. For these reasons, two of the rural districts we visited saw more benefit from a local informal cooperative than from an official not-for-profit cooperative. Some officials from those districts that have not taken advantage of any cooperative opportunities could provide no reason for not considering such opportunities while others said they considered cooperative agreements too difficult to coordinate.

Some districts have not taken advantage of natural gas programs

The Missouri School Boards' Association and the Missouri Association of Rural Educators offer programs to districts which use natural gas for their utilities. The programs allow districts to take advantage of reduced natural gas rates made available by Section 393.310, RSMo.³ A Missouri School Boards' Association representative involved in the program estimated schools could achieve natural gas cost savings of 15 to 20 percent. For example, one school district we visited, realized a \$19,000 savings for calendar year 2005. Based on discussions with representatives of both organizations, approximately 70 percent of program eligible districts are participating. Ten of the districts we visited were eligible for the programs. While eight of these districts had enrolled or were in the process of enrolling, two had taken no action. The superintendent of one of these districts indicated awareness of the programs, but had not evaluated them. The superintendent of the other district was not aware of the programs, but said he would look into them.

According to a Missouri School Boards' Association representative and a representative of the program's contractor for the Missouri Association of Rural Educators, there is no reason why a program eligible district should not enroll because cost savings are certain.

Districts have not taken advantage of electronic ordering and approval systems and supply purchases are not coordinated on a district-wide basis

Nearly all (14 of 15) districts visited continue to use labor intensive requisition and purchase order processes for supply orders and have not taken advantage of improvements in technology which allow for more efficient ordering and delivery of goods. A representative for an office and teacher supply vendor told us his company offered a 10 percent discount off catalog prices to any buyer using the company's electronic ordering system. One district we visited took advantage of this discount and achieved a 26 percent savings off catalog prices. According to the district's purchasing manager, the electronic ordering system allows the district to set up electronic supervisor approvals which help reduce the burden of a manual purchase order process. In addition, the use of electronic purchasing can reduce processing time and paperwork and the chance for errors, according to GFOA guidance.

Eight of the 15 districts visited did not coordinate and consolidate teacher supply purchases with a single vendor. Instead, teachers have been allowed to make supply purchases from multiple vendors. For example, in one

³ This statute requires Missouri Public Service Commission regulated natural gas companies to implement tariffs (rates) that allow public and private school districts to aggregate natural gas purchases through third parties. See http://www.msbanet.org/school_services/nat_gas.asp for more information on the savings potential.

district, the elementary school used one supply vendor, the middle school used a different vendor, and the high school used a third vendor. Other districts left it up to each teacher to decide which supplier to use. Superintendents said this practice gave the teachers the option of where to spend their classroom budget. Good business practice suggests consolidating purchases with a single vendor, to the extent possible, maximizes an organizations purchasing power and provides leverage in negotiations.

Districts have not always considered state purchasing resources

Five of the 15 districts visited did not use state purchasing resources and did not consider these resources when making purchases. State purchasing resources include state contracts, surplus property and a public entity health insurance program. Three districts visited had used state contracts to purchase items such as copiers, light bulbs and paper. Three districts had also obtained items such as filing cabinets, desks, and service vehicles from the State Agency for Surplus Property. MCHCP also has a public entity program that can be used by school districts for health insurance coverage. (See more on health insurance coverage below)

Officials in districts not using these resources told us their prior experience using them showed the prices were not always competitive with the local market and had stopped considering them. State purchasing officials also said state contracts are designed with state agencies in mind, and because of transportation costs and other factors, some goods may be purchased at lower prices from a local vendor. For example, we saw that some school districts purchased paper at prices below the state contract price.

MCHCP plan may be a potential option

Officials from districts visited told us they have saved money by actively considering their health insurance options. Section 67.150, RSMo, requires health insurance be competitively bid at least every 3 years. All of the districts visited complied with this statute. While several districts continue to competitively evaluate insurance options internally, other districts have saved money by competitively selecting an insurance broker to help in this process. Other districts saved money by joining a small cooperative with surrounding districts and using the increased purchasing power to competitively select a broker. One of the districts visited had saved money and stabilized health coverage costs by becoming self-insured.

As previously mentioned, MCHCP offers a public entity health plan. A previous audit⁴ showed the MCHCP public entity program was not a cost-effective option for most local governments, however, a MCHCP official said recent program changes could help increase the competitiveness of the premium rates charged.

School officials from the districts visited stated improvements in claims data reporting has allowed districts to more effectively compare prices for this service.

Conclusions

Officials cannot ensure they are receiving the lowest overall cost and the best value on goods and services purchased if they are not competitively bidding purchases. With biddable annual expenditures of approximately \$2 billion, it is in the state's and taxpayers' best interest to ensure school district purchases are selected competitively. Current state law does not require districts to competitively select most purchases and the state has not established "best practice" procurement guidance for school districts.

Access to an electronic bid solicitation system, such as those used in North Carolina and Louisiana, could help schools reduce administrative and purchasing costs and provide access to more vendors.

Written formal procurement policies encourages consistent application of procurement procedures and, along with adequate documentation of the process, increases accountability and results in public confidence that school funding is being spent prudently.

Increased use of cooperative opportunities, when feasible, can increase purchasing power and reduce prices. Consolidating supply orders and utilizing electronic ordering and approval systems, when available, can (1) allow districts to maximize their purchasing power, (2) improve the efficiency of the ordering process, and (3) lead to reduced costs of products.

State purchasing resources, such as state contracts, surplus property and a health insurance program could be beneficial to school districts and other governmental entities. Increased competition in the health insurance industry has given districts more coverage options. Recent changes in the MCHCP public entity health plan may make it a more competitive option in future school health insurance procurement decisions.

⁴ Review of Missouri Consolidated Health Care Plan Management, report number 2004-51, June 2004.

Recommendations

We recommend the General Assembly:

- 2.1 Revise state statutes to require the competitive selection of goods and services at the school district level.
- 2.2 Implement financial management "best practices" legislation to increase the fiscal accountability of the school districts similar to Texas, Florida and Arkansas. This legislation should include guidelines on procurement.

We recommend the Commissioner of the Department of Elementary and Secondary Education:

- 2.3 Establish interim financial management "best practices," for school districts including guidelines on procurement until recommendation 2.2 is accomplished.

We recommend the Commissioner of the Office of Administration:

- 2.4 Consider options in the state's new electronic procurement system that would allow school districts and other local government entities to use the system so they may be able to access an increased number of vendors.

2.5 We recommend school district officials:

- Formalize all procurement procedures established by the district into board policy.
- Maintain all bid documentation, including any bid advertisements, requests for proposals, proposal responses, and documentation of selection criteria.
- Consider utilizing cooperative purchasing opportunities whenever available and consider coordinating with neighboring districts for goods and services when feasible.
- Evaluate the benefit of participating in the natural gas purchasing programs.
- Consolidate supply orders district-wide to increase the purchasing power of the district, and select a supply vendor on a competitive basis.
- Take advantage of electronic ordering and approval opportunities.
- Consider state purchasing options.
- Evaluate all broker and health insurance options, including the MCHCP public entity plan when competitively selecting employee coverage.

Agency Comments

Department of Elementary and Secondary Education Comments

2.3 *The department will take this recommendation under advisement.*

Office of Administration Comments

2.4 *OA will consider this recommendation during its review of the anticipated upgrade and/or replacement of the state's current financial management system (SAMII).*

SAMII is a mainframe system, which makes it physically impossible for school districts to utilize the system. OA is considering an upgrade and/or a system revision to SAMII to make it an internet based system. The capability of an internet based system is unknown at this time. However, an internet based system could potentially allow school districts to access a state procurement system. The type of system you recommend would require the creation of an internet based procurement system as well. The cost of creating an internet based procurement system is unknown at this time.

This issue and many more will be reviewed in the future when OA analyzes the upgrade of SAMII.

Officials from the 15 school districts visited chose not to provide comments to the report.

School Districts Visited

Table I.1 lists the school districts visited, the county location and each district's enrollment.

Table I.1: School Districts Visited

District	County	Enrollment
Aurora R-VIII	Lawrence	2,115
Bernie R-XIII	Stoddard	628
Chadwick R-I	Christian	209
Concordia R-II	Lafayette	539
Dixon R-I	Pulaski	1,065
Fayette R-III	Howard	701
Hallsville R-IV	Boone	1,185
Hannibal 60	Marion	3,632
Hartville R-II	Wright	775
Mexico 59	Audrain	2,393
Miller County R-III	Miller	284
Orchard Farm R-V	St. Charles	1,227
Wellston	St. Louis	606
Wentzville R-IV	St. Charles	8,720
West St. Francois County R-IV	St. Francois	1,038

Source: County and enrollment information from DESE's School Directory.



Claire McCaskill

Missouri State Auditor

July 2006

City of Pleasant Valley, Missouri

Year Ended June 30, 2005



Office Of
Missouri State Auditor
Claire McCaskill

July 2006

The following findings were included in our audit report on the City of Pleasant Valley, Missouri.

The city needs to prepare an accounting manual for handling and recording financial transactions and records. There is little independent oversight or adequate segregation of duties related to the city clerk's office. The City Clerk can sign checks, and both the City Clerk and Assistant City Clerk are responsible for all record-keeping duties of the city. No personnel independent of the cash custody and record-keeping functions provide adequate supervision or review of the work performed by that office. In addition, many functions of the treasurer's and collector's offices are performed by the city clerk's office. Furthermore, receipts were not always deposited on a timely basis, bank accounts need to be consolidated, all funds need to be in interest-bearing accounts, and an account ledger needs to be maintained for the city's two escrow accounts.

The fiscal year 2005 budget did not include all information required by state law. For the year ended June 30, 2005, the city's actual expenditures exceeded the original and/or amended budgeted amounts of several funds. There is no documentation that the entire board reviewed and discussed the variance (budget to actual) report and there were significant differences between the ending balances on the semiannual published financial statement for the period ending June 30, 2004 and the beginning balances as of July 1, 2004.

The city does not prepare an annual maintenance plan for city streets. During the year ended June 30, 2005, the Street Fund expenditures totaled over \$187,000.

The city's fire department handles calls for fire and ambulance services. For the year ended June 30, 2005, the city collected approximately \$65,000 and \$62,000 for ambulance services and fire department sales tax, respectively. The city has decided to use the sales tax revenues for fire department equipment. All other expenditures for the fire department, such as salaries and fringe benefits, volunteer expense, supplies, and training are paid through the General Fund. These expenditures totaled over \$300,000 for the year ended June 30, 2005, with the majority of the expenditures related to personnel costs. The city contracts with an agency for the billing and collection of ambulance fees; however, the city does not maintain an accounts receivable ledger for ambulance services.

In addition, the billing and payment records maintained by the Fire Chief are not complete or accurate. As a result, the amount of fees billed and paid and the accounts receivable balance cannot be readily determined. It appears the Fire Chief is not sending the billing information to the city's billing/collection agency in a timely manner. For example, we noted an instance when an insurance company rejected a claim as the time limit for filing

YELLOW SHEET

had expired. The city needs to establish formal procedures outlining the criteria or specific procedures to be followed in writing off delinquent accounts deemed as uncollectible.

The time records maintained for both part-time and volunteer firemen need to be improved. The city is not properly accounting for its payments to the volunteer firemen and does not require the volunteers to account for the reimbursement of expenses. The board has not adopted an ordinance to set the current compensation of the Fire Chief. In addition, the board has not established the number of hours it expects the Fire Chief to work and does not require him to account for the hours he works.

The city does not have a formal bidding policy. Although the city did solicit bids for some purchases, bids were either not solicited or bid documentation was not retained for \$10,000 for sewer maintenance, \$5,401 for a riding lawn mower, \$4,400 for two computers, and \$6,348 for ambulance repairs. In addition, proposals for professional services totaling almost \$20,000 were not obtained. The city does not require its employees to account for cash advances and return any unused funds. In addition, the city does not report the advances on the employee's W-2.

The city appears to have circumvented the intent of state law when establishing the term of office and compensation of the City Clerk. The city re-defined the term of office and salary during the time for which a City Clerk was appointed. State law requires the City Clerk's salary, duties and term of office be established by ordinance, and the clerk's salary should not be changed during the time of his/her appointment.

Also included in the report are recommendations related to financial reporting, payroll and personnel matters, minutes and meetings, capital assets and the municipal court.

All reports are available on our website: www.auditor.mo.gov

CITY OF PLEASANT VALLEY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Pleasant Valley, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Pleasant Valley, Missouri. The scope of our audit of the city included, but was not necessarily limited to, the year ended June 30, 2005. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide

reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Pleasant Valley, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

December 16, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Lori Bryant

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF PLEASANT VALLEY
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Accounting Controls, Records, and Procedures
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The city needs to improve its accounting controls, records, and procedures. The city does not have an accounting manual, record-keeping duties of the city are not adequately segregated, receipts are not issued, and deposits are not always made on a timely basis. Also, the city needs to operate the petty cash fund on an imprest basis and maintain a ledger for its escrow accounts. In addition, the city's bank accounts should be consolidated.

- A. The city has not prepared a detailed accounting manual to provide guidance about the policies, procedures, controls, or documentation to be followed in handling and recording financial transactions and records. Because the city clerk's office has experienced turnover in personnel in the last several years, office personnel do not always know where to obtain needed information, how to record transactions, or who is responsible for various duties.

Employees need written policies and procedures to ensure operations are conducted in accordance with the city's intent, and to assist employees in properly performing their assigned responsibilities. Additionally, an accounting manual would aid in the training of new employees.

The city's independent auditors also reported this problem in their Report to Management for the year ended June 30, 2004.

- B. The City Treasurer and City Collector are not performing all duties of their respective offices as established by ordinance and/or state law. As a result, the activities of these offices do not provide an adequate segregation of duties for the record-keeping functions of the city. As discussed below, many functions of these offices are being performed by the city clerk's office.

1. The City Treasurer does not receive or disburse monies or maintain an accounting of the city's funds, as provided by ordinance. Instead, she compares the monthly financial records maintained by the city clerk's office to bank activity and prepares the semi-annual financial statements, which are published. She also prepares "exception reports" for the city clerk's office which identify items she believes are misclassified or do not agree with the bank statements. However, her reviews were not always performed on a timely basis. For example, the minutes for the board's Finance Committee in January 2005, indicated the comparisons for November and December 2004 were not completed. In addition, it appears the problems identified are not always properly corrected.

2. The City Collector does not prepare adequate monthly or annual reports of tax collections and delinquent taxes. As noted below, the city clerk's office, not the City Collector, collects and deposits tax receipts. Instead, the City Collector uses the deposits and the tax statement return slips, which were retained by the city clerk's office, to prepare a monthly report of collections. She also prepares delinquent tax statements in May each year. However, Sections 79.310, 94.320, and 94.330, RSMo, require the city collector to prepare a monthly report of delinquent tax collections, and an annual list of delinquent tax including a detailed list of persons who have not paid.

The city needs to evaluate the duties of the City Treasurer and City Collector to ensure the duties are necessary, comply with state law and provide for an adequate segregation of record-keeping duties for the city.

- C. There is little independent oversight or adequate segregation of duties related to the city clerk's office. As discussed above, although the city has a City Treasurer and City Collector, the activities performed by these officials are not sufficient for an adequate segregation of duties.

The City Clerk and Assistant City Clerk are responsible for all record-keeping duties of the city, including duties which would normally be performed by a City Treasurer and City Collector. The duties include receiving and depositing tax collections and all other monies, recording receipts and disbursements, preparing and distributing checks, maintaining payroll records, and preparing monthly financial reports and bank reconciliations. Additionally, the City Clerk can sign checks. No personnel independent of the cash custody and record-keeping functions provide adequate supervision or review of the work performed by the city clerk's office.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible. If a proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the reconciliations of receipts to deposits, bank statements and bank reconciliations.

The city's independent auditors also reported the city needed "to improve the segregation of responsibilities for asset custody and related record keeping" in their Report to Management for the year ended June 30, 2004.

- D. The city does not issue prenumbered receipt slips or maintain a list/log of all monies received. The city clerk's office issued receipt slips until the practice was stopped in July 2005.

Most monies received are separated for deposit by type of receipt, such as tax receipts, permits and licenses, franchise fees, and police reports and a deposit slip is prepared for each type of receipt. The deposit slip is used to record receipts in the accounting records. Listings are also maintained for various permits issued such as building, plumbing/sewer, etc. However, the listings are not reconciled to deposits. Although the individual payee and amount are recorded on the deposit slips for each check received, all cash received is recorded as one amount (not specifically identified). It appears the deposit slips lack sufficient detail needed to ensure all receipts are properly identified and classified in the accounting records.

To account for all receipts and to ensure all receipts are deposited, prenumbered receipt slips should be issued for all monies received, reconciled to the composition of monies deposited, and the numerical sequence of receipt slips should be accounted for properly.

- E. Receipts were not always deposited on a timely basis. For example, there were no deposits of property taxes collected from December 15, 2004 to January 10, 2005, when four deposits totaling more than \$100,000 were made. The dates received stamped on the paid tax statements ranged from December 14 to December 31. Also, during a cash count on August 17, 2005, the city had over \$4,100 in various permits, fees, and investment interest that had been collected since August 10, 2005.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all receipts should be deposited intact daily or when accumulated receipts exceed \$100.

- F. The petty cash fund is not operated on an imprest basis and a ledger is not maintained to support the receipts and disbursements of petty cash. Also, the fund is not reviewed by a person independent of the accounting process. Although the balance of the fund is established at \$200, our cash count on August 17, 2005 revealed a total of \$237, consisting of cash and invoices. For the year ended June 30, 2005, petty cash was reimbursed approximately \$300 from the General Fund.

The petty cash fund should be operated on an imprest basis, meaning that cash and the invoices should always total the established balance, and checks issued to replenish the fund should equal the amount of invoices. In addition, the city should maintain a petty cash ledger documenting receipts, disbursements, and the balance of the petty cash fund. Periodically, the fund should be counted and reconciled to the imprest balance by an independent person to ensure the funds are being accounted for properly, to detect errors, and to prevent these monies from being misused.

- G. At June 30, 2005, the balance of the escrow accounts totaled almost \$24,000; however, the city cannot readily identify who has made deposits to escrow or if

any monies should be refunded. The city does not maintain an account ledger for its two escrow accounts, erosion and road and street. In addition, the city does not have procedures in place to ensure that adequate follow up steps are taken on the projects in a timely manner.

City ordinances allow applicants to post deposits in lieu of surety bonds for performance and maintenance bonds for projects dealing with excavation within the city-owned right-of-way, public improvements, and erosion control. Some of these monies are to be held by the city until the related project is completed satisfactorily and others are to be held for a specific period after the project is completed whereupon the city would refund the monies.

Recording all deposits and disbursements is necessary to ensure all funds held in escrow are accounted for properly. A correctly maintained escrow account ledger is crucial in the process of identifying liabilities of the city and to aid in the timely follow-up on the status of the escrow monies.

- H. The city needs to consolidate its bank accounts and ensure all funds are in interest-bearing accounts. At June 30, 2005, the city maintained 13 bank accounts and 7 certificates of deposit (CDs). At that date, five of these accounts, totaling almost \$32,000, did not earn interest.

Except for the protested property tax accounts, it appears the bank accounts and CDs could be consolidated to help simplify the city's records and reduce the number of accounts that must be monitored and controlled. A large number of bank accounts requires additional record-keeping and increases the likelihood that errors will occur in the handling of funds. Also, the failure to have funds in interest-bearing accounts results in the loss of revenues.

To maximize interest earnings, all funds should be placed in interest-bearing accounts. Additionally, consolidating accounts would also allow funds to be pooled for increased investment opportunities. At June 30, 2005, the city was earning 1.35 percent on its general operating account and rates ranging from 2.28 to 3.5 percent on CDs.

WE RECOMMEND the Board of Aldermen:

- A. Develop a policies and procedures manual for the accounting system.
- B. Evaluate the duties of the City Treasurer and City Collector to ensure the duties are necessary, comply with state law, and provide for an adequate segregation of record-keeping duties for the city.
- C. Segregate the duties of the city clerk's office to the extent possible. If proper segregation of duties cannot be achieved, at a minimum, procedures for an

adequate independent review of the record-keeping functions should be established.

- D. Require prenumbered receipt slips be issued for all monies received, reconcile the composition of monies collected to receipt slips and bank deposits, and ensure the numerical sequence of receipt slips issued is accounted for properly.
- E. Ensure all receipts are deposited intact daily or when accumulated receipts exceed \$100.
- F. Maintain the petty cash fund on an imprest basis and ensure the fund is periodically counted and reconciled to the imprest balance by an independent person. A log of petty cash fund transactions should be maintained to properly document the financial activity of the fund.
- G. Maintain an escrow account ledger which documents all escrow deposits and disbursements. The city should also establish procedures to ensure projects are followed up in a timely manner to determine if and/or when refunds should be made.
- H. Consider consolidating the city's bank accounts and CDs and maintain all funds to the extent possible in interest-bearing accounts.

AUDITEE'S RESPONSE

- A. We agree.

The City is well aware of the need for a policies and procedural manual for the accounting system. However, a new accounting system was purchased in the Fall of 2004 and not installed until October 2005. It seemed an unwise use of time to write a manual for the old system when the city was changing to a new one a short time later. Once forwarded balances are proved and the 6-month financials are published, work can resume using the new system for support documentation.

- B. We partially agree.

Neither the City Treasurer nor the City Collector's job was designed nor compensated as a full time position for the City. We do not require either to be here during normal business hours. Therefore, the depositing of actual money is not a realistic function for either of these two positions. We have redefined the Collector's job description to include a review of all deposits made including the tracking of ambulance revenue. This will be accomplished by June 30, 2006. The Treasurer will begin to balance all bank accounts by this date as well.

- C. We partially agree.

With a limited staff the segregation suggested by the auditors is impossible and impractical. However, as stated to the auditors, the Mayor prior to signing checks for any payable run, reviews payables on a random basis. This requires the clerk to pull documentation as support. A check for possible duplicate payments is also made. The Board receives copies of all bills over \$1,000 but all bills are available for their inspection before being approved for payment. Further procedures for review will be incorporated into the accounting procedures manual.

D. *We disagree.*

The City utilizes a computerized accounting system. Any attempts to add manual checks and balances to monies being received will not be considered. However, the City will investigate a computerized module that might perform this function.

E. *We disagree.*

With the change of personnel in the City Clerk's office, deposits are made within 72 hours of receipt. Larger deposits are made more frequently. Until the money is deposited it remains in a locked safe area. The City has established a lock box system for tax receipts so that most of the tax receipts go directly to the bank for same day deposit.

F. *We agree.*

The Petty Cash is maintained with a balance of \$200. A distribution log is attached to each reimbursement check. Cash payments from Petty Cash are \$25 or less.

G. *We agree.*

Former City Clerks did not maintain the Escrow Fund. Deposits are being identified and disbursed where necessary.

H. *We partially disagree.*

The Board and Treasurer act in a fiscally responsible manner and obtain the highest rate available for City funds. Restricted funds cannot be co-mingled. Nor can Court funds be co-mingled with regular City funds. The auditors have erroneously stated that the City's general operating accounting is not interest bearing. It is and has been for many years. The payroll account is an overnight transfer from the general account to cover payroll expenses. The money is typically disbursed from the payroll account within a week or less. The other three small accounts will be changed to interest bearing.

AUDITOR'S COMMENT

H. The five bank accounts included the sweep, payroll, DUI/DWI recoupment, erosion control, and judicial education accounts, and not the city's general operating account.

Significant weaknesses were identified in the city's budgeting, financial reporting, and planning. The fiscal year 2005 budget did not include all information required by state law, actual expenditures exceeded the budget for some funds, budget amendments were not prepared timely, and the budget to actual reports were not complete and were not always reviewed by the entire board. In addition, there were unexplained differences in some fund balances on published financial statements and financial reports were not submitted on a timely basis in accordance with state law. Finally, the city needs to prepare an annual maintenance plan for city streets.

- A. The budget prepared for the year ended June 30, 2005 did not include a budget message, information regarding the city's debt, or actual revenues and expenditures for the two preceding budget years. The budget included actual amounts for the year ended June 30, 2003, but apparently included budgeted amounts for the year ended June 30, 2004. (The city could not identify from where the information was obtained.) Additionally, the beginning balances of the various funds did not always agree to the city's cash records and the budget's detail receipt and disbursement amounts did not always reconcile to the summary amounts. Finally, the budget was not approved by the board until February 7, 2005.

Section 67.010, RSMo, requires the preparation of an annual budget with specific information. Section 67.030, RSMo, provides that the board adopt and approve the budget prior to the beginning of the applicable fiscal year.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific costs and revenue expectations for each area of city operations. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures. A complete budget should include separate revenue and expenditure estimations by fund, and include the beginning available resources and a reasonable estimate of the ending available resources. The budget should also include a budget message and comparisons of actual revenues and expenditures for the two preceding years. Additionally, the beginning cash balances of the funds should agree to the accounting records and summary totals should accurately reflect the detail amounts.

- B. For the year ended June 30, 2005, the city's actual expenditures exceeded the original and/or amended budgeted amounts for the General, Sewer, and Storm Water funds. Additionally, the board waited until the end of the fiscal year to prepare budget amendments. However, even with amendments to both increase or decrease budget amounts, expenditures exceeded the amended budgets for some funds as follows:

	Original Budgeted <u>Expenditures</u>	Amended Budgeted <u>Expenditures</u>	Actual <u>Expenditures</u>	(Over) <u>Budget</u>
General	\$ 1,213,128	1,128,656	1,273,563	(144,907)
Sewer	383,025	311,566	313,930	(2,364)
Storm Water	697,014	30,732	33,992	(3,260)

The budget process provides a means to allocate financial resources in advance and to monitor revenues and expenditures throughout the year. Failure to adhere to the expenditure limits imposed by the budgets weakens the effectiveness of the process. Section 67.040, RSMo, requires political subdivisions to keep expenditures within amounts budgeted and allows for budget increases, but only after the governing body officially adopts a resolution setting forth the facts and reasons. In addition, Section 67.080, RSMo, provides that no expenditure of public monies shall be made unless it is authorized in the budget. The city should formally amend the budget before the related expenditures are incurred.

The city's independent auditors also reported that actual expenditures exceeded budgeted amounts in some funds in their audit report for the year ended June 30, 2004.

- C. The monthly variance (budget to actual) report is provided to the Finance Committee, which is comprised of board members; however, there was no documentation that the budget to actual report was always reviewed and discussed by the entire board. Also, the report was incomplete as it did not include the balance of various funds.

To help ensure the city's budget and financial condition is adequately monitored, complete budget to actual reports need to be prepared and be reviewed by the entire board. An adequate budget to actual report, including the balance of the various funds, would help ensure budgets are not overspent and funds are available for expenditures.

- D. There were significant differences between the ending fund balances on the semiannual published financial statement for the period January 1, 2004 to June 30, 2004 and the beginning fund balance as of July 1, 2004 on the next semiannual published financial statement, as follows:

	June 30, 2004 <u>Ending Balance</u>	July 1, 2004 <u>Beginning Balance</u>
General Fund	\$ 469,255	671,315
Storm Water Fund	131,481	79,421

According to the City Treasurer, the differences were caused when a CD was not properly reported in the General Fund and a Storm Water Fund expenditure was improperly reported in the General Fund. Apparently, these errors originally went undetected and were later corrected without any documentation supporting the changes.

Complete, accurate, and detailed financial statements are necessary to keep the citizens informed of the financial activity and condition of the city.

- E. The city does not submit an annual financial report to the State Auditor's office on a timely basis. In addition, the city is not obtaining timely audits of city funds. The city filed audited financial statements for the year ended June 30, 2003 on September 1, 2004 and submitted the audited financial statements for the year ended June 30, 2004 in December 2005. City personnel indicated they did not know when the audit for the year ended June 30, 2005 would start.

Section 105.145, RSMo, requires the city to file an annual report of the financial transactions of the political subdivision with the State Auditor's Office. An unaudited report is due within four months after the end of city's fiscal year, while audited financial statements are due within six months after the end of the city's fiscal year. The city needs to obtain timely audits of city funds to better enable the city to ascertain the financial condition of the city and to ensure the propriety and accuracy of financial transactions.

- F. The city does not prepare an annual maintenance plan for city streets. During the year ended June 30, 2005, the Street Fund expenditures totaled over \$187,000.

A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. A plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

WE RECOMMEND the Board of Aldermen:

- A. Prepare budgets which contain all information as required by state law. Also, the budgets should be adopted before the beginning of the city's applicable fiscal year. Additionally, the beginning cash balances of the funds should agree to the

accounting records and summary totals should accurately reflect the detail amounts.

- B. Ensure actual expenditures do not exceed budgeted amounts. In addition, budget amendments should be made prior to incurring the actual expenditures.
- C. Ensure complete and accurate monthly budget to actual reports are prepared and are reviewed by the board.
- D. Ensure the ending fund balances on the published financial statement are properly carried forward to the next published statement. Any necessary adjustments should be documented on the statements.
- E. Submit annual reports of financial transactions to the State Auditor's Office on a timely basis as required by law. In addition, the city should obtain timely audits of city funds.
- F. Prepare an annual street maintenance plan as part of the budget, and periodically update the plan throughout the year as needed.

AUDITEE'S RESPONSE

A-E. We agree.

Budgeting has been a problem for the city as its budget grew. A large part of the accounting/budgeting shortfalls lies with the accounting system being used. The city used QuickBooks until October 2005. It outgrew the capabilities of this system three years prior. QuickBooks never had a budget vs. actual feature so therefore any attempts at amendments happened after the fact when expenses were actually accounted for.

Instead the Board adopted a procedure to identify "out of budget" expenditures in an effort to highlight these amounts for consideration in future budgeting exercises.

Because these funds were approved by motion, the Board made every effort available to them to flag these expenditures rather than hide the expenditure of these funds. The current fund based accounting system should rectify most of the budgeting shortfalls. Beginning with new fiscal year 2006-2007 the Board will have system generated budget documents to review monthly. This will ensure that actual expenditures do not exceed budgeted amounts and will allow for information to be viewed in a timely manner so that budget amendments can be made proactively.

Personnel changes in the City Clerk's office and the mistakes made therewith made audit activities an expense that the City felt that they had to manage judiciously. Therefore, catch up audits were not authorized because the City was paying the city auditors an enormous amount of money to make adjusting entries as part of the audit. The current Board feels that they have personnel in place in the clerk's office that can do the

accounting and have included in the 2005-2006-budget document an auditing fee that will bring the City up to date. City auditors have been on City property doing prep work for this audit as of April 2006. Fund balances will be reviewed by the City auditors as part of this audit activity and discussed with the treasurer to ensure that correct amounts are carried forward on the next published financial statement. Discrepancies will be footnoted.

F. We agree.

The City has a new Public Works Director who understands the need and importance of pre-planning and he presented a five-year street maintenance plan that was adopted in March 2006. A copy of the plan is available at City Hall for public inspection during normal working hours.

3. Fire Department

There are numerous weaknesses in the fire department's internal controls. Billing and collection policies and procedures for ambulance services need improvement and the fees for the ambulance service need to be based on actual costs. In addition, the fireman's time records did not always appear to be complete and accurate, the Fire Chief's compensation was not set by ordinance, and the number of hours the Fire Chief is expected to work has not been established. Finally, the city is not properly accounting for the payments to the volunteer firemen.

The city's fire department handles calls for both fire and ambulance services. For the year ended June 30, 2005, the city collected approximately \$65,000 and \$62,000 for ambulance services provided by the department and fire department sales tax, respectively. The fire department does not collect fees for fire services. The city has decided to use the sales tax revenues for fire department equipment. All other expenditures for the fire department, such as salaries and fringe benefits, volunteer expense, supplies, and training are paid through the General Fund. These expenditures totaled over \$300,000 for the year ended June 30, 2005, with the majority of the expenditures related to personnel costs.

A. The city needs to improve its records and procedures related to the billing and collection of fees for ambulance services.

The city contracts with an agency for the billing and collection of ambulance fees. The agency files insurance claims for insured people with private insurance, Medicaid and Medicare or bills patients for amounts not covered by insurance. During the spring 2005, the city changed its billing/collection agency. The new agency receives seven percent of collections for current accounts and ten percent for delinquent accounts. The former agency received eight percent of collections.

For each applicable ambulance run, the Fire Chief prepares a billing sheet which is sent to the billing/collection agency who uses this information for filing and billing insurance claims. Payments are sent to the city clerk's office and copies of the checks along with any "explanation of benefits" are forwarded to the Fire Chief. The Fire Chief then sends the billing/collection agency relevant payment information for the agency's records.

1. The city does not maintain an accounts receivable ledger for ambulance services and is not informed when billing information is sent to the billing/collection agency. In addition, the billing and payment records maintained by the Fire Chief are not complete or accurate. As a result, the amount of fees billed and paid and the accounts receivable balance cannot be readily determined.

The Fire Chief maintains a computerized spreadsheet of all fire and ambulance runs with the related fees charged for the ambulance services. However, our review of the spreadsheet in November 2005 revealed that most payments received by the city were not recorded on the spreadsheet. Also, the date the billing information is sent to the agency is not always recorded on the spreadsheet. In addition, some runs made after April 2005 were not recorded on the Fire Chief's list of runs. As a result, the city has little assurance that the proper fees are billed for all runs, payments received are the proper amount, or the spreadsheet's receivable balances are correct and proper.

To facilitate monitoring of amounts due to the city and provide information to the board, an accurate and complete accounts receivable listing should be maintained by the city clerk's office, and accurate and complete detailed records should be maintained by the Fire Chief. A reconciliation of the beginning accounts receivable plus monthly billings, less payments and other adjustments to the ending accounts receivable should be performed. The individual account balances could then be totaled and agreed to the ending accounts receivable balance. This would help to ensure all amounts have been properly recorded to the individual account records and that delinquent balances are accurate.

2. It appears the Fire Chief is not sending the billing information to the city's billing/collection agency in a timely manner.

The new agency was to receive the billing information for runs made after March 2005, while the former agency was to receive billing information for runs through March 2005. According to the new agency's personnel, as of October 2005, they had not received any billing information regarding ambulance runs or payments after August 2005. In addition, when reviewing some explanations of benefits, we noted an instance when an insurance company rejected a claim as the time limit for filing had

expired. The claim was received by the insurance company in June 2005; however, the ambulance services were furnished by the city in February 2004.

The agency needs complete, accurate, and timely information to perform its billing and collection activities. Also, to help ensure ambulance service revenues are maximized, the billing information should be sent out to the billing agency on a timely basis.

3. The city needs to establish formal procedures outlining the criteria or specific procedures to be followed in writing off delinquent accounts deemed as uncollectible. The city's accounts receivable policy considers ambulance fees delinquent if the amounts are not paid within 60 days after the first billing statement and the billing/collection agency is allowed to pursue payment on delinquent amounts for one year. However, the city's policy does not address how delinquent accounts which are deemed as uncollectible should be handled. According to city personnel, delinquent accounts are not written-off.

To ensure delinquent accounts are properly handled, the city should adopt policies for writing off delinquent accounts. Also, a control list of accounts written-off should be maintained, and the board should review and approve the accounts written-off.

The city's independent auditors also recommended the city develop and implement internal control procedures for ambulance billings in their Report to Management for the year ended June 30, 2004.

- B. The Fire Chief indicated the rates for ambulance services are based on the average rates charged by surrounding areas, rather than on the actual cost of those services to the city. There was not documentation regarding how the rates were determined.

The charge for services should be based on the city's actual cost. A written cost analysis and periodic adjustment of rates charged is necessary to ensure all costs to the city are recovered, as appropriate.

- C. The time records maintained for both part-time and volunteer firemen need to be improved. The city clerk's office prepares the payroll checks for the firemen from summary worksheets prepared by the Fire Chief. These worksheets include the total hours worked and/or number of calls and compensation to be paid for each fireman for the applicable pay period. Quarterly, volunteer firemen are paid a certain amount per run and for training and station coverage. Wages for part-time firemen are paid every two weeks. In addition, off duty firemen may be called in and paid for individual runs.

According to the Fire Chief, he uses various time records to prepare the summary worksheets. These records include manual time cards prepared by the part-time firemen, timesheets prepared by either the firemen or Fire Chief from the time cards, and call sheets prepared by volunteers. Daily logs are also prepared which identify firemen on duty, runs made, and volunteers called in. In addition, scheduling calendars (work schedules) are also maintained.

Our review of these time records revealed the following problems:

- Time cards are generally not signed by the firemen and time out was not always record on the cards.
- Timesheets are not always signed by the firemen.
- Time recorded on the time cards did not always agree to the time recorded on the timesheets.
- Volunteers do not always sign the volunteer call sheets.
- An officer in charge did not always sign the volunteer call sheets to verify the activity.
- Timesheets were sometimes prepared when the firemen were not recorded on the daily log as working.
- Daily logs are not signed by the officer in charge.
- Changes were sometimes made to the payroll records without documentation regarding why the changes were made or who made the changes.

Complete and accurate time records are necessary to document hours worked, substantiate payroll expenditures, and provide the board with a method to monitor hours. To adequately account for all payroll expense, the time cards, timesheets, and volunteer call sheets should be signed by all part-time and volunteer firemen and should be reviewed and approved by a supervisor. If changes are made to these time records, the individual making the change and the reason(s) for the change should be documented. In addition, the supervisory review should ensure all payroll records are in agreement.

- D. The board has not adopted an ordinance to set the current compensation of the Fire Chief. In addition, the board has not established the number of hours it expects the Fire Chief to work and does not require him to account for the hours he works. The Fire Chief is employed part-time by the city because he is employed full-time with another municipality.

1. In July 2005, the board approved increasing the Fire Chief's annual salary to \$20,000 from \$14,600; however, the increase was not established by ordinance. Section 79.270, RSMo, requires that the compensation of city officials and employees be set by ordinance.
2. The city has not established the number of hours it expects the Fire Chief to work for the compensation received. Additionally, the Fire Chief's hours were not included on the fire department's payroll sheets submitted to the city clerk's office to support payroll expenditures. It appears the Fire Chief sets the time and dates he works and neither the board nor city clerk's office is aware when he is or is not working.

The board needs to establish the number of hours the Fire Chief is expected to work for the compensation received. Additionally, the board needs to ensure that adequate supporting documentation, such as a timesheet, is provided to support the payroll expenses paid and to monitor the hours worked. Lack of adequate documentation prevents the board from evaluating the appropriateness of the compensation.

- E. The city is not properly accounting for its payments to the volunteer firemen. Volunteer firemen are paid \$7.50 per training meeting and run during their first year of employment and \$10 for meetings and runs for subsequent years.

In June 2005, the city decided the payments made to the volunteer firemen would be considered a reimbursement for expenses incurred. Prior to that time, the payments were treated as wages, with applicable withholdings and taxes.

However, the city does not require the volunteers to account for the reimbursement of expenses. Internal Revenue Service (IRS) regulations require that expenses not accounted for to the employer be considered gross income and subject to applicable withholdings and taxes. The city needs to require the volunteers to account for the payments received or treat the payments as wages, subject to applicable withholdings and taxes.

WE RECOMMEND the Board of Aldermen:

- A.1. Maintain an accounts receivable ledger for ambulance services. Additionally, the detailed accounts receivable records should be complete and accurate and updated in a timely manner. Also, the accounts receivable balance should be periodically reconciled to the detailed records.
2. Ensure billing and payment information is sent to the billing/collection agency in a timely manner.

3. Establish a formal policy for writing off delinquent accounts deemed as uncollectible. A control list of the accounts written-off should be maintained and the board should review and approve any accounts written off.
- B. Base the ambulance rates on actual costs. The rates should be periodically reviewed and adjusted as necessary to reflect current costs.
- C. Require the time cards, time sheets, and volunteer call sheets to be signed by the part-time/volunteer firemen and reviewed and approved by a supervisor. The reason for any change(s) to these time records and the individual making the change(s) should be documented. In addition, the supervisory review should ensure all payroll records are in agreement.
- D.1. Establish the Fire Chief's compensation by ordinance as required by state law.
2. Establish the number of hours the Fire Chief is expected to work and require the hours worked be documented.
- E. Require the volunteer firemen to account for the payments received or treat the payments as wages, subject to applicable withholdings and taxes.

AUDITEE'S RESPONSE

A.1. *We agree.*

The City has purchased software that enables it to keep and maintain detailed accounts receivable records.

A.2. *We agree.*

Ambulance billing information is sent via DHL Overnight Service approximately the 15th and 30th of each month. Monthly ambulance runs for the City average 35 per month.

A.3. *We agree.*

A policy has been adopted.

B. *We agree.*

Our ambulance rates were based on actual costs to run the vehicle. At the time of this audit, the City was using an older vehicle that had been donated to them. The costs for service reflected the maintenance costs of the vehicle as well as the normal associated costs.

C. We partially agree.

The procedures for time reporting have been changed citywide. Every employee signs their individual time sheet and the time sheets are reviewed by their supervisor before submission.

In the course of a year, the Fire Chief calculates approximately 2,120 checks either as volunteer runs or hourly pay. He supports his pay schedules with proper documentation.

D.1. We agree.

The Fire Chief's salary has been established by ordinance.

D.2. We disagree.

The Fire Chief does and always has documented his time. His schedule is based on his full time employment. He works at least 20 hours per pay period and often times more than the required 20 hours.

E. We agree.

Volunteer expense reimbursement forms will require documentation from the firefighter before they receive their quarterly checks.

AUDITOR'S COMMENT

D.2. The city has no written agreement regarding the number of hours it expects the Fire Chief to work. The city subsequently provided us with computerized payroll reports for the Fire Chief for the period January 1 through June 17, 2005. These reports showed that he worked a total of 715 hours during that time, an average of almost 60 hours per each two-week pay period.

4. Minutes and Meetings

The city needs to ensure that complete minutes are prepared and maintained for all meetings of the board and city affiliated committees.

A. The board occasionally held closed meetings; however, minutes of these meetings are not adequate. The minutes did not include sufficient detail of matters discussed and action taken. It appears most of the minutes were notes jotted down by a board member. Many minutes were handwritten rather than typed and the minutes were not signed by the preparer.

Section 610.020, RSMo, requires minutes of closed meeting be taken and retained by all governmental bodies and to indicate the date, time, place, members present, members absent, and a record of votes taken.

Minutes of closed meetings constitute the record of proceedings of the board. They help show that the closed discussions or business related to the specific reason announced for closing the meeting pursuant to the Sunshine Law, Chapter 610, RSMo, and document important facts considered in reaching significant decisions regarding city business.

- B. The minutes of city affiliated committees were not always signed or filed with the City Clerk, the official custodian of records.

The City Clerk prepared the meeting notices and agendas for committee meetings. However, all committee minutes were not filed with the City Clerk. Additionally, minutes were not always signed by the preparer and/or chairperson or properly approved.

Complete and accurate minutes provide an official record of committee actions. In addition, Section 610.020, RSMo, requires minutes be taken and include the date, time, place, members present, members absent, and a record of votes taken. Minutes should be approved and signed to provide an independent attestation that the minutes are an accurate record of the matters discussed and actions taken during the meetings.

WE RECOMMEND the Board of Aldermen:

- A. Ensure minutes of closed meetings clearly document all business conducted and are properly signed.
- B. Ensure minutes of meetings of city affiliated committees are complete, properly signed, and copies filed with the City Clerk.

AUDITEE'S RESPONSE

- A. *We partially agree. The city has utilized their closed session meeting minutes in conjunction with the regular meeting minutes. If those two documents are viewed together then there is the required information, minus signatures in some instances, of the meeting minute taker. If the document is meant to be a stand alone, then we are out of compliance. It is not clear to us from reading the cited statute how the document is to be viewed.*

- B. *We agree.*

Actions have been taken to insure that all minutes are in the custody of the City Clerk.

5.**Expenditures**

The city needs to establish a formal bidding policy, ensure expenditures are authorized for payment, and properly account for cash advances. In addition, the city spent public funds on a holiday party.

- A. The city does not have a formal bidding policy. According to city personnel, the informal bid policy is to obtain three bids for purchases over \$500. However, we noted many instances where the informal policy was not followed. As a result, it appears the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis.

Although the city did solicit bids for some purchases, bids were either not solicited or bid documentation was not retained for \$10,000 for sewer maintenance, \$5,401 for a riding lawn mower, \$4,400 for two computers, and \$6,348 for ambulance repairs. In addition, proposals for professional services were not obtained for \$10,560 for computer network system administration services, \$6,050 for ambulance billing/collecting services, and \$3,210 for auditing and accounting services.

Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with lowest and best bidders. Also, soliciting proposals for professional services provide a range of possible choices and allows the city to make a better-informed decision to ensure necessary services are obtained from the best qualified vendor at the lowest and best cost. Not only can bids/proposals be handled by telephone quotations but bids/proposals can also be obtained by written quotation, by sealed bid, or by advertised sealed bids. Various approaches are appropriate based on the dollar amount and type of purchases. Whichever approach is used, complete documentation should be maintained of all bids/proposals received and reasons noted why the bid/proposal was selected.

- B. For expenditures tested, supporting documentation, such as invoices, was not always initialed and dated to indicate receipt of goods/services and authorization for payment. In addition, some invoices did not provide sufficient information regarding the services provided. While the city indicated that each department head was to initial and date invoices to indicate their review and approval, this policy was not always followed.

For example, invoices were not initialed and dated for some audit and accounting services, computer administration services, and the purchase of a lawn mower and backhoe. The invoices for the computer administration services did not indicate the number of hours worked each month or the type of services provided.

The supporting documentation for expenditures should be initialed and dated to indicate receipt of goods/services and authorization for payment. This is necessary to ensure the obligations were actually incurred and the expenditure represents the proper uses of public funds. Invoices should be reviewed to ensure there is sufficient detail to evaluate the appropriateness of the services being billed.

- C. The city does not require its employees to account for cash advances and return any unused funds. In addition, the city does not report the advances on the employee's W-2. The city allows its employees to request cash advances for travel expenses. For example, in February 2005, the city advanced four firemen \$80 each for food for a two day out-of-town training conference, with no follow up documentation.

The advance is not to exceed an amount equal to the number of scheduled conference days times the daily \$40 maximum meal allowance and other travel expenses. Although city policy requires employees to submit a travel expense report to their department head within seven working days upon returning from the travel, city personnel indicated that policy is not followed. In addition, Section 105.272.3, RSMo, provides that cash advances and any balance of the advance not used be submitted to the city within ten days after the expense was incurred.

Also, IRS regulations provide that if employee business expenses are not substantiated or the amounts in excess of expenses are not returned within a reasonable period of time, the amount paid is treated as paid under a nonaccountable plan and is subject to applicable withholdings and taxes.

- D. In December 2004, the city spent almost \$1,500 on a holiday party for city employees and their families. Spending public funds on a holiday party does not appear to be a prudent, reasonable, or necessary use of public funds.

The city's residents have placed a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner. The board should evaluate the propriety of spending public funds on this type of expenditure.

WE RECOMMEND the Board of Aldermen:

- A. Establish formal bidding policies and procedures, with provisions for documentation of the justification for selecting and rejecting bids or proposals.
- B. Ensure the supporting documentation for all expenditures are reviewed and authorized by appropriate personnel prior to payment. Invoices should include sufficient detail to evaluate the appropriateness of the services being billed.

- C. Establish procedures to ensure cash advances are properly accounted for and reported to the city. Otherwise, the cash advance should be reported on the employee's W-2 and subject to applicable withholdings and taxes.
- D. Ensure all disbursements of city monies are a necessary and prudent use of public funds. The board should refrain from expending city monies in a manner that primarily benefits individuals.

AUDITEE'S RESPONSE

- A. *We agree.*

An ordinance has been adopted establishing a formal bidding policy for the City.

- B. *We disagree.*

The appropriate department head reviews each of their invoices. After review, they initial the invoice and indicate which account they want the bill charged to.

- C. *We agree.*

A per diem policy was adopted in September 2005. In accordance with the policy, cash advances are made to an employee with the understanding that if they don't use all the money they are to return it to the City. The employees are instructed to turn in their receipts upon return to work. If receipts and/or money are not received in a timely manner (10 days) then the money is treated as income on the employee's W-2.

- D. *We disagree.*

A holiday employee recognition event is very much in order. There is no statute that prohibits a municipality from doing so. This is a once a year event and includes not only employees but also all members of the various commissions and boards who serve the City without pay.

6. Personnel Policies, Procedures, and Records

The city needs to ensure board members receive compensation as established by ordinance and the City Clerk's term of office and compensation is established in accordance with state law. Also, wage expense allocated to various city funds is not supported by adequate documentation and complete personnel files are not maintained for each employee.

- A. During the year ended June 30, 2005, one board member elected not to receive compensation totaling \$1,200. Board members receive \$100 per month, as established by ordinance.

In Reed v. Jackson County, 142 SW2d 862, 865 (Mo 1940), the Missouri Supreme Court ruled, "To permit public officers elected or appointed to receive by agreement or otherwise, a less compensation for their services than fixed by law, would be contrary to public policy of the state."

- B. The city appears to have circumvented the intent of state law when establishing the term of office and compensation of the City Clerk.

It appears the city re-defined the term of office and salary during the time for which a City Clerk was appointed. The term of office for the City Clerk was for two years through October 2006. In June 2005, the city hired a new City Clerk for a six-month probationary period, effective July 11, 2005, at a higher salary and also approved, that after a successful review, the term of office would be one year, with a \$1,000 raise. Ordinances were passed on July 13, 2005 to establish the six month term of office and compensation. Also, a new ordinance was passed on January 3, 2006 to establish the one year term and new compensation.

Section 79.320, RSMo, requires the City Clerk's duties and term of office be established by ordinance. Section 79.270, RSMo, provides that city officials and employee salaries be set by ordinance and also provides that "...the salary of an officer shall not be changed during the time for which he was elected or appointed." Thus, the term of office is significant in determining when pay increases are allowable under state law. The city needs to ensure a new clerk is not hired before they change the term of office by ordinance and that the salary is not changed during a term.

- C. The method of allocating the public work employees' wage expense to the city's funds is not supported by documentation. Although the public work employees prepare time cards, the time cards show no detail.

During the year ended June 30, 2005, the public work employees' wages were paid by the Road and Street Fund for 9 months of the year, from the Sewer Fund for 2 and one-half months, and from the General Fund for the remaining half month. The city has no documentation to support how this allocation was determined.

The funds of the city are established as separate accounting entities to account for specific activities of the city. Reflecting expenses in the proper fund is necessary to accurately determine the results of operations and/or specific activities; thus, enabling the city to establish the level of taxation and/or user fees necessary to meet operating costs.

- D. Complete personnel files are not maintained by the city for each employee. Employee withholding forms (W-4s) were not on file for some employees and documentation of the approved employees' salaries and any adjustments (e.g. starting salary, raises) is not in the individual personnel files. The current City

Clerk has started to maintain a record of the changes in wage rates which occurred after she took office. Currently, the city's salary step plans are approved by ordinance and raises are approved in board meetings.

The IRS requires employers to ensure a Form W-4 is completed by each employee to support withholdings and taxes. In addition, personnel files should be maintained for each employee to provide documentation of personnel actions to provide readily accessible work histories. The personnel files should contain documentation of the board's authorization for the hiring of that employee, the pay rate at which the employee was hired, and any subsequent changes in pay rate.

WE RECOMMEND the Board of Aldermen:

- A. Ensure city officials are paid at established rates. Further, the board member should be paid \$1,200 for fiscal year 2005 and \$100 per month for applicable subsequent months.
- B. Ensure the City Clerk's term of office and compensation is established in accordance with state law.
- C. Ensure the public work employees' wages are properly allocated to the various funds and are supported by adequate documentation.
- D. Ensure all individuals receiving wages from the city have a properly completed W-4 on file. Additionally, complete personnel files should be maintained for all city employees which include authorization for the employee's hiring, the initial pay rate and any subsequent increases, and any other personnel actions.

AUDITEE'S RESPONSE

- A. *We agree.*

The Board of Aldermen is taking this issue under advisement.

- B. *We agree.*

The current City Clerk was not hired to complete an unexpired term. The term of employment began July 2005 with a specified salary for six months. At the end of that time, a new appointment was made for one year with a specified salary and will expire January 2007. The Board of Aldermen repealed the two-year term.

- C. *We agree.*

Since August 2005, all wages paid to Public Works personnel has been charged to the Public Works Department. At the end of the fiscal year, the appropriate wages will be

charged to the proper area. Again, with the change in personnel, the Public Works Director maintains supporting documentation for distribution of charges.

D. *We agree.*

The City Clerk now maintains the original personnel file on each City employee. That files includes a current W-4 both federal and state, release for and background check information, application for employment, benefits information, commendations, training, employee evaluations and employee actions.

Additionally, the City is now using a set of standardized employee forms for new hires, time sheets, leave requests and termination and/or exit interviews. The employee files also contain a spreadsheet with pay increase and promotion information on them.

7. Capital Assets

The city needs to improve internal controls over its capital assets. Complete and detailed records are not maintained, annual physical inventories are not performed, and property dispositions are not properly accounted for and handled.

A. The city does not maintain complete and detailed records for its capital assets, including land, building, equipment and furniture. In addition, property is not tagged for specific identification and an annual physical inventory of the property is not performed.

The capital asset records consisted of various listings, such as a list of computers and a list of equipment for various city departments used for insurance purposes. These lists did not include any city owned land and buildings. In addition, the cost of many items was not recorded.

Property records for capital assets are necessary to ensure accountability for all items purchased and owned and for determining the proper amounts of insurance coverage. The city needs to maintain property records on a perpetual basis, accounting for property acquisitions and dispositions as they occur. The records should include a detailed description of the assets including the name, make and model numbers, asset identification numbers, the physical location of the assets, and the date and method of disposition of the assets. All property items should be identified with a tag or other similar device, and the city should conduct annual physical inventories and compare to the detailed records. All property items should be recorded at historical cost or estimated historical cost, if actual cost is not available.

The city's independent auditors also reported this condition in their Report to Management for the year ended June 30, 2004.

- B. The city needs to develop policies and procedures to ensure property dispositions are properly accounted for and handled.

The city does not maintain records related to the disposition of capital asset items. In addition, without obtaining bids, the board approved selling a mower to the Fire Chief for \$1,500. The city's records showed an estimated value of \$2,000 for this mower.

The city needs to establish formal procedures in this area to ensure the disposition of city capital assets is properly handled, approved, and recorded in the capital asset records. These procedures should ensure the method of disposition (e.g., bids, public sale, etc.) allows for participation by the public and provides the best price for the city. Additionally, city property should not be sold directly to an employee.

WE RECOMMEND the Board of Aldermen:

- A. Maintain complete and detailed capital asset records that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition. These records should be updated for any property additions or dispositions as they occur, and all items should be tagged or otherwise identified as city property. Additionally, annual physical inventories should be performed and compared to the detailed records.
- B. Establish formal policies and procedures for the proper accounting and handling of capital asset dispositions. Complete records should be maintained to support all dispositions and such transactions should be recorded in the detailed capital asset records. Also, city property should not be sold directly to an employee.

AUDITEE'S RESPONSE

- A. *We partially agree.*

Assets for the City have been tagged and identified. The accounting software utilized by the City makes it possible to maintain a current inventory. The auditors suggest annual physical inventories but the City takes semi-annual inventories for insurance purposes. No property is disposed of without the consent and knowledge of the City Clerk who records the disposal of property.

The auditors made note that inventories did not include land, buildings and infrastructure. They did not note that they were consulted about the correct manner in which to cost and depreciate the roads, streets and infrastructure. We were informed several weeks after asking for assistance that they could not find anyone able to render advice in this area.

B. We agree.

A formal bidding policy has been adopted. Sealed bids will be requested on the disposal of all capital assets and the asset will be sold to the highest bidder. The auditors agreed that employees would be allowed to participate under these standards.

AUDITOR'S COMMENT

A. Generally accepted accounting principles for state and local governments allow the city some options on how to present infrastructure assets in the financial statements. The city should review authoritative guidelines and discuss various options with its independent auditors.

8. Municipal Court Division

The municipal court division does not adequately segregate duties, deposit timely, and account for liabilities. In addition, the police department needs to account for bonds issued. For the year ended June 30, 2005, the court collected approximately \$181,000 in fines and costs.

A. The duties of receiving, recording, depositing, and reconciling court receipts are not adequately segregated. The two part-time court clerks work alternate days and perform these duties. Neither the Municipal Judge nor other personnel independent of the cash custody and record-keeping functions provide any supervision or review of the work performed by the court clerks.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurances that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing court monies from that of recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the reconciliations of the composition of receipt slips issued to amounts deposited.

B. Monies collected by the municipal division are not deposited on a timely basis. Deposits are generally made twice a month, after court. For example, a cash count conducted on August 17, 2005 showed the court had on hand monies totaling over \$5,100, comprising of receipts collected from August 9 to 15, 2005, including over \$1,000 in cash held for 5 days.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100.

C. The monthly listing of open items (liabilities) prepared by the court clerk is not reconciled to the bond bank account balance, maintained by the city clerk's office.

As of June 30, 2005, the open items listing, totaling \$21,539, was approximately \$2,200 less than the bond bank account balance. It appears that some of the excess funds in the bank account is interest earned.

The city clerk's office prepares monthly bank reconciliations for the bond account; however, copies of the bank reconciliations and statements are not given to the court clerk. Monthly reconciliations of open items to the reconciled bank balance are necessary to ensure proper accountability over open cases and to ensure monies held in trust by the city are sufficient to meet liabilities. The court clerk needs to perform this reconciliation and monitor the unreconciled differences from month to month. Any discrepancies or fluctuations should be promptly investigated. The city clerk's office should give the court clerk a copy of the bond account bank reconciliations and statements.

In addition, an attempt should be made to determine the proper disposition of these excess monies. For those monies which remain unclaimed, Section 447.595, RSMo, requires funds remaining unclaimed for one year after disposition of the case to be turned over to the state's Unclaimed Property Section.

- D. Although bond forms are prenumbered, neither the police department nor the municipal division account for the numerical sequence of bonds forms issued. Also, the police department does not maintain a log of the bonds collected. The police department accepts cash for the payment of bonds for the municipal division and other entities.

To adequately account for bond monies and to ensure all bond monies received are properly transmitted to the municipal division and other entities for processing, all bond forms and bond information should be recorded in a bond log and the numerical sequence of the bond forms should be accounted for properly.

WE RECOMMEND the city of Pleasant Valley Municipal Court Division:

- A. Adequately segregate the duties of receiving, recording, and depositing court monies, to the extent possible. If proper segregation of duties cannot be achieved, at a minimum, procedures for an adequate independent review of the record-keeping functions should be established.
- B. Deposit receipts daily or when accumulated receipts exceed \$100.
- C. Reconcile the monthly open items listing to the bond account bank balance. In addition, the court clerk should attempt to identify to whom the \$2,200 belongs and disburse the funds appropriately. If this cannot be determined, the excess monies should be turned over to the state's Unclaimed Property Section in accordance with state law.

- D. Work with the police department to ensure a bond log is maintained and the numerical sequence of all bond forms issued is accounted for properly.

BOARD OF ALDERMEN'S RESPONSE

- A. *We partially agree.*

The court clerk's office is only open four hours per day with one individual to staff the office. As with other City positions, this too is a part time position. There is an independent review of record keeping during the City's annual financial audit.

- B. *We partially agree.*

With limited personnel, funds are deposited every other day and always the day following court. Until funds are deposited they are kept in the locked safe area.

- C. *We agree.*

Records relating to these funds are in storage and have been ordered. Once they are available the city will make every effort to determine who the funds belong to and will disburse them accordingly.

- D. *We partially agree.*

The Police Department will make every effort to ensure that the sequentially numbered forms are accounted for. Once again, the auditors have overlooked the fact that the city is making every effort to become totally computerized. Their suggestion that hand written logs be maintained is a poor use of time and effort for the department.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF PLEASANT VALLEY, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Pleasant Valley is located in Clay County. The city was incorporated in 1962 and is currently a fourth class city. The population of the city in 2000 was 3,321.

The city government consists of a mayor and eight-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other officials during the year ended June 30, 2005, are identified below. The Mayor was paid \$300 per month and Board members were each paid \$100 per month. The compensation of these officials is established by ordinance.

<u>Mayor and Board of Aldermen</u>	<u>Dates of Service During the Year Ended June 30, 2005</u>	
Rene Flippin, Mayor	July 2004 – June 2005	
Robert Wheeler (1)	July 2004 – June 2005	
Ruth Mesimer	July 2004 – June 2005	
Dana Dollins	July 2004 – June 2005	
Dana Kolka	April 2005 - June 2005	
Dennis Todd	July 2004 – April 2005	
Deanna Hanson	July 2004 – June 2005	
Nolan King	April 2005 - June 2005	
Mike Donnini	July 2004 – April 2005	
James Smith	April 2005 – June 2005	
Jenna Wilkinson (2)	July 2004	
Laura Jackson (3)	April 2005 – June 2005	
Jim Sandridge	July 2004 – April 2005	
<u>Other Elected Officials</u>	<u>Dates of Service During the Year Ended June 30, 2005</u>	<u>Compensation Paid for the Year Ended June 30, 2005</u>
Rosalee Linhart, City Collector (4)	July 2004 – June 2005	\$ 3,600

Other Principal Officials	Dates of Service During the Year Ended June 30, 2005	Compensation Paid for the Year Ended June 30, 2005
Debbra Stanley, City Clerk (5)	October 2004 – June 2005	\$ 23,313
Julia Mast, Treasurer	July 2004 – June 2005	3,600
Robert Boydston, Police Chief	May 2005 – June 2005	4,942
Don Mansell, Police Chief (6)	July 2004	7,967
Robert Stinson, Fire Chief	July 2004 – June 2005	14,330
James Huey, Public Works Director (7)	July 2004 – April 2005	50,473
Edward Coulson, Municipal Judge	July 2004 – June 2005	10,000
Steven Salmon, Prosecuting Attorney	July 2004 – June 2005	12,000

- (1) Mr. Wheeler elected not to receive compensation.
- (2) Ms. Wilkinson resigned July 2004. This position was not filled until the election in April 2005.
- (3) Ms. Jackson resigned in August 2005. Dixie Hermanson was appointed to fill this position in September 2005.
- (4) Ms. Linhart resigned in December 2005. Geraldine Danielson was appointed to replace her in January 2006.
- (5) Ms. Stanley resigned in June 2005 and was replaced by Kathy Irvine in July 2005.
- (6) Mr. Mansell resigned July 2004. His compensation included payment for accrued leave.
- (7) Mr. Huey resigned April 2005 and was replaced by Robert Johnson in August 2005. His compensation included payment for accrued leave.

In addition to the officials identified above, the city employed 16 full-time employees and 40 part-time employees on June 30, 2005.

Assessed valuations and tax rates for 2004 were as follows:

ASSESSED VALUATIONS	2004
Real estate	\$ 28,057,240
Personal property	7,738,726
Railroad and utility	929,015
Total	<u>\$ 36,724,981</u>

TAX RATES PER \$100 ASSESSED VALUATION

	2004 Rate
General Fund	\$ 0.6443

TAX RATES PER \$1 OF RETAIL SALES

	Rate
General	\$ 0.0100
General	0.0100
Transportation	0.0025
Capital improvement	0.0050
Fire department	0.0025
Storm water	0.0050

The storm water sales tax will expire in 2008.

A summary of the city's financial activity for the year ended June 30, 2005, is presented on the following pages. Since the city did not prepare detailed financial statements for the year ended June 30, 2005, this financial activity was prepared from the City Treasurer's financial statements' work sheets. Certain receipt and disbursement categories from the work sheets were combined and presented in the financial activity summary.

	General Fund	Road and Street Fund	Sewer Fund	Capital Improvements Fund	Storm Water Fund	Parks Fund	Fire Department Sales Tax Account (1)	Total
RECEIPTS								
Property taxes	\$ 274,124	0	0	0	0	0	0	274,124
Sales tax	388,139	62,161	0	124,321	124,315	0	62,128	761,064
Motor fuel and vehicle taxes	0	138,498	0	0	0	0	0	138,498
Utility franchise taxes	147,831	0	0	0	0	0	0	147,831
Licenses and permits	78,898	0	0	0	0	0	0	78,898
Interest	16,600	2,835	449	0	0	35	0	19,919
Sewer collections	0	0	335,253	0	0	0	0	335,253
Ambulance services	65,169	0	0	0	0	0	0	65,169
Dispatching	15,625	0	0	0	0	0	0	15,625
Fines and court costs	180,889	0	0	0	0	0	0	180,889
Bonds	47,856	0	0	0	0	0	0	47,856
Other	19,155	450	0	0	0	0	0	19,605
Total Receipts	1,234,286	203,944	335,702	124,321	124,315	35	62,128	2,084,731
DISBURSEMENTS								
Salaries and fringe benefits	714,988	64,427	19,185	0	0	0	0	798,600
Volunteer expense	10,686	0	0	0	0	0	0	10,686
Insurance	74,186	11,350	1,895	0	0	28	0	87,459
Computer administration	33,183	0	0	0	0	0	0	33,183
Judge and prosecutor	20,414	0	0	0	0	0	0	20,414
Medical director	2,400	0	0	0	0	0	0	2,400
Street lights	0	27,874	0	0	0	0	0	27,874
Kansas City sewer charges	0	0	263,138	0	0	0	0	263,138
Sewer maintenance	0	0	13,967	0	0	0	0	13,967
Elections	3,040	0	0	0	0	0	0	3,040
Equipment	19,754	63,887	0	0	0	0	0	83,641
Vehicle expense	34,897	3,247	0	0	0	0	6,348	44,492
Uniforms	2,580	1,619	774	0	0	0	0	4,973
Snow and ice	0	5,670	0	0	0	0	0	5,670
Street repair	0	5,456	0	0	0	0	0	5,456
Legal	28,516	0	0	0	0	0	0	28,516
Accounting and audit services	3,635	0	0	0	0	0	0	3,635

	General Fund	Road and Street Fund	Sewer Fund	Capital Improvements Fund	Storm Water Fund	Parks Fund	Fire Department Sales Tax Account (1)	Total
Billing services	6,050	0	12,124	0	0	0	0	18,174
Erosion control	10,950	0	0	0	0	0	0	10,950
Utilities	40,955	402	0	0	0	0	0	41,357
Building maintenance	6,363	1,327	0	0	0	0	0	7,690
Incarceration fees	13,538	0	0	0	0	0	0	13,538
Engineers	5,501	1,009	0	0	27,016	0	0	33,526
Supplies	15,993	83	0	0	0	22	0	16,098
Copiers	6,313	0	0	0	0	0	0	6,313
Printing	3,344	0	0	0	0	0	0	3,344
Refunds	23,329	0	0	0	0	0	0	23,329
Postage	3,826	0	0	0	0	0	0	3,826
Training	10,013	0	0	0	0	0	0	10,013
Grant expense	3,625	0	0	0	4,125	0	0	7,750
Construction	0	0	0	0	2,500	0	0	2,500
City hall annual lease payment	0	0	0	90,766	0	0	0	90,766
Other	54,539	800	2,847	0	351	2	0	58,539
Total Disbursements	1,152,618	187,151	313,930	90,766	33,992	52	6,348	1,784,857
Receipts Over (Under) Disbursements	81,668	16,793	21,772	33,555	90,323	(17)	55,780	299,874
TRANSFERS								
Transfers from:								
General Fund	0	30,000	0	0	84,597	0	0	114,597
Transfers to:								
Road and Street Fund	(30,000)	0	0	0	0	0	0	(30,000)
Storm Water Fund	(84,597)	0	0	0	0	0	0	(84,597)
Total Transfers	(114,597)	30,000	0	0	84,597	0	0	0
Receipts Over (Under) Disbursements and Transfers	(32,929)	46,793	21,772	33,555	174,920	(17)	55,780	299,874
Cash Balance, July 1	608,592	227,497	127,331	40,637	38,784	4,292	62,723	1,109,856
Cash Balance, June 30	\$ 575,663	274,290	149,103	74,192	213,704	4,275	118,503	1,409,730

(1) The overall financial activity of the fire department is accounted for in the General Fund. However, the Fire Department Sales Tax monies are recorded in a separate account within the General Fund and the city has restricted the use of these monies to the purchase of fire department equipment.



Claire McCaskill

Missouri State Auditor

July 2006

Village of Truxton, Missouri

Year Ended April 30, 2005



Office Of
Missouri State Auditor
Claire McCaskill

July 2006

The following findings were included in our audit report on the Village of Truxton, Missouri.

On at least three occasions, the village Board of Trustees approved transactions between the village and a board member or a relative of a board member. The board minutes do not document which trustees voted to approve these transactions. These transactions included awarding mowing bids to the son of the former board chairman in 2003 and 2004, awarding a mowing bid to the husband of a trustee in 2005, and approving a contract with property owners adjacent to the village hall, which included a trustee, to supply water to the village hall. Decisions where potential conflicts of interest exist should be completely documented so that the public has assurance that no village official has benefited improperly.

The village did not consider the unreserved Sewer Fund balance of approximately \$16,000 when approving a sewer rate increase in 2006. In addition, the district has not had an annual audit of the Sewer Fund as required by state law.

For the year ended April 30, 2005, the village's actual expenditures exceeded amounts budgeted for the General Fund and the Sewer Fund by \$12,016 and \$1,813, respectively. Additionally, for the year ended April 30, 2004, the village overspent the General Fund budget by \$2,405.

Budgets have not been approved by the Board of Trustees on a timely basis, and did not include required information. State laws set specific budget format and approval guidelines and also provide that no disbursement of public monies be made unless authorized in the budget.

The village has allowed the balance of the Street Fund to increase, and the village does not prepare annual maintenance plans for village streets or otherwise inform the taxpayers of the village's intended use of the balance of the Street Fund.

The village does not have a formal bidding policy. Bids were not solicited for the village hall mobile home or the village computer. The village has not solicited proposals or entered into written contracts for various contracted services, including legal, accounting, and animal control services. Furthermore, the village did not file Forms 1099 with the Internal Revenue Service for payments made for accounting, legal, mowing, and mobile home moving/hook-up service.

Also included in the report are recommendations related to board meeting minutes, agendas and ordinances, financial reporting, and accounting controls and procedures.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

VILLAGE OF TRUXTON, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Chairman
and
Members of the Board of Trustees
Village of Truxton, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Village of Truxton, Missouri. The scope of our audit of the village included, but was not necessarily limited to, the year ended April 30, 2005. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the village, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the

provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the village's management and was not subjected to the procedures applied in the audit of the village.

The accompanying Management Advisory Report presents our findings arising from our audit of the Village of Truxton, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

March 7, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Robert L. McArthur II

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

VILLAGE OF TRUXTON, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Potential Conflicts of Interest
-----------	----------------------------------------

The following transactions represent the appearance of conflicts of interest where the Board of Trustees approved payments to or contracts with board members or board members' relatives:

- On May 5, 2003 and March 2, 2004, the board awarded bids for mowing the village lagoon lot to the son of the former Chairman of the Board at a cost of \$200 and \$300 per mowing, respectively. There is no documentation as to whether the former Chairman voted to award these bids in either instance, as the minutes do not indicate the specific votes taken.
- On October 10, 2004, a contract was approved by the board between the village and property owners adjacent to the village hall. The contract allowed the village to use the property owners' well to supply water to the village hall for \$15 per month. One of the property owners named in the contract was a board trustee. There is no documentation in the minutes whether this trustee voted to approve the contract or abstained from voting.
- On April 12, 2005, the board awarded a bid for mowing the village community lot to the husband of a board trustee at a cost of \$30 per mowing (total paid was \$180 for calendar year 2005). There is no documentation in the minutes whether this trustee voted to approve the bid or abstained from voting.

Discussions and decisions concerning situations where potential conflicts of interest exist should be completely documented so that the public has assurance that no village official has benefited improperly. In addition, the board should consider establishing a policy which addresses these types of situations and provides a code of conduct for village officials.

WE RECOMMEND the Board of Trustees avoid transactions that represent actual conflicts of interest or the appearance of a conflict of interest. If a relative of a village official is considered for a contractual situation with the village, that official should abstain from voting on the approval of the contract and that action should be adequately documented in the minutes. In addition, the board should consider establishing a policy addressing these type situations.

AUDITEE'S RESPONSE

We believe our actions in these situations were appropriate, but admit they were not adequately documented in the village minutes. We agree with the recommendation and will make sure

future situations are specifically addressed in the minutes. In addition, we have adopted a written policy to address potential conflicts of interest.

2. Board Meetings Minutes, Agendas, and Ordinances

Board meeting minutes were not always signed by the preparer and attested to by the Chairman of the Board. Copies of agendas were not maintained for several board meetings, and village ordinances are not up-to-date and complete. Also, ordinances have not been sequentially numbered and an index of all ordinances passed and rescinded by the village is not maintained.

- A. Several instances were noted where board meeting minutes were not signed. Minutes of meetings are currently prepared by a board member, as there is currently no appointed village clerk. Board minutes should be signed by the preparer and by the Chairman of the Board to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board's meetings.
- B. Although village officials indicated that a tentative agenda is prepared and posted for each board meeting, many meeting agendas were not retained. No agendas for meetings prior to August 31, 2004 could be located. In addition, only 16 of 24 meeting agendas could be located for meetings held from August 31, 2004 through January 2006.

Section 610.020, RSMo, requires a tentative agenda and a meeting notice be posted for all open meetings of a public governmental body. The village should ensure that copies of agendas are retained to document compliance with state law.

- C. The village ordinances are not complete and up-to-date. In addition, village ordinances have not been sequentially numbered, thus hindering the village's ability to locate specific ordinances. Also, an index of all ordinances passed and rescinded by the village is not maintained which makes it difficult for the village to determine which ordinances are still active and which have been rescinded. The following are examples of concerns noted.
 - The ordinance establishing the village code indicates that board meetings are to be held on the 1st and 3rd Thursday of every month; however, the village currently holds regular meetings on the 1st Tuesday of every month.
 - Village Ordinance No. 8 requires the licensing and annual registration of all dogs within the village limits for a fee of \$1. However, village officials indicated this fee has never been collected.
 - The village was unable to locate an ordinance establishing the monthly sewer fee.

Since ordinances represent legislation which has been passed by the board to govern the village and its residents, it is important that the village's ordinances be maintained in a complete and up-to-date manner. An index of all ordinances passed and repealed by the village could help keep track of additions and changes made to the village ordinances.

WE RECOMMEND the Board of Trustees:

- A. Ensure board meeting minutes are signed by the preparer and the Board Chairman to attest to their completeness and accuracy.
- B. Ensure tentative agendas of all board meetings are posted and retained.
- C. Update and codify the village's ordinances and ensure a complete set of ordinances is maintained. In addition, the village should consider establishing an index of all village ordinances passed and rescinded, and ensure all ordinances are up-to-date and are being enforced.

AUDITEE'S RESPONSE

- A. *We agree and are in the process of developing guidelines to ensure village minutes are signed by the preparer and Board Chairman.*
- B. *This concern has been addressed as agendas are now being retained for all village meetings.*
- C. *We have established a complete index of all village ordinances and have begun to make the necessary updates to them as well.*

3. Budgets, Financial Reporting, and Planning

The village's budgets did not include some required information and were not approved in a timely manner. Actual expenditures exceeded the original budget amounts for the years ended April 30, 2005 and 2004. In addition, the village did not post semi-annual financial statements as required by state law, and did not submit annual financial reports to the State Auditor's Office for the years ended April 30, 2005 and 2004, in a timely manner. The village needs to develop a formal street maintenance plan and inform the village residents of the planned use of the balance of the Street Fund.

- A. The village's annual budgets did not include some information required by state law. The fiscal year 2005 and 2004 budgets did not include a budget message and summary, actual receipts and disbursements from the two previous years, and actual and estimated cash and resources available at the beginning and end of the year. Additionally, the fiscal year 2005 and 2004 budgets were not approved by the Board of Trustees until June 2004 and June 2003, respectively, and the fiscal

year 2006 budget was not approved until February 2006, just two months prior to the end of the fiscal year.

Sections 67.010 through 67.040, RSMo, set specific guidelines as to the format and approval of the annual operating budget and requires budgets to be adopted by order, motion, resolution, or ordinance. A complete budget should include a budget message and summary, the beginning available resources, reasonable estimates of the ending available resources, and comparisons of actual revenues and expenditures for the two preceding fiscal years.

Additionally, Section 67.080, RSMo, provides that no disbursement of public monies shall be made unless it is authorized in the budget. Budgets should be signed or initialed by the board and retained with the official minutes to adequately document the board's approval. To be of maximum benefit to the taxpayers and to properly monitor village activity, the village should adopt the budget prior to the beginning of the fiscal year.

- B. For the year ended April 30, 2005, the village's actual expenditures exceeded the amounts budgeted for the General Fund and the Sewer Fund as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund	\$ 4,800	16,816	(12,016)
Sewer Fund	8,280	10,093	(1,813)

For the year ended April 30, 2004, the village also overspent the General Fund budget by \$2,405. While the board receives monthly treasurer's reports, this information does not include comparisons of budget and actual revenues and expenditures. Budget and actual results are only reviewed by the board when semi-annual financial statements are prepared, so the board is not monitoring the status of the budgets on a timely basis.

In fiscal year 2005, the village spent approximately \$11,000 from the General Fund to demolish the old building on the village community lot, and to purchase, move, and hook up a used trailer which now serves as the village hall located on this same lot. This amount had not been budgeted, and the village did not amend its budget for this amount even though the expenditures were made within the first six months of the fiscal year.

The budget process provides a means to allocate financial resources in advance. Failure to adhere to the expenditure limits imposed by the budgets weakens the effectiveness of this process. Section 67.040, RSMo, allows for budget increases, but only after the governing body officially adopts a resolution setting forth the facts and reasons. Section 67.080, RSMo, provides that no expenditure of public monies shall be made unless it is authorized in the budget.

- C. The village did not submit annual financial reports to the State Auditor's Office for the years ended April 30, 2005 and 2004, until our request in February 2006. Section 105.145, RSMo, requires political subdivisions to file annual reports of the financial transactions of the political subdivision with the State Auditor's Office within the time prescribed by the State Auditor (currently within four months of the end of the fiscal year for un-audited financial statements and within six months of the end of the fiscal year for audited financial statements).
- D. Semi-annual financial statements were not published or posted in accordance with state law. There is no newspaper located in the village, and village officials indicated that semi-annual financial statements are posted in two or three public locations within the village limits. Section 80.210, RSMo, requires that the Board of Trustees prepare and publish semi-annual financial statements in a local newspaper, or if there is no local newspaper, to post semi-annual financial statements in at least six of the most public places in the village. In addition, Section 80.220, RSMo, states that the village can be fined if the Chairman of the Board neglects to publish or post such statements.
- E. The village has allowed the balance of the Street Fund to increase, and the village does not prepare annual maintenance plans for village streets or otherwise inform the taxpayers of the village's intended use of the balance of the Street Fund. The Street Fund balance at April 30, 2005 was \$14,371, while disbursements for the fiscal year totaled only \$3,255. The majority of these disbursements were for street lights and administrative expenses, while street maintenance disbursements consisted of only \$96 for stop signs and \$275 for street grading.

A formal maintenance plan should be prepared in conjunction with the annual budget and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the village residents.

A formal maintenance plan would serve as a useful management tool and, along with the budget, should inform the public of the village's planned use of the resources available in the Street Fund.

WE RECOMMEND the Board of Trustees:

- A. Prepare annual budgets which include all information required by state law, and ensure the budgets are prepared and approved prior to the beginning of the fiscal year.
- B. Monitor budget and actual revenues and expenditures on a monthly basis, and ensure actual expenditures do not exceed budgeted amounts. If circumstances

require expenditures in excess of amounts budgeted, a formal resolution should be adopted authorizing the additional expenditures and documenting the reasons for such.

- C. Submit annual reports of financial transactions to the State Auditor's Office as required by state law.
- D. Ensure semi-annual financial statements are published or posted in accordance with state law.
- E. Prepare a formal maintenance plan for village streets at the beginning of the fiscal year and periodically update the plan throughout the year. The plan should be prepared in conjunction with the annual budget and should inform the village residents of the planned use of the balance of the Street Fund.

AUDITEE'S RESPONSE

- A. *We have implemented this recommendation for fiscal year 2007.*
- B. *We have already implemented this recommendation as we have added information regarding budget to actual results to the Treasurer's monthly report which is reviewed by the Board of Trustees. Also, in the future, if it appears total expenditures are going to exceed our original projections, we will amend our budget in accordance with state law.*
- C. *In the future, annual reports will be submitted to the State Auditor's Office in a timely manner.*
- D. *We agree and are currently posting semi-annual financial statements in six public locations and maintaining documentation to support compliance with state law.*
- E. *We have implemented a formal maintenance plan for fiscal year 2007 and are in the process of obtaining bids for street repairs.*

4. Expenditures

The village does not have formal bidding policies and did not solicit or retain bids for some purchases or obtain an independent appraisal for the purchase of a used mobile home which serves as the village hall. In addition, the village does not solicit requests for proposals for its professional services and does not have signed written agreements to support the payment for some services. The village does not report payments to non-employees to the IRS as required by federal guidelines.

- A. The village does not have formal bidding policies. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. While bids were apparently solicited for several village purchases, bids were

either not solicited or adequate documentation was not retained for the following purchases:

- The village purchased a used mobile home in October 2004 for \$5,000, which serves as the village hall. The village did not solicit bids for this purchase or obtain an independent appraisal of the mobile home. The village simply negotiated the sales price with the seller.
- The village purchased a computer in November 2004 for \$1,129. There was no documentation that bids were solicited for this purchase. In addition, the computer was not put into service until November 2005. Village officials indicated the computer was purchased in anticipation of setting it up in the new village hall, but was not used until almost a year later because of a delay in readying the mobile home that was purchased to serve as the village hall.

Formal bidding procedures for major purchases would provide a framework for economical management of village resources and help ensure the village receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given equal opportunity to participate in the village's business. Not only can bids be handled by telephone quotation, but bids can also be obtained by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and reasons noted why the bid was selected. For purchases in which soliciting bids may not be practical, such as the purchase of the used mobile home, an independent appraisal should be obtained to ensure a reasonable price is paid.

B. The village did not solicit requests for proposals and/or have signed written agreements for the following professional services:

- During the year ended April 30, 2005, the village paid \$2,400 to the Village Treasurer for accounting services and \$2,262 to the Village Attorney for legal services. The village did not solicit proposals and did not have written agreements for these services.
- The village pays \$600 annually for animal control services, but the contract provided by the village related to these services was not signed by the village. In addition, proposals were not solicited for this service.
- The village paid \$800 for a survey of the village-owned community lots in July 2005. There was no documentation that the village solicited proposals for this service.

Soliciting proposals for professional services help provide a range of possible choices and allows the village to make a better-informed decision to ensure necessary services are obtained from the best qualified vendor at the lowest and best cost. In addition, signed written contracts are necessary to document the duties and responsibilities of the applicable parties and to prevent misunderstandings. In addition, Section 432.070, RSMo, requires all contracts of the village to be in writing.

- C. The village has no procedures in place to ensure Forms 1099 are filed with the Internal Revenue Service (IRS). As a result, the village did not file Forms 1099 for payments made for accounting, legal, mowing, and mobile home moving/hookup services. Sections 6041 through 6051 of the Internal Revenue Code require payments of \$600 or more for professional services or for services performed as a trade or business by non employees (other than corporations) be reported to the federal government on Forms 1099.

The village considers the Village Treasurer an independent contractor, and therefore, the payments made to him for accounting services should have been reported on Forms 1099. However, since November 2005, the village has provided him with a place to work (the new village hall) and village equipment (a computer), so it would appear that he may now be considered a village employee, meaning that payments should be reported on Forms W-2 and payroll taxes withheld. The village should review this situation and ensure the Village Treasurer's compensation is appropriately reported to the IRS and, if applicable, withhold payroll taxes from his compensation.

WE RECOMMEND the Board of Trustees:

- A. Establish formal bidding policies and procedures which include the use of independent appraisals in lieu of bids for any applicable major purchase.
- B. Solicit proposals for professional services. The proposals should be formally evaluated and retained. In addition, written contracts should be prepared to formalize the agreements.
- C. Establish procedures to ensure IRS Forms 1099 are filed as required. In addition, the village should determine whether the Village Treasurer should be considered an employee, and if so, ensure compensation is appropriately reported to the IRS and applicable payroll taxes are withheld.

AUDITEE'S RESPONSE

- A. *We have already implemented a procurement policy and will ensure independent appraisals are solicited for any future transactions when appropriate.*

- B. *We will consider obtaining proposals for professional services and have already implemented written contracts for the services provided by the Village Treasurer and animal control specialist. We will obtain written contracts for other services in the future.*
- C. *We have recently filed applicable 1099s in accordance with IRS code and will continue to do so in the future. In addition, we may revisit the issue of the Village Treasurer's employment status; however, we believe the current arrangement is appropriate.*

5. Sewerage System Rates and Audits

The village did not consider the unreserved balance of approximately \$16,000 in the Sewer Fund during its recent analysis of sewer rates and has not obtained annual audits of the Sewer Fund as required by the sewer bond covenants.

- A. The unreserved balance of the Sewer Fund was not considered in the village's analysis leading to an increase in the monthly sewer rates. In coordination with the budget approval process for the year ending April 30, 2006, the village reviewed the adequacy of the sewer rates billed to customers and approved a \$5 per customer monthly increase effective March 2006. This rate increase is estimated to bring in additional annual revenues of approximately \$2,500. The statement of costs prepared by the village projected annual expenditures of \$14,800 (including \$4,400 depreciation), while annual revenues would increase to \$14,500 with the \$5 rate increase; however, the analysis did not include consideration of the more than \$16,000 of unreserved balance of the Sewer Fund as of January 2006. (The remaining Sewer Fund balance of approximately \$38,000 consists of depreciation, replacement, and debt service reserves as required by sewer bond covenants.)

Sewer rates are user charges which should cover the costs of providing related service and maintenance to the system, as well as the annual principal and interest costs of the sewer bonds. The rate should not be set at a level which results in excessive fund balances or surpluses. The district should consider the unreserved balance in the Sewer Fund when performing a detailed review of its sewer costs and establish rates to cover the total costs of operations while maintaining a reasonable fund balance.

- B. The village has not had an annual audit since the issuance of the sewer bonds in fiscal year 1996. Section 250.150, RSMo, requires the village to obtain annual audits of the sewerage system. In addition, annual audits are required by the sewerage system bond covenants.

In addition to being required by state law and the village's bond covenants, annual audits of village funds would help ensure village financial transactions have been properly recorded.

WE RECOMMEND the Board of Trustees:

- A. Consider the unreserved balance of the Sewer Fund in future analyses of sewer rates.
- B. Obtain annual audits of the Sewer Fund, as required by state law and bond covenants.

AUDITEE'S RESPONSE

- A. *We will be considering the surplus in the Sewer Fund in the next fiscal year. If a surplus still exists after the cost of the state audit and subsequent financial audit are paid for, we will consider the village's options for the use of these funds, including the possible early retirement of debt related to the sewerage system.*
- B. *We are planning to obtain a financial audit beginning with fiscal year 2006 and have begun the process of identifying potential vendors.*

6. Accounting Controls and Procedures

There is no independent oversight or segregation of the duties related to the village's sewer system or of the monthly bank reconciliations. In addition, monthly reconciliations are not performed of the village's sewer billings, receipts, and delinquent accounts.

- A. There is no independent oversight or adequate segregation of several village accounting duties. The Village Treasurer performs all functions related to generating monthly sewer bills, as well as receipting, recording, and depositing sewer payments. The Village Treasurer also performs the monthly bank reconciliations for the one village bank account.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receipting and depositing monies from that of preparing bills, recording payments, and following up on delinquent accounts. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the reconciliations between sewer payments recorded and deposits, and an independent review of the bank reconciliation.

- B. The village does not perform monthly reconciliations of total amounts billed, payments received, and amounts remaining unpaid for sewer services. During the year ended April 30, 2005, approximately \$17,000 was collected in sewer payments (which included approximately \$2,000 in older delinquent collections and \$1,500 in reimbursable legal fees related to the sewer system), and delinquent sewer accounts totaled approximately \$2,200 at year end.

Monthly reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. Complete documentation of the reconciliation should be retained to support conclusions and any corrections made, and to facilitate independent reviews.

WE RECOMMEND the Board of Trustees:

- A. Segregate the duties of receipting and depositing monies from that of preparing bills and recording payments. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the reconciliations between sewer payments deposited and recorded, and an independent review of the bank reconciliation.
- B. Prepare monthly reconciliations of the amounts billed to amounts collected and delinquent accounts.

AUDITEE'S RESPONSE

A&B. Monthly bank reconciliations are now presented to the board for their review at the monthly board meetings and are signed by one board member documenting his/her review. The board also reviews the monthly Treasurer's Report which now includes a reconciliation of sewer billings, collections, and delinquent accounts.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

VILLAGE OF TRUXTON, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The village of Truxton is located in Lincoln County. The village was incorporated in 1864. The population of the village in 2000 was 96.

The village government consists of a five-member board of trustees. The members are elected for 2-year terms. The chairman is appointed by the board from the members. The Board of Trustees and other officials during the year ended April 30, 2005, are identified below. The Board of Trustees received no compensation.

Board of Trustees	Dates of Service During the Year Ended April 30, 2005	
Judy Cogdill, Chairman	May 2004 – April 2005	
Jerry Adkins, Trustee	May 2004 – April 2005	
Mark Hawkins, Trustee	May 2004 – April 2005	
Judy Aubuchon, Trustee	October 2004 – April 2005	
Glen Winter, Trustee	May 2004 – September 2004	
Joanne Bruton, Trustee	April 2005	
Raymond Sauer Jr., Trustee	May 2004 – March 2005	
Other Principal Officials and Employees	Dates of Service During the Year Ended April 30, 2005	Compensation Paid for the Year Ended April 30, 2005
Graeme Goodwin, Village Treasurer (1)	May 2004 – April 2005	\$ 2,400
Cindy Davenport, Village Attorney (2)	May 2004 – April 2005	

- (1) The compensation includes \$75 per month for preparing sewer billings and \$125 per month for maintaining accounting records. Effective May 2005, the compensation decreased to \$50 per month for sewer billings and \$50 per month for accounting records.
- (2) Prior to July 2004, Ms. Davenport worked for the law firm of Edward J. Grewach and billed the village at a rate of \$125 per hour. The village paid Edward J. Grewach \$1,404 for Ms. Davenport's legal services. Beginning July 2004, Ms. Davenport worked for the law firm of Flynn and Davenport and billed the village at a rate of \$150 per hour. The village paid Flynn and Davenport \$858 for Ms. Davenport's legal services.

Assessed valuations and tax rates for 2005 and 2004 were as follows:

ASSESSED VALUATIONS	2005	2004
Real estate	\$ 216,936	204,722
Personal property	117,533	161,001
Total	<u>\$ 334,469</u>	<u>365,723</u>

TAX RATES PER \$100 ASSESSED VALUATION

	Rate	
	2005	2004
General Fund	\$ 0.5000	0.4998

A summary of the city's financial activity for the year ended April 30, 2005, is presented below:

	General Fund	Street Fund	Sewer Fund	Total
RECEIPTS				
Property taxes	\$ 1,793			1,793
Franchise fees	2,987			2,987
Motor fuel and motor vehicle fees		4,011		4,011
Sewer fees and hookups			17,193	17,193
Interest	404			404
Other	25			25
Total Receipts	5,209	4,011	17,193	26,413
DISBURSEMENTS				
Advertising	75			75
Insurance	599	360	361	1,320
Supplies and equipment	1,458		138	1,596
Animal control	600			600
Street lighting		1,669		1,669
Maintenance and mowing	650	371	1,272	2,293
Lagoon inspection			600	600
Water testing			225	225
Capital improvement	11,305			11,305
Debt service			4,885	4,885
Accounting	750	750	900	2,400
Legal	445	105	1,712	2,262
Miscellaneous	934			934
Total Disbursements	16,816	3,255	10,093	30,164
Receipts Over (Under) Disbursements	(11,607)	756	7,100	(3,751)
Cash Balance, May 1, 2004	22,823	13,615	46,752	83,190
Cash Balance, April 30, 2005	\$ 11,216	14,371	53,852	79,439



Claire McCaskill

Missouri State Auditor

June 2006

City of Battlefield, Missouri

Year Ended June 30, 2005



Office Of
Missouri State Auditor
Claire McCaskill

June 2006

The following findings were included in our audit report on the City of Battlefield, Missouri.

Payments totaling \$4,429 were paid to former Mayor Heslep for administrative fees related to the Federal Emergency Management Agency (FEMA) grant received by the city after the May 2003 tornado. The Board of Alderman approved paying the administrative allowance to the Mayor in a June 2003 meeting. While the former mayor signed a certification indicating that documentation of the administrative expenditures was maintained, neither the former mayor nor the city maintained documentation required to show how the administrative allowance was expended for eligible purposes. Additionally, the payments were not reported by the city for payroll tax purposes, and handling the transaction in this manner may have violated state laws.

No documentation was available to indicate that the city solicited proposals for engineering (\$68,700), legal (\$25,000), and auditing (\$3,500) services for the year ending June 30, 2005. Additionally, the city has not updated their contract with the engineer since June 2001 and has been paying higher hourly rates for services than are specified in the most recent contract. Furthermore, invoices submitted by their city attorney reflected an hourly billing rate increase from \$100 to \$120 in August 2004; however, the ordinance establishing this increase was not approved by the Board until September 2005.

The city needs to improve the controls and procedures used to approve invoices for payment. Credit card receipts or other documentation of fuel purchased by each city employee is not always retained, and some monies were spent for items that do not appear to be a prudent use of public funds.

Serious weaknesses were identified in the city's accounting of sewer billings and receipts. The city implemented a new sewer software accounting program in November 2005 and has not obtained the proper training and expertise to adequately track and reconcile sewer accounts receivable activity. Reports generated from the program that were reviewed and approved by the Board of Alderman did not contain sufficient detail, and did not appear accurate. Additionally, reports of sewer collections, and delinquent sewer accounts did not agree with other reports generated for the same time period. Further, some information from the sewer accounting system has not been properly backed up resulting in some of the historical detailed information being lost. As a result of these serious weaknesses, the city has no assurance that amounts billed and collected have been accounted for properly.

Documentation is not maintained to support the allocation of expenses between the sewer, park, and general funds. In addition, the city has not established a separate accounting of

YELLOW SHEET

some restricted revenues, such as motor vehicle-related revenues from the state and transportation sales tax revenues. Further, the city does not have procedures in place to ensure fees assessed to developers are collected prior to the Board of Alderman approving the development.

The June 30, 2005 ending balance reported in the published financial statement did not agree with the city's audited financial statements and the city's accounting records. The balance reported in the city's published financial statement was understated by approximately \$250,000. Also, the city does not effectively monitor the annual budget, and budget amendments are not prepared and approved timely.

The Municipal Division collected approximately \$50,000 during the year ended June 30, 2005. Monies collected by the municipal division are not deposited on a timely basis and deposit slips are not always properly itemized to indicate the amount of cash and checks being deposited. Additionally, the Court Clerk does not maintain a bond ledger and does not prepare monthly listing of liabilities. An accounts receivable ledger, balance due docket, or other summary listing is not maintained, and reviewed by the Municipal Judge on a periodic basis. Furthermore, monthly disbursements of Crime Victims Compensation (CVC) fees to the state were not always remitted on a timely basis.

Also included in the report are recommendations related to accounting controls, payroll and personnel matters, board meeting minutes, and city assets.

All reports are available on our website: www.auditor.mo.gov

CITY OF BATTLEFIELD, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
And
Members of the Board of Aldermen
City of Battlefield, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Battlefield, Missouri. The city engaged Decker & DeGood, Certified Public Accountants (CPAs), to audit the city's financial statements for the year ended June 30, 2005. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended June 30, 2005. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Battlefield, Missouri.



Claire McCaskill
State Auditor

March 16, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	Rachel Simons, CPA
	Ted Fugitt, CPA
Audit Staff:	Diane Smiley

MANAGEMENT ADVISORY REPORT SECTION –
STATE AUDITOR'S FINDINGS

CITY OF BATTLEFIELD, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Expenditures

Administrative fees totaling \$4,429 were paid to former Mayor Heslep which may have violated state law. The city has not solicited proposals for professional services such as engineer, auditor, and attorney. Additionally, controls over approving invoices for payment need to be improved, credit card receipts for fuel purchases are not retained, and some city funds were spent for items that do not appear to be a prudent use of public funds.

- A. Six payments totaling \$4,429 were paid between June 2003 and February 2004 to former Mayor Heslep for administrative fees related to the Federal Emergency Management Agency (FEMA) grant received by the city after the May 2003 tornado. The city received approximately \$133,000 in grant funds which included a total of \$4,429 authorized to be used for administrative purposes. The Board of Alderman approved paying the administrative allowance to the Mayor in a June 2003 meeting. While the former mayor signed a certification indicating that documentation of the administrative expenditures was maintained, neither the former mayor nor the city maintained documentation required by FEMA to show how the administrative allowance was expended for eligible purposes. FEMA requires that any of the administrative allowance for which the recipient cannot document proper expenditure be returned. In addition, the payments were not processed through the city's payroll system, and not reported for income tax purposes. The city should ensure it complies with all requirements related to federal assistance received, and report compensation as required.

Additionally, handling the transaction in this manner may have violated Section 105.454, RSMo, which prohibits an employee or official, serving in an executive or administrative capacity of any political subdivision, from performing any service for the city for more than \$500 per transaction or \$5,000 per year (\$1,500 per year prior to August 2005) unless the transaction is made by competitive bidding and the lowest bid is accepted. Further, Sections 79.270 and 79.290, RSMo, require the compensation of city officials to be set by ordinance.

- B. The city does not have adequate procedures regarding the procurement of professional services.
1. No documentation was available to indicate that the city solicited proposals for engineering services totaling \$68,700 for the year ending June 30, 2005. The city has used the same engineering company for several years for various capital projects and consulting services without soliciting proposals from other engineering firms. Further, the city has not

updated their contract with the engineer since June 2001, and has been paying for services at hourly rates ranging from \$36 to \$120 per hour when rates ranging from \$27 to \$85 per hour are specified in the most recent contract.

2. The city has not solicited proposals for various other professional services such as legal and auditing services for many years. The annual cost of legal and auditing services was approximately \$25,000 and \$3,500, respectively.

Additionally, according to invoices submitted to the city by their attorney, the hourly billing rate increased from \$100 to \$120 in August 2004; however, the ordinance establishing this increase was not approved by the Board of Alderman until September 2005.

While professional services, such as engineers, attorneys, and accountants, may not be subject to standard bidding procedures, the city should consider implementing a policy that requires proposals to be solicited for professional services to the extent practical. Soliciting proposals for professional services helps provide a range of possible choices and allows the city to make a better-informed decision to ensure necessary services are obtained from the best qualified vendor at the lowest and best cost. Further, Section 8.289, RSMo, requires that political subdivisions which utilize engineering services request annual statements of qualifications and performance data from firms. Section 8.291, RSMo, further requires that when negotiating for a contract, the political subdivision must list three highly qualified firms and select the firm considered best qualified and capable of performing the desired work.

Additionally, to ensure amounts paid for engineering and legal services are accurate, the city should ensure that rates billed for these services agree with contracted amounts and/or approved city ordinances. If rates for these services change the city should obtain revised contracts and update city ordinances as applicable.

- C. Improvement is needed in the controls and procedures used to approve invoices for payment by the city.
 1. The City Clerk prepares a listing of all disbursements that includes each vendor name and amount for the board to approve. While board minutes indicate bills were approved, these listings are not signed or initialed to document the board's approval.
 2. Invoices are not always noted as paid or otherwise canceled upon payment.

3. Receipt of goods or services is not always indicated on the invoices prior to payment.

To ensure all disbursements are properly approved, the Board of Alderman should document their review by signing or initialing the listing of disbursements approved. In addition, the possibility that an invoice will be paid twice is increased when invoices are not properly canceled. Further, to ensure goods and services have been properly received, all invoices or other supporting documentation should be initialed or signed by a city employee indicating receipt of goods or services.

- D. Credit card receipts or other documentation of fuel purchased by each city employee is not always retained; as a result, the City Clerk cannot reconcile credit card receipts for fuel purchases to the monthly credit card statements prior to payment. Fuel purchases for the year ended June 30, 2005 totaled \$12,800. Fuel purchases should be supported by credit card receipts or other documentation. Such documentation is necessary to ensure purchases are valid and necessary expenditures of county funds. In addition, credit card receipts should be retained and reconciled to the monthly credit card statement prior to payment.
- E. The City expended monies for items that do not appear to be a prudent use of public funds. In December 2005, \$1,050 was spent on 11 gift cards, which were distributed to city employees. Board minutes indicate the gift cards were approved as year-end incentive payments for employees. Other smaller expenses for flowers, and an employee barbeque were also noted.

It is questionable whether these expenditures are a prudent use of public funds. Awarding additional pay to employees on a discretionary basis in the form of bonuses appears to represent additional compensation and violates Article III, Section 39 of the Missouri Constitution. The city's residents place a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner. The City should ensure funds are spent only on items which are necessary and beneficial to city residents.

WE RECOMMEND the Board of Alderman:

- A. Contact the grantor agency concerning the lack of documentation supporting the administrative fees paid to the former mayor with grant funds, and report compensation for income tax purposes as required. Further, the Board of Alderman should refrain from entering into business transactions with city officials unless steps are taken to ensure the city has complied with state law.
- B. Developing written policies and procedures for the selection and procurement of companies and individuals for various types of professional services, and solicit proposals for professional services to the extent practical. In addition, ensure

billing rates for professional services agree with approved contracts and/or ordinances.

- C. Ensure the Board's approval is reflected on the listing of disbursements, all invoices are canceled when payment is made, and receipt of goods or services is indicated on invoices prior to being approved for payment.
- D. Retain documentation of fuel purchases and reconcile the credit card receipts to the monthly statement prior to payment.
- E. Ensure all expenditures from city monies are a prudent use of public funds, and refrain from paying bonuses to city employees.

AUDITEE'S RESPONSE

The Board of Alderman provided the following responses:

- A. *We have made contact with the grantor agency and will continue to communicate with them to resolve this issue. We believed that we were acting in conjunction with instructions received from SEMA regarding the handling and use of the administrative fees. We will ensure any future transactions involving Board Members comply with state law.*
- B. *We will develop a policy for the procurement of professional services by the end of the fiscal year, and in the future, will ensure billing rates for professional services agree with approved contracts and/or ordinances.*
- C&D. *Steps have already been taken to implement all these recommendations.*
- E. *Given the minimal amount of funds spent, we believe these expenses were reasonable to reward city employees.*

2. Sewer System

The city implemented a new sewer software accounting program in November 2005 and has not obtained the proper training and expertise to adequately track and reconcile sewer accounts receivable activity. Further, reports generated from the system and submitted to the Board of Alderman do not appear accurate and are not sufficiently itemized. The city collects approximately \$435,000 in sewer fees annually from approximately 1,800 users.

- The City Collector submits a monthly report generated from the sewer accounting system to the Board of Alderman for their approval of adjustments made to customer accounts. However, these reports do not itemize which sewer accounts were adjusted, they simply list a total amount of adjustments for the month. Without detail showing the individual adjustments made to each sewer customer's account, it

is unclear how the Board determined that the adjustments were proper. The Board approved adjustments totaling (\$384) and \$442 for November and December 2005, respectively.

- The reports submitted to the Board do not always appear to be accurate, and month-end sewer accounts receivable balances are not reconciled to the beginning accounts receivable balance, billings, collections and other adjustments for that month. For example, the ending accounts receivable balance reflected on the November 2005 report did not agree with the beginning accounts receivable balance reflected on the report submitted in December 2005. The difference between these two balances was approximately \$9,400, and this difference went undetected by the Board.
- Reports printed and filed at month-end showing total amounts collected are not compared with total deposits made during the month, or with total amounts posted to the city's general ledger. While detailed reports are generated from the system each time a deposit is made and agreed to the individual deposit, summary reports printed at month end are not agreed to ensure all payments posted to customer accounts are properly deposited. For example, during December 2005 deposits totaling approximately \$41,000 were made into the sewer account; however, summary collection reports printed from the city's sewer accounting system reported collections of only approximately \$38,000 during this time period. City personnel could not explain the difference.
- The sewer accounting system will generate an arrears listing of the delinquent sewer bills; however, the list printed from the system does not appear to be accurate. For example, the December 16, 2005 arrears listing totaled \$9,013; however, the billing register for the same date only had an accounts receivable balance of \$4,486. The City Collector does not review these reports and the differences have gone undetected.
- Information from the sewer accounting system has not been properly backed up resulting in some of the historical detailed information being lost. As a result, the cause for the differences noted above, and the reasonableness of the adjustments made to customer accounts could not be determined.
- The city is unable to generate a list of sewer deposits being held by the city from their sewer accounting system. The city requires a refundable sewer deposit of \$25 for homeowners and \$75 for renters to ensure final sewer billings are paid. These monies are deposited into the city's sewer fund. The only record the city maintains of customer deposits is a copy of the sewer application, which is retained in a notebook. However, some of the deposits have been refunded and some deposits remain in the city's bank account. As a result, the city does not reconcile sewer deposits on hand to customer account information to ensure adequate funds are being reserved as customer deposits. The city's general ledger showed customer deposits of \$34,286 at June 30, 2005.

The lack of appropriate reconciliations within the sewer accounting system to ensure information is accurate represents a serious weakness in the internal controls over the sewer billing and collection system. As a result, the city has no assurance that amounts billed and collected have been accounted for properly.

In March 2006 the city received a letter from their software provider advising the city of numerous weaknesses they had identified in the city's management of the system. The city needs to continue to consult their software provider and establish procedures to properly print and reconcile the various reports generated from their sewer accounting system to ensure all amounts are accurately posted to the system. Additionally, the Board of Alderman should require reports with the appropriate level of detail prior to approving information such as adjustments to customer accounts.

WE RECOMMEND the Board of Alderman consult their software provider and obtain the necessary training for city personnel to ensure procedures are in place to properly print and reconcile the various reports generated from the sewer accounting system. Additionally, the Board should require detailed reports prior to approving information such as adjustments to customer accounts.

AUDITEE'S RESPONSE

The Board of Alderman provided the following response:

The Board is in the process of addressing the sewer billing inaccuracies and has voted to authorize the City Collector to actively pursue the collection of amounts due caused by previous billing errors. We are also providing detailed reports of adjustments to the aldermen for approval. Our new Collector has been in contact with the billing program software provider and has achieved a high level of competence with the software program to avoid future errors.

3. Restricted Revenues

Documentation is not maintained to support the allocation of expenses to the various city funds. The city has not established a separate fund or accounting of some restricted revenues, and has not formally restricted some revenues by city ordinance. Additionally, procedures are not in place to ensure fees assessed to developers are collected prior to the Board of Alderman approving the final development.

- A. The city allocates various expenses between the sewer, park, and general funds; however, documentation is not available to support the method of allocation used.
 - 1. While preparing the annual budget, the City Clerk estimates the percentage of employee wages to be paid monthly from each fund based on how much time each employee estimates they will work in those areas. For example, the City Collector's salary is paid from the Sewer (75%), Parks (15%), and General (10%) funds; however, there is no supporting

documentation, such as a time study, or detailed time sheets to support the estimates.

2. In 2004 the city issued certificates of participation totaling \$1,175,000 of which \$670,000 (55%) was for expenses relating to the city park, and \$505,000 (45%) was for expenses relating to construction of City Hall. Principal and interest payments made by the city are allocated to the General (21%), Park (63%), and Sewer (16%) funds. While city officials believe one factor in computing the allocation was the various uses of the city hall building, there is no documentation to support how the percentages were calculated to determine if they are reasonable.

The funds of the city are established as separate accounting entities to account for specific activities of the city. Reflecting expenses in the proper fund is necessary to accurately determine the results of operations and/or specific activities; thus, enabling the city to establish the level of taxation and/or user fees necessary to meet operating costs. Documentation should be maintained to support the percentages used for allocating the various expenses.

- B. The city has not established a separate accounting of some restricted revenues, and has not formally restricted some revenues by city ordinance.

1. During the year ended June 30, 2005, the city received approximately \$99,000 in motor vehicle-related revenues from the state, \$17,000 in road funds from Greene County, and \$54,000 in transportation sales tax revenues. The city's annual audit report indicates approximately \$59,000 was spent for street repair and \$183,000 was spent for policing during the year ended June 30, 2005. The city deposits these monies into their General Fund, and while expenditures are separately tracked, the city has not maintained a balance of funds available.

Article IV, Section 30 of the Missouri Constitution, requires that motor vehicle-related revenues apportioned by the state of Missouri be expended for street related purposes including policing. Road funds from Greene County are also similarly restricted. Additionally, Section 94.700 RSMo and City Ordinance 97-011602 requires transportation sales tax funds to be used for the construction, reconstruction, repair, and maintenance of streets, roads, and bridges within the municipality. To ensure these revenues are expended appropriately, the city should establish procedures to compare street related expenditures to these restricted revenues and maintain a balance of funds available.

2. In accordance with Article VI, Section 6.8.3 of the City Code, the city assesses a fee of \$10 per linear foot to developers for the construction of city sidewalks in applicable subdivisions. While the City Code restricts the use of these funds, the city deposits the fees into the city's General

Fund and does not clearly track these revenues in their annual budgets or their published financial statements. According to billing records maintained by the City Clerk of fees charged to developers, the city has collected \$20,685 since the inception of these fees. The City Clerk indicated that no disbursements have been made from these fees.

3. City Ordinance 02-26 allows for the city to assess fees to developers for utilizing the city's sewer lift stations and force mains. While the city places these fees in the Sewer Replacement and Reserve Fund and restricts the use of these funds to expenses associated with maintaining and improving the city's sewer system, the city has not formally documented in their ordinances that the use of these fees is restricted. To ensure these funds are spent appropriately, the Board of Alderman should amend their current ordinance to formally establish restrictions on the use of these fees.
- C. The city does not have procedures in place to ensure fees assessed to developers are collected prior to the Board of Alderman approving the development. After a proposed development is approved by the city's Planning and Zoning Board, various fees, such as those noted in part B.2 and B.3 above, are assessed by the city. These fees are to be collected by the City Clerk prior to the Board of Alderman approving the final plans for the development. We reviewed four minor subdivisions within the city during 2004 and 2005 with assessed fees ranging from \$2,000 to \$6,000, and found that in two instances the Board approved the final development prior to collecting the fees. The city subsequently collected the fees on one of the subdivisions, but the other remains unpaid. To ensure all fees are properly paid to the city, procedures should be in place to collect fees prior to the Board approving the development.

WE RECOMMEND the Board of Alderman:

- A. Ensure all expenses allocated to the various funds are reasonable and are supported by adequate documentation.
- B. Establish a separate accounting for restricted revenues to ensure funds are spent in accordance with applicable laws and city code. In addition, formalize restrictions placed on revenues through city ordinance.
- C. Establish procedures to collect fees from developers prior to the Board of Alderman approving the final plans for development.

AUDITEE'S RESPONSE

The Board of Alderman provided the following responses:

- A. *We will follow up to ensure expenses allocated to the various funds are reasonable and are supported by adequate documentation.*

- B. *We are currently in the process of preparing the City's budget for the year ending June 30, 2007. We will more clearly reflect all restricted revenues in the new budget. The ordinance establishing the sewer lift station fees has been sent to the City Attorney for review.*
- C. *Procedures have now been established to ensure fees are collected prior to the Board's approval.*

4. Accounting Controls and Procedures

Duties are not adequately segregated and several control weaknesses exist in the handling of cash receipts. Further, bond coverage for city officials is not adequate, and the City Clerk does not adequately follow up on old outstanding checks.

- A. Accounting duties are not adequately segregated. The City Clerk is responsible for all record keeping duties of the city, including duties which would normally be performed by a City Treasurer. The duties include receiving and depositing monies, maintaining payroll records, reviewing invoices, preparing and distributing checks, recording receipts and disbursements, and preparing monthly financial reports and bank reconciliations. No personnel independent of the cash custody and record-keeping functions provide adequate supervision or review of the work performed by the City Clerk.

Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city, the holding of the positions of City Clerk, City Treasurer, and City Collector, or any two of these offices, by the same person at the same time would be incompatible. Holding two of these offices does not allow the separation of duties necessary for a proper evaluation and review of financial transactions. The current procedures jeopardize the system of independent checks and balances intended by state law. If segregating these offices is not possible, at a minimum, procedures for adequate independent review should be established.

- B. The receiving and depositing of city receipts need improvement as follows:
 - 1. Deposits are not made on a timely basis. Deposits are generally made twice a week and frequently exceed \$3,000. For example, in December 2005 the city made 8 deposits into the General Fund averaging approximately \$3,800 each, and 11 deposits into the Sewer Fund averaging approximately \$4,100 each. To adequately safeguard cash receipts and reduce the risk of loss or misuse of funds, deposits should be made on a daily basis or when accumulated receipts exceed \$100.
 - 2. Deposits are not made intact, and receipts are not always promptly posted to accounting records. The City Collector often withholds some receipts from deposits. For example, six sewer cash receipts totaling \$172

collected between November 15 and 21, 2005 were not deposited and posted to the sewer computer system until November 23, 2005. It is not clear why these receipts were held, as other sewer receipts were recorded and deposited during this time period.

3. The City Collector does not issue receipt slips for some monies received. While the city's policy is to issue a receipt slip for all monies, we noted one deposit containing five checks totaling \$187 that were not issued receipt slips. The checks were for business licenses and engineering fees. In addition, although the method of payment is documented on the receipt slips issued, the city does not reconcile the composition of receipt slips to the composition of deposits.

To account for all receipts and ensure all receipts are deposited, prenumbered receipt slips should be issued for all monies received and reconciled to the composition of monies deposited.

4. Checks and money orders are not restrictively endorsed immediately upon receipt. Instead, they are endorsed when the deposit is made. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
5. Receipt slips are not always properly voided and/or retained. The original copy of the voided receipt slip is thrown away and not retained. To ensure all receipts are properly accounted for, all copies of voided receipt slips should be properly defaced and maintained.

- C. Bond coverage for city officials is not adequate. Some employees and officials who collect monies or sign checks are not adequately bonded. The City Clerk, Mayor, City Collector, two Alderman, and the Court Clerk are authorized to sign city and/or court account checks, and are not bonded. Failure to properly bond all persons with access to monies exposes the city to risk of loss.

- D. The City Clerk does not follow up on old outstanding checks. As of November 2005, there were 10 outstanding checks over a year old totaling \$1,197 in the general fund and 17 outstanding checks over a year old totaling \$621 in the sewer fund. Some of these outstanding checks dated back to 2001, and some of these checks were to employees or vendors routinely used by the city.

These old outstanding checks create additional and unnecessary record keeping responsibilities. An attempt should be made to locate the payees of the old outstanding checks, and the checks should be reissued if possible. If the payee cannot be located, various statutory provisions provide for the disposition of unclaimed monies. In addition, routine procedures should be established to investigate checks outstanding for a considerable time.

WE RECOMMEND the Board of Alderman:

- A. Consider appointing separate individuals to the positions of City Clerk and City Treasurer. If this is not possible, at a minimum, procedures for an adequate independent review of the record keeping functions should be established.
- B. Ensure deposits are made daily or when accumulated receipts exceed \$100, receipts are promptly posted to the accounting records, receipts are issued for all monies received, and the composition of receipts are reconciled to the composition of deposits. Additionally, require all checks and money orders to be restrictively endorsed immediately upon receipt, and all copies of voided receipts slips to be properly defaced and retained.
- C. Obtain adequate bond coverage for all persons with access to city funds.
- D. Attempt to resolve the old outstanding checks, and establish routine procedures to investigate checks outstanding for a considerable time.

AUDITEE'S RESPONSE

The Board of Alderman provided the following responses:

- A. *To improve the segregation of duties the Board has begun reviewing bank reconciliations performed by the City Clerk. In the future, the Board will consider hiring a City Treasurer.*
- B. *Steps have been taken to implement these recommendations.*
- C. *Bond coverage has now been obtained.*
- D. *The old outstanding checks will routinely be reviewed by the City Clerk.*

5. Financial Reporting

Improvement is needed in the preparation of the city's published financial statement and the monitoring of the city's annual budget.

- A. The city's semi-annual published financial statements do not accurately report the city's cash balance, and did not include sufficient information to inform readers of the financial condition of the city.
 - 1. The June 30, 2005 ending balance reported in the published financial statement did not agree with the city's audited financial statements and the city's accounting records. The balance reported in the city's published financial statement has been understated by approximately \$250,000. The

City Clerk indicated that the balance reported in the published financial statement has been carried forward each period without being reconciled to the accounting records, and some funds, such as the Sewer Reserve and Replacement fund, were not included in the reported balance. Additionally, revenues of the city's Tornado Fund were not included in published financial statements during 2004.

2. The published financial statements included only beginning and ending balances and total revenues and expenditures for three funds; General, Sewer, and General Obligation Bond funds. The published financial statements did not include detailed sources or categories for revenues and expenditures. For example, revenues could include sources such as sales tax, motor vehicle fees, grant proceeds, and franchise fees. Additionally, expenditures could include categories for the various city departments.

Section 79.160, RSMo, requires the Board of Alderman to publish semiannually a full and detailed account of the revenues, expenditures, and indebtedness of the city. The publication of such financial statements is intended to provide complete and accurate information to citizens regarding the financial activity and condition of the city.

- B. The city does not effectively monitor the annual budget, and budget amendments are not prepared and approved timely. The city waits until the end of the fiscal year to prepare budget amendments after budgeted expenditures are exceeded. For example, the city amended their general fund budget to increase expenditures by \$113,725 for the year ending June 30, 2004 on July 21, 2004. While the budget amendment for the year ending June 30, 2005 was approved on June 21, 2005, actual expenditures still exceeded budget estimates by \$133,329 for the General Fund.

Section 67.040, RSMo, allows for budget increases, but only after the governing body officially adopts a resolution setting forth the facts and reasons. Section 67.080, RSMo, provides that no expenditure of public monies shall be made unless it is authorized in the budget. The city should develop procedures to adequately monitor their annual budget, and formally amend the budget before the related expenditures are incurred.

WE RECOMMEND the Board of Alderman:

- A. Ensure the published financial statements provide the citizens an accurate and detailed account of the financial activity of the city.
- B. Adequately monitor the annual budget, and prepare budget amendments prior to incurring the related expenditures.

AUDITEE'S RESPONSE

The Board of Alderman provided the following responses:

- A. *This will be implemented with the next published financial statement.*
- B. *We are currently amending the budget as unplanned expenditures arise.*

6. Payroll and Personnel Matters

Payroll records are not reconciled to wage reports, time cards are not signed by employees and their supervisors, and additional compensation paid to the City Clerk for performing the duties of the Court Clerk were not formally approved by the Board of Alderman.

- A. The City Clerk does not properly reconcile payroll records with amounts reported on Forms W-2, W-3, and 941 quarterly wage reports. As a result, some employees' wages were incorrectly reported, and not identified and corrected until we brought the matter to the city's attention. For example, in 2005 salary amounts reported on Form W-2 for six employees were overstated by a total of approximately \$2,500. Corrected Forms W-2 were subsequently prepared by the city for 2005. Similar errors were also noted with the various forms filed in 2004. The failure to reconcile payroll records increases the risk that errors or irregularities will occur and not be detected on a timely basis.
- B. Time cards are not always signed by employees and their supervisors. Time cards are prepared by the employee, and while the City Clerk indicated they are reviewed for accuracy, this review is not documented. Without employee and supervisory review of time cards and a signature to indicate the review, there is no assurance that the time records are accurate. Time cards should be prepared by the employee, and approved by the applicable supervisor to provide additional assurance that all information recorded is accurate.
- C. City Ordinance 05-06 has established the City Clerk's compensation at \$14 per hour. During 2005 the City Clerk was often required to perform the duties of the Court Clerk for which she received an additional \$100 per week plus her hourly rate (or time and one half if applicable) for any additional time recorded on her time card.

While the Mayor and President of the Board indicated they remember approving the \$100 per week compensation, there is no documentation of this approval, and this compensation is not established by city ordinance. Additionally, the job duties of the City Clerk indicate she is to assist other departments as needed. As a result, it is unclear if the \$100 per week is reasonable considering she is being

compensated for additional time associated with performing the duties of court clerk.

WE RECOMMEND the Board of Alderman:

- A. Ensure payroll records are reconciled with amounts reported on Forms W-2, W-3, and 941, and payroll reporting errors are corrected.
- B. Ensure time cards are signed by all employees and approval of the time card documented.
- C. Review the compensation paid to the City Clerk for performing the duties of Court Clerk for reasonableness, and ensure the compensation is approved by the Board of Alderman and established by ordinance.

AUDITEE'S RESPONSE

The Board of Alderman provided the following responses:

- A. *Reconciliations are now being performed.*
- B. *This has been implemented.*
- C. *The City Clerk is no longer filling in as Court Clerk, and in the future we will ensure her compensation is established by ordinance.*

7. Board Meeting Minutes

Improvement is needed in the city's procedures for documenting open and closed meetings:

- There were several instances during 2005 where the open meeting minutes indicated the Board of Alderman went into closed session; however minutes of a closed meeting were not maintained.
- Some minutes of closed session meetings were typed and maintained in a notebook labeled "closed meeting minutes" and included documentation of the Board's approval. Other minutes were hand written notes located in files with no indication that they were approved by the Board.
- Instances were noted where decisions made in closed meetings were not always recorded in the regular minutes or otherwise made public.
- One instance was noted where the open meeting minutes did not document the specific reason for closing the meeting.

- Open meeting minutes for July 6, 2004 indicate a special meeting was scheduled for July 13, 2004; however, no minutes of the special meeting could be located. The City Clerk indicated that the meeting must have been cancelled; however, there is no documentation of the cancellation.

Minutes serve as the only official permanent record of decisions made by the Board. Section 610.020, RSMo, requires minutes of open and closed meetings be taken and retained by all governmental bodies. Section 610.021, RSMo, allows the board to close meetings to the extent the meetings relate to specified subjects, including litigation, real estate transactions, and personnel issues and requires certain matters discussed in closed meetings to be made public upon final disposition.

WE RECOMMEND the Board of Alderman ensure minutes are maintained of all meetings. In addition, open meeting minutes should state the reasons for going into closed session, and the final disposition of applicable matters discussed in closed meetings should be made public.

AUDITEE'S RESPONSE

The Board of Alderman provided the following response:

The Board believes that we have complied with the Sunshine Law relating to closed session meeting minutes in that not all closed session votes require immediate release to the public. We will continue to make compliance a priority regarding our Board Minutes as per your recommendation.

8.	City Assets
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The city has not prepared and maintained permanent, detailed property records for capital assets. Instead, the city's independent auditor maintains these records, and determines changes made in the city's capital assets when conducting the city's annual audit. Additionally, annual physical inventories are not taken of city-owned property, and asset items owned by the city are not numbered, tagged, or otherwise identified as city property.

Property records for capital assets are necessary to ensure accountability for all items purchased and owned and for determining the proper amount of insurance coverage. Assets should be counted, tagged for specific identification, and recorded by description and serial number in a detailed property ledger at historical cost or estimated historical cost if the original cost is not available. The city should properly record all fixed asset transactions, reconcile those purchases to additions, and periodically perform physical inventories and compare to the detailed records.

WE RECOMMEND the Board of Alderman maintain property records for capital assets that include all pertinent information for each asset, such as tag number, description,

cost, acquisition date, location, and subsequent disposition. In addition, annual physical inventories should be performed and capital asset additions should be reconciled to purchases.

AUDITEE'S RESPONSE

The Board of Alderman provided the following response:

We will contact our independent auditor, and begin maintaining property records.

9. Municipal Division

The Municipal Division does not deposit monies intact and on a timely basis. A bond ledger is not maintained, an accounts receivable ledger is not prepared, and the portion of court costs allocated to the Department of Revenue is not disbursed timely. Additionally, the numerical sequence of tickets is not properly accounted for, and case dispositions are not always adequately documented in case files. The Municipal Division collected approximately \$50,000 during the year ended June 30, 2005.

- A. Improvement is needed over the procedures used to receive and deposit court money.
1. Monies collected by the municipal division are not deposited on a timely basis. While deposits are generally made once a week, only three deposits were made during June 2005, and ranged from \$400 to \$1,500.
 2. A cash count performed on January 12, 2006 totaling \$3,086, identified that court monies are not deposited intact. The cash count included an \$85 check collected prior to receiving the ticket documentation from the police department. This check was withheld from the bank deposit until the ticket was received. In addition, a defendant was allowed to cash a bond refund check totaling \$135 with cash collected from other fines and costs.
 3. Deposit slips are not always properly itemized to indicate the amount of cash and checks being deposited. As a result, it is not clear if the composition of receipts agrees with the composition of the deposits.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all receipts should be included, and deposits should be made intact daily or when accumulated receipts exceed \$100.

To ensure receipts are accounted for properly and deposited intact, checks should not be cashed from official court receipts. To properly reconcile receipts to deposits and ensure all monies are being deposited intact, composition of court receipts should be reconciled to the composition of deposits.

- B. The Court Clerk does not maintain a bond ledger and does not prepare monthly listings of open items (liabilities). As a result, the municipal division cannot ensure the amounts held for open bonds is proper. On June 30, 2005, the reconciled cash balance of the bond account was \$3,693. At our request the Court Clerk reviewed case information and created a bond ledger which identified bonds totaling \$3,400 as of that date.

A bond ledger indicating date and amount of receipt and date of disbursement is necessary to ensure proper accountability over bonds. A monthly listing of open items is necessary to ensure monies held in trust by the municipal court division are sufficient to meet liabilities.

- C. The municipal division allows defendants to make partial payments on fines and court costs. The Court Clerk does not maintain an accounts receivable ledger, balance due docket, or other summary listing which can be reviewed by the Municipal Judge on a periodic basis. When a payment plan is granted by the Judge, the file is placed in a separate file drawer; however, neither the Court Clerk or the City Clerk maintain a list of open cases with costs due. At our request a listing was prepared showing \$2,924 due to the court at March 31, 2006.

Periodic supervisory review of balances due and adequate documentation of partial payments received are necessary to ensure that all amounts due are collected or that appropriate follow up action is taken.

- D. The Court Clerk is responsible for monthly disbursements of Crime Victims compensation (CVC) fees to the state; however, there were several instances when the state's portion of CVC fees were not remitted on a timely basis. For instance, on August 4, 2005, CVC fees totaling \$1,780 for March through June 2005 were remitted.

Section 488.018.2 RSMo, requires that the court's administrator shall disburse CVC funds within 30 days to the Department of Revenue.

- E. The numerical sequence of traffic tickets issued is not adequately accounted for by the municipal division or the Battlefield Police Department. While the Police Chief indicated it was the procedure of the police department to keep a detailed log by ticket book, logs were not maintained for all ticket books assigned to officers. Additionally, the logs that were maintained did not include all relevant information, such as the date of the ticket. The municipal division made improvement in ticket accountability after July 2005.

Without proper accounting of the numerical sequence the Municipal Court cannot be assured that all tickets issued by the Battlefield Police Department are properly submitted to the court for processing. A log listing the ticket book, each ticket number, the date issued, offense, and the violator's name would enable the Municipal Division to ensure all tickets issued have been submitted to the court for processing, properly voided, or not prosecuted.

- F. The court did not indicate all case dispositions on the case file, and the Municipal Judge does not sign the individual case file sheets (court dockets) after case dispositions are recorded. To ensure the proper disposition of all cases has been entered in the court records, the Judge should review each case docket and sign the docket to indicate approval of the recorded disposition.

Conditions similar to Parts A.1, A.2, B, C, and D were noted in our prior report No. 2000-25 on the Municipal Division for the two years ended June 30, 1999.

WE RECOMMEND the Municipal Division:

- A. Deposit all receipts intact daily or when accumulated receipts exceed \$100, discontinue cashing checks with official receipts, and reconcile the composition of receipts to the composition of deposits.
- B. Prepare monthly listings of open items and reconcile the listing to the monies held in trust by the municipal division.
- C. Establish an accounts receivable ledger, a balance due docket or other summary listing which can be reviewed by the Municipal Judge on a periodic basis, to ensure adequate follow up on cases with fines and costs due to the city.
- D. Disburse CVC fees in accordance with state law.
- E. Work with the police department to ensure records are maintained to account for the numerical sequence of all traffic tickets issued.
- F. Document all case dispositions on the case file and ensure that the Judge signs the case file.

AUDITEE'S RESPONSE

The Board of Alderman provided the following responses:

A-E. These recommendations have been implemented.

F. We will discuss implementation of this recommendation with the Municipal Judge.

The Municipal Judge indicated he accepted the recommendations included in the State Auditor's report for the Municipal Court of Battlefield.

HISTORY, ORGANIZATION AND
STATISTICAL INFORMATION

CITY OF BATTLEFIELD, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Battlefield is located in Greene County. The city was incorporated in 1971 and is currently a fourth-class city. The population of the city in 2000 was 2,385.

The city government consists of a mayor and six-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a two-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other officials during the year ended June 30, 2005, are identified below. The Mayor and Board of Aldermen do not receive compensation.

<u>Mayor and Board of Aldermen</u>	<u>Dates of Service During the Year Ended June 30, 2005</u>	
Timothy Bair, Mayor (1)	June 2005	
Michelle Heslep, Mayor	July 2004 - May 2005	
Karl T. Severson, Ward One Alderman	July 2004 - June 2005	
Bob Peterson, Ward One Alderman (2)	July 2004 - August 2004	
Timothy Bair, Ward Two Alderman (3)	July 2004 - June 2005	
Helen Harber, Ward Two Alderwoman	July 2004 - April 2005	
Gary Doucey, Ward Two Alderman	May 2004 - June 2005	
Wagner Huttenlocher, Ward Three Alderman	July 2004	
Darrin Snodgrass, Ward Three Alderman	August 2004 - June 2005	
Judy Stainback, Ward Three Alderwoman (4)	July 2004 - June 2005	
<u>Other Principal Officials</u>	<u>Dates of Service During the Year Ended June 30, 2005</u>	<u>Compensation Paid for the Year Ended June 30, 2005</u>
Susan Diehl, City Clerk (5)	July 2004 - June 2005	\$ 34,657
Melody Lobban-Robison, Collector (6)	September 2004 - June 2005	13,239
Shelly Slavin, Collector	July 2004 - August 2004	4,124
Carrie Batson, Court Clerk (7)	February 2005 - June 2005	5,920
Gary McEndree, Building Inspector	July 2004 - June 2005	32,299
Mike Yeubanks, Public Works Director	July 2004 - June 2005	25,135
David Valley, Police Chief	June 2005	681
Joseph Robison, Police Chief	November 2004 - May 2005	17,961
Christopher Tauai, Police Chief	July 2004 - September 2004	8,520
Greg Dorshorst, Municipal Judge	July 2004 - June 2005	3,600

- (1) Judy Stainback became acting Mayor in August 2005.
- (2) Position vacant until Michelle Heslep appointed in November 2005.
- (3) Helen Harber appointed in June 2005.
- (4) Position vacant until Debra Hickey appointed in December 2005.
- (5) Also served as Court Clerk from July 2004 through March 2005, and July 2005 through January 2006. Compensation for the year ended June 30, 2005 includes \$4,100 for duties as Court Clerk.
- (6) Meghan Keller appointed City Collector in February 2006.
- (7) Marilyn Horn appointed Court Clerk in February 2006.

In addition to the officials identified above, the city employed 7 full-time employees.

Assessed valuations and tax rates for 2005 and 2004 were as follows:

ASSESSED VALUATIONS	2005	2004
Real estate	\$ 35,980,780	29,561,090
Personal property	8,598,860	6,706,520
Total	<u>\$ 44,579,640</u>	<u>36,267,610</u>

TAX RATES PER \$100 ASSESSED VALUATION

	Rate	Rate
General Fund	\$ 0.2889	0.3228
Debt service	0.3156	0.3018

The city has the following sales taxes; the rates are per \$1 of retail sales:

TAX RATE(S) PER \$1 OF RETAIL SALES

	Rate
General	\$.005
Transportation	.005

For a copy of this report please contact the State Treasurer's Office at (573) 751-2411.



Claire McCaskill
Missouri State Auditor

June 2006

Office of the State Treasurer

Year Ended
June 30, 2005



Office Of
Missouri State Auditor
Claire McCaskill

June 2006

The following report is our review of the Office of the State Treasurer.

The Office of State Treasurer (STO) is an elective office as provided in the Missouri Constitution. The duties of the State Treasurer are to be the custodian of all state funds; to determine the amount of state monies not needed for current operating expenses; and to invest such monies as allowed by state law. The Office of State Treasurer operates in four major functional areas: 1) accounting and banking services; 2) disbursements and records; 3) investments and deposit programs; and 4) unclaimed property.

The STO utilizes the Wagers computer system to maintain unclaimed property records. Our review of the reconciliations between the Wagers system and the Statewide Advantage System for Missouri (SAM II) disclosed a difference between receipts recorded in the two systems on the May 2005 reconciliation. The internal auditors did not investigate the \$6.3 million difference until state auditors questioned them about it. It was determined an entry error was made due to changes in the way outlawed checks were recorded when modifications were made to the Wagers system. The \$6.3 million error caused total receipts to be overstated in the Wagers system which resulted in the Governmental Accounting Standards Board Statement Number 21 liability calculation for the state's Comprehensive Annual Financial Report (CAFR) initially to be incorrect. This error was corrected prior to the issuance of the state's CAFR.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

OFFICE OF STATE TREASURER

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Sarah Steelman, State Treasurer
Jefferson City, MO 65102

We have audited the accompanying financial statements of the Treasurer's General Operations Fund, Treasurer's Information Fund, Central Check Mailing Service Revolving Fund, and Abandoned Fund Account Fund of the Office of State Treasurer as of and for the year ended June 30, 2005. These financial statements are the responsibility of the office's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1.A., the financial statements of the Office of State Treasurer are intended to present the financial position and the changes in financial position and, where applicable, cash flows of only that portion of governmental activities, the business-type activities, and each major fund of the State of Missouri that is attributable to the transactions of the Office of the State Treasurer. They do not purport to, and do not, present fairly the financial position of the State of Missouri as of June 30, 2005, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. However, the State of Missouri issued a Comprehensive Annual Financial Report for the State of Missouri for the fiscal year ended June 30, 2005, and that report was prepared in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Treasurer's General Operations Fund, Treasurer's Information Fund, Central Check Mailing Service Revolving Fund, and Abandoned Fund Account Fund of the Office of State Treasurer, as of June 30, 2005, and the changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 10, 2006, on our consideration of the office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information as listed in the table of contents, are not a required part of the financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for that presented in Schedule 5, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole. We did not audit the information presented in Schedule 5 and, accordingly, express no opinion on it.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

May 10, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditors:	Katherine K. Cardenas, CPA
	Robyn Lamb
Audit Staff:	Heather Stiles
	Carrie Koprowski



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS**

Honorable Sarah Steelman, State Treasurer
Jefferson City, MO 65102

We have audited the financial statements of the Office of State Treasurer as of and for the year ended June 30, 2005, and have issued our report thereon dated May 10, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Office of State Treasurer, we considered the office's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the office's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Management Advisory Report.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Office of State Treasurer are free of material misstatement, we performed tests of the office's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the management of the Office of State Treasurer and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

May 10, 2006 (fieldwork completion date)

Management's Discussion and Analysis

Management's Discussion and Analysis

The following is a discussion and analysis of the Office of State Treasurer's (the Treasurer's Office) financial activities for the fiscal year ended June 30, 2005.

HIGHLIGHTS

- The assets of the Treasurer's Office exceeded its liabilities by \$344,405. The entire amount may be used to meet the office's ongoing obligations.
- The office's total net assets increased by \$251,194. This increase is primarily attributable to the creation of the Treasurer's General Operations Fund in Senate Bill 270, and the receipts deposited to the fund to offset the costs of administering Chapter 30 of the Missouri Revised Statutes.
- As of the close of the current fiscal year, the Treasurer's Office governmental funds reported combined ending fund balances of \$236,631, an increase of \$229,599 in comparison with the prior year. The total amount is available for spending as of July 1, 2005, at the discretion of the Treasurer's Office within the purposes and limits of the office's appropriation authority.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Treasurer's Office basic financial statements comprise two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Treasurer's Office, like the State of Missouri, uses fund accounting to ensure and demonstrate compliance with statutory requirements. All of the funds of the Treasurer's Office can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: Governmental funds are used to account for most of the basic services provided by the Treasurer's Office. Governmental fund financial statements focus on short-term inflows and outflows of current financial resources and utilize the modified accrual basis of accounting. This presentation focuses on when cash will be received and disbursed making the statements useful in evaluating a government's financing requirements in the near future.

The Treasurer's Office maintains two individual governmental funds, specifically special revenue funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the Treasurer's General Operations Fund and the Treasurer's Information Fund.

Proprietary Funds: Proprietary Funds are used to account for activities similar to private businesses in which goods and services are sold for specified fees and utilize the full accrual basis of accounting. The Treasurer's Office maintains one proprietary fund, the Central Check

Mailing Service Revolving Fund. This fund is an internal service fund, used as an accounting device to accumulate and allocate costs for centralized check mailing services provided by the Treasurer's Office to other state agencies.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the state government and also utilize the full accrual basis of accounting. The Treasurer's Office maintains one fiduciary fund, the Abandoned Fund Account Fund, to account for unclaimed property turned over to the state in accordance with state statute.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information (RSI) including a budgetary comparison schedule for the Treasurer's General Operations Fund and the Treasurer's Information Fund.

FUND STATEMENT ANALYSIS

Governmental Funds:

At the end of fiscal year 2005, the Treasurer's Office governmental funds reported combined ending fund balances of \$236,631, an increase of \$229,599 over fiscal year 2004. This entire amount is available for spending at the discretion of the Treasurer's Office within the purposes and limits of the office's appropriation authority.

Fund balances for the governmental funds are as follows:

	Treasurer's General Operations Fund	Treasurer's Information Fund	Total
Unreserved	\$215,502	\$21,129	\$236,631

The Treasurer's Information Fund was the primary operating fund for the Treasurer's Office in fiscal year 2005. At the end of fiscal year 2005, the Treasurer's Information Fund reported a total fund balance of \$21,129. The net increase in fund balance during fiscal year 2005 was \$14,097. Revenues of the Treasurer's Information Fund totaled \$301,774, and transfers in from other funds resulting from the state's cost allocation plan totaled \$273,046. Contributing factors follow:

- Funding for a portion of the Treasurer's Office personal service appropriations was shifted from the State Highway Fund to the Treasurer's Information Fund in the state's fiscal year 2005 appropriations budget.
- The Treasurer's Information Fund became a recipient fund of the state's cost allocation plan. This plan is calculated by the Office of Administration and used to allocate the costs of services provided by certain agencies to the funds of the state. Costs are allocated based on how the funds create work for the agencies in the pool. The costs of the State Treasurer's Office are allocated based on receipts into the funds.

Expenditures of the Treasurer's Information Fund totaled \$560,043 in fiscal year 2005. This was a direct result of the funding shift from the State Highway Fund to the Treasurer's Information Fund.

Proprietary Funds:

The Treasurer's Office has one proprietary fund, the Central Check Mailing Service Revolving Fund. This fund is an internal service fund, used as an accounting device to accumulate and allocate costs for centralized check mailing services provided by the Treasurer's Office to other state agencies.

The Central Check Mailing Service Revolving Fund's net assets increased by \$21,595. This is primarily due to an increase in amounts due from other funds of \$39,350.

CAPITAL ASSET ADMINISTRATION

The Treasurer's Office investment in capital assets as of June 30, 2005, was \$7,643 (net of accumulated depreciation). This investment in capital assets represents equipment owned solely by the Central Check Mailing Service Revolving Fund.

NEXT YEAR'S BUDGET

The Treasurer's Office budget for fiscal year 2006 continued the same appropriation levels as the fiscal year 2005 budget. However, primary funding for the office was moved from the General Revenue Fund and the Treasurer's Information Fund to the newly created Treasurer's General Operations Fund. This new fund was created in Senate Bill 270 and the receipts deposited to the fund shall offset the costs of administering Chapter 30 of the Missouri Revised Statutes. Primary funding for the operations of the Unclaimed Property Division were shifted to the Abandoned Fund Account Fund.

Events taking place after the fiscal year end include:

- The contract for the state's General Depository Services was awarded to Central Bank for the period January 1, 2006 through December 31, 2007. The contract contains two, one-year renewal options.
- The contract for the state's Lockbox Services was awarded to Commerce Bank for the period May 1, 2006 through April 30, 2008. The contract contains two, one-year renewal options.

Fund Financial Statements

**OFFICE OF STATE TREASURER
BALANCE SHEET
TREASURER'S GENERAL OPERATIONS
FUND 0164
June 30, 2005**

ASSETS

Cash and Cash Equivalents	\$ 86,851
Investments	<u>214,141</u>
 Total Assets	 <u><u>\$ 300,992</u></u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts Payable	\$ 3,252
Accrued Payroll	58,440
Due to Other Funds	<u>23,798</u>
 Total Liabilities	 <u>85,490</u>

Fund Balances:

Unreserved	<u>215,502</u>
 Total Fund Balances	 <u>215,502</u>

Total Liabilities and Fund Balances	 <u><u>\$ 300,992</u></u>
----------------------------------------	------------------------------

The accompanying Notes to the Financial Statements are an integral part of this statement.

OFFICE OF STATE TREASURER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TREASURER'S GENERAL OPERATIONS
FUND 0164
For the Fiscal Year Ended June 30, 2005

Revenues:

Value of Investments	\$ (697)
Interest Allocation	<u>301,689</u>
Total Revenues	<u>300,992</u>

Expenditures:

Current:

General Government	<u>85,490</u>
Total Expenditures	<u>85,490</u>

Excess Revenues (Expenditures)	<u>215,502</u>
--------------------------------	----------------

Excess Revenues (Expenditures) and Net Change in Fund Balances	215,502
-------------------------------------------------------------------	---------

Fund Balances - Beginning	<u>0</u>
---------------------------	----------

Fund Balances - Ending	<u><u>\$ 215,502</u></u>
------------------------	--------------------------

The accompanying Notes to the Financial Statements are an integral part of this statement.

**OFFICE OF STATE TREASURER
BALANCE SHEET
TREASURER'S INFORMATION
FUND 0255
June 30, 2005**

ASSETS

Cash and Cash Equivalents	\$ 6,118
Investments	<u>15,084</u>
 Total Assets	 <u><u>\$ 21,202</u></u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts Payable	\$ 10
Accrued Payroll	21
Due to Other Funds	<u>42</u>
 Total Liabilities	 <u>73</u>

Unreserved	<u>21,129</u>
Total Fund Balances	<u>21,129</u>

Total Liabilities and Fund Balances	 <u><u>\$ 21,202</u></u>
----------------------------------------	-----------------------------

The accompanying Notes to the Financial Statements are an integral part of this statement.

OFFICE OF STATE TREASURER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
TREASURER'S INFORMATION
FUND 0255
For the Fiscal Year Ended June 30, 2005

Revenues:

Sales	\$ 311
Investment Earnings:	
Net Increase (Decrease) in the Fair Value of Investments	(30)
Contributions and Intergovernmental	300,000
Cost Reimbursement/Miscellaneous	<u>1,493</u>
Total Revenues	<u>301,774</u>

Expenditures:

Current:	
General Government	<u>560,043</u>
Total Expenditures	<u>560,043</u>
Excess Revenues (Expenditures)	<u>(258,269)</u>

Other Financing Sources (Uses):

Transfers In	273,046
Transfers Out	<u>(680)</u>
Total Other Financing Sources (Uses)	<u>272,366</u>

Net Change in Fund Balances	14,097
Fund Balances - Beginning	<u>7,032</u>
Fund Balances - Ending	<u><u>\$ 21,129</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

OFFICE OF STATE TREASURER
STATEMENT OF NET ASSETS
CENTRAL CHECK MAILING SERVICE REVOLVING
FUND 0515
June 30, 2005

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 16,694
Investments	41,161
Accounts Receivable, Net	4,946
Due from Other Funds	39,350

Noncurrent Assets:

Restricted Assets:

Equipment	38,054
Less Accumulated Depreciation	<u>(30,411)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>7,643</u>
Total Assets	<u>109,794</u>

LIABILITIES

Current Liabilities:

Accounts Payable	6
Accrued Payroll	831
Due to Other Funds	448

Noncurrent Liabilities:

Compensated Absences	<u>735</u>
Total Liabilities	<u>2,020</u>

NET ASSETS

Invested in Capital Assets, Net of Related Debt	7,643
Unrestricted	<u>100,131</u>
Total Net Assets	<u><u>\$ 107,774</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

OFFICE OF STATE TREASURER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
CENTRAL CHECK MAILING SERVICE REVOLVING
FUND 0515
For the Fiscal Year Ended June 30, 2005

Operating Revenues:

Charges for Services	\$ 147,796
Cost Reimbursement/Miscellaneous	450
Total Operating Revenues	<u>148,246</u>

Operating Expenses:

Personal Service	2,013
Operations	119,128
Inventories	778
Depreciation	4,598
Total Operating Expenses	<u>126,517</u>

Operating Income (Loss)	<u>21,729</u>
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Non-Operating Revenues (Expenses):

Investment Earnings:	
Net Increase (Decrease) in the Fair Value of Investments	<u>(134)</u>
Total Non-Operating Revenues (Expenses)	<u>(134)</u>

Income (Loss) Before Transfers	<u>21,595</u>
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Change in Net Assets	21,595
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Total Net Assets - Beginning	<u>86,179</u>
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Total Net Assets - Ending	<u><u>\$ 107,774</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

Office of State Treasurer
Statement of Cash Flows
Central Check Mailing Service Revolving
Fund 0515
For the Fiscal Year Ended June 30, 2005

Cash Flows from Operating Activities:

Receipts from Customers and Users	\$ 144,632
Payments to Suppliers	(127,247)
Payments to Employees	(447)
Other Receipts (Payments)	450
Net Cash Provided (Used) by Operating Activities	<u>17,388</u>

Cash Flows from Noncapital Operating Activities:

Due to/ Due from Other Funds	<u>176</u>
Net Cash Provided (Used) by Noncapital Operating Activities	<u>176</u>

Cash Flows from Investing Activities:

Purchase of Investments	<u>(12,518)</u>
Net Cash Provided (Used) by Investing Activities	<u>(12,518)</u>

Net Increase (Decrease) in Cash	5,046
Cash and Cash Equivalents, Beginning of Year	<u>11,648</u>
Cash and Cash Equivalents, End of Year	<u><u>16,694</u></u>

Reconciliation of Operating Income of Net Cash

Provided (Used) by Operating Activities:

Operating Income	23,511
Depreciation Expense	4,598
Changes in Assets and Liabilities:	
Accounts Receivable	(4,946)
Accounts Payable	(7,341)
Compensated Absences Payable	735
Accrued Payroll	831
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 17,388</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

OFFICE OF STATE TREASURER
STATEMENT OF FIDUCIARY NET ASSETS
ABANDONED FUND ACCOUNT
FUND 0863
June 30, 2005

ASSETS

Cash and Cash Equivalents	\$	5,706,648
Investments at Fair Value		14,070,397
Advance to Other Funds		61,606,645
Capital Assets:		
Equipment		23,895
Less: Accumulated Depreciation		<u>(17,470)</u>
Total Capital Assets, Net		<u>6,425</u>
 Total Assets		 <u>81,390,115</u>

LIABILITIES

Accounts Payable		4,359
Accrued Payroll		19,411
Escheats/Unclaimed Property		71,091,694
Due to Other Funds		<u>12,047</u>
 Total Liabilities		 <u>71,127,511</u>

NET ASSETS

Net Assets Held in Trust for Other Purposes	\$	<u><u>10,262,604</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

OFFICE OF STATE TREASURER
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
ABANDONED FUND ACCOUNT
FUND 0863
For the Fiscal Year Ended June 30, 2005

Additions:

Interest	\$ 5
Increase/Decrease in Appreciation of Assets	(30,342)
Cost Reimbursement/Miscellaneous	125
Unclaimed Property	30,404,262
Transfers From General Revenue Fund	<u>1,400,812</u>
 Total Additions	 <u>31,774,862</u>

Deductions:

Administrative Expenses	1,209,432
Depreciation	2,014
Transfers Out	<u>20,300,812</u>
 Total Deductions	 <u>21,512,258</u>
 Change in Net Assets	 10,262,604
 Net Assets - Beginning	 <u>0</u>
 Net Assets - Ending	 <u><u>\$ 10,262,604</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Fund Financial Statements

OFFICE OF STATE TREASURER
NOTES TO THE FUND FINANCIAL STATEMENTS

1. Significant Accounting Policies

A. Financial Statements and Reporting Entity

The accompanying fund financial statements of the Office of State Treasurer have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The State Treasurer's Office has elected not to follow the Financial Accounting Standards Board's pronouncements issued after November 30, 1989, for proprietary activities.

The financial statements present the financial position, and the changes in financial position and where applicable, cash flows, of only the transactions of the Office of State Treasurer. They do not present the financial position of the State of Missouri as of June 30, 2005, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with GAAP. However, the State of Missouri issued a Comprehensive Annual Financial Report for the State of Missouri for the fiscal year ended June 30, 2005, in conformity with GAAP.

B. Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds.

The governmental fund financial statements are presented using the current financial resources measurement focus and modified accrual basis of accounting. With the current financial resources measurement focus, only current assets and current liabilities are included on the balance sheet. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to pay current period liabilities. Operating statements of governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance. All major sources of revenue, including taxes, licenses, fees, permits, and governmental contributions are susceptible to accrual when available within 60 days. Expenditures are recognized when the related fund liability is incurred except for compensated absences (accumulated vacation and compensatory time) and sick pay are recorded as expenditures when paid.

The proprietary and private-purpose trust fund financial statements are presented using the economic resources measurement focus and accrual basis of accounting. With the economic resources measurement focus, assets and liabilities associated with the operation of these funds are included on the Statement of Net Assets.

Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred. Proprietary fund-type operating statements present revenues and expenses in total net assets. Operating revenues and expenses in proprietary funds are classified as those activities that make up the primary ongoing operations associated with those funds. Non-operating revenues and expenses in proprietary funds are classified as those activities that are deemed incidental or unusual for those funds.

C. Basis of Presentation

The Office of State Treasurer's financial practices are based upon fund accounting concepts. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and fund balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The accompanying financial statements are structured into three categories of funds:

- 1) Governmental Funds include the special revenue funds. These funds account for the revenues and expenditures, capital outlay, and certain debt service of the state. The Treasurer's General Operations Fund and the Treasurer's Information Fund are governmental funds.
- 2) Proprietary Funds include internal service funds. These funds account for the cost of certain services provided by the state. The Central Check Mailing Service Revolving Fund is a proprietary fund.
- 3) Fiduciary Funds include private-purpose trust funds. These funds account for assets held by the state in a trustee capacity or as an agent for individuals, other governments, and other funds. The Abandoned Fund Account Fund is a fiduciary fund.

D. Cash and Cash Equivalents

For reporting purposes, cash and cash equivalents include bank accounts, petty cash, and all investments with an original maturity of three months or less, such as certificates of deposit, money market certificates, and repurchase agreements. Cash and cash equivalents on the Central Check Mailing Service Revolving Fund Statement of Cash Flows are also reported under this definition. Cash balances of the Central Check Mailing Service Revolving Fund, Abandoned Fund Account Fund, Treasurer's Information Fund, and Treasurer's General Operations Fund are pooled with other state funds and invested by the State Treasurer.

E. Investments

These are long-term investments which are expected to be held to maturity and redeemed at face value. All investments are reported at fair value.

F. Interfund Receivables/Payables

The state makes various transactions between funds to distribute interest earnings, finance operations, provide services, service debt, and acquire capital assets. These receivables at June 30 are classified as "due from other funds" on the Balance Sheet and Statement of Net Assets. Payables are classified as "due to other funds" on the Balance Sheet and Statement of Net Assets.

G. Advance to Other Funds

Long-term interfund receivables are classified as "advances to other funds" on the Statement of Fiduciary Net Assets.

H. Capital Assets

Capital assets, which include equipment, are valued at historical cost or estimated historical cost if actual historical cost is not available. The estimate of historical cost was based on current appraised value indexed to the date of acquisition. Donated capital assets are reported at estimated fair value at the time received. Capital assets acquired through lease agreements are capitalized at the inception of the agreement.

The capitalization threshold for all equipment is \$1,000.

Equipment is depreciated using the straight-line method of depreciation over a useful life of 5 years.

I. Long-Term Debt

Long-term liabilities that will be financed from governmental funds are not reported on the fund financial statements since they are presented on the modified accrual basis of accounting. These long-term liabilities include the following:

Compensated absences include accumulated unpaid vacation and compensatory time accruals and related employer payroll taxes. These amounts are not accrued in the governmental funds but are recorded as expenditures when paid.

Vacation leave is accumulated at a rate of 10 to 14 hours per month depending on the number of years of employment. Accumulated vacation

leave cannot exceed twice the number of vacation hours earned annually. Compensatory time is accumulated as earned by an individual employee.

Sick leave is accumulated at a rate of 10 hours per month with no limit to the amount which can be accumulated. Accumulated sick leave is not paid upon employee termination and does not represent a liability of the state.

2. Deposits, Investments and Securities Lending Program

The Office of State Treasurer maintains a cash and short-term investment pool that is used by substantially all state funds. These funds do not include accrued interest. Described below is the portfolio that represents the "Cash and Cash Equivalents", "Investments", "Restricted Assets - Cash and Cash Equivalents", and "Restricted Assets - Investments" as reported at June 30, 2005.

A. Deposits

The state minimizes custodial credit risk by restrictions set forth in state law. Custodial credit risk is risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, the State would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties. Statutes restrict the State Treasurer to deposit funds in financial institutions that are physically located in Missouri which are selected based on financial stability and community involvement. The financial institution's loan to deposit ratio must exceed 50% at the time of deposit and deposits must be collateralized at least 100% with approved securities. Deposits must have a maturity of five years or less and earn interest at a rate equal to that paid on U.S. Treasury securities with equivalent maturities.

B. Investments

Statutes authorize the State Treasurer to invest in U.S. Treasury or Agency securities maturing within five years, commercial paper and banker's acceptances maturing within 180 days, or in repurchase agreements maturing within ninety days secured by U.S. Treasury or Agency securities of any maturity. There have been no violations of these investment restrictions during fiscal year 2005.

The State Treasurer minimizes credit risk, the risk of loss due to the failure of the security issuer or backer, by establishing a pre-approved list of financial institutions and companies that will be used to purchase commercial paper. The State Treasurer also conducts regular credit monitoring, pre-qualifies the financial institutions and brokers/dealers with which the Treasurer's Office will do business for broker services and repurchase agreements, and diversifies the portfolio to reduce potential losses on individual securities.

The investments include certain short-term cash equivalents, various long-term items, and restricted assets by maturity in years. The State Treasurer minimizes the risk of the market value of securities falling due to changes in interest rates by maintaining an effective duration of less than 1.5 years, and holding at least 40% of the portfolio's total market value in securities with a maturity of 12 months or less.

The state minimizes concentration of credit risk, the risk attributed to the magnitude of an investment in a single issuer. State statute prohibits the State Treasurer from investing more than 5% of the total investment portfolio into any single financial institution or issuer, excluding U.S. securities and repurchase agreements. There are no restrictions in the amount that can be invested in U.S. securities, however, there can be no more than 15% of the total portfolio invested in repurchase agreements. During fiscal year 2005, the State did not have more than 5% of total investments in a single issuer.

The State Treasurer requires investments in commercial paper and bankers' acceptances have the highest letter and numerical ranking (A1/P1) as rated by Moody's Investor Service, Inc. (Moody's) and Standard & Poor's Corporation (S & P). The Treasurer does not have any additional policies regarding credit ratings of investments.

The State Treasurer does not have a policy regarding foreign currency risk, which is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit, however the State Treasurer's Office does not have any deposits or investments in foreign currency.

C. Securities Lending Program

The Missouri State Treasurer's Office participates in a securities lending program to augment investment income. Authority to participate rests in Section 30.260.5 RSMo. Until October 2004, the program was administered by U.S. Bank as the State Treasurer's custodial agent bank, which lends certain securities to registered broker-dealers as approved by the State Treasurer's Office in exchange for collateral. As of October 2004, Bank of New York began acting as the State Treasurer's custodial bank and securities lending agent. For securities which are received as collateral under a bonds borrowed program, at least 75% of the collateral received must match the maturities of the securities lent with a maximum duration gap between loans and investments of 15 days. The maximum life of term loans shall be 90 days.

Collateral may be in the form of cash, securities issued or guaranteed by the United States Government or its agencies, or bank letters of credit or equivalent obligation if pre-approved by the State Treasurer's Office. Collateral must be provided in the amount of 102% of the then market value of the loaned securities and accrued interest, if any. The Custodian provides for full indemnification to

the State Treasurer's Office for any losses that might occur in the program due to borrower default, insolvency, or failure to return loaned securities.

3. Capital Assets

Capital asset activity for the year ended June 30, 2005, was as follows:

	Balance July 1, 2004	Increases	Decreases	Balance June 30, 2005
Governmental Activities:				
Equipment, Governmental Funds	\$ 1,699	\$ 0	\$ 0	\$ 1,699
Equipment, Proprietary Funds	<u>38,054</u>	<u>0</u>	<u>0</u>	<u>38,054</u>
Total Equipment	39,753	0	0	39,753
Less Accumulated Depreciation for:				
Equipment, Governmental Funds	(112)	(520)	0	(632)
Equipment, Proprietary Funds	<u>(26,297)</u>	<u>(4,114)</u>	<u>0</u>	<u>(30,411)</u>
Total Accumulated Depreciation	(26,409)	(4,634)	0	(31,043)
Governmental Activities Capital Assets, Net	\$ <u>13,344</u>	\$ <u>(4,634)</u>	\$ <u>0</u>	\$ <u>8,710</u>

4. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2005 :

	Balance July 1, 2004	Increases	Decreases	Balance June 30, 2005	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ <u>126,764</u>	\$ <u>40,068</u>	\$ <u>39,113</u>	\$ <u>127,719</u>	\$ <u>39,113</u>
Total Governmental Activities	\$ <u>126,764</u>	\$ <u>40,068</u>	\$ <u>39,113</u>	\$ <u>127,719</u>	\$ <u>39,113</u>

5. Payables and Receivables

A summary of accounts payable and accounts receivable at June 30, 2005, is shown below:

	Governmental Funds	Proprietary Fund	Balance June 30, 2005
Accounts Payable:			
Vendors	\$ 3,261	\$ 7	\$ 3,268
Employees	58,461	831	59,292
Total Accounts Payable	\$ 61,722	\$ 838	\$ 62,560
Accounts Receivable:			
Customers	\$ 0	\$ 4,946	\$ 4,946
Total Accounts Receivable	\$ 0	\$ 4,946	\$ 4,946

6. Interfund Assets and Liabilities

A summary of interfund assets and liabilities at June 30, 2005, is shown below :

<u>Due To/From Other Funds</u>				
	Treasurer's General Operations Fund	Treasurer's Information Fund	Central Check Mailing Service Revolving Fund	Totals
Due to Other Funds:				
General Government	\$ 2,758	\$ 33	\$ 0	\$ 2,791
Fringe Benefits	21,040	9	488	21,537
Totals	\$ 23,798	\$ 42	\$ 488	\$ 24,328
Due From Other Funds:				
General Government	\$ 0	\$ 0	\$ 39,350	\$ 39,350
Totals	\$ 0	\$ 0	\$ 39,350	\$ 39,350

Interfund assets do not equal interfund liabilities because only funds related to the State Treasurer's Office are being presented, not all state funds.

Advance To Other Funds

	<u>Abandoned Fund Account Fund</u>
Advance to Other Funds:	
General Revenue	\$ <u>61,606,645</u>
Totals	\$ <u>61,606,645</u>

Transfers (advances) were made from the Abandoned Fund Account Fund to provide resources for cash flow requirements. Section 447.543, RSMo, allows transfers to be made based on the balance of the Abandoned Fund Account Fund.

7. Subsequent Events

Events taking place after the fiscal year end include:

- The contract for the state's General Depository Services was awarded to Central Bank for the period January 1, 2006 through December 31, 2007. The contract contains two, one-year renewal options.
- The contract for the state's Lockbox Services was awarded to Commerce Bank for the period May 1, 2006 through April 30, 2008. The contract contains two, one-year renewal options.

Required Supplementary Information

**OFFICE OF STATE TREASURER
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2005**

	Treasurer's General Operations Fund				Treasurer's Information Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final
Beginning Budgetary Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,119	\$ 7,119	\$ 7,119	\$ 0
Resources (Inflows):								
Interest Allocation	0	0	301,689	301,689	0	0	0	0
Cost Reimbursement	0	0	0	0	1,400	1,400	1,493	93
Intergovernmental	0	0	0	0	300,000	300,000	300,000	0
Transfers In	0	0	0	0	272,680	272,680	273,357	677
Total Resources (Inflows)	<u>0</u>	<u>0</u>	<u>301,689</u>	<u>301,689</u>	<u>574,080</u>	<u>574,080</u>	<u>574,850</u>	<u>770</u>
Amount Available for Appopriation	<u>0</u>	<u>0</u>	<u>301,689</u>	<u>301,689</u>	<u>581,199</u>	<u>581,199</u>	<u>581,969</u>	<u>770</u>
Charges to Appropriations (Outflows):								
Current:								
General Government	0	0	0	0	504,135	504,135	411,319	92,816
Transfers Out	0	0	0	0	94,041	172,601	149,399	23,202
Total Charges to Appropriations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>598,176</u>	<u>676,736</u>	<u>560,718</u>	<u>116,018</u>
Ending Budgetary Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 301,689</u>	<u>\$ 301,689</u>	<u>\$ (16,977)</u>	<u>\$ (95,537)</u>	<u>\$ 21,251</u>	<u>\$ 116,788</u>
Reconciling Items:								
Reclassifying Cash Equivalents as Investments			(214,838)				(15,133)	
Investments at Fair Value			214,141				15,084	
Accounts Payable			(3,252)				(10)	
Accrued Payroll			(58,440)				(21)	
Due to Other Funds			<u>(23,798)</u>				<u>(42)</u>	
Fund Balance - GAAP Basis			<u>\$ 215,502</u>				<u>\$ 21,129</u>	

The accompanying Notes to the Required Supplementary Information are an intergral part of this schedule.

OFFICE OF STATE TREASURER
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING

The Budgetary Comparison Schedule in Required Supplementary Information (RSI) presents comparisons of the original and revised legally adopted budgets with actual data on a budgetary basis for the Treasurer's General Operations Fund and the Treasurer's Information Fund.

The Budgetary Comparison Schedule reports revenues and expenditures on a budgetary basis where "actual" revenues are recognized when cash is received, and "actual" expenditures are recognized for cash disbursements. The accounting principles applied for reporting on a budgetary basis differ from those used to present the financial statements in accordance with GAAP. A reconciliation of the two for the fiscal year ended June 30, 2005, has been presented at the bottom of the Budgetary Comparison Schedule shown on the previous page of RSI and includes data presented, on this basis, for the fiscal year, and for adjustments made in the one-month lapse period, July 1 through July 31.

The "original budget" expenditures and transfers represent the amounts originally appropriated for each fund. The "final budget" expenditures and transfers include increases to appropriations during the fiscal year.

In accordance with state statute, all state funds must have an appropriation before amounts can be expended or transferred to another state fund, therefore variances between "budgeted" and "actual" expenditures and transfers on the budgetary schedule will always be positive.

The Treasurer's General Operations Fund does not include any budgeted amounts for fiscal year 2005. The fund was created during the 2005 legislative session and was not included in the appropriations budget until fiscal year 2006.

Supplementary Information

Schedule 1

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2005			2004		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances**
GENERAL REVENUE FUND						
Issuing duplicate/outlawed checks	\$ 2,875,000	2,859,264	15,736	3,225,000	1,124,492	2,100,508
Services to monitor companies doing business in Northern Ireland	0	0	0	4,500	0	4,500
Lease and utility expense	2,867	345	2,522	4,388	1,521	2,867 *
Personal service	1,439,812	1,439,106	706	1,378,412	1,321,101	57,311
Expense and equipment	289,505	289,092	413	380,383	354,576	25,807
Refunds of excess interest from the linked deposit program	3,000	38	2,962	3,000	2,333	667
Total General Revenue Fund	4,610,184	4,587,845	22,339	4,995,683	2,804,023	2,191,660
TREASURER'S INFORMATION FUND						
Personal service	479,135	409,919	69,216	0	0	0
Expense and equipment	25,000	1,400	23,600	25,000	2,529	22,471
Total Treasurer's Information Fund	504,135	411,319	92,816	25,000	2,529	22,471
CENTRAL CHECK MAILING SERVICE						
REVOLVING FUND						
Expense and equipment	225,000	118,915	106,085	225,000	159,771	65,229
STATE HIGHWAYS AND TRANSPORTATION DEPARTMENT FUND						
Personal service	0	0	0	464,135	464,134	1
SECOND INJURY FUND						
Personal service	37,875	37,874	1	36,675	36,674	1
Expense and equipment	3,280	3,280	0	3,280	3,280	0
Total Second Injury Fund	41,155	41,154	1	39,955	39,954	1
ABANDONED FUND ACCOUNT FUND						
Expense and equipment	580,000	579,461	539	1,119,000	1,109,851	9,149
Payment of claims for abandoned property	19,750,000	19,432,004	317,996	20,000,000	18,739,655	1,260,345
Total Abandoned Fund Account Fund	20,330,000	20,011,465	318,535	21,119,000	19,849,506	1,269,494
Total All Funds	\$ 25,710,474	25,170,698	539,776	26,868,773	23,319,917	3,548,856

* Biennial appropriations set up in fiscal year 2004 are re-appropriations to fiscal year 2005. After the fiscal year-end processing has been completed, the unexpended fiscal year 2004 appropriation balance for a biennial appropriation is established in fiscal year 2005. Therefore, there is no lapsed balance for a biennial appropriation at the end of fiscal year 2004.

The accompanying Notes to the Supplementary Information are an integral part of this statement.

Schedule 2

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,	
	2005	2004
Personal service	\$ 1,886,899	1,821,909
Travel	6,371	11,774
Expense and equipment	206,507	278,807
Communications expense	38,120	39,092
Professional services	584,516	1,125,527
Equipment repairs and maintenance	64,943	71,099
Equipment and software purchases	92,036	105,229
Abandoned fund claim payments	19,432,004	18,739,655
Replacement of outlawed checks	2,859,264	1,124,492
Refunds of excess interest from the linked deposit program	38	2,333
Total Expenditures	\$ <u>25,170,698</u>	<u>23,319,917</u>

The accompanying Notes to the Supplementary Information are an integral part of this statement.

Schedule 3

OFFICE OF STATE TREASURER
STATEMENT OF CHANGES IN GENERAL CAPITAL ASSETS
YEAR ENDED JUNE 30, 2005

	Furniture and Equipment	Motor Vehicles	Total General Capital Assets
Balance, June 30, 2004	\$ 890,209	16,582	906,791
Additions	60,452	0	60,452
Dispositions	(97,096)	0	(97,096)
Balance, June 30, 2005	\$ 853,565	16,582	870,147

Fund of Acquisition	Balance June 30, 2005
General Revenue Fund	\$ 804,406
Central Check Mailing Service Revolving Fund	38,054
Second Injury Fund	2,093
Abandoned Fund Account Fund	23,895
Treasurer's Information Fund	1,699
Total All Funds	\$ 870,147

The accompanying Notes to the Supplementary Information are an integral part of this statement.

Schedule 4

OFFICE OF STATE TREASURER

COMPARATIVE STATEMENT OF FUNDS IN CUSTODY OF STATE TREASURER

	June 30,				
	2005	2004	2003	2002	2001
APPROPRIATED FUNDS					
Demand Deposits:					
US Bank	\$ 372,704	12,247,705	(5,845,909)	2,576,463	19,067,922
Central Bank	(130,664,664)	(58,532,570)	(133,946,937)	(138,593,954)	(171,270,259)
Premier Bank	70,273	58,705	17,025	43,795	23,742
Collection bank accounts	5,570,434	3,953,086	3,640,880	4,938,377	1,269,172
Bank of New York Midwest	(153,823)	N/A	N/A	N/A	N/A
Total Demand Deposits	(124,805,076)	(42,273,074)	(136,134,941)	(131,035,319)	(150,909,423)
Pooled Investments:					
Time deposits	410,099,652	373,397,355	326,995,334	367,178,643	453,435,866
U.S. government securities	1,517,146,443	1,678,892,718	1,701,713,339	1,447,407,896	1,419,273,616
Commercial paper and banker acceptances	511,579,780	516,179,983	516,971,919	694,144,369	873,037,428
Repurchase agreements	256,490,000	356,298,000	361,795,000	527,329,300	341,656,000
Total Pooled Investments	2,695,315,875	2,924,768,056	2,907,475,592	3,036,060,208	3,087,402,910
Total Demand Deposits and Pooled Investments (Schedule 5)	2,570,510,799	2,882,494,982	2,771,340,651	2,905,024,889	2,936,493,487
Special Fund Dedicated Investments:					
U.S. government securities	22,490,817	22,307,523	19,513,106	17,611,544	16,703,999
Donated corporate stock	5,130	5,130	5,130	5,130	5,130
Total Special Fund Dedicated Investments	22,495,947	22,312,653	19,518,236	17,616,674	16,709,129
Total Appropriated Funds	2,593,006,746	2,904,807,635	2,790,858,887	2,922,641,563	2,953,202,616
NONAPPROPRIATED FUNDS					
Demand deposits	12,690,878	12,326,160	36,701	184,828	19,312
Repurchase agreements	5,694,294	8,329,000	19,406,000	96,338,000	110,607,600
US government securities	0	15,105,450	64,522,948	65,418,122	65,312,467
Total Nonappropriated Funds (Schedule 6)	18,385,172	35,760,610	83,965,649	161,940,950	175,939,379
Total Cash and Investments	\$ 2,611,391,918	2,940,568,245	2,874,824,536	3,084,582,513	3,129,141,995

N/A There were no demand deposits at this bank for the years indicated.

The accompanying Notes to the Supplementary Information are an integral part of this statement.

Schedule 5

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2005	2004	2003	2002	2001
General Revenue Fund	\$ 301,985,863	505,819,660	288,668,747	326,037,792	438,697,261
Budget Reserve Fund	463,329,448	444,203,058	462,371,185	469,923,934	451,979,496
Budget Stabilization Fund	0	0	0	0	0
Cash Operating Reserve - General Revenue Fund	0	0	0	0	0
Abandoned Fund Account Fund	19,822,818	5,777,567	2,925,399	2,197,539	2,799,058
Abandoned Mine Reclamation Fund	344,821	1,009,746	992,668	906,128	805,733
Academic Scholarship Fund	28,768	286,706	330,882	133,211	327,773
Acupuncturist Fund	47,866	48,722	45,512	22,352	0
Adjutant General - Federal Fund	3,682,703	3,499,460	2,531,799	2,513,349	1,259,644
Adjutant General Revolving Fund	68,384	83,706	96,929	112,537	110,311
Administrative Trust Fund	11,756,442	10,389,140	10,257,922	11,906,971	12,353,604
Advantage Missouri Trust Fund	543,863	379,860	105,864	166,500	82,906
Agricultural Product Utilization and Business					
Development Loan Guarantee Fund	4	4	N/A	N/A	N/A
Agricultural Product Utilization Business					
Development Loan Guarantee Fund	1	1	1	1	1
Agricultural Product Utilization Grant Fund	20	19	41	48,656	73,417
Agriculture Bond Trustee Fund	0	0	0	0	0
Agriculture Development Fund	93,394	62,256	82,753	81,312	64,422
ALS Lou Gehrig's Disease Fund	956	N/A	N/A	N/A	N/A
Alternative Care Trust Fund	3,497,951	3,394,342	2,972,087	2,724,219	2,011,676
American Cancer Society Fund	1,157	N/A	N/A	N/A	N/A
American Diabetes Association Fund	589	N/A	N/A	N/A	N/A
American Heart Association Fund	538	N/A	N/A	N/A	N/A
American Lung Association of Missouri Fund	136	N/A	N/A	N/A	N/A
Americans With Disabilities Act Compliance Fund	0	0	0	30,362	283,262
Animal Care Reserve Fund	201,241	162,834	150,306	114,357	143,176
Animal Health Laboratory Fee Fund	216,148	184,004	174,107	222,038	247,997
Antiterrorism Fund	3,681	988	N/A	N/A	N/A
Apple Merchandising Fund	4,155	3,996	5,813	15,171	10,386
Aquaculture Marketing Development Fund	0	0	7	1	0
Arrow Rock State Historic Site Fund	23,141	22,661	22,278	N/A	N/A
Arthritis Foundation Fund	2,128	N/A	N/A	N/A	N/A
Assistive Technology Loan Revolving Fund	2,291,607	2,072,894	1,141,856	1,020,146	469,704
Athletic Agent Fund	10,760	N/A	N/A	N/A	N/A
Athletic Fund	614,663	515,626	424,024	472,084	405,982
Attorney General - Federal and Other Fund	203,096	252,576	29,349	4,706	46,212
Attorney General Anti-Trust Revolving Fund	20,658	128,388	488,419	597,451	314,260
Attorney General Court Costs Fund	33,411	49,908	67,090	48,937	48,898
Attorney General Trust Fund	60,755	0	N/A	N/A	N/A
Aviation Trust Fund	10,660,800	2,737,048	3,259,469	5,840,058	8,593,264
Basic Civil Legal Services Fund	64,764	260,857	N/A	N/A	N/A
Bingo Proceeds for Education Fund	2,966,004	4,913,574	5,048,369	6,165,023	5,910,434
Biodiesel Fuel Revolving Fund	138,065	191,385	2,655	N/A	N/A
Blind Pension Fund	12,474,814	12,728,361	12,495,281	10,448,724	7,949,388
Blindness Education, Screening and Treatment Program Fund	562,218	539,975	469,756	305,462	113,420
Board of Barber Examiners Fund	447,067	571,704	277,404	394,477	106,499
Board of Embalmers and Funeral Directors Fund	863,989	1,162,774	598,740	907,167	329,728
Board of Geologist Registration Fund	225,603	193,549	168,367	141,930	101,147
Board of Pharmacy Fund	2,889,012	2,718,220	2,563,783	2,283,999	2,042,991
Board of Registration for the Healing Arts Fund	4,061,032	6,419,544	4,492,400	6,765,256	5,174,356
Boiler and Pressure Vessels Safety Fund	431,550	475,950	342,438	N/A	N/A
Boll Weevil Suppression and Eradication Fund	77,357	39,460	5,466	9,158	0
BPB Series A 2003 Bond Proceeds - Projects Fund	55,635,554	118,185,365	203,204,063	N/A	N/A
BPB Series A 2003 Bond Proceeds - Notes Fund	41,081	40,320	24,360	N/A	N/A
Bridge Scholarship Fund	0	0	0	0	0
Business Extension Service Team Fund	316,329	327,522	298,179	1,544,580	4,962,020
Central Check Mailing Service Revolving Fund	57,989	38,930	42,924	3,126	6,980

Schedule 5

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2005	2004	2003	2002	2001
Champ W. Smith & Mary C. Smith					
Memorial Endowment Trust Fund	382,661	380,256	388,011	413,079	424,095
Chemical Emergency Preparedness Fund	686,467	702,192	634,562	554,474	651,174
Childhood Lead Testing Fund	260,908	166,542	N/A	N/A	N/A
Child Labor Enforcement Fund	159,450	164,455	163,877	138,996	43,995
Child Support Enforcement Fund	7,923,790	10,181,912	6,304,558	4,595,307	7,762,255
Children's Trust Fund	3,022,165	3,278,420	3,302,480	3,578,065	4,250,891
Clinical Social Workers Fund	774,649	795,507	695,706	675,815	568,315
Coal Mine Land Reclamation Fund	711,847	780,537	839,048	831,359	908,615
Committee of Professional Counselors Fund	1,037,538	992,245	803,934	805,425	416,898
Commodity Council Merchandising Fund	63,126	48,208	41,751	8,591	24,488
Community Service Commission Fund	4,599	27,657	7,108	165	14,367
Compulsive Gamblers Fund	641,514	515,250	352,265	176,940	10,124
Concentrated Animal Feeding Operation Indemnity Fund	322,216	279,969	216,740	189,030	154,534
Confederate Memorial Park Fund	144,254	141,266	138,904	135,595	130,751
Conservation Commission Fund	31,333,950	29,535,857	27,218,529	24,343,917	17,034,452
Correctional Substance Abuse Earnings Fund	549,764	457,559	366,640	265,324	174,670
County Aid Road Trust Fund	116	116	116	116	116
Crime Victims' Compensation Fund	7,006,695	7,763,696	7,813,312	7,663,263	7,750,711
Criminal Justice Network and Technology Revolving Fund	444,472	484,729	620,322	701,518	550,912
Criminal Record System Fund	3,919,887	6,148,943	6,664,778	6,973,044	6,085,569
Crippled Children's Service Fund	68,199	130,737	205,812	269,420	439,710
Deaf Relay Service Fund	2,016,978	3,300,513	4,327,037	6,485,237	7,357,731
Debt Offset Escrow Fund	7,768,411	7,903,524	8,929,246	20,364,842	17,509,906
Dental Board Fund	1,329,291	610,887	1,130,372	433,982	408,942
Department of Agriculture - Federal Fund	611,745	482,230	699,123	784,195	17,179
Department of Corrections - Federal Fund	583,747	688,738	614,585	111,482	2,464,906
Department of Economic Development - Community					
Development Block Grant Administration Fund	51,525	67,459	20,038	3,983	46,476
Department of Economic Development - Community					
Development Block Grant Pass-through Fund	20,865	63,662	53,263	1,845,536	35,736
Department of Economic Development -					
Federal and Other Fund	30,476	30,476	30,609	99,533	29,062
Department of Economic Development -					
Management Information Systems -					
Federal and Other Fund	129	129	129	129	129
Department of Economic Development -					
Missouri Council on the Arts -					
Federal and Other Fund	58,626	12,082	14,615	13,835	12,242
Department of Economic Development - Women's					
Council - Federal Fund	5,433	5,433	5,433	5,433	5,433
Department of Economic Development Administrative Fund	388,832	411,013	572,139	207,785	221,601
Department of Health - Donated Fund	176,920	209,211	359,452	774,473	747,772
Department of Health - Federal Fund	6,467,315	6,003,963	3,143,988	2,691,986	1,151,130
Department of Health Document Services Fund	30,944	278,796	20,239	23,585	49,852
Department of Health Interagency Payments Fund	2	2	56,672	245,758	223,159
Department of Higher Education - Federal Fund	102,916	19,234	47,877	28,328	26,187
Department of Insurance Dedicated Fund	7,860,899	6,206,867	12,147,179	10,076,526	9,190,004
Department of Labor and Industrial Relations -					
Administrative Fund	132,176	213,448	1,012,498	3,849,088	383,796
Department of Labor and Industrial Relations -					
Commission on Human Rights - Federal Fund	551,103	700,515	790,723	674,639	1,392,396
Department of Labor and Industrial Relations -					
Crime Victims -Federal Fund	4,688	0	0	72	96,269
Department of Mental Health - Federal Fund	21,519,186	23,479,160	29,239,753	30,668,576	55,593,079
Department of Natural Resources - Federal and Other Fund	6,373,371	1,962,694	3,427,103	4,678,658	6,522,883
Department of Natural Resources Cost Allocation Fund	914,649	1,431,088	1,127,444	872,858	858,747
Department of Natural Resources Revolving Services Fund	643,668	420,859	377,967	571,454	209,629

Schedule 5

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2005	2004	2003	2002	2001
Department of Public Safety - Federal Fund	384,351	801,449	96,775	119,958	338,119
Department of Public Safety - Highway Safety Fund	1,840,351	550,989	101,637	127,327	128,543
Department of Public Safety - JAIBG Fund	3,292,641	2,650,334	7,434,315	8,521,054	5,195,957
Department of Revenue - Federal Fund	650,392	207,210	154,105	207,790	212,081
Department of Revenue Information Fund	915,401	194,100	607,879	565,113	512,115
Department of Social Services - Federal and Other Fund	549	501	0	0	1,127,274
Department of Social Services Administrative Trust Fund	189,035	349,682	704,197	169,949	736,244
Department of Social Services Educational Improvement Fund	2,179,442	3,060,304	3,379,189	3,602,098	2,855,751
DESE -- Medicaid Fund	0	0	N/A	N/A	N/A
Design and Construction Donated Fund	9	9	9	9	9
Dietitian Fund	297,550	358,617	249,600	326,345	93,820
Division of Aging - Federal and Other Fund	10	449	425	94	1,891,908
Division of Aging Donations Fund	1,599	1,599	1,599	1,599	1,599
Division of Aging Elderly Home Delivered Meals Trust Fund	86,908	111,855	142,575	94,066	101,748
Division of Credit Unions Fund	227,240	122,938	169,200	280,934	359,639
Division of Family Services - Administrative Fund	6,894,735	26,280,945	34,026,564	15,700,137	14,567,652
Division of Family Services Donations Fund	53,624	135,185	192,322	180,335	272,833
Division of Finance Fund	731,434	730,208	305,021	295,004	673,349
Division of Labor Standards - Federal Fund	304	0	6,945	13,849	13,616
Division of Savings and Loan Supervision Fund	27,364	25,921	28,971	29,010	40,692
Division of Tourism Supplemental Revenue Fund	3,326,761	2,544,679	2,544,150	4,114,661	4,184,763
Division of Youth Services - Federal and Other Fund	13	13	8	10	648,999
DNA Profiling Analysis Fund	332,467	N/A	N/A	N/A	N/A
Doctor Edmund A. Babler Memorial - State Park Fund	729,615	737,715	752,269	791,079	836,892
Domestic Relations Resolution Fund	138,924	343,455	611,081	641,396	569,705
Drug Court Resources Fund	932,269	762,917	191,936	N/A	N/A
Dry-Cleaning Environmental Response Trust Fund	2,524,582	2,091,208	1,489,376	825,019	208,690
Early Childhood Development, Education and Care Fund	5,907,270	5,661,080	10,202,919	32,676,659	43,821,123
Economy Rate Telephone Service Fund	0	0	0	0	50
Election Administration Improvement Fund	53,419,966	62,373,206	17,357,004	N/A	N/A
Election Improvement Revolving Loan Fund	128	0	0	N/A	N/A
Elementary and Secondary Education - Federal and Other Fund	5,001,336	3,793,758	3,574,431	1,601,085	1,229,874
Elevator Safety Fund	216,798	47,122	216,197	145,066	85,906
Endowed Care Cemetery Audit Fund	339,996	315,418	264,063	255,647	218,963
Energy Set-Aside Program Fund	14,884,150	16,560,253	21,642,086	21,567,293	22,336,181
Escheats Fund	0	793	0	6,854,394	6,872,791
Excellence in Education Fund	1,867,649	1,598,967	1,629,046	1,426,892	1,099,804
Facilities Maintenance Reserve Fund	32,620,048	42,261,310	1,126,709	10,204,928	30,966,318
Fair Share Fund	2,204,084	1,898,589	2,017,456	1,987,035	2,105,985
Family Support Loan Fund	19,551	21,187	19,608	116,614	114,995
Federal - Missouri Department of Insurance Fund	0	0	0	0	0
Federal and Other Fund	12,110	91,102	164,219	14,704	2,850
Federal Drug Seizure Fund	2,006,482	1,393,213	757,337	1,295,193	2,237,474
Federal Reimbursement Allowance Fund	7,770,975	5,640,973	33,195,414	13,978,859	23,147,141
Federal Student Loan Reserve Fund	11,255,771	15,504,380	22,234,075	20,486,626	26,959,150
Federal Surplus Property Fund	1,938,644	2,128,981	1,995,073	1,649,261	1,690,580
Fine Collections Center Interest Revolving Fund	0	0	1	850	10,129
Fire Education Fund	220,472	0	0	0	0
Firing Range Fee Fund	1,434	1,434	1,434	1,434	1,434
Fourth State Building - Series A 1998	8,440,071	8,564,555	10,117,941	11,656,995	15,350,156
Fourth State Building Bond and Interest - Series A 1995	0	2,590,869	3,369,624	5,938,049	6,112,982
Fourth State Building Bond and Interest - Series A 1996	4,200,286	5,140,410	9,262,607	9,837,013	10,142,670
Fourth State Building Bond and Interest - Series A 1998	3,517,802	3,530,700	3,578,120	3,674,666	3,804,229
Fourth State Building Bond and Interest - Series A 2002	7,435,272	7,394,105	7,542,860	N/A	N/A
Fourth State Building Bond and Interest - Series A 2005	2,568	N/A	N/A	N/A	N/A
Gaming Commission Bingo Fund	0	0	0	0	2,537

Schedule 5

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2005	2004	2003	2002	2001
Gaming Commission Fund	4,236,913	10,837,736	4,001,746	4,210,689	4,690,850
Gaming Proceeds for Education Fund	10,109,538	9,958,905	7,715,821	16,838,239	13,416,742
GEAR-UP Scholarship Fund	3,784,564	2,945,008	1,325,932	1,302,681	N/A
General Revenue Reimbursements Fund	3,584	1,829,840	722,693	11,913,176	6,500,746
Governor's Committee on Employment of the Handicapped - Federal Fund	271,547	233,220	159,262	199,584	704,496
Governor's Council on Physical Fitness Institution Gift Trust Fund	4,855	35,205	3,113	N/A	N/A
Grade Crossing Safety Account Fund	5,425,074	4,856,618	4,827,077	4,654,379	4,872,583
Grain Inspection Fees Fund	586,324	530,403	544,691	451,865	340,234
Groundwater Protection Fund	283,226	174,818	110,973	116,628	207,197
Guaranty Agency Operating Fund	19,879,552	15,672,059	10,279,228	7,527,667	6,970,923
Handicapped Children's Trust Fund	23	23	23	23	23
Hazardous Waste Fund	939,173	707,816	888,282	1,076,035	962,798
Hazardous Waste Remedial Fund	2,788,388	3,194,368	3,366,617	2,582,929	2,829,818
Head Injury Fund	1,108,372	728,437	457,855	N/A	N/A
Health Access Incentive Fund	1,164,668	990,833	1,015,562	753,390	582,825
Health Initiatives Fund	3,193,366	3,516,694	3,436,477	5,847,311	8,298,720
Health Spa Regulatory Fund	116,240	102,950	98,050	87,620	76,161
Healthy Families Trust Fund	1,369,022	1,782,323	4,027,543	0	211,330,653
Healthy Families Trust Fund - Early Childhood Care and Education Account Fund	0	0	266,913	788,659	0
Healthy Families Trust Fund - Health Care Treatment and Access Account Fund	1,603,328	2,450,828	3,579,837	6,845,344	0
Healthy Families Trust Fund - Life Sciences Research Account Fund	0	0	0	11,730	0
Healthy Families Trust Fund - Seniors Catastrophic Prescription Drug Account Fund	0	1,945	16,295	60,847,227	0
Healthy Families Trust Fund - Tobacco Prevention, Education and Cessation Account Fund	102,706	77,048	62,244	47,129	0
Hearing Instrument Specialist Fund	127,761	118,395	106,458	100,021	91,419
Highway Patrol Academy Fund	690,223	624,129	496,506	486,645	464,005
Highway Patrol Inspection Fund	2,931,512	1,508,279	2,888,801	3,874,665	2,519,683
Highway Patrol's Motor Vehicle and Aircraft Revolving Fund	6,896,180	7,565,814	5,425,200	3,865,254	4,517,360
Highway Patrol Traffic Records Fund	489,786	301,342	N/A	N/A	N/A
Historic Preservation Revolving Fund	843,127	876,012	853,885	1,390,762	1,471,854
Homeland Security Fund	1	1	80,202	N/A	N/A
House of Representatives Revolving Fund	51,522	39,190	36,077	13,221	81
Independent Living Center Fund	304,511	478,636	689,688	529,844	404,258
Infrastructure Development Fund	0	0	0	0	0
Inmate Incarceration Reimbursement Act Revolving Fund	483,008	388,077	264,748	212,093	184,618
Inmate Revolving Fund	1,442,433	1,026,148	895,119	1,460,329	2,556,898
Insurance Examiners Fund	1,024,819	1,013,506	879,199	649,861	523,237
Intergovernmental Transfer Fund	999	1,197,614	992,173	26,477,310	2,000,000
Interior Design Council Fund	56,754	49,755	49,357	28,456	19,975
International Trade Show Revolving Fund	47,600	85,913	74,551	75,510	67,835
Investors Restitution Fund	6,629,999	6,620,895	1,000	N/A	N/A
Job Development and Training Fund	2,143,220	1,582,431	401,199	671,693	2,619,964
Judiciary Education and Training Fund	666,479	573,328	521,287	591,887	194,489
Kid's Chance Scholarship Fund	325,100	268,736	214,653	160,420	105,710
Landscape Architectural Council Fund	0	0	0	37,434	15,663
Legal Defense and Defender Fund	126,823	412,516	134,253	206,881	163,647
Legal Services For Low-Income People Fund	3,655	1,629	46,728	1,013,280	N/A
Library Networking Fund	518,213	118,757	206,179	74,550	15,104
Licensed Perfusionists Fund	0	0	0	0	0
Light Rail Safety Fund	0	0	0	0	30
Livestock Brands Fund	14,688	621	24,425	0	9,104

Schedule 5

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2005	2004	2003	2002	2001
Livestock Dealer Law Enforcement and Administration Fund	233	230	238	351	45
Livestock Sales and Markets Fees Fund	2,787	0	0	37	75
Local Records Preservation Fund	1,462,424	1,614,128	1,278,405	976,075	1,141,354
Lottery Proceeds Fund	24,566,315	31,198,540	14,727,175	15,558,203	30,556,966
Mammography Fund	497,727	442,334	394,348	336,334	274,339
Manufactured Housing Fund	715,681	409,100	127,791	132,165	263,293
March of Dimes Fund	483	N/A	N/A	N/A	N/A
Marguerite Ross Barnett Scholarship Fund	4,934	5,930	83,855	121,866	65,027
Marital and Family Therapists Fund	66,640	68,489	51,158	50,969	56,437
Marketing Development Fund	1,363,253	1,320,362	976,427	482,875	348,237
Massage Therapy Fund	819,030	421,116	454,723	281,497	300,677
MCSAP/Division of Transportation - Federal Fund	192,625	214,037	156,769	15,277	877
Medicaid Fraud Reimbursement Fund	5,000	5,000	5,000	5,000	5,000
Medical School Loan and Loan Repayment Program Fund	37	24,527	66,930	107,406	153,820
Mental Health Earnings Fund	374,613	315,647	338,079	516,977	552,617
Mental Health Housing Trust Fund	4,880	4,779	4,994	4,876	4,702
Mental Health Interagency Payments Fund	701,919	829,898	564,969	235,028	776,271
Mental Health Intergovernmental Transfers Fund	0	0	0	N/A	N/A
Mental Health Trust Fund	4,050,976	4,525,994	5,435,457	4,228,512	3,955,680
Meramec-Onondaga State Parks Fund	1,071,234	1,059,184	1,059,803	1,053,908	1,034,424
Merchandising Practices Revolving Fund	2,142,483	2,640,623	3,065,658	3,317,361	3,277,363
Metallic Minerals Waste Management Fund	93,702	117,068	145,960	175,343	216,708
Microfilming Service Revolving Trust Fund	0	0	0	0	35,768
Mined Land Reclamation Fund	2,755,011	3,004,429	3,634,743	3,744,535	3,839,689
Missouri Air Emission Reduction Fund	3,574,328	3,203,528	2,866,868	2,282,557	1,748,643
Missouri Air Pollution Control Fund	65,909	92,840	102,122	77,436	65,107
Missouri Alternative Fuel Vehicle Loan Fund	2,916	2,887	306,268	300,031	0
Missouri Arts Council Trust Fund	4,524,175	6,644,135	9,676,993	10,233,207	8,928,801
Missouri Board Of Occupational Therapy Fund	395,111	431,955	496,972	417,032	444,509
Missouri Breeders Fund	86,411	84,621	83,206	81,235	78,342
Missouri Capital Access Program Fund	0	0	0	0	0
Missouri CASA Fund	76,070	74,471	94,610	57,320	N/A
Missouri Children's Service Commission Fund	2,004	1,956	16,698	16,846	16,632
Missouri College Guarantee Fund	1,041,607	565,318	346,098	1,279,252	4,802,651
Missouri Commission for the Deaf Board of Certification of Interpreters Fund	16,484	10,288	11,772	14,793	21,516
Missouri Commission for the Deaf and Hard of Hearing Fund	11,894	3,131	N/A	N/A	N/A
Missouri Community College Job Training Program Fund	164,012	10,187	548,779	7,428	7,428
Missouri Consolidated Health Care Plan Benefit Fund	11,242	11,242	11,242	11,498	6,381,838
Missouri Crime Prevention Information and Programming Fund	9,793	10,032	11,004	12,539	6,458
Missouri Disaster Fund	1,356	7,021	7,171	1,674	59,556
Missouri Horse Racing Fund	0	0	0	0	69
Missouri Housing Trust Fund	4,984,304	6,000,234	5,987,387	5,259,163	3,972,815
Missouri Humanities Council Trust Fund	1,934,485	1,894,415	1,862,715	1,818,205	1,469,871
Missouri Job Development Fund	1,333,728	2,899,054	1,547,817	146,545	1,459,977
Missouri Lead Abatement Loan Fund	255,484	279,565	274,848	N/A	N/A
Missouri Main Street Program Fund	1,670	3,450	4,177	4,177	4,177
Missouri National Guard Training Site Fund	214,035	273,402	207,349	107,663	99,878
Missouri National Guard Trust Fund	4,600,196	2,790,984	2,838,401	3,360,144	3,583,921
Missouri Office of Prosecution Services Fund	504,964	418,245	303,091	164,422	64,200
Missouri Office of Prosecution Services Revolving Fund	22,757	22,639	35,891	40,009	23,100
Missouri Prospective Teachers Loan Fund	22,989	22,522	22,158	20,109	16,259
Missouri Public Health Services Fund	2,188,310	1,200,389	588,382	107,118	306,295
Missouri Public Television Broadcasting Corporation Special Fund	0	0	0	0	216,419
Missouri Qualified Fuel Ethanol Producer Incentive Fund	0	0	0	0	0

Schedule 5

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2005	2004	2003	2002	2001
Missouri Real Estate Commission Fund	5,907,228	4,571,025	4,290,189	3,450,336	3,244,715
Missouri Senior Rx Fund	5,440,727	3,590,428	1,873,708	2,198,984	N/A
Missouri State Employees' Deferred Compensation Incentive Plan Administration Fund	940	940	940	962	(636)
Missouri Student Grant Program Gift Fund	0	0	0	0	0
Missouri Supplemental Tax Increment Financing Fund	1	0	46,284	0	0
Missouri Technology Investment Fund	111,398	93,629	4,767	5,778	22,765
Missouri Veterans Commission - Federal Fund	569,504	572,273	894,320	757,111	249,269
Missouri Veterans Homes Fund	568,104	1,593,988	472,920	27,816	941,428
Missouri Water Development Fund	4	0	0	0	0
Missouri Wine Marketing and Research Development Fund	400	0	96	0	32
Motor Fuel Tax Fund	1,923,994	2,256,189	1,529,794	674,534	2,104,108
Motor Vehicle Commission Fund	1,839,859	2,025,639	2,075,294	1,918,611	1,788,174
Motorcycle Safety Trust Fund	212,346	166,302	183,105	2,537	284
Multimodal Operations Federal Fund	570,105	649,430	430,004	789,464	587,638
Muscular Dystrophy Association Fund	115	N/A	N/A	N/A	N/A
National Endowment for the Humanities - Save America's Treasures Fund	0	0	0	0	N/A
National Multiple Sclerosis Society Fund	670	N/A	N/A	N/A	N/A
Natural Resources Protection Fund	1,838,154	1,540,814	592,715	595,253	581,448
Natural Resources Protection Fund - Air Pollution Asbestos Fee Subaccount Fund	488,236	579,097	764,459	870,076	1,005,211
Natural Resources Protection Fund - Air Pollution Permit Fee Subaccount Fund	9,243,390	9,551,141	9,984,206	10,375,446	12,180,479
Natural Resources Protection Fund - Water Pollution Permit Fee Subaccount Fund	12,632,167	11,411,156	10,860,096	12,225,233	11,741,569
Nursing Facility Federal Reimbursement Allowance Fund	6,804,049	9,941,843	7,062,371	6,478,933	5,216,824
Nursing Facility Quality of Care Fund	2,235,594	1,446,719	1,962,036	1,920,164	1,793,330
Office of Administration - Federal and Other Fund	35,240	260,478	224,568	236,802	325,238
Office of the State Public Defender - Federal and Other Fund	19,906	19,906	19,906	19,909	19,909
Oil and Gas Remedial Fund	35,058	35,058	14,488	14,488	14,488
Optometry Fund	425,541	264,812	349,392	217,297	202,748
Organ Donor Program Fund	553,219	720,613	866,581	922,520	894,291
Organic Production and Certification Fee Fund	9,306	7,233	N/A	N/A	N/A
Outstanding Schools Trust Fund	340,449	262,365	252,532	68,882,571	155,180,181
Pansey Johnson-Travis Memorial State Gardens Trust Fund	27,543	21,036	19,384	17,625	15,707
Pansey Johnson-Travis Stocks and Securities Trust Fund	N/A-1	N/A-1	N/A-1	N/A-1	N/A-1
Peace Officers Standards and Training Commission Fund	1,324,468	1,362,409	1,310,393	1,281,707	1,196,827
Petition Audit Revolving Trust Fund	331,865	336,321	234,426	427,704	608,879
Petroleum Inspection Fund	2,984,613	2,564,898	2,499,993	2,457,796	2,066,376
Petroleum Storage Tank Insurance Fund	58,686,673	49,590,136	42,382,355	37,243,220	38,890,913
Petroleum Violation Escrow Fund	2	8,015	422,332	1,535,494	6,434,343
Petroleum Violation Escrow Interest Subaccount Fund	10	4	171,367	441,882	2,730
Pharmacy Rebate Fund	8,879,814	493,140	539,804	12,667,665	1,481,918
Pharmacy Reimbursement Allowance Fund	2,717,297	556,840	963,342	N/A	N/A
Post-Closure Fund	406,212	400,881	143,253	144,622	142,473
Premium Fund	734,063	592,819	321,072	28,033	23,170
Professional and Practical Nursing Student Loan and Nurse Loan Repayment Fund	824,354	552,293	927,965	680,741	987,824
Professional Registration Fees Fund	204,309	273,048	368,765	194,048	485,976
Property Reuse Fund	564,953	1,005,770	1,548,722	3,243,787	4,102,947
Proprietary School Bond Fund	0	0	0	0	0
Public Service Commission Fund	2,978,284	2,665,109	1,593,722	176,944	465,196
Railroad Expense Fund	296,448	97,779	184,897	296,609	31,305
Real Estate Appraisers Fund	899,973	1,047,124	522,942	672,291	371,779
Residential Mortgage Licensing Fund	868,671	735,023	706,443	644,271	674,432
Respiratory Care Practitioners Fund	423,391	373,080	309,633	247,552	213,343
Rural Water and Sewer Loan Revolving Fund	484,951	178,058	34,558	N/A	N/A

Schedule 5

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2005	2004	2003	2002	2001
Safe Drinking Water Fund	2,978,303	3,040,372	3,110,311	3,447,869	3,829,548
School Building Revolving Fund	20	1,597	7,196,768	5,054,893	3,461,475
School District Bond Fund	1	96,074	96,074	1,728,542	8,728,542
School District Trust Fund	60,840,793	55,579,367	55,803,019	50,429,925	48,897,468
School for Blind Trust Fund	46,605	121,860	178,735	55,564	29,455
School for Deaf Trust Fund	549	73,549	73,549	72,452	34,694
Schools of the Future Fund	0	0	3,411,329	N/A	N/A
Second Injury Fund	27,862,916	19,431,797	4,854,698	15,020,514	21,760,262
Secretary of State Institutional Gift Trust Fund	0	0	0	330	261,357
Secretary of State's Investor Education Fund	822,914	338,359	407,547	387,191	232,932
Secretary of State - Federal Fund	117,517	110,184	84,781	30,665	85,389
Secretary of State - Technology Trust Fund Account Fund	2,956,686	2,868,683	3,004,959	3,343,136	3,294,151
Secretary of State Records - Federal Fund	846	209	69	0	0
Senate Revolving Fund	24,947	247	51,141	29,877	56,494
Services to Victims Fund	5,769,475	4,454,606	3,617,498	3,711,936	3,321,516
Single-Purpose Animal Facilities Loan Guarantee Fund	0	0	0	0	0
Single-Purpose Animal Facilities Loan Program Fund	379,026	436,765	504,169	466,473	459,341
Social Security Contributions Fund	109,504	109,504	109,504	110,786	61,784
Soil and Water Sales Tax Fund	22,584,665	20,774,934	18,826,170	20,262,812	20,321,197
Solid Waste Management Fund	14,645,362	12,741,918	13,992,904	12,976,306	13,117,318
Solid Waste Management Fund - Scrap Tire Subaccount Fund	1,413,246	2,471,531	2,690,743	3,819,380	4,149,263
Special Employment Security Fund	3,539,743	3,473,204	3,930,035	4,289,066	6,229,442
Spinal Cord Injury Fund	1,891,190	1,268,187	706,153	144,838	N/A
State Agency for Surplus Property Fund	126,724	244,998	131,476	32,600	504,659
State Auditor - Federal Fund	500,639	567,049	515,639	620,828	593,843
State Board of Accountancy Fund	1,565,261	1,514,382	1,428,605	1,146,997	1,134,471
State Board of Architects, Engineers and Land Surveyors Fund	2,399,146	1,868,772	1,210,253	442,209	469,844
State Board of Chiropractic Examiners' Fund	990,594	594,805	719,455	312,037	478,744
State Board of Cosmetology Fund	2,271,160	3,297,264	965,700	2,142,595	1,024,405
State Board of Nursing Fund	9,822,062	6,635,267	6,796,872	3,755,380	3,983,338
State Board of Podiatry Fund	127,292	152,820	88,220	115,001	75,459
State Committee of Interpreters Fund	64,441	67,270	72,257	63,868	39,883
State Committee of Psychologists Fund	713,552	943,174	613,081	824,367	406,025
State Court Administration Revolving Fund	41,064	15,477	3,997	18,695	15,388
State Document Preservation Fund	2,829	1,650	49,680	33,768	50,684
State Elections Subsidy Fund	4,254,173	198,718	41,304	45,949	7,102
State Emergency Management - Federal and Other Fund	2,825,511	2,561,128	1,727,796	2,373,633	2,456,800
State Employee Voluntary Life Insurance Fund	0	0	0	0	0
State Environmental Improvement and Energy Resources Authority Fund	0	0	0	0	0
State Facility Maintenance and Operation Fund	1,332,657	859,900	949,584	503,999	1,291,599
State Fair Fees Fund	335,619	389,710	264,102	163,380	100,658
State Fair Trust Fund	3,029	4,391	4,658	3,408	1,463
State Forensic Laboratory Fund	132,337	40,815	0	54,905	31,821
State Guaranty Student Loan Fund	0	0	95	0	0
State Highways and Transportation Department Fund	26,663,526	29,750,791	31,087,996	41,661,503	31,064,724
State Institutions Gift Trust Fund	54,492	54,513	54,584	55,033	55,472
State Land Survey Program Fund	1,878,018	1,985,941	1,654,043	1,227,743	1,107,543
State Legal Expense Fund	0	144	0	2,691	1,794
State Lottery Fund	7,332,681	208,989	8,972,633	14,879,585	12,690,947
State Milk Inspection Fee Fund	751,097	435,063	266,619	203,081	203,055
State Park Sales Tax Fund	5,793,592	7,427,205	9,024,355	10,622,811	12,663,374
State Parks Earnings Fund	1,775,450	4,136,569	5,368,682	3,665,341	3,617,061
State Parks Revolving Fund	0	0	0	0	0
State Public School Fund	917,595	32,430	3,975	13,223	64,859
State Retirement Contributions Fund	1,104	15,537	1,722	95,469	8,124,473

Schedule 5

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2005	2004	2003	2002	2001
State Road Fund	319,486,180	389,875,472	362,591,514	329,316,181	253,468,077
State Road Fund - Series A 2000	0	0	0	0	1,529,058
State Road Fund - Series A 2001	0	0	0	0	0
State Road Fund - Series A 2002	0	0	0	206,532,181	N/A
State Road Fund - Series A 2003	0	0	N/A	N/A	N/A
State School Moneys Fund	58,020,066	27,587,763	4,562,586	23,895,756	934,812
State Seminary Fund	1,970	175,938	938	0	1,651
State Seminary Money Fund	9	9	8	8	8
State Transportation Assistance Revolving Fund	563,476	514,243	521,226	259,160	102,818
State Transportation Fund	141,276	273,495	370,234	310,480	145,061
Statewide Court Automation Fund	407,095	65,546	417,174	1,016,171	1,814,858
Statutory County Recorder's Fund	0	0	0	3,093,001	0
Statutory Revision Fund	328,394	311,847	467,146	403,270	386,966
Stormwater Control - Series A 1999 - 37H	0	0	4,104,538	9,092,933	19,399,961
Stormwater Control - Series A 2001 - 37H	8,580,527	10,166,989	10,495,471	10,287,178	10,009,130
Stormwater Control - Series A 2002 - 37H	8,428,105	12,690,682	15,208,725	N/A	N/A
Stormwater Control Bond and Interest - Series A 1999	1,488,444	1,497,202	1,519,401	1,560,343	1,604,148
Stormwater Control Bond and Interest - Series A 2001	731,801	731,619	734,575	745,080	741,514
Stormwater Control Bond and Interest - Series A 2002	1,011,371	1,006,621	992,295	N/A	N/A
Stormwater Control Bond and Interest - Series A 2005	489	N/A	N/A	N/A	N/A
Stormwater Loan Revolving Fund	1,604,688	1,123,783	636,205	N/A	N/A
Student Grant Fund	670,492	12,068	112,260	53,313	414,586
Supreme Court - Federal and Other Fund	7,219,789	5,759,932	5,566,367	3,550,254	5,505,976
Supreme Court Publications Revolving Fund	78,395	58,308	252,541	129,938	59,569
Tattoo Fund	171,142	156,302	115,456	N/A	N/A
Temporary Assistance for Needy Families - Federal Fund	4,397,882	10,737,909	11,490,931	2,529,395	774,573
Third Party Liability Collections Fund	9,362,018	3,597,216	1,946,713	5,289,390	504,633
Third State Building Bond Interest and Sinking - Series A 1992	0	0	0	28,668,075	29,291,962
Third State Building Bond Interest and Sinking - Series A 1993	0	0	16,667,835	16,925,234	15,413,967
Third State Building Bond Interest and Sinking - Series A 2002	34,412,417	35,064,110	31,067,300	N/A	N/A
Third State Building Bond Interest and Sinking - Series A 2003	16,574,738	12,222,612	N/A	N/A	N/A
Third State Building Bond Interest and Sinking - Series A&B 1991	0	0	0	7,135,351	9,200,427
Third State Building Fund - Pre Tax Act 1986	0	0	0	0	0
Third State Building Trust Fund - Pre Tax Act 1986	137	135	132	131	113
Title XIX - Federal Fund	7,783,496	5,661,165	38,237,143	42,623,689	17,400,409
Tort Victims Compensation Fund	15,236	971,092	4,915,174	4,960,576	7,463,188
Tourism Marketing Fund	9,048	8,984	2,273	355	0
Treasurer's General Operations Fund	301,689	N/A	N/A	N/A	N/A
Treasurer's Information Fund	21,251	7,119	8,380	9,775	8,857
U.S. Department of Higher Education / Coordinating Board for Higher Education Interest Account Fund	272,557	1,120,659	1,824,375	2,307,530	2,052,239
U.S. Department of Higher Education / Coordinating Board for Higher Education Recall Account Fund	1	1	1	32,421,670	25,937,336
Uncompensated Care Fund	10,954,644	5,369,908	82,485,906	960,928	1,565,140
Underground Storage Tank Regulation Program Fund	370,093	298,084	266,381	419,669	621,766
Unemployment Compensation Administration Fund	289,168	179,811	168,744	200,747	897,666
Utilecare Stabilization Fund	3	21	20	1,180	22,478
Veterans' Homes Capital Improvement Trust Fund	9,562,853	19,756,755	37,719,826	52,100,054	77,618,885
Veterans Trust Fund	412,562	406,707	408,905	489,567	465,478
Veterinary Medical Board Fund	785,502	764,143	627,825	643,691	583,998
Video Instructional Development and Education Opportunity Fund	0	167	167	37,667	528,876
Vocational Rehabilitation - Federal Fund	4,004,058	9,425,231	5,538,569	6,704,120	3,504,723

Schedule 5

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2005	2004	2003	2002	2001
Water and Waste Water Loan Fund	680,233	1,155,195	1,133,796	660,289	1,927,022
Water and Waste Water Loan Revolving Fund	245,077,481	274,857,960	270,607,303	230,747,665	148,387,528
Water Pollution Control - Series A 1996 - 37C	0	0	0	0	17,141
Water Pollution Control - Series A 1996 - 37E	0	0	0	0	0
Water Pollution Control - Series A 1998 - 37C	0	154,945	2,762,634	5,076,361	6,487,796
Water Pollution Control - Series A 1998 - 37E	0	0	0	1,043,168	12,566,183
Water Pollution Control - Series A 1999 - 37E	0	0	1,573,903	11,312,471	10,899,785
Water Pollution Control - Series A 1999 - 37G	0	0	0	5,459,630	10,385,103
Water Pollution Control - Series A 2001 - 37E	5,471,856	7,864,642	10,247,762	10,279,861	9,994,568
Water Pollution Control - Series A 2001 - 37G	0	417,231	8,286,505	10,294,478	10,023,676
Water Pollution Control - Series A 2002 - 37E	0	4,075,487	13,471,473	N/A	N/A
Water Pollution Control - Series A 2002 - 37G	7,832,083	15,474,409	15,224,444	N/A	N/A
Water Pollution Control Bond and Interest - Series A 1991	0	0	0	0	1,121,495
Water Pollution Control Bond and Interest - Series A 1992	0	0	0	2,701,642	2,769,267
Water Pollution Control Bond and Interest - Series A 1993	0	0	2,142,911	2,178,662	2,228,643
Water Pollution Control Bond and Interest - Series A 1995	0	1,038,520	1,347,843	2,377,283	2,442,358
Water Pollution Control Bond and Interest - Series A 1996	1,176,852	1,439,639	2,591,893	2,754,573	2,840,519
Water Pollution Control Bond and Interest - Series A 1998	2,463,965	2,469,904	2,501,516	2,572,579	2,663,337
Water Pollution Control Bond and Interest - Series A 2000	1,488,444	1,497,202	1,519,401	1,560,343	1,604,148
Water Pollution Control Bond and Interest - Series A 2001	1,463,930	1,463,555	1,469,399	1,485,492	1,483,154
Water Pollution Control Bond and Interest - Series A 2002	2,035,763	2,008,025	1,989,488	N/A	N/A
Water Pollution Control Bond and Interest - Series A 2003	11,197,783	6,070,154	N/A	N/A	N/A
Water Pollution Control Bond and Interest - Series A 2005	1,706	N/A	N/A	N/A	N/A
Water Pollution Control Bond and Interest - Series B 1992	0	0	0	5,095,923	5,118,806
Water Pollution Control Bond and Interest - Series B 1993	0	0	11,239,131	11,386,806	9,584,721
Water Pollution Control Bond and Interest - Series B 2002	16,647,649	12,728,131	8,015,104	N/A	N/A
Water Pollution Control Bond and Interest - Series B&C 1991	0	0	0	3,330,783	4,378,930
Wolfner Library Trust Fund	195,489	184,245	218,365	211,520	204,201
Workers' Compensation Fund	48,125,610	39,635,984	9,585,811	5,946,117	20,643,132
Workers Memorial Fund	8,486	269	264	258	250
Working Capital Revolving Fund	7,337,633	9,891,965	10,126,901	9,299,081	7,826,273
World War II Memorial Trust Fund	65,137	51,182	36,442	22,745	10,649
Total All Funds (Schedule 4)	\$ 2,570,510,799	2,882,494,982	2,771,340,651	2,905,024,889	2,936,493,487

N/A These funds were closed or had not been created for the years indicated.

N/A-1 The assets of the Pansey Johnson-Travis Stocks and Securities Trust Fund were reclassified from cash to investments as a result of a change in the state's accounting system. This fund is no longer maintained by the State Treasurer on the cash activity reports.

The accompanying Notes to the Supplementary Information are an integral part of this statement.

Schedule 6

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF TRUST ACCOUNTS

		June 30,									
		2005		2004		2003		2002		2001	
		Balance	Amount Invested	Balance	Amount Invested	Balance	Amount Invested	Balance	Amount Invested	Balance	Amount Invested
220 South Jefferson	\$										
Construction Fund		N/A	N/A	0	0	0	0	101,366	101,253	17,786	17,785
Board of Public Buildings 2001A											
Cost of Issuance Fund		N/A	N/A	0	0	0	0	25,200	25,172	24,555	24,554
Principal and Interest Fund		N/A	N/A	0	0	0	0	4,662	4,657	1,014,494	1,014,479
Capitol East Parking Facility											
Operating Reserve Fund		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0
Corrections and Mental Health											
Construction Fund		N/A	N/A	0	0	0	0	148,935	148,769	145,139	145,137
Department of Natural Resources Building											
Construction Fund		279,617	279,617	6,648,730	6,645,771	17,776,780	17,769,801	18,454,428	18,433,828	17,994,647	17,994,386
Jefferson City Correctional Center											
Construction Fund		4,255,013	4,255,013	15,451,872	15,444,995	59,530,681	59,507,313	121,629,975	121,494,208	127,257,402	127,255,554
Kirkpatrick State Information Center											
Construction Fund		N/A	N/A	0	0	0	0	49,647	49,591	48,381	48,381
Old Age, Survivors, Disability, and											
Health Insurance Trust Fund		12,690,878	0	12,315,726	0	3,741	0	4,068	0	16,757	0
Special Obligation Refunding Bond -											
Principal and Interest Fund		N/A	N/A	N/A	N/A	N/A	N/A	0	0	408,707	408,701
Depreciation and Replacement Fund		1,024,010	1,024,010	1,012,197	1,011,747	1,019,704	1,019,303	1,058,884	1,057,702	7,412,060	7,411,952
Bond Reserve Fund		N/A	N/A	N/A	N/A	N/A	N/A	0	0	105,889	105,888
State Building Special Obligation Bond 1988											
Arbitrage Rebate Escrow Fund		N/A	N/A	0	0	0	0	138,122	137,968	134,602	134,600
Arbitrage Owed to IRS Escrow		N/A	N/A	0	0	0	0	8,750	8,740	8,527	8,527
Western Missouri Mental Health Center											
Construction Fund		135,654	135,654	332,085	331,937	5,634,743	5,632,531	20,316,913	20,294,234	21,350,433	21,350,123
Total Trust Accounts (Schedule 4)	\$	18,385,172	5,694,294	35,760,610	23,434,450	83,965,649	83,928,948	161,940,950	161,756,122	175,939,379	175,920,067

N/A These accounts were closed for the indicated fiscal years.

The accompanying Notes to the Supplementary Information are an integral part of this statement.

Schedule 7

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS
AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2005	2004	2003	2002	2001
INTEREST RECEIPTS					
General and special funds	\$ 38,422,115	31,319,021	42,302,336	63,208,154	104,034,439
Debt retirement funds	1,828,999	1,684,923	2,320,783	4,176,019	6,938,831
Total Appropriated Funds	40,251,114	33,003,944	44,623,119	67,384,173	110,973,270
Trust funds	273,652	754,646	2,290,124	4,444,474	1,657,889
Total Interest Receipts	\$ 40,524,766	33,758,590	46,913,243	71,828,647	112,631,159
INTEREST DISTRIBUTION					
General and special funds:					
General Revenue Fund	\$ 18,557,423	15,913,251	20,944,567	37,890,915	56,485,522
Budget Reserve Fund	7,152,761	6,556,307	8,410,650	13,533,611	8,498,480
Budget Stabilization Fund	N/A	N/A	N/A	N/A	7,185,122
Cash Operating Reserve - General Revenue Fund	N/A	N/A	N/A	N/A	3,671,128
Abandoned Mine Reclamation Fund	15,770	17,078	23,622	34,037	43,212
Agricultural Product Utilization and Business Development					
Loan Guarantee Fund	1	4	N/A	N/A	N/A
Agricultural Product Utilization Business Development					
Loan Guarantee Fund	0	0	0	1	42
Agricultural Product Utilization Grant Fund	0	3	538	2,814	13,983
Agriculture Development Fund	865	874	1,396	1,639	2,481
ALS Lou Gehrig's Disease Fund	20	N/A	N/A	N/A	N/A
Alternative Care Trust Fund	74,610	54,936	74,005	85,106	120,348
American Cancer Society Fund	33	N/A	N/A	N/A	N/A
American Diabetes Association Fund	23	N/A	N/A	N/A	N/A
American Heart Association Fund	22	N/A	N/A	N/A	N/A
American Lung Association of Missouri Fund	19	N/A	N/A	N/A	N/A
Animal Health Laboratory Fee Fund	4,517	2,709	5,115	9,997	15,295
Antiterrorism Fund	43	3	N/A	N/A	N/A
Arrow Rock State Historic Site Fund	482	382	312	N/A	N/A
Arthritis Foundation Fund	18	N/A	N/A	N/A	N/A
Assistive Technology Loan Revolving Fund	43,478	25,420	24,843	29,296	4,704
Aviation Trust Fund	110,196	43,570	125,754	307,954	413,236
Basic Civil Legal Services Fund	4,041	1,901	N/A	N/A	N/A
Bingo Proceeds for Education Fund	94,351	86,838	143,210	227,365	398,335
Biodiesel Fuel Revolving Fund	2,777	830	39	N/A	N/A
BPB-Series A 2003 Bond Proceeds-Projects Fund	1,786,985	2,721,905	226,041	N/A	N/A
BPB-Series A 2003 Bond Proceeds-Notes Fund	761	15,961	24,360	N/A	N/A
Champ W. Smith & Mary C. Smith Memorial					
Endowment Trust Fund	8,020	6,588	10,120	15,588	24,679
Chemical Emergency Preparedness Fund	9,167	7,800	9,358	18,532	33,753
Children's Trust Fund	70,656	57,444	89,140	160,076	269,732
Coal Mine Land Reclamation Fund	15,857	13,474	20,091	32,861	52,498
Concentrated Animal Feeding Operation Indemnity Fund	6,195	3,914	4,766	5,909	7,719
Confederate Memorial Park Fund	3,008	2,390	3,361	4,891	7,508
Conservation Commission Fund	764,890	587,937	740,556	899,665	1,835,420
Correctional Substance Abuse Earnings Fund	10,493	6,634	7,227	7,192	6,499
Crime Victims' Compensation Fund	164,317	132,074	180,673	297,949	504,776
Deaf Relay Service Fund	64,953	74,072	149,181	278,673	445,269
Debt Offset Escrow Fund	171,869	140,865	449,181	648,907	694,473
Department of Insurance Dedicated Fund	161,805	148,073	282,629	379,687	573,653
Department of Labor and Industrial Relations -					
Administrative Fund	32,762	21,811	51,084	92,489	81,798
Department of Public Safety - JAIBG Fund	80,911	95,996	163,821	217,438	410,141

Schedule 7

OFFICE OF STATE TREASURER
 COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS
 AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2005	2004	2003	2002	2001
Division of Credit Unions Fund	9,004	6,397	11,108	20,917	32,580
Division of Finance Fund	40,533	27,945	36,178	68,747	149,242
Division of Savings and Loan Supervision Fund	2,052	2,299	2,377	2,103	2,736
Doctor Edmund A. Babler Memorial - State Park Fund	16,035	13,112	19,206	31,889	55,850
Dry-Cleaning Environmental Response Trust Fund	47,230	27,883	24,160	11,485	1,190
Early Childhood Development, Education and Care Fund	172,791	169,001	713,560	1,668,336	2,544,431
Election Administration Improvement Fund	1,133,088	260,504	8,993	N/A	N/A
Election Improvement Revolving Loan Fund	128	N/A	N/A	N/A	N/A
Endowed Care Cemetery Audit Fund	6,893	4,919	6,956	8,383	13,403
Energy Set-Aside Program Fund	361,816	349,967	551,680	748,130	793,938
Escheats Fund	157	793	95,208	242,347	370,242
Excellence in Education Fund	35,711	27,075	33,818	42,283	66,740
Facilities Maintenance Reserve Fund	779,996	30,610	157,866	1,013,785	2,082,512
Federal Drug Seizure Fund	33,744	18,348	36,678	103,164	234,053
Federal Reimbursement Allowance Fund	496,057	480,446	471,687	934,398	1,971,467
Federal Student Loan Reserve Fund	319,562	366,267	559,749	1,016,326	2,026,473
Federal Surplus Property Fund	43,826	34,608	43,946	62,970	102,018
Fire Education Fund	922	N/A	N/A	N/A	N/A
Fourth State Building - Series A 1998	145,929	155,788	231,247	556,053	1,215,143
Gaming Commission Bingo Fund	N/A	N/A	N/A	N/A	1,221
Gaming Commission Fund	135,772	89,704	138,005	208,264	454,173
Gaming Proceeds for Education Fund	257,782	186,245	268,065	376,332	516,975
GEAR-UP Scholarship Fund	73,130	38,780	31,221	6,930	N/A
Grain Inspection Fees Fund	11,836	9,188	12,387	15,424	26,362
Guaranty Agency Operating Fund	375,151	217,403	208,123	281,392	496,423
Hazardous Waste Fund	19,860	15,180	25,510	37,830	53,787
Hazardous Waste Remedial Fund	61,384	54,879	73,214	103,944	191,943
Historic Preservation Revolving Fund	18,288	14,805	26,117	46,654	36,726
Kid's Chance Scholarship Fund	6,388	4,110	4,260	4,737	4,517
Legal Defense and Defender Fund	10,358	6,540	7,593	10,121	23,044
Legal Services for Low Income People Fund	721	2,681	15,551	2,450	N/A
Library Networking Fund	6,934	3,265	3,645	7,660	38,340
Livestock Dealer Law Enforcement and Administration Fund	5	4	9	37	287
March of Dimes Fund	20	N/A	N/A	N/A	N/A
Mental Health Earnings Fund	6,618	5,332	13,698	27,570	45,890
Mental Health Housing Trust Fund	102	83	121	176	270
Mental Health Trust Fund	141,556	111,855	147,160	181,740	302,079
Meramec-Onondaga State Parks Fund	22,403	18,156	25,970	38,567	60,295
Metallic Minerals Waste Management Fund	2,148	2,179	3,877	7,553	12,329
Mined Land Reclamation Fund	60,890	56,274	90,151	141,946	233,742
Missouri Air Emission Reduction Fund	72,530	51,047	61,492	69,458	47,568
Missouri Air Pollution Control Fund	1,670	1,817	2,158	4,156	40,029
Missouri Alternative Fuel Vehicle Loan Fund	67	1,619	6,237	26	N/A
Missouri Arts Council Trust Fund	134,152	160,226	253,853	382,844	721,500
Missouri Breeders Fund	1,802	1,431	2,013	2,932	4,583
Missouri CASA Fund	956	815	1,556	336	N/A
Missouri Children's Service Commission Fund	54	233	414	627	1,016
Missouri College Guarantee Fund	49,217	31,267	40,739	139,190	521,411
Missouri Housing Trust Fund	60,626	61,156	72,666	104,443	144,045
Missouri Humanities Council Trust Fund	40,333	32,046	44,963	59,225	71,314
Missouri Lead Abatement Loan Fund	5,942	4,718	3,965	N/A	N/A

Schedule 7

OFFICE OF STATE TREASURER
 COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS
 AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2005	2004	2003	2002	2001
Missouri National Guard Trust Fund	91,918	55,684	95,484	155,327	256,369
Missouri Office of Prosecution Services Fund	9,159	5,579	4,454	2,568	3,935
Missouri Prospective Teachers Loan Fund	479	385	2,049	3,851	N/A
Missouri Senior Rx Fund	81,799	73,463	297,956	2,492	N/A
Missouri Veterans Homes Fund	40,083	42,249	41,051	53,537	78,750
Motor Fuel Tax Fund	483,274	354,234	422,880	947,280	1,446,659
Muscular Dystrophy Association Fund	20	N/A	N/A	N/A	N/A
National Multiple Sclerosis Society Fund	24	N/A	N/A	N/A	N/A
Natural Resources Protection Fund	31,822	21,772	14,819	21,787	34,067
Natural Resources Protection Fund - Air Pollution Asbestos Fee Subaccount Fund	11,017	11,449	20,506	34,412	66,463
Natural Resources Protection Fund - Air Pollution Permit Fee Subaccount Fund	163,697	136,485	217,541	402,454	723,396
Natural Resources Protection Fund - Water Pollution Permit Fee Subaccount Fund	272,024	203,528	299,203	449,147	603,981
Nursing Facility Federal Reimbursement Allowance Fund	194,324	154,866	187,063	244,640	425,618
Nursing Facility Quality of Care Fund	31,618	36,461	52,026	86,632	138,287
Outstanding Schools Trust Fund	82,492	68,202	690,245	4,236,051	11,922,416
Pansey Johnson-Travis Memorial State Gardens Trust Fund	1,507	1,652	1,759	606	1,574
Peace Officers Standards and Training Commission Fund	19,800	17,865	23,746	27,559	51,502
Petroleum Inspection Fund	60,930	46,573	64,033	88,789	138,571
Petroleum Storage Tank Insurance Fund	1,137,666	783,608	977,800	1,459,919	2,654,173
Petroleum Violation Escrow Fund	346	4,432	26,423	265,764	1,153,353
Petroleum Violation Escrow Interest Subaccount Fund	57	2,422	8,912	14,785	N/A
Pharmacy Reimbursement Allowance Fund	243,923	133,687	88,723	N/A	N/A
Post-Closure Fund	8,481	4,847	3,544	5,344	9,895
Property Reuse Fund	14,460	23,805	46,101	142,276	231,002
Residential Mortgage Licensing Fund	16,997	12,544	17,423	26,463	37,204
Rural Water and Sewer Loan Revolving Fund	5,404	1,429	6	N/A	N/A
Safe Drinking Water Fund	69,511	57,187	91,586	148,727	245,459
School Building Revolving Fund	8,443	48,504	149,274	139,197	96,233
School District Trust Fund	1,175,396	901,178	1,247,330	1,872,649	2,969,719
Schools of the Future Fund	0	25,747	497,302	N/A	N/A
Second Injury Fund	571,438	204,847	290,316	781,918	1,120,103
Secretary of State Institutional Gift Trust Fund	0	0	157	7,680	25,035
Secretary of State's Investor Education Fund	126,402	N/A	N/A	N/A	N/A
Secretary of State - Technology Trust Fund Account Fund	60,001	50,961	77,177	124,363	202,991
Single-Purpose Animal Facilities Loan Guarantee Fund	0	0	0	0	0
Single-Purpose Animal Facilities Loan Program Fund	8,694	8,243	12,008	17,297	24,508
Soil and Water Sales Tax Fund	523,493	381,281	543,982	839,925	1,108,203
State Document Preservation Fund	112	649	768	1,356	2,618
State Fair Fees Fund	6,943	5,055	4,625	7,083	10,546
State Highways and Transportation Department Fund	1,044,248	895,518	1,339,765	1,829,289	2,134,368
State Lottery Fund	273,635	224,722	345,258	677,913	1,315,167
State Park Sales Tax Fund	163,266	164,954	273,934	483,530	938,113
State Public School Fund	0	7	428,988	N/A	N/A
State Road Fund	7,815,491	4,619,791	8,499,258	7,146,017	5,406,237
State Road Fund - Series A 2000	0	0	0	2,758	5,559,632
State Road Fund - Series A 2001	0	0	0	662,661	N/A

Schedule 7

OFFICE OF STATE TREASURER
 COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS
 AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2005	2004	2003	2002	2001
State Road Fund - Series A 2002	0	0	421,966	60,332	N/A
State Road Fund - Series A 2003	0	876,167	N/A	N/A	N/A
State School Moneys Fund	379,692	221,094	475,671	N/A	N/A
State Seminary Money Fund	141,231	190,380	209,267	N/A	N/A
State Transportation Assistance Revolving Fund	11,165	9,846	8,692	8,930	32,603
Stormwater Control - Series A 1999 - 37H	0	38,447	169,851	664,794	1,263,401
Stormwater Control - Series A 2001 - 37H	171,885	176,518	208,293	278,048	264
Stormwater Control - Series A 2002 - 37H	196,035	244,442	174,417	N/A	N/A
Stormwater Loan Revolving Fund	21,996	11,730	116	N/A	N/A
Third State Building Fund - Pre Tax Act 1986	N/A	N/A	N/A	N/A	18,160
Third State Building Trust Fund - Pre Tax Act 1986	3	3	0	N/A	N/A
Treasurer's General Operations Fund	301,689	N/A	N/A	N/A	N/A
U.S. Department of Higher Education / Coordinating Board for Higher Education Interest Account Fund	17,989	29,675	329,395	1,097,593	1,315,570
Utilicare Stabilization Fund	0	2	539	6,089	14,681
Veterans' Homes Capital Improvement Trust Fund	373,170	571,883	1,214,113	2,776,797	4,929,627
Veterans Trust Fund	8,322	6,711	11,075	17,036	25,965
Water and Waste Water Loan Fund	25,900	29,782	30,826	64,253	100,155
Water and Waste Water Loan Revolving Fund	4,499,349	4,253,465	4,577,087	6,175,490	9,285,088
Water Pollution Control - Series A 1996 - 37C	N/A	N/A	N/A	N/A	17,337
Water Pollution Control - Series A 1996 - 37E	N/A	N/A	N/A	N/A	692
Water Pollution Control - Series A 1998 - 37C	1,319	31,641	94,155	235,795	503,606
Water Pollution Control - Series A 1998 - 37E	0	0	18,185	376,239	1,330,702
Water Pollution Control - Series A 1999 - 37E	0	9,041	197,575	412,686	647,581
Water Pollution Control - Series A 1999 - 37G	0	0	74,166	351,272	646,705
Water Pollution Control - Series A 2001 - 37E	115,937	148,437	207,561	285,293	475
Water Pollution Control - Series A 2001 - 37G	8,175	98,061	209,998	270,802	53
Water Pollution Control - Series A 2002 - 37E	46,294	190,329	172,601	N/A	N/A
Water Pollution Control - Series A 2002 - 37G	225,370	249,965	174,588	N/A	N/A
Wolfner Library Trust Fund	4,040	3,727	5,257	7,850	15,742
Workers' Compensation Fund	940,081	154,312	100,581	618,767	1,723,560
Workers Memorial Fund	30	4	7	8	0
World War II Memorial Trust Fund	1,204	701	656	477	154
Total General and Special Funds	<u>38,422,115</u>	<u>31,319,021</u>	<u>42,302,336</u>	<u>63,208,154</u>	<u>104,034,439</u>
Debt retirement funds:					
Fourth State Building Bond and Interest - Series A 1995	27,631	54,969	114,298	225,429	381,556
Fourth State Building Bond and Interest - Series A 1996	75,461	104,328	195,237	373,351	637,840
Fourth State Building Bond and Interest - Series A 1998	59,446	58,287	73,897	141,941	242,752
Fourth State Building Bond and Interest - Series A 2002	138,209	124,673	89,835	N/A	N/A
Fourth State Building Bond and Interest - Series A 2005	2,568	N/A	N/A	N/A	N/A
Stormwater Control Bond and Interest- Series A 1999	25,192	24,901	31,450	59,602	97,635
Stormwater Control Bond and Interest- Series A 2001	12,581	11,999	14,955	20,660	42
Stormwater Control Bond and Interest - Series A 2002	17,333	16,408	11,432	N/A	N/A
Stormwater Control Bond and Interest -					

Schedule 7

OFFICE OF STATE TREASURER
 COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS
 AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2005	2004	2003	2002	2001
Series A 2005	489	N/A	N/A	N/A	N/A
Third State Building Bond Interest and Sinking - Series A 1992	0	0	241,569	1,087,655	1,839,931
Third State Building Bond Interest and Sinking - Series A 1993	0	63,753	340,258	614,104	1,007,339
Third State Building Bond Interest and Sinking - Series A 2002	599,567	554,360	418,881	N/A	N/A
Third State Building Bond Interest and Sinking - Series A 2003	267,025	167,936	N/A	N/A	N/A
Third State Building Bond Interest and Sinking - Series A&B 1991	0	0	56,735	315,069	547,936
Water Pollution Control Bond and Interest - Series A 1991	0	0	0	7,717	72,971
Water Pollution Control Bond and Interest - Series A 1992	0	0	22,871	102,279	173,496
Water Pollution Control Bond and Interest - Series A 1993	0	3,579	43,745	82,412	139,759
Water Pollution Control Bond and Interest - Series A 1995	11,079	22,020	45,717	90,100	152,831
Water Pollution Control Bond and Interest - Series A 1996	21,140	29,208	54,691	104,513	178,303
Water Pollution Control Bond and Interest - Series A 1998	41,583	40,760	51,792	99,373	169,973
Water Pollution Control Bond and Interest - Series A 2000	25,192	24,901	31,450	59,602	97,635
Water Pollution Control Bond and Interest - Series A 2001	25,168	23,992	29,837	41,530	84
Water Pollution Control Bond and Interest - Series A 2002	42,819	32,731	22,894	N/A	N/A
Water Pollution Control Bond and Interest - Series A 2003	171,033	94,641	N/A	N/A	N/A
Water Pollution Control Bond and Interest - Series A 2005	1,706	N/A	N/A	N/A	N/A
Water Pollution Control Bond and Interest - Series B 1992	0	0	43,336	200,753	324,285
Water Pollution Control Bond and Interest - Series B 1993	0	42,943	229,098	400,429	611,952
Water Pollution Control Bond and Interest - Series B 2002	263,777	188,534	130,292	N/A	N/A
Water Pollution Control Bond and Interest - Series B&C 1991	0	0	26,513	149,500	262,511
Total Debt Retirement Funds	1,828,999	1,684,923	2,320,783	4,176,019	6,938,831
Total Appropriated Funds	40,251,114	33,003,944	44,623,119	67,384,173	110,973,270
Trust funds:					
220 South Jefferson					
Construction Fund	0	0	1,222	1,447	17,786
Board of Public Buildings 2001A					
Cost of Issuance Fund	0	0	304	645	479
Principal and Interest Fund	0	0	69	14,297	7,931
Capitol East Parking Facility Depreciation and Capitol East Parking Facility Operating Reserve Fund	N/A	N/A	N/A	N/A	145

Schedule 7

OFFICE OF STATE TREASURER
 COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS
 AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2005	2004	2003	2002	2001
Corrections and Mental Health Construction Fund	0	0	1,797	3,796	8,099
Department of Natural Resources Building					
Construction Fund	60,184	180,158	316,633	470,497	84,648
Jefferson City Correctional Center					
Construction Fund	185,042	512,425	1,677,453	3,287,211	597,402
Kirkpatrick State Information Center Construction Fund	0	0	599	1,265	2,700
Special Obligation Refunding Bond -					
Bond Reserve Fund	0	0	0	720	5,923
Special Obligation Refunding Bond -					
Depreciation and Replacement Fund	24,010	12,197	19,704	111,842	414,396
Special Obligation Refunding Bond -					
Principal and Interest Fund	0	0	0	1,369	409,960
State Building Special Obligation Bond 1988					
Arbitrage Rebate Escrow Fund	0	0	1,667	3,520	7,511
Arbitrage Owed to IRS Escrow	0	0	106	223	476
Western Missouri Mental Health Center					
Construction Fund	4,416	49,866	270,570	547,642	100,433
Total Trust Funds	273,652	754,646	2,290,124	4,444,474	1,657,889
Total Distribution	\$ 40,524,766	33,758,590	46,913,243	71,828,647	112,631,159

N/A These funds did not receive interest for the years indicated due to the fund not being established at the time, or due to the lack of legislation that would require the interest to remain in the fund.

The accompanying Notes to the Supplementary Information are an integral part of this statement.

Schedule 8

OFFICE OF STATE TREASURER
ANALYSIS OF INVESTMENTS
APPROPRIATED FUNDS

	Year Ended June 30,									
	2005		2004		2003		2002		2001	
	Average Daily Balances	Investment Earnings	Average Daily Balances	Investment Earnings	Average Daily Balances	Investment Earnings	Average Daily Balances	Investment Earnings	Average Daily Balances	Investment Earnings
INVESTMENTS										
Pooled Investments:										
Time deposits	\$ 407,044,627	6,397,473	350,436,069	4,068,260	341,494,579	7,801,288	408,273,116	21,895,420	502,012,599	26,056,824
U.S. government securities, commercial paper, and repurchase agreements	2,476,871,015	51,889,170	2,617,267,155	44,436,494	2,383,178,899	56,651,358	2,522,221,206	83,379,668	2,318,385,855	141,401,968
Total Pooled Investments	2,883,915,642	58,286,643	2,967,703,224	48,504,754	2,724,673,478	64,452,646	2,930,494,322	105,275,088	2,820,398,454	167,458,792
Special Fund Direct Investments:										
U.S. government securities	22,077,036	379,692	19,628,170	221,094	17,376,642	475,671	17,376,642	837,121	16,500,809	826,368
Donated corporate stock	5,130	624	5,130	624	5,130	624	5,130	624	5,130	624
Total Special Fund Direct Investments	22,082,166	380,316	19,633,300	221,718	17,381,772	476,295	17,381,772	837,745	16,505,939	826,992
Total Invested Balance	\$ 2,905,997,808	58,666,959	2,987,336,524	48,726,472	2,742,055,250	64,928,941	2,947,876,094	106,112,833	2,836,904,393	168,285,784
Total fund balance excluding collection, concentration, and restricted balance accounts	\$ 2,810,460,730		2,883,043,397		2,635,564,471		2,854,064,765		2,680,383,903	
Collection and concentration accounts	3,573,829		3,522,411		3,446,569		3,468,538		558,047	
Restricted balance accounts	36,947,720		96,087,123		72,299,548		33,314,055		19,112,493	
Total Fund Balance Including Collection, Concentration, and Restricted Balance Accounts	\$ 2,850,982,279		2,982,652,931		2,711,310,588		2,890,847,358		2,700,054,443	
PERCENTAGE OF FUND BALANCE IN INVESTMENTS										
Excluding collection, concentration, and restricted balance accounts	103.40%		103.62%		104.04%		103.29%		105.84%	
Including collection, concentration, and restricted balance accounts	101.93%		100.16%		101.13%		101.97%		105.07%	
INVESTMENT YIELD										
Time deposits		1.57%		1.16%		2.28%		5.36%		5.19%
U.S. government securities, commercial paper, and repurchase agreements		2.09%		1.69%		2.38%		3.32%		6.09%
Donated corporate stock investments		12.16%		12.16%		12.16%		12.16%		12.16%
Average investment yield		2.02%		1.63%		2.37%		3.60%		5.93%

The accompanying Notes to the Supplementary Information are an integral part of this statement.

Notes to the Supplementary Information

OFFICE OF STATE TREASURER
NOTES TO THE SUPPLEMENTARY INFORMATION

1. General Capital Assets

General capital assets are recorded at cost and are depreciated on a straight-line basis using various useful life classifications and a salvage value of zero. Accumulated depreciation on general capital assets at June 30, 2005 was \$693,540.

2. Basis of Presentation

The amounts presented in Schedules 4 through 8 represent all funds in the state treasury and all trust funds in the custody of the State Treasurer.

State treasury funds are subject to appropriation; trust funds are not. The schedules do not include any funds or investments that are not in the custody of the State Treasurer.

3. Cash and Investments

Article IV, Section 15 of the Missouri Constitution establishes the State Treasurer as custodian of all state funds and funds received from the U.S. government. This section further authorizes the State Treasurer to place all such monies on time deposit, bearing interest, in Missouri banking institutions selected by the State Treasurer and approved by the Governor and the State Auditor, or in obligations of the U.S. government or any agency or instrumentality thereof maturing or becoming payable not more than five years from the date of purchase. In addition, the State Treasurer may enter into repurchase agreements maturing and becoming payable within ninety days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law. The State Treasurer may also invest in banker's acceptances issued by domestic commercial banks possessing the highest rating issued by a nationally recognized rating agency and in commercial paper, issued by domestic corporations, which has received the highest rating issued by a nationally recognized rating agency. Investments in banker's acceptances and commercial paper shall mature and become payable not more than ninety days from the date of purchase, maintain the highest rating throughout the duration of the investment and meet any other requirements provided by law. The State Treasurer shall prepare, maintain, and adhere to a written investment policy which shall include an asset allocation plan limiting the total amount of state money which may be invested in each investment category authorized by law.

Deposits

The State Treasurer maintains approximately 681 bank accounts throughout the state. These accounts include time deposits, collection accounts which are demand deposit accounts for various state agencies, and the state's primary operating accounts which are also demand deposit accounts. Cash balances in the state's operating accounts which are not needed for immediate use are invested.

The State Treasurer's deposits at June 30, 2005, were entirely covered by federal depository insurance or by collateral securities held by the custodial banks in the State Treasurer's name.

To protect the safety of state deposits, Sections 30.270 and 110.020, RSMo, require depositories to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation.

Investments

The State Treasurer's investments at June 30, 2005, are listed by type below to give an indication of the level of risk assumed by the state at year end. All investments are insured or registered, or have collateral held by the State Treasurer or a custodial bank in the state's name.

		Reported Amount	Fair Value
Repurchase agreements	\$	262,184,294	262,184,294
U.S. government securities		1,539,637,260	1,535,241,900
Commercial paper		511,579,780	511,445,682
Other investments		5,130	48,605
Total Investments	\$	2,313,406,464	2,308,920,481

Investments are recorded at acquisition cost except "other" investments which are recorded at par. Investments in repurchase agreements are acquired at face value and earn a stated interest rate. Investments in U.S. government securities are acquired at fair value and mature at face value.

4. Demand Deposit and Collection Accounts

The demand deposits with US Bank on Schedule 4 consist of four central demand accounts at June 30, 2005, twenty-three at June 30, 2004, twenty-two at June 30, 2003 and 2002, and twenty-three at June 30, 2001. The demand deposits with Central bank consist of thirty-three central demand accounts at June 30, 2005, fourteen at June 30, 2004, thirteen at June 30, 2003, fourteen at June 30, 2002, and twelve at June 30, 2001. The demand deposits with Premier Bank consist of two central demand accounts at June 30, 2005, 2004, 2003, 2002, and 2001. The demand deposits with Bank of New York Midwest consist of two central demand accounts at June 30, 2005. Demand deposit bank balances were \$418,917, \$20,388,987, \$11,072,902, \$15,131,904, and \$31,142,804 at June 30, 2005, 2004, 2003, 2002, and 2001 for US Bank and \$11,720,611, \$77,114,881, \$85,274,839, \$73,227,111, and \$19,826,746 at June 30, 2005, 2004, 2003, 2002, and 2001 for Central Bank, \$71,568, \$58,800, \$17,018, \$43,463, and \$23,729 at June 30, 2005, 2004, 2003, 2002, and 2001 for Premier Bank and \$0 at June 30, 2005 for Bank of New York Midwest.

The collection bank accounts on Schedule 4 consist of three master concentration accounts and their related collection accounts at various banks throughout the state. The General Concentration and Conservation Concentration Accounts were at Central Bank at June 30, 2005, 2004, 2003, 2002, and 2001. The Lottery Concentration Account was at Central Bank at June 30, 2005 and at US Bank at June 30, 2004, 2003, 2002, and 2001. Collection account bank balances were approximately \$6,038,641, \$4,889,141, \$4,420,803, \$4,818,162, and \$985,789 at June 30, 2005, 2004, 2003, 2002, and 2001.

Banking service agreements on the central demand accounts allow the State Treasurer to invest outstanding checks up until the checks clear the bank, thereby investing an amount in excess of book balances. The negative balances at June 30 (Schedule 4) for the appropriated funds demand deposits represent the book balance net of amounts invested.

5. Special Fund Dedicated Investments

Due to a change in the state's accounting system, as of July 1, 1999, the State Treasurer was assigned the authority for recording direct investments of special funds in the accounting system. The amounts presented as special fund dedicated investments in the appropriated funds on Schedule 4 represent specific investments made or held by the State Treasurer on behalf of the Pansey Johnson-Travis Memorial State Gardens Trust Fund and the State Public School Fund. The State Treasurer is responsible for purchasing, custodial, income collection, and distribution, and record-keeping duties related to the investments of these funds.

The investments of the Pansey Johnson-Travis Memorial State Gardens Trust Fund are maintained in the instruments which were transferred to the State Treasurer from the previous trustee of the fund. The investment purchases for the State Public School Fund are made in accordance with the instructions of the State Public School Fund investment committee.

Prior to July 1, 1999, the investments of the Pansey Johnson-Travis Memorial State Gardens were recorded as a cash asset in the state's accounting system. Prior to July 1, 1999, the investments of the Public School Fund were not recorded in the state's accounting system.

6. Investments of Other Agencies

Schedules 7 and 8 do not include those funds which are invested directly by other agencies; e.g., the Agricultural Development Fund, the Department of Revenue non-state(local) funds, and the State Seminary Fund. The State Treasurer does not have investment authority for these funds and is not responsible for the efficiency of the investment of these funds or for the collection and distribution of the interest income.

7. Amount and Yield on Investment Earnings

The amount and yield on investment earnings on Schedule 8 are presented on a cash basis. However, approximate accrued amounts were \$16,680,078, \$8,893,101, \$11,739,870, \$14,738,819, and \$29,198,570 at June 30, 2005, 2004, 2003, 2002, and 2001 respectively,

giving approximate yield rates of 2.29 percent, 1.61 percent, 2.18 percent, 3.11 percent and 5.61 percent for the same corresponding periods on an accrual basis.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

OFFICE OF STATE TREASURER
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of the Office of State Treasurer (STO) as of and for the year ended June 30, 2005, and have issued our report thereon dated May 10, 2006. The following Management Advisory Report presents our finding arising from our audit of the office's financial statements.

Inadequate Reconciliations

The Office of State Treasurer-Internal Audit Section does not perform adequate reconciliations of the unclaimed property receipts and disbursements recorded in the Wagers system and the Statewide Advantage System for Missouri (SAM II). Because differences were not investigated by the STO, errors were not detected and amounts calculated for the state's Comprehensive Annual Financial Report (CAFR) were not correct.

In addition to SAM II, the STO utilizes the Wagers computer software system to maintain the unclaimed property records. The STO-Internal Audit Section performs monthly reconciliations between the Wagers system records and SAM II of unclaimed property turned over to the STO and/or distributed to the appropriate owners. Total undistributed property from the Wagers system is used to determine the liability amount for the state's CAFR. Governmental Accounting Standards Board Statement Number 21 (GASB 21) requires a fund liability be reported to the extent that it is probable that abandoned property will be reclaimed and paid to claimants.

Our review of the reconciliations and GASB 21 liability calculation for the CAFR for the fiscal year ended June 30, 2005, disclosed a difference between receipts recorded in SAM II and the Wagers system on the May 2005 reconciliation. The Wagers system reported receipts totaling \$7,890,535, while SAM II reported receipts of \$1,531,299, resulting in a difference of \$6,359,236. The internal auditors did not investigate the difference until after we questioned them about it. Initially, the internal auditors indicated it was a timing difference. After further review, the internal auditors determined it was an entry error due to a change in the way outlawed checks were recorded when changes were made to the Wagers system. The error in the Wagers system was not corrected until September 2005.

The \$6.3 million error caused total receipts to be overstated in the Wagers system which resulted in the GASB 21 liability calculation to be incorrect. For the fiscal year ended June 30, 2005, the internal auditors calculated a liability amount of \$10,644,034, when the liability amount should have been \$8,341,435. Also, when submitting the liability amount for the CAFR, the internal auditors failed to include the 2005 amount in the total liability amount and therefore understated the GASB 21 liability amount reported for the CAFR by \$8.3 million. The STO submitted the corrected liability amount for the CAFR after we brought the errors to the STO's attention. The STO should implement adequate procedures to ensure liability calculations are accurate.

Because the potential for entry errors exists and the volume of unclaimed property receipts, reconciliations should be performed to detect errors and irregularities, discrepancies should be resolved in a timely manner, and the resolution should be documented. In addition, someone independent of the Internal Audit Section should review the reconciliations to ensure an adequate follow-up was performed and documented.

WE RECOMMEND the STO establish procedures to ensure the Internal Audit Section investigates and resolves discrepancies noted in the reconciliations they perform. In addition, someone independent of the Internal Audit Section should review the reconciliations to ensure an adequate follow-up was performed and documented.

AUDITEE'S RESPONSE

In January 2005, the State Treasurer's Office converted the Unclaimed Property Tracking system and database to the Wagers SQL Server. The Wagers system is used by 35 other states. This conversion required all system generated reports to be recreated, analyzed, and incorporated into the existing reconciliation process.

We concur with the finding and recommendation in the State Auditor's report that procedures be established to ensure the Internal Audit Section investigates and resolves discrepancies noted in the reconciliations they perform. The Internal Audit Section will investigate and resolve in a timely manner material discrepancies noted in the Abandoned Fund reconciliation. Documentation of the reconciliation, along with any material discrepancies noted and the subsequent follow-up will be reported to the Assistant Deputy Treasurer for final review.

This report is intended for the information and use of the management of the Office of State Treasurer and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

OFFICE OF STATE TREASURER
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Office of the State Treasurer on the finding in the Management Advisory Report (MAR) of our prior audit report issued for the year ended June 30, 2004.

Collateral Securities

- A. Internal audits of the collateral securities system by the State Treasurer's Office (STO) did not ensure the custodial banks properly released the collateral securities in accordance with the custodial contract. Internal Audit staff sent letters requesting additional information to resolve some issues, but did not receive responses and did not follow-up on the requests.
- B. The results of the internal audits were not reported to or reviewed by upper management.

Recommendation:

The STO:

- A. Ensure custodial banks are notified of potential noncompliance with contract requirements and follow up on requests for additional information in a timely manner.
- B. Require the results of the collateral security system audits be summarized and provided to management staff for their review.

Status

- A. Partially implemented. The Internal Audit staff has improved its procedures for following-up on securities released without proper authorization and requests for additional information. However, we noted two instances in which a bank released a security without proper authorization from the STO. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

OFFICE OF STATE TREASURER HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Office of State Treasurer is an elective office as provided in the Missouri Constitution. The duties of the State Treasurer as defined by Article IV Section 15 are to be the custodian of all state funds; to determine the amount of state monies not needed for current operating expenses; and to invest such monies in interest-bearing time deposits, in Missouri banking institutions selected by the State Treasurer and approved by the Governor and State Auditor, in short-term U. S. government securities, or in certain allowable commercial paper and banker's acceptances.

The Office of State Treasurer operates in four major functional areas: 1) accounting and banking services; 2) disbursements and records; 3) investments and deposit programs; and 4) unclaimed property.

The accounting and banking services area: 1) maintains a fund accounting system to fulfill a statutory responsibility to keep separate accounts of the funds of the state and to allocate investment interest to funds; 2) maintains ledger controls on fund balances and appropriations to assure that no check is issued that exceeds the lawful appropriated balances; 3) controls receipt of state monies collected by state agencies and deposited in local banks throughout the state; 4) reconciles bank activity to receipt and disbursement activity reflected on the state books; 5) determines the amount of state monies not needed for current operating expenses, and 6) confirms daily disbursements with the bank as certified by the Office of Administration.

The disbursements and records area provides processing support to other departments of the State Treasurer's office, as follows: 1) provides storage and retrieval of state checks; and 2) controls and processes outlawed checks and processes and verifies claims for replacement checks.

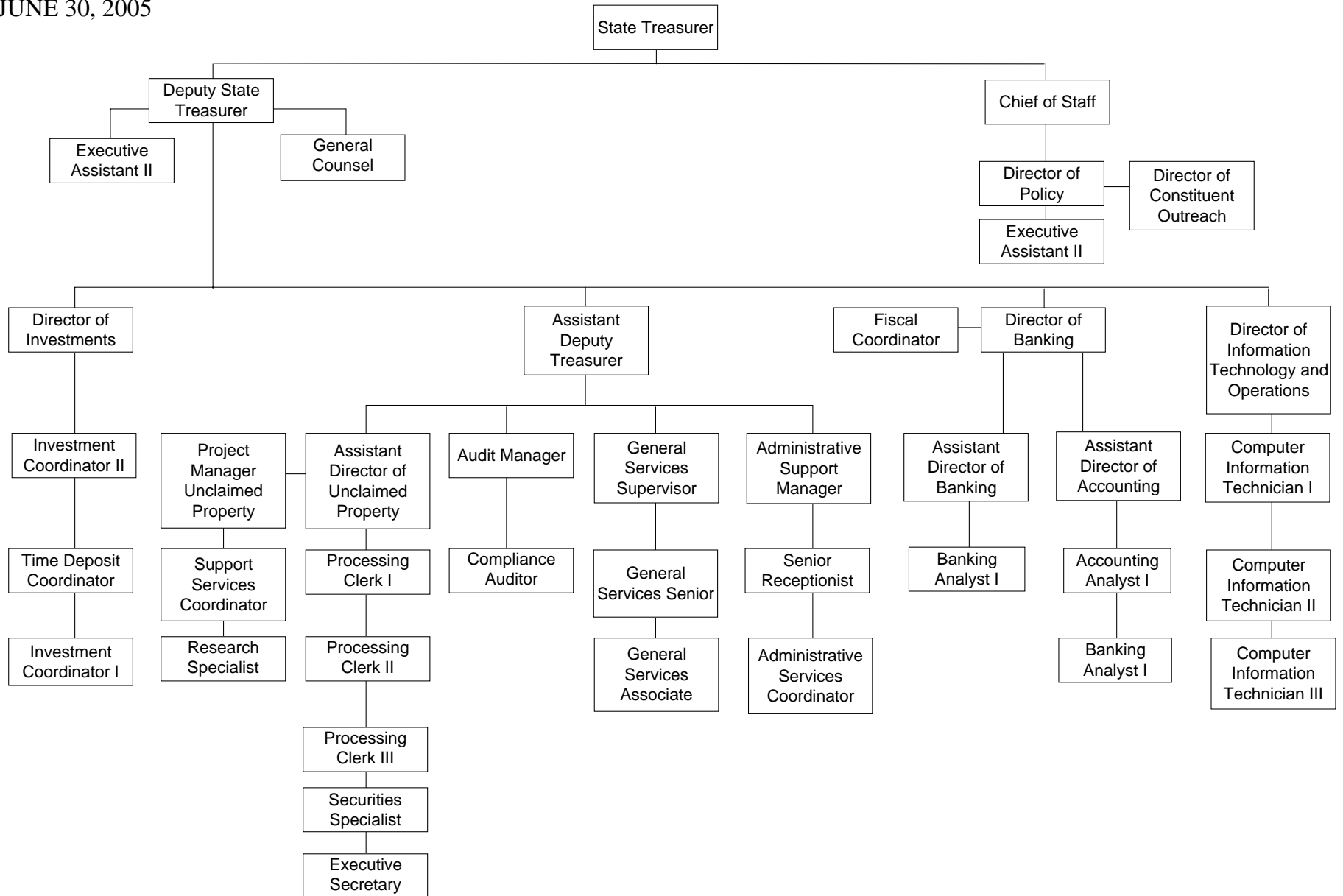
The investments area places state monies not needed for current operating expenses in interest-bearing time deposits, U.S. government and agency securities, commercial paper, banker's acceptances, and repurchase agreements. This area also administers the State Treasurer's statutory linked deposit program and monitors and accounts for the collateralization of state funds.

The Unclaimed Property Division administers Missouri's Unclaimed Property Act (Chapter 447 RSMo). The Unclaimed Property Division is responsible for: 1) ensuring unclaimed property is reported; 2) receiving and recording reports of unclaimed property; 3) depositing unclaimed funds to the Abandoned Fund Account Fund; 4) maintaining custody and safekeeping of abandoned or unclaimed physical property; and 5) processing owner claims for abandoned funds or physical property.

Nancy Farmer became Missouri's forty-third State Treasurer when she took the oath of office January 8, 2001. She was the first woman to serve as State Treasurer in the state's 180-year history. Her term expired in January 2005. On January 10, 2005, Sarah Steelman was inaugurated as the forty-fourth Treasurer of the state of Missouri.

As of June 30, 2005, the office had forty-four full-time positions and five part-time positions to assist in the accomplishment of its mission. An organization chart follows.

OFFICE OF STATE TREASURER
 ORGANIZATION CHART
 JUNE 30, 2005





Claire McCaskill
Missouri State Auditor

June 2006

REVENUE

Branch Office Conversion



Office Of
Missouri State Auditor
Claire McCaskill

June 2006

The following findings were included in our audit report on the Department of Revenue, Branch Office Conversion

The Department of Revenue (DOR) incurred unnecessary closing costs that could have been avoided. In April 2002, DOR officials signed a 15 year lease agreement with the Office of Administration (OA) for office space in the Deer Creek Office Building, a privately owned building in the St. Louis area. Since the DOR was closing the office in 2005, it was liable for the lease expenditures until the office was subleased. According to accounting records, the state's General Revenue Fund paid approximately \$39,000 in lease expenditures for vacant office space during the period of May 15, 2005 through October 31, 2005.

The Kansas City branch office closed on June 30, 2005, and was reopened by the contract agent on August 29, 2005, although the contract agent did not sign the OA lease agreement until September 6, 2005. Additionally, the lease agreement prepared by the OA allowed the Kansas City contract agent to make staggered lease payments during the first 12 months of the lease. By allowing the contract agent to stagger lease payments and giving the contract agent a 30-day termination clause, the contract agent could potentially vacate the premises prior to the end of the first year of the lease leaving the state to pursue recovery of lease amounts due.

Four contract agents were allowed to operate without a fully executed contract. Had these agents failed to perform the necessary duties during this time period, the DOR may not have been able to enforce the requirements of the contract agents' agreement. Also, one contract agent did not comply with the contract agreement requirements to register and remain in good standing with the Secretary of State, a misdemeanor. After we informed DOR personnel of the situation, department personnel contacted the agent who then filed his fictitious name registration with the Secretary of State approximately 143 days after the agent's office opened. Additionally, the Kansas City office's contract agent did not submit a business plan until 51 days after the office opened.

The DOR was granted local disposal authority by the Missouri State Agency for Surplus Property (MOSASP) to auction the equipment at the 11 former branch offices. Bids accepted for the equipment ranged from \$151 to \$3,100 for a total of \$16,477 for all 11 offices. Notification of the sealed bid auction was sent to all 182 contract agents operating at that time, as DOR officials determined that other individuals would not be interested in this "worthless equipment". The DOR did not allow an equal opportunity for everyone to inspect the equipment prior to making a bid; however, the 11 contract agents were allowed to inspect the equipment and, in most cases, use the equipment for

YELLOW SHEET

several months. This does not appear to provide a fair, open, and competitive environment for all potential bidders. Furthermore, the auction of state-owned branch office assets included computer equipment and software, printers, televisions, and fax machines which did not appear to meet the MOSASP criteria for condemned property. Based on our review, it appears that the items sold through local disposal should have been transferred to the MOSASP for auction.

The DOR could not account for the disposition of approximately 250 state-owned assets. These 250 items included a laser printer, a fax machine, computers, software, and other miscellaneous items.

The former branch offices are higher volume offices. According to DOR records, during fiscal year 2004, these former branch offices remitted transaction processing fees to the state in excess of \$6.2 million. It appears appointed agents should possess qualities such as experience, knowledge, and business skills that will allow them to successfully achieve their assigned duties in an efficient and effective manner and ensure that Missouri taxpayers receive the level of service they demand. In addition, the DOR should also consider soliciting proposals prior to appointing fee agents. It should be noted that the method used by the current administration to appoint or select contract agents has been a long-standing practice within state government.

The division's goal is to visit each contract agent's office once each month; however, without additional staff, the DOR may not be able to reach this goal. The DOR has only approximately 10 staff positions allocated to monitor the state's 183 contract offices. As of October 25, 2005, the DOR had only performed two monitoring visits of the 11 converted offices.

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DEPARTMENT OF REVENUE
BRANCH OFFICE CONVERSION

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Trish Vincent, Director
Department of Revenue
and
Michael N. Keathley, Commissioner
Office of Administration
Jefferson City, MO 65102

We have audited the Department of Revenue's Branch Office Conversion. The scope of this audit included, but was not necessarily limited to, the conversion of 11 state-operated branch offices to contract offices during calendar year 2005. This audit did not review the operations of the other 171 contract offices that existed at the time of our audit. The objectives of this audit were to:

1. Review the conversion of branch offices to contract offices and the related controls over significant management and financial functions.
2. Determine the extent of the conversion process and the related costs of converting branch offices to contract offices.
3. Identify the various accountability and compliance issues relating to the conversion of branch offices to contract offices.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents as permitted by the department; interviewing various personnel of the Department of Revenue, as well as certain external parties; and testing selected transactions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History and Organization is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in the audit of the Department of Revenue's Branch Office Conversion.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Revenue's Branch Office Conversion.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

December 16, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Blattel, CPA
In-Charge Auditor:	Jeffrey Wilson
Audit Staff:	Michelle Franken

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF REVENUE
BRANCH OFFICE CONVERSION
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Leases
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The Department of Revenue (DOR) did not adequately plan for the closing of the Deer Creek offices and incurred approximately \$39,000 in lease expenditures for a vacant office. Additionally, the Office of Administration (OA) did not prepare a lease agreement with the Kansas City Office agent in a timely manner, and staggered the lease payments for the Kansas City agent during the first 12 months of the lease term.

Pursuant to the Governor's recommendation, during calendar year 2005 the DOR prepared to close eleven state-operated motor vehicle branch office locations and reopen these offices with contract agents. Many of these offices reopened in the same locations that were previously occupied by the state-operated branch offices.

A review of the lease agreements executed by the state noted the following issues:

- A. By failing to adequately plan the reopening of these offices, the DOR incurred unnecessary closing costs of approximately \$39,000 that could have potentially been avoided. In April 2002, DOR officials signed an agreement with the OA indicating their intent to occupy 7,385 square feet of office space in the Deer Creek Office Building until the lease agreement expired in 2017. This building is a privately owned office building, located in St. Louis.

Since the DOR was closing the office, it was liable for the lease expenditures until the office was subleased. On May 23, 2005, the OA executed a sublease agreement with the contract agent appointed to run the Deer Creek office. According to the sublease agreement, the contract agent agreed to sublease 2,999 square feet of an available 7,385 square feet. The sublease agreement was for the period of May 16, 2005 through June 30, 2005, allowing a month to month lease after June 30, 2005. The contract agent operated from this specific office until August 31, 2005, when the agent moved to a different office within the same building.

On September 1, 2005, the Department of Economic Development filled 2,999 square feet of the available state-leased office space and later filled the remaining portion of the office on November 1, 2005. According to accounting records, the state's General Revenue Fund paid approximately \$39,000 in lease expenditures for vacant office space during the period of May 15, 2005, through October 31, 2005.

- B. Although the Kansas City contract agent began operations on August 29, 2005, the contract agent did not sign the OA lease agreement until September 6, 2005. The Kansas City branch office closed on June 30, 2005, and was reopened by the contract agent on August 29, 2005. As a result, the contract agent was allowed to operate in a state office building without a lease agreement for approximately 6 days. It should also be noted that the lease agreement indicated that the lease was effective on September 1, 2005, despite the fact the agent began office operations on August 29, 2005.

By failing to adequately complete the lease agreement, the OA allowed a contractor to perform business in a state building without having a lease agreement. In the future, the OA should prohibit allowing tenants to move into an office without having a signed lease agreement.

- C. The lease agreement prepared by the OA allowed the Kansas City contract agent to make staggered lease payments during the first 12 months of the lease. The lease allowed the contract agent to pay approximately 25 percent of the annual rent during the first six months of the lease and approximately 75 percent of the lease during the remaining six months of the year. By allowing the contract agent to stagger lease payments and giving the contract agent a 30-day termination clause, the contract agent could potentially vacate the premises prior to the end of the first year of the lease leaving the state to pursue recovery of all applicable lease amounts due.

Additionally, while reviewing a memo prepared by the Kansas City contract agent, we noted that the lease and contract signed by the contract agent was contingent upon the contract agent being the successful bidder of the DOR equipment presently in the state-operated branch office that was being closed. Based on this information, had the contract agent not been the successful bidder on the equipment, it appears the lease and the contract could have been nullified. The contract agent did acquire the equipment in the state run office for \$151 (See MAR No. 3).

WE RECOMMEND the:

- A. DOR adequately plan future state-operated office closings and make every effort possible to reduce the costs to the state's General Revenue Fund of closing offices.
- B. OA ensure that lease agreements are signed by the tenants prior to the time period of the lease.
- C. OA establish policies and procedures to prohibit the staggering of lease payments on future lease agreements.

AUDITEE'S RESPONSE

The Director of Revenue provided the following responses:

- A. *The DOR agrees with the State Auditor that office closings should be adequately planned and related state costs should be minimized. However, the DOR strongly disagrees with the Auditor's conclusion that the branch office conversion process was not "adequately planned." To the contrary, the conversion properly balanced the needs to sustain customer service, provide career counseling and transition time for affected employees, and safeguard tax dollars.*

To explain the competing interests, some context is necessary. On January 26, 2005, Governor Blunt released his FY 2006 budget. That budget included significant changes to the DOR due to voter approval of Amendment 3 in November 2004. The Governor announced \$7.2 million in redirected highway funding and a reduction in the state workforce of 194 positions, by closing eleven DOR motor vehicle and driver licensing branch offices no later than June 30, 2005. This was an absolute deadline because no FY 2006 funds would be available for the branch offices.

Based on the significant loss of highway funding, the DOR responded to the Governor by developing a plan to transition the eleven branch offices to privately operated contract offices during May and June 2005. The DOR's two priorities were to maintain customer service by keeping closing times to a minimum and to safeguard taxpayer dollars.

The first branch office to close was Columbia, on April 29, 2005. The office closed on a Friday and reopened the following Monday, resulting in no lost days of service to customers. Ten of the eleven offices were transitioned with no more than the four business days of being closed (the exception was Kansas City).

The DOR is extremely proud of the conversion process, including the planning to convert eleven offices in less than six months and to follow through on our commitment and dedication to excellent customer service.

The focus on lease payments at Deer Creek misses the point. The underlying Deer Creek lease, entered into in 2002 by the Holden Administration, has often been cited as a poor deal for the state. The rental rate, the amount of space, and the provision that the DOR was to be liable until a subtenant could be located were ill advised.

Having been saddled with this lease, the DOR properly emphasized customer service by downsizing the space needs. If your conclusion that the state spent \$39,000 for vacant space is correct (and we neither confirm nor dispute it), the reason is the 2002 lease, not the 2005 conversion.

- B. *OA agrees with the Auditor that, in a perfect world, leases would be signed before the lease period. In this case, the exigencies of customer service were deemed more important. The six-day time period caused no loss to the state.*

- C. *OA will consider establishing policies as recommended. In this case, the staggered lease was warranted to account for certain start-up costs for the contract agent and to promote customer service.*

AUDITOR'S COMMENT

- A. The state did not pay \$39,000 for vacant leased office space because of a lease approved in 2002. These costs were incurred because this space was vacated in haste, without a cohesive plan to promptly re-occupy the space by another state agency. In addition, we do not understand how downsizing the office space used to serve customers in this high volume office by 60 percent can be characterized as emphasizing customer service.

2. Business Practices

DOR officials allowed four contract agents to operate offices without having a completed contract agreement. In addition, the DOR allowed one agent to operate his office without having registered with the Secretary of State. Also, one contract agent did not submit his business plan within the time frame required by the contract agent agreement.

All contract agents were required to sign a contract prepared by the DOR, which set forth guidelines and requirements that each contract agent was required to follow. A review of the contract and the steps taken to ensure compliance noted the following concerns:

- A. Four contract agents were allowed to operate without a contract signed by both the contract agent and the DOR. We noted a range of 1 to 21 days where these agents were allowed to operate without a fully approved contract. Had these agents failed to perform the necessary duties during this time period, the DOR may not have been able to enforce the requirements of the contract agents' agreement.

The failure by the DOR to obtain completely signed contracts prior to authorizing the contract agents to open their offices exposed the DOR to unnecessary risks. The DOR should prohibit this practice in the future, and only authorize contract agents to open their offices after all required signatures have been obtained.

- B. One contract agent did not comply with the contract agreement requirements to register and remain in good standing with the Secretary of State. After we informed DOR personnel of the situation, the department personnel contacted the agent who then filed his fictitious name registration, with the Secretary of State on October 26, 2005, approximately 143 days after the agent's office opened.

According to Section 417.230, RSMo, any person who engages in or transacts any business in the state of Missouri under a fictitious name without registering, shall be deemed guilty of a misdemeanor. The DOR should ensure all contract agents

are properly registered to do business in the state prior to authorizing them to operate as an agent of the state.

- C. Each contract agent was required by the contract agent agreement to prepare and submit a business plan in a format prescribed by the Director of Revenue within 24 days of appointment. According to DOR officials, the purpose of the business plan was to give the DOR an idea of the management style and proposed operations that each contract agent would apply to their office.

The Kansas City office's contract agent's appointment date was September 20, 2005, which was 23 days after the agent began operations on August 29, 2005. A review of the business plans noted that this contract agent did not submit a business plan until October 19, 2005. While this is only 4 days after the contract due date of October 15, 2005, it was 51 days after the office opened.

By failing to submit a business plan, the DOR was unaware of the goals and business practices that would be used by the newly appointed agent until almost two months after the agent began operations. In addition, to fully utilize the value of business plans, the plans should be submitted by the potential agents prior to the selection of the contract agents.

- D. Electronic telephone answering services at two contract agent offices did not provide an option to speak with office personnel. According to the contract agreement, if the contract agent uses an electronic telephone answering service, such service must provide the option to speak with office personnel. If office personnel are not available to take the call, an option must be provided to leave a message that will be responded to no later than the next business day.

By not fully monitoring the contract agents, the DOR has not ensured that all customer service provisions have been met. It is important that taxpayers be able to ask questions of office personnel to ensure their motor vehicle transactions can be completed in a timely and efficient manner. The DOR should ensure that the level of service provided by each contract agent complies with the contract agent agreement.

WE RECOMMEND the DOR:

- A. Ensure contract agreements are signed by all necessary parties prior to the time the contract becomes effective.
- B. Ensure each contract agent is registered with the Secretary of State prior to conducting business, as required by state law.
- C&D. Ensure each contract agent complies with all of the requirements of the contract agent agreement.

AUDITEE'S RESPONSE

The Director of Revenue provided the following responses:

- A. *While the Auditor correctly reported that four offices opened prior to the contract being signed by all parties, the Columbia office agent, as noted below, signed the formal contract prior to opening. All four agents received tentative appointment letters signed by the Director of Revenue prior to opening for business. All four agents had copies of the contract and had voiced no major concerns. The table below identifies the specific offices and illustrates relevant timeframes:*

<i>Office</i>	<i>Date of Tentative Appointment Letter</i>	<i>Formal Contract Signed By</i>		<i>Open Date</i>
		<i>Agent</i>	<i>Director of Revenue</i>	
<i>Columbia</i>	<i>4/11/05</i>	<i>4/29/05</i>	<i>5/3/05</i>	<i>5/2/05</i>
<i>Deer Creek</i>	<i>4/28/05</i>	<i>5/17/05</i>	<i>5/25/05</i>	<i>5/16/05</i>
<i>South Kingshighway</i>	<i>4/20/05</i>	<i>6/27/05</i>	<i>6/30/05</i>	<i>6/20/05</i>
<i>Kansas City</i>	<i>8/10/05</i>	<i>9/7/05</i>	<i>9/20/05</i>	<i>8/29/05</i>

The DOR agrees that, in a perfect world, formal contracts should be signed prior to their effective dates. We are also aware this is not always possible. In this case, given the necessity for turning offices around in record time to maintain customer service, the DOR is comfortable with its process. To the extent the report would have us keep an office closed where the agent has a tentative appointment letter and has received a contract for review and indicated no issue with it, we simply disagree. In such circumstances, the taxpayers are better served by opening the office rather than awaiting contract signature.

- B. *The DOR concurs with the Auditor's recommendation.*

C&D. *The DOR concurs with the Auditor's recommendation.*

As noted, one purpose of the business plan is to give the DOR an idea of the management style and proposed operations that each contract agent would apply to their office. An additional purpose is to structure the agent-DOR relationship in a manner similar to any business relationship. The business plan concept was developed by the current administration to clearly communicate what Missouri taxpayers can reasonably expect in terms of service levels from the contract agents. No contract agent was ever required to submit a business plan before January 2005. It is true the Kansas City business plan was submitted later than it should have been. Nonetheless, this created no negative impact on the DOR, our customers, or the taxpayers.

Related to the concern noted by the Auditor in reference to electronic telephone answering services, the DOR has worked with the Independence and North Kingshighway offices upon identification of the answering service concern. We note that this contractual requirement was also initially stipulated by the current administration.

3.**Sale of Equipment**

The DOR did not comply with policies and procedures issued by the Missouri State Agency for Surplus Property (MOSASP). The DOR did not solicit bids for surplus equipment in an open and competitive environment, and did not accurately prepare reports of state-owned surplus property, commonly referred to as the SS-1 forms. Additionally, the DOR did not follow procedures for depositing the proceeds from the sale of equipment as required by MOSASP policies and procedures.

In conjunction with the closing of 11 state-owned branch offices located throughout the state, the DOR was granted local disposal authority by the MOSASP to auction the equipment maintained at these former locations. The following chart indicates the bids accepted for the equipment sold by the DOR:

Bidder	Amount
Columbia Agent	\$ 2,125
Deer Creek Agent	2,800
Independence Agent	803
Jefferson City Agent	1,022
Joplin Agent	360
North Kingshighway Agent	1,500
Raytown Agent	707
St. Joseph Agent	1,509
South Kingshighway Agent	2,400
Springfield Agent	3,100
Kansas City Agent	151
Total	\$ <u>16,477</u>

A review of the auction and supporting documentation noted the following concerns:

- A.1. Based on the review of the invitation for bid, it appears the opportunity for bidding on the equipment was not handled on a truly competitive basis since it did not allow an equal opportunity for everyone to inspect the equipment prior to making a bid. On July 8, 2005, the DOR was granted local disposal authority by the MOSASP for the equipment that was maintained in the state-owned motor vehicle and driver's license branch offices located throughout the state. The DOR eventually sold the state-owned branch office equipment through a sealed bid auction, with notification of the invitation to bid being sent to all 182 contract agents operating at that time in the state.

The DOR issued an invitation on July 25, 2005, to bid on the state-owned equipment maintained at the former branch offices. According to the DOR, the target audience for these assets was all contract agents throughout the state. DOR

officials determined that other individuals would not be interested in this "worthless equipment". Although contract agents were informed of the invitation to bid on this equipment, the DOR did not allow any inspection periods for the agents to view the condition of the equipment.

While not allowing an inspection period for all contract agents, the 11 contract agents were allowed to inspect the equipment and, in most cases, use the equipment for several months prior to the invitations to bid being issued. Allowing the 11 newly appointed contract agents the advantages of both viewing and using the equipment did not appear to provide a fair, open, and competitive environment for all potential bidders. Since these 11 agents were allowed to use the equipment, they knew the condition of the equipment and were in an advantageous position to determine the equipment's capabilities and value. The following table indicates the number of days each fee agent was allowed to use equipment prior to submitting the winning bid.

Office Location	Closing Date	Reopen Date	Date bids awarded	Number of days equipment remained in the fee agents possession
Jefferson City	6/15/2005	6/20/2005	8/8/2005	48
St. Joseph	6/15/2005	6/20/2005	8/8/2005	48
Kansas City	6/15/2005	8/29/2005	8/22/2005	(7)
South Kingshighway	6/15/2005	6/20/2005	8/8/2005	48
North Kingshighway	6/15/2005	7/20/2005	8/8/2005	18
Columbia	4/29/2005	5/2/2005	8/8/2005	96
Deer Creek	5/13/2005	5/16/2005	8/8/2005	82
Springfield	5/13/2005	5/16/2005	8/8/2005	82
Joplin	5/13/2005	5/16/2005	8/8/2005	82
Independence	5/13/2005	6/6/2005	8/8/2005	62
Raytown	5/13/2005	6/3/2005	8/8/2005	65

Out of the approximately 182 agents given the opportunity to bid on the equipment, only 12 agents (less than 7 percent) submitted a bid for these assets. Of the twelve bids received only one bid was from an agent that did not receive a former branch office location, indicating that the true target audience was most likely the agents appointed to run the 11 former branch offices. By the end of August 2005, all equipment offered for sale from the 11 former branch offices had been sold to the new contract agents for a total of \$16,477. Since the 11 new contract agents had been using and relying on the equipment to conduct business, had the new contract agent not been awarded the bids to purchase the equipment the operations of the agents' offices may have been significantly impacted.

Allowing a portion of the target audience to use the equipment during the auction while the remaining potential bidders could not inspect the equipment created an unfair advantage. Also, by limiting the potential market for this property, the DOR may have reduced the proceeds from the sale of the surplus property. In the future, the DOR should ensure the equipment being identified is of little or no value before requesting local disposal. If MOSASP authorizes local disposition the DOR should establish procedures to conduct an auction in such a manner to ensure fairness to all potential bidders.

- A.2. According to the MOSASP policies and procedures, departments may request local disposal authority for items the department considers to have little or no transfer or sale value. MOSASP policies and procedures also indicate the items that should be considered for local disposal, which include, condemned wood furniture; broken, torn, or wet stuffed couches and chairs; mattresses; potentially hazardous material; used tires; batteries; condemned appliances; computer "dummy" terminals, etc.. The auction of the state-owned branch office assets included computer equipment and software, printers, televisions, and fax machines which did not appear to fit the criteria for condemned property. According to DOR records, the purchase price of the items that were auctioned was approximately \$209,750 and the book value was approximately \$2,375, which does not include items less than \$1,000 or items not considered to be sensitive. The DOR auction of these items generated proceeds of approximately \$16,477. Based on our review, it appears that the items sold through local disposal should not have been considered condemned property by the DOR and should have been transferred to the MOSASP for auction.
- B. The DOR deposited all proceeds from the sale of the former branch office fixed assets into the State Highway and Transportation Department Fund. A portion of the proceeds should have been deposited into the state's General Revenue Fund and the department's federal fund. MOSASP policies and procedures require a state agency to complete a separate report of state-owned surplus property for each funding source of the surplus equipment. The funding source of the equipment is defined as the fund that was originally used to purchase the equipment.

The forms filed with MOSASP noted the funding source for all of the equipment as the State Highway and Transportation Department Fund. However, our tests of 100 items listed on the report of state-owned surplus property found that only 62 of these items were actually purchased from the State Highway and Transportation Department Fund. The remaining 38 items were originally purchased with funding from the state's General Revenue Fund and the DOR's federal fund.

The DOR should determine the amounts due to each fund and request the OA to make the appropriate transfers to return the sales proceeds to the proper funds. In addition, the DOR officials should review the sale of federal property to

determine whether this sale was conducted in accordance with federal guidelines and the proper disposition of the sale proceeds of this equipment. Property purchased with federal funds must be disposed of in accordance with federal guidelines.

WE RECOMMEND the DOR:

- A. Comply with state surplus property policies and procedures. Furthermore, any future sales of surplus property should be offered to the public in a fair and competitive manner.
- B. Request transfers be made to ensure the proceeds from the sale of surplus property are deposited into the correct fund. In addition, the DOR should review the federal guidelines regarding property dispositions to ensure it has complied with them.

AUDITEE'S RESPONSE

The Director of Revenue provided the following responses:

- A. *The DOR could not disagree more strongly with the conclusions in Section 3.A. The total book value (calculated by SAMII) of the hundreds of items bid was \$2,375.32. The average purchase date was 1996. For that essentially worthless equipment, our bidding process obtained payments of \$16,476.99. The net "profit" to the state was \$14,101.67. Any business owner would be ecstatic at such a return, and so are we.*

The report wrongly concludes that "[t]he DOR did not comply with policies and procedures issued by the Missouri State Agency for Surplus Property (MOSASP)." On July 8, 2005, MOSASP granted the DOR local disposal authority for all equipment in the eleven branch offices. On July 13, OA advised the DOR to either throw the equipment away or try to obtain three bids - the choice was ours, and OA instructed us to do what was in the best interest of the citizens. I want to emphasize that the instruction was to try to obtain three bids, but there was no requirement that we do so. Based on that authority, the DOR engaged in a detailed analysis of the property. First, we designated all equipment of value to us for return. The net book value of that equipment was \$15,690.85. That equipment was returned and is being used today. Second, as to the equipment we had no use for, we determined that disposing of it would cost about \$44,000 in General Revenue dollars. Not wanting to incur that expense and hoping to obtain some return for the equipment, we made the equipment available for bid by all contract offices. In some cases multiple bids were received, in some cases only one. As noted above, that process was a resounding success for the state - we were paid \$16,476.99 for equipment worth \$2,375.32. Any suggestion that obtaining more bids would have netted more money is simply speculation.

The report criticizes us for not allowing inspection of the equipment, for advertising the process to only contract agents, and for permitting agents who took over the state offices to use the equipment in the interim.

We disagree with each point. The results undercut any suggestion that a more extensive inspection and bidding process might have resulted in a better result. It simply makes no sense to engage in a lengthy and formal inspection and bidding process for hundreds of items of condemned property with book value of less than \$2,500, with an average age of nine years.

Moreover, the report gives no weight to the costs of such a process. We would have had to pay costs to store equipment and advertise it, and pay personnel to conduct the inspection and bidding you suggest. The equipment was in use in the branch offices until they closed. Should we have kept offices closed for, say, two weeks, to permit inspection? Or perhaps inconvenience Missouri citizens by making them wait for service while some potential bidder inspected a 10-year old printer? Such a process is neither mandated by law nor desirable.

We also disagree with the conclusion that we should not have allowed the contract agents to temporarily use the equipment. As we have stressed, the turnaround time on ten of the eleven offices was four business days or less. Permitting temporary use of the equipment promoted that turnaround, and gave Missouri's citizens better service from the minute the contract offices reopened. We stand by our decision to permit such use.

The bottom line on this point is that we followed the letter of the law and obtained a great result for Missourians by limiting office closing times, obtaining a significant profit on the equipment we sold, and avoiding the costs of an elaborate and unnecessary bid process. We are proud to stand on that record.

- B. Due to the nature of the branch office operations, the DOR determined that depositing the sale proceeds to the highway fund was appropriate. The vast majority of the equipment was purchased with highway dollars, because highway dollars funded the vast majority of branch office operations. It might be true that some pieces of equipment were purchased by General Revenue dollars. Given the small amount of dollars at stake, we decided that the value of the time associated with analyzing the funding source of the hundreds of items sold does not justify the cost in terms of potential benefit to the General Revenue Fund. Related to items initially purchased with federal funds, the DOR will research and make transfer requests as deemed necessary.*

AUDITOR'S COMMENT

- A. Nearly all aspects of the manner in which this state-owned equipment was handled and disposed of as a result of the closing of the branch offices was contrary to the basic principles of how government should be conducting business. Regardless of what the DOR claims, the initial give-away and later sale of this state-owned equipment was conducted in a vacuum. Our attempts throughout the conversion plan and process to*

obtain information and to verify the state-owned equipment involved in these conversions were met with extreme resistance and a total lack of cooperation by the DOR. This **usable** state-owned equipment was intended for a chosen few and the manner in which this government business was conducted is a clear example of **preferential treatment**. Our comments and recommendations noted above are fully supported by the facts presented.

- B. It appears the department chose to ignore its own records and dispose of the sale proceeds in a manner they assumed was appropriate. Using the department's records, we determined the fund ownership of this property with relative ease. While the department is researching its records to make the proper transfers to federal funds, it should be a simple task to do the same for amounts due to the state's General Revenue Fund.

4. Capital Asset Records

The DOR does not have accurate and complete capital asset records and could not account for the disposition of approximately 250 state-owned assets.

In August 2005, we received a fixed asset listing from DOR officials. We compared the listing of assets assigned to the former branch offices to listings of items sold through an auction, transferred, or disposed. This comparison identified approximately 250 assets listed as former branch office property that appeared to be unaccounted for. These 250 items included a laser printer, a fax machine, computers, software, and other miscellaneous items. These unaccounted for items had an original purchase price of approximately \$360,000 and a book value of approximately \$3,400. Since most of these items could not be located, and were considered lost, stolen or missing, the department removed them from their fixed asset listing.

A second capital asset listing received from department officials in December 2005 indicated that approximately 90 assets were still maintained by the branch offices although these offices had been closed at least six months earlier. DOR officials identified these assets as items that were either locally disposed of by the former branch offices, missing items, or possibly stolen items. These items had an original purchase price of approximately \$111,800 and a book value of approximately \$3,365. The DOR conducted a physical inventory in July 2005, and noted that approximately 90 items were not located. Despite the fact that these items cannot be located, these items remain on the DOR fixed asset listing.

Failure to maintain accurate capital asset records or to properly account for state-owned property increases the likelihood that assets may be lost, stolen, or incorrectly valued. Property records should be maintained on a perpetual basis, accounting for property acquisitions, dispositions, and other changes as they occur. According to 15 CSR 40-2.031 (9), state agencies are required to perform physical inventories annually and reconcile the physical inventory to property control records. Physical inventories are necessary to ensure the capital asset records are accurate, identify any unrecorded

additions and deletions, detect theft of assets, and identify obsolete assets. Complete and accurate records of state-owned property are necessary to provide adequate control over public property.

WE RECOMMEND the DOR should establish procedures to ensure that the information derived from a physical inventory is updated to the fixed asset records in a timely manner as required by 15 CSR 40-2.031 (9). Also, the DOR should follow-up on the unaccounted for property items, as well as any discrepancies noted during future inventories.

AUDITEE'S RESPONSE

The Director of Revenue provided the following response:

The DOR had and continues to have established procedures that comply with 15 CSR 40-2.031. Every effort will be made to account for these items with a book value of \$3,367.54, or an average of \$38 each, prior to authorizing them for deletion from fixed asset records.

5. Selection and Oversight of Contract Agents

The DOR has not established criteria or solicited proposals for selection of contract agents. As a result, there is no assurance the contract agents who would provide the best quality of service to Missouri taxpayers have been selected. It should be noted that the method used by the current administration to appoint or select contract agents has been a long-standing practice within state government. In addition, the DOR may not be able to adequately monitor all contract agents with current resources.

- A. The former branch offices that were privatized are higher volume offices, and thus processed more transactions than other license offices throughout the state. According to DOR records, during fiscal year 2004, the former branch offices remitted transaction processing fees to the state in excess of \$6.2 million. To ensure that Missouri taxpayers receive the level of service they are accustomed to, it appears that the appointed contract agents should be held to standards other than just their political affiliation. Appointed agents should possess qualities such as experience, knowledge, and business skills that will allow them to successfully achieve their assigned duties in an efficient and effective manner.

In addition to establishing criteria to select contract agents, the DOR should also consider soliciting proposals prior to appointing fee agents. By soliciting proposals, the DOR could evaluate and select contract agents that will provide the best service to Missouri taxpayers. The potential items that could be included in a candidate's proposal may include, but not necessarily be limited to, location of the office, available square footage, whether ample parking exists, number of employees (both administrative and clerks) and hours of operation.

The Missouri Supreme Court issued an opinion in Courtway v. Carnahan, No 54402, (Missouri App. W. D., June 23, 1998) indicating that the position of a fee agent is simple and generic and no special skill or professional knowledge was found necessary for appointment. In addition, the Missouri Supreme Court decision also indicated that several individuals would easily qualify for the position with little work in completing the work required. Although the Missouri Supreme Court decision stated almost anyone could be considered as a candidate for the contract agent appointment, appointing a candidate that has no prior experience or knowledge, or the ability to run an office, could reduce the level of service provided to Missouri taxpayers.

Since no knowledge or skill requirements have been established, the level of service provided to Missouri taxpayers may be at risk. By soliciting proposals and establishing requirements, the DOR could better address the needs of Missouri taxpayers, and potentially offer a higher quality of service. In addition, the DOR should support any legislation requiring the contract agents to be selected through a competitive process.

- B. The DOR may not have adequate resources to thoroughly and effectively monitor the 11 converted high volume offices and the other 172 offices that are currently operated by contract agents. As of October 25, 2005, the DOR had only performed two monitoring visits of the 11 converted offices. Additionally, the DOR has only approximately 10 staff positions allocated to currently monitor the state's 183 contract offices.

In our prior report on the DOR, Division of Motor Vehicle and Drivers Licensing, we identified several concerns regarding procedures over transaction processing and documentation, monitoring of office operations, accountability and accuracy of collections, and controls over items issued to and sold by the field offices. At the time of our prior report, the department noted that staff reductions were being made in the division and these reductions have continued, leaving only 10 positions in the division's Customer Assistance Bureau to monitor the current 183 contract fee agent offices that now exist. The division's goal is to visit each contract agent's office once each month; however, without additional staff, the DOR may not be able to reach this goal.

Because of the volume and variety of transactions that are processed by the fee agents, the amount of state funds that are collected by the agents, and the risks associated with these offices, it is imperative that the DOR have an effective, timely, and thorough monitoring system in place. The DOR should request additional resources to ensure that contract agents are adequately monitored within the established goals. Since contract agents handle large quantities of cash, the failure to adequately monitor contract agent exposes the state to the potential to lose revenue and reduces the quality of services being provided to the taxpayers.

WE RECOMMEND the DOR:

- A. Consider establishing minimum experience and educational requirements for potential candidates. In addition, the DOR should consider soliciting proposals to maintain an acceptable level of service and support legislation that requires contract agents to be selected through a competitive evaluation process.
- B. Ensure resources are available to adequately and effectively monitor the operations of all of the state's contract fee agents.

AUDITEE'S RESPONSE

The Director of Revenue provided the following responses:

- A. *While we do not necessarily disagree with this conclusion, we do not feel it is in proper context, nor is it within the auditor's authority or competence to make.*

First, some context. The report concludes that, "the appointed contract agents should be held to standards other than just their political affiliation" and "should possess qualities such as experience, knowledge, and business skills." This Administration has done just this, to a degree unprecedented in Missouri history. There are 38 non-profit entities that serve as contract agents, a record high number. All agents must submit and adhere to a business plan - just the tool to show "experience, knowledge, and business skills." Until January 2005, no contract agent was ever required to submit a business plan. We have announced plans to competitively bid the next open office as a pilot - again something that no other Administration has done. Finally, I note that the Auditor's Office made no such recommendations from January 1999 until now.

Second, as to the law. The report cites the Courtway v. Carnahan decision, which leaves the selection of contract agents to the Governor and the DOR, with no role for the Auditor. It specifically holds that political affiliation is an appropriate requirement for operating a contract office. The report's conclusion to the opposite is contrary to established law. Further, it does not appear to me that this recommendation meets Standard 2.09 of the Comptroller General's Government Auditing Standards (2003). That standard requires that a performance audit

entail an objective and systematic examination of evidence to provide an independent assessment of the performance and management of a program against objective criteria as well as assessments that provide a prospective focus or that synthesize information on best practices or cross-cutting issues.

The examination was not systematic, nor did it weigh our work against objective criteria. Indeed, the best "objective criteria" is controlling law, which is contradicted. Finally, one must question the objectivity and independence of the examination since the Auditor's Office had six years to make recommendations about contract agent selection while your party was in power, but failed to do so.

- B. *Independent of this audit, the DOR has reallocated vacant positions, resulting in the number of field coordinator positions increasing from 10 to 14. Each field coordinator is expected to visit each office in his/her designated region at least once per month. During the visit, the coordinator completes and documents an office review, which is designed to take approximately one business day to complete. The review consists of evaluative criteria that will provide the DOR assurance regarding contractual compliance.*

AUDITOR'S COMMENT

- A. The conversion of these 11 high volume branch offices to contracted agents and the manner in which certain aspects of these conversions were handled, as noted throughout this report, indicates a clear need for the state to re-evaluate the processes used to appoint these agents. Also considering the significant amount of the potential profits available to these contract agents, it appears time for the state to reconsider the appropriateness of the patronage system that has long been used to appoint DOR contract agents. Such a recommendation by our office is clearly within our authority and is made in the interests of all taxpayers and in the need to operate state government in an efficient, effective, and public manner. We are pleased the current administration is initiating procedures to follow our recommendation of awarding offices using a competitive process.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF REVENUE
BRANCH OFFICE CONVERSION
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Department of Revenue was created by Article IV, Section 12, of the Missouri Constitution. The Department of Revenue was given authority and responsibility to collect all monies due to the government of Missouri as provided by law. The Department of Revenue is headed by the director of revenue who is appointed by the governor with the advice and consent of the Senate. The laws governing some of the duties of the director of revenue are set forth in Section 136.030(2), RSMo. This section, in brief, provides that the director of revenue shall make provisions for the collection of motor vehicle registration fees, sales and use tax, motor vehicle trailer, and marine craft in the state, and the licensing of all operators of motor vehicles residing in this state. To accomplish this, the Motor Vehicle Bureau (MVB) was established. The MVB is one of six bureaus under the Customer Services Bureau.

The MVB operations are set forth in Chapters 301, 302, and 306, RSMo. These chapters document the regulations for motor vehicles and marine craft in the state. The Customer Assistance Bureau is responsible for administering the operation of contract offices throughout the state. Pursuant to Section 136.055, RSMo, the director of the Department of Revenue appoints contract agents to act as agents of the department and to operate the contract offices .

Prior to January 2005, there were 171 contract agents and 11 branch offices. These contract agents do not receive a salary from the DOR, but do receive fees from citizens for each transaction performed. The table below summarizes the fees currently collected by each agent for each type of transaction.

Transaction Type	1yr Processing Fee	2 yr Processing Fee
License, renewal, or transfer of registration	\$ 3.50	7.00
Application for Title or transfer of title	2.50	5.00
Driver, operator, or chauffeur's license	5.00	10.00
Notice of lien	\$ 2.50	5.00

The following table indicates the branch offices that were converted to fee offices, the dates the office closed and the dates the office reopened, as well as the estimated processing fees that could potentially be collected by the appointed fee agents. In addition, this table identifies whether the appointed agent remained in the same location that the branch office was located or whether the agent moved the office to a new location.

Office Location	Closing Date	Reopen Date	Estimated Processing Fees*	Same Location	New Location
Columbia	4/29/2005	5/2/2005	\$ 679,200	X	
Deer Creek**	5/13/2005	5/16/2005	609,900	X	
Independence	5/13/2005	6/6/2005	556,700	X	
Jefferson City	6/15/2005	6/20/2005	555,200	X	
Joplin	5/13/2005	5/16/2005	541,800		X
Kansas City	6/15/2005	8/29/2005	409,300	X	
North Kingshighway	6/15/2005	7/20/2005	282,100		X
Raytown	5/13/2005	6/3/2005	589,000	X	
South Kingshighway	6/15/2005	6/20/2005	580,000	X	
Springfield ***	5/13/2005	5/16/2005	975,800	X	X
St. Joseph	6/15/2005	6/20/2005	435,500		X
			<u>\$ 6,214,500</u>		

*- Estimated processing fees are based on the fees collected by the branch offices in FY-2004.

** - Moved into a new office within the same location

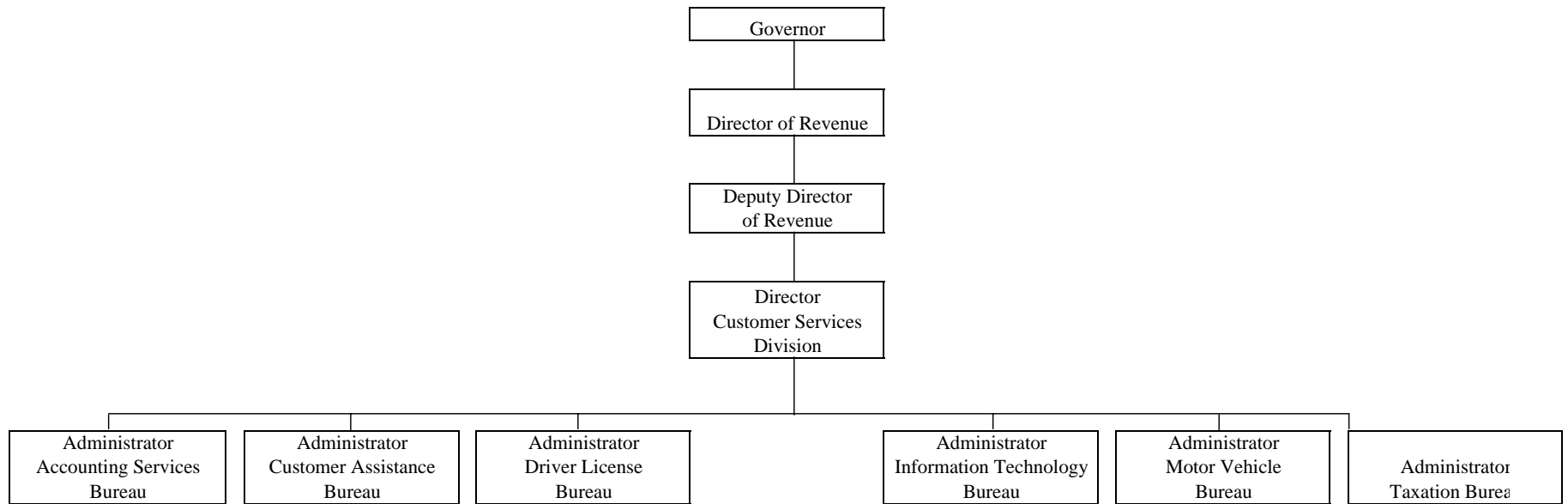
***- The Springfield location was split into 3 separate locations, 2 opened in new locations, and 1 remained in the state office building.

Section 32.040, RSMo, provides the director of revenue with the authority to establish and maintain permanent branch offices. In January 2005, the Governor decided to eliminate the 11 branch offices and replace them with contract offices in the same communities.

Trish Vincent is the Director of the Department of Revenue. Julie Allen is the Director of the Customer Services Division and Lynn Bexten is the Administrator of the Customer Assistance Bureau.

An organization chart follows:

DEPARTMENT OF REVENUE
ORGANIZATION CHART
June 30, 2005





Claire McCaskill

Missouri State Auditor

June 2006

Twenty-First Judicial Circuit

St. Louis County, Missouri



Office Of
Missouri State Auditor
Claire McCaskill

June 2006

The following findings were noted as a result of an audit conducted by our office of the Twenty-First Judicial Circuit, St. Louis County, Missouri.

During the years ended December 31, 2005 and 2004, the Circuit Clerk's office collected approximately \$85.5 million and \$82.9 million, respectively. We found numerous clerks in the Associate Criminal Department, Associate Civil Department, Circuit Criminal Department, and Circuit Civil Department can collect or receive checks and money orders. These monies are transmitted to other clerks for additional processing prior to being recorded and deposited by the Bookkeeping Department. Additionally, monies received by the various departments are not always transmitted/deposited intact or on a timely basis. Furthermore, the Circuit Clerk's office did not ensure that all Point of Sale system receipt slips are recorded and reconciled with receipts recorded in the Business Works system which is used to record all circuit transactions.

The Circuit Clerk's office does not generate or retain all necessary reports and has not established procedures to routinely follow-up on outstanding checks. At December 31, 2005, the Garnishment/Restitution Account had 376 checks totaling approximately \$67,000 which had been outstanding for over three years. The main Circuit Clerk's account had 43 checks totaling approximately \$11,200 which had been outstanding for the same time period.

The December 31, 2005 open items listing generated by the Circuit Clerk's office totaled over \$18.6 million. The Circuit Clerk's office has not adequately reviewed the status of old open items and is holding partial payments of court costs collected which were not applied or prorated. Additionally, the Circuit Court does not adequately follow-up on bonds posted by defendants who fail to make the required court appearances.

The Circuit Clerk's office currently generates an accrued court cost listing from two different systems. The November 14, 2005 Business Works system receivables listing totaled over \$2.2 million. The Circuit Clerk's office sends out one billing for court costs that have been delinquent for one month and gives a copy of the accrued court cost list to the Prosecuting Attorney's office at the end of the year. However, the Prosecuting Attorney's office indicated nothing is done with this list. In addition, appropriate follow-up action is not being taken in cases with accrued costs that are owed by individuals on probation.

Also included in the report are recommendations related to criminal cost billings, circuit clerk funds controls, family court controls and procedures, and computer recovery plans. The report also noted several significant control weaknesses in the probate division.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

TWENTY-FIRST JUDICIAL CIRCUIT
ST. LOUIS COUNTY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge and Court en banc
and
Director of Judicial Administration
Twenty-First Judicial Circuit
St. Louis County, Missouri

We have audited certain operations of the Twenty-First Judicial Circuit, St. Louis County, Missouri. The scope of this audit included, but was not necessarily limited to, the years ended December 31, 2005 and 2004. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the judicial circuit, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the judicial circuit's management, the Office of State Courts Administrator, and St. Louis County and was not subjected to the procedures applied in the audit of the judicial circuit.

The accompanying Management Advisory Report presents our findings arising from our audit of the Twenty-First Judicial Circuit, St. Louis County, Missouri.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

January 25, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Julie Vollmer
Audit Staff:	Monique Williams, CPA
	Kate Petschonek
	Steven Re', CPA
	Zeb Tharp

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

TWENTY-FIRST JUDICIAL CIRCUIT
ST. LOUIS COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Probate Division Controls and Procedures
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Several weaknesses were noted with the Probate Division controls and procedures for receipts, expenditures, bank reconciliations, status of open items, record retention, accrued court costs, and collateral securities. The Probate Division converted to the Justice Information System (JIS) in July 2004. During the years ended December 31, 2005 and 2004, the Probate Division collected approximately \$893,900 and \$568,600, respectively.

A. The Probate Division controls and procedures for receipts need improvement. The following problems regarding receipts were noted:

1. A reconciliation between receipt slips issued and deposits was not performed, resulting in unexplained differences between the amounts recorded on the receipt slips and the deposit. Some of these differences could be caused by not depositing all monies intact. If the Probate Division reconciled the receipt slips issued and deposits on a timely basis, these differences could have been more easily resolved. Reconciliations of the receipt slips and deposit should be performed to ensure all monies received are deposited.
2. Receipts are not always deposited on a timely basis. Although deposits are generally prepared daily, some of the cashier sessions (which are opened for each clerk) are not closed when the deposit is prepared. According to the Probate Administrator, a cashier session would not be included in a deposit until the clerk closes the cashier session. We noted 9 cashier sessions that had not been closed timely, which resulted in these receipts being held for several days before being deposited. For example, one of these cashier sessions was not closed until 10 days after it was opened.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100.

3. Receipt slips are not issued for checks received unless the amount is correct. The Probate Administrator indicated the checks are returned to the payor if amounts are incorrect; however, the Probate Division does not maintain documentation of the checks returned to the payor.

To ensure receipts are accounted for properly, receipt slips should be issued immediately upon receipt for all collections and the monies deposited into the Probate Division's bank account. If it is later determined that the amount of the check is incorrect, refund checks should be issued.

- B. During the two years ended December 31, 2005, the Probate Division transmitted law library receipts totaling \$50,910 to the county's General Revenue Fund instead of the Law Library Fund. Although the Law Library receipts are tracked separately by the Probate Division, these monies were incorrectly included with the county's General Revenue Fund receipts. Section 488.429, RSMo, requires that law library receipts be used for maintenance and upkeep of the law library or the family services and justice fund. The Probate Division should ensure all monies are transmitted to the appropriate fund, and work with the county to transfer all law library monies from the county's General Revenue Fund to the Law Library Fund.
- C. The bank reconciliations for July 2004 through September 2005 were not received by the Probate Division until November 2005. The Office of the State Court Administrator (OSCA) has been performing the bank reconciliations for the Probate Division since the conversion to the JIS. When the Probate Division received the bank reconciliations, these reconciliations included unidentified differences and reconciling items between the court's computer system balance and the reconciled bank balance. The December 31, 2005 bank reconciliation included twenty-eight unidentified differences and reconciling items which resulted in a net shortage (book balance exceeding bank balance) of approximately \$3,270. The shortage may be caused by adjusting entries that need to be recorded or a shortage of monies.

The preparation of bank reconciliations is necessary to ensure accounting records agree with bank records and errors are discovered on a timely basis. In addition, although the OSCA provides support to the various courts across the state, it is ultimately the Probate Division's responsibility to perform bank reconciliations timely and to ensure differences are resolved timely. Failure to resolve differences and reconciling items timely increases the risk that other errors or misstatements will not be detected on a timely basis.

- D. The Probate Division controls and procedures for open items need improvement. The following problems regarding open items were noted:
 - 1. The OSCA and the Probate Division have not prepared open items listings since the implementation of the JIS. Although open items listings can be generated from the JIS, these listings have not been generated. The open items listings can only be generated for the current date. At our request, the Probate Division attempted to generate an open items listing from the JIS for December 31, 2005. This open items listing appeared to be

inaccurate and did not agree with the JIS balance. With OSCA's assistance, the Probate Division was able to generate an open items listing on January 5, 2006, which agreed with the JIS book balance.

Monthly reconciliations of open items to the reconciled bank balance are necessary to ensure proper accountability over open cases and to ensure monies held in trust by the court are sufficient to meet liabilities. Although the OSCA provides support to various courts across the state, it is ultimately the Probate Division's responsibility to ensure open items listings are generated, reconciled, and reviewed for accuracy.

2. The Probate Division has not adequately reviewed the status of old open items. The December 31, 2005 open items listing generated by the Probate Division totaled over \$200,000 and included approximately 590 case entries. Several of the open items had receipt dates in July 2004 which was when the Probate Division converted to the JIS. Of the 31 cases reviewed, we found 26 closed cases had monies that should have been disbursed by refunding the monies to the defendant or by applying the charges to the case.

Old inactive case balances increase the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources.

3. The Probate Division did not retain any documentation to support how the open items amounts were determined for the conversion to the JIS. Although the Probate Administrator indicated this documentation was provided to the OSCA, neither the Probate Division nor the OSCA retained a copy. Without adequate documentation, there is no assurance the open items established during the conversion to JIS are accurate.

Retention of records is necessary to ensure the validity of transactions and provide an audit trail to account for monies received. Section 109.270, RSMo, also provides that all records made or received by an official in the course of their public duties are public property and are not to be disposed of except as provided by law.

- E. Procedures to monitor and collect accrued court costs could be improved. Although the JIS maintains a listing of cases with unpaid amounts, the Probate division has not generated this report. In addition, the Probate Division does not have any procedures to follow-up on the collection of these monies. The December 17, 2005 receivables listing totaled over \$55,000.

Although recent legislation has increased the court's abilities to collect debts owed the court, the Probate Division does not participate in any of these options:

- Section 488.5028, RSMo, gives courts the right to report debts in excess of twenty-five dollars to the OSCA and request they seek a setoff of an income tax refund.
- Section 488.5030, RSMo, gives courts the prospect of contracting with a collection agency to pursue past-due court-ordered court costs. The statute also allows any fees or cost associated with such collection efforts be added to the amount due, but such fees and costs shall not exceed twenty percent of the amount collected.

The division could also consider reporting the unpaid debt to one of the three main credit reporting bureaus. Without the active and timely pursuit of unpaid fees and costs, revenues to the state and county could be lost.

- F. The Probate Division has not established procedures to monitor collateral securities for the Probate bank account, resulting in funds being under secured for approximately two weeks during December 2005. The Probate Division's funds on deposit exceeded the Federal Deposit Insurance Corporation (FDIC) coverage by approximately \$99,000 on December 31, 2005. No collateral securities were pledged by the depositary bank to cover the monies in excess of the FDIC coverage.

Section 110.020, RSMo, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave funds unsecured and subject to loss in the event of a bank failure.

WE RECOMMEND the Probate Division:

- A.1. Reconcile receipt slips issued to amounts deposited.
 2. Deposit all monies intact daily.
 3. Issue receipt slips immediately upon receipt and deposit all receipts in the bank account. Furthermore, any refunds needed should be made by check.
- B. Ensure monies are transmitted to the appropriate fund. In addition, the Probate Division should request the appropriated law library monies be transferred from the county's General Revenue Fund to the Law Library Fund.
- C. Ensure bank reconciliations are prepared monthly. If differences are included on the monthly bank reconciliations, the Probate Division should resolve these differences in a timely manner.

- D.1. Reconcile the open items listing to the reconciled bank balance monthly.
- 2. Review the older open items and determine the appropriate disposition of funds being held on closed cases.
- 3. Retain records to provide assurance that all transactions are valid and proper.
- E. Establish more formal and consistent procedures for pursuing amounts due the court and/or assessing the likelihood of their collection.
- F. Ensure adequate collateral securities are pledged for all funds on deposit in excess of FDIC coverage.

AUDITEE'S RESPONSE

The Probate Judge responded:

- A.1. *All receipt slips and deposits are now reconciled daily.*
- 2. *Cashier sessions are closed at the end of each business day and receipts are given to our finance department for deposit on the next business day.*
- 3. *Deposit slips are issued for all checks received whether the amount is correct or not. The monies are deposited into the court's bank account. If the situation requires a refund of any of the money, we issue a refund check.*
- B. *Up until September 2004, the court was not collecting the Law Library Surcharge. Immediately after notification that we were incorrectly depositing the Law Library funds, we requested a check in the amount of \$50,910 from the St. Louis County Treasurer out of the General Revenue Fund payable to the Law Library Fund.*

Any monies received from this surcharge are now being paid out to the St. Louis County Law Library Fund.

- C. *Starting with the January 2006 bank statement, the court is now doing the bank reconciliations.*

The twenty-eight unidentified differences and reconciling items have been corrected. It required voiding receipts and retaking them due to wrong coding.

- D.1. *Starting in January 2006, we are now running the Open Items Report after all cashier sessions have been closed and the report posting everything to the general ledger (CAPCFED) has been ran. Monthly reconciliations of open items to the reconciled bank balance are now being performed.*

2. *As of March 31, 2006, all approximately 590 old open items have been reviewed and resolved.*
3. *For whatever reason the supporting documentation of open item amounts for conversion to JIS was not retained. The court retains all documents pursuant to Section 109.270, RSMo, until the expiration of the retention period and then we follow procedures to obtain an Order of Destruction for such records.*
- E. *The court is in the process of establishing internal procedures for monitoring and collection of accrued costs.*

We have submitted the necessary forms to begin participation in the tax offset program pursuant to Section 488.5028, RSMo.

We are talking to the Office of State Court Administrator about the procedures to participate in the state's debt collection program pursuant to Section 488.5030, RSMo.

- F. *On January 24, 2006, First National Bank of St. Louis, our banking facility, pledged a FNMA Bond for \$200,000 with Central Bank. On February 8, 2006, First National Bank adopted a Certificate of Resolution setting up the court as a Public Funds depositor.*

The resolution authorizes any Senior Vice President or above to enter into Depositary Agreements to affect the pledge of securities to secure all deposits in excess of the limit of insurance afforded by the Federal Deposit Insurance Corporation.

2. Circuit Clerk Receipt Controls and Procedures

During the years ended December 31, 2005 and 2004, the Circuit Clerk's office collected approximately \$85.5 million and \$82.9 million, respectively. The Circuit Clerk's office controls and procedures for receipts need improvement. The following problems regarding receipts were noted:

- A. Numerous clerks in the Associate Criminal Department, Associate Civil Department, Circuit Criminal Department, and Circuit Civil Department can collect or receive checks and money orders. These monies are transmitted to other clerks for additional processing prior to being recorded and deposited by the Bookkeeping Department. To safeguard monies from theft, loss or misuse, the number of employees who receive and handle monies should be limited to the extent possible.
- B. The checks and money orders received by the various departments are not recorded when received. These receipts are eventually turned over to the Bookkeeping Department to record the receipt and prepare the deposit.

- The Circuit Civil Department receives checks for court costs and filing fees which are only recorded in each case's docket. No receipt slips are issued or recordings made to a log for these collections, except for monies received at the Family Court Building.
- The Associate Civil Department receives checks for certified copies which are only recorded in each case's docket. These collections are not recorded on a receipt slip or log by the clerk who initially receives the checks.
- The Associate Criminal Department receives checks for court costs which are not recorded on a receipt slip or log, except for appearance bonds and certified cases. The Associate Criminal Department only locates the case files, attaches the payment to the file, and forwards the file to the Bookkeeping Department.
- The Circuit Criminal Department receives checks for court costs from the Associate Criminal Department. The Circuit Criminal Department only locates the case file, attaches the payment to the file, and forwards the file to the Bookkeeping Department.
- Checks placed in the first floor drop box or received in the fifth floor mail room are taken to the appropriate court department without being recorded on a receipt slip or log.

To help ensure receipts are properly recorded and deposited, checks and money orders should be recorded on either prenumbered receipt slips or a log immediately upon receipt.

C. Monies received by the various departments are not always transmitted/deposited intact or on a timely basis.

- The Circuit Civil Department at the Family Court Building receives cash, checks, and money orders for court costs. These monies are not transmitted intact or on a timely basis. Checks and money orders are transmitted to the Bookkeeping Department approximately once a week. Since only a small amount of cash is apparently received, the monies are only transmitted to the Bookkeeping Department for deposit approximately once a month.
- The Associate Civil Department receives checks and money orders for certified copies. These monies were transmitted to the Bookkeeping Department for deposit approximately once a week and averaged about \$700.

- The Associate Criminal Department receives checks and money orders for certified copies. These monies were transmitted to the Bookkeeping Department for deposit approximately twice a month and average about \$2,500.

To adequately safeguard receipts and reduce the risk of loss or misuse of collections, transmittals should be made intact daily or when accumulated receipts exceed \$100.

- D. The Circuit Clerk's office did not ensure that all Point of Sale (POS) system receipt slips (issued for cash, credit card receipts, and checks when a receipt slip is requested) are recorded and reconciled with the Business Works system which is used to record all circuit transactions. While the Bookkeeping Department records monies in the POS system without a case number, checks and money orders are not recorded in the Business Works system or deposited until a case number has been determined. The POS system receipt slips for checks and money orders which have been withheld from the deposit are not reconciled to the Business Works system to ensure all receipts are posted to that system and deposited.

To adequately account for monies, POS receipt slips should be reconciled to the Business Works system.

WE RECOMMEND the Circuit Clerk:

- A. Limit the number of employees who can receive or handle monies prior to recording and depositing funds.
- B. Ensure all checks and money orders received are immediately recorded on a prenumbered receipt slip or collections log.
- C. Transmit receipts intact daily or when accumulated receipts exceed \$100.
- D. Reconcile POS receipt slips to the Business Works system.

AUDITEE'S RESPONSE

The Circuit Clerk's Office responded:

- A. *We agree and upon implementation of the new statewide court case management system, known as JIS, the number of employees who receive and handle monies will be limited.*
- B. *We agree and upon implementation of the new statewide court case management system, known as JIS, the number of employees who receive and handle monies will be limited.*

- C. *The Circuit Civil Department at the Family Court Building has implemented a new procedure whereby checks, money orders and cash are transmitted to the Bookkeeping Department for deposit on a daily basis.*

The Associate Civil Department has implemented a new procedure whereby checks and money orders for certified copies are transmitted to the Bookkeeping Department for deposit on a daily basis or when the amount exceeds \$100.

The Associate Criminal Department has implemented a new procedure whereby checks and money orders are transmitted to the Bookkeeping Department for deposit on a daily basis or when the amount exceeds \$100.

- D. *POS check receipt balancing to Business Works has been completed. All checks receipted through the POS System are handled through the same procedure as cash or credit cards.*

3. Circuit Clerk Reconciliation and Collection Procedures

Several weaknesses were noted with the Circuit Clerk reconciliation controls and procedures including record retention of reconciliation reports, outstanding checks, and open items.

- A. The Circuit Clerk's office does not generate or retain all necessary reports. The open items listing from the Business Works system is not generated and the Garnishment/Restitution account outstanding check list is not retained. The open items listings and outstanding check list can only be generated for the current date.

Monthly reconciliations of open items to the liabilities are necessary to ensure proper accountability over open cases and to ensure monies held in trust by the court are sufficient to meet liabilities. In addition, retention of records is necessary to ensure the validity of transactions and provide an audit trail and account for all monies received. Section 109.270, RSMo, also provides that all records made or received by an official in the course of their public duties are public property and are not to be disposed of except as provided by law.

- B. The Circuit Clerk has not established procedures to routinely follow-up on outstanding checks. At December 31, 2005, the Garnishment/Restitution Account had 376 checks totaling approximately \$67,000 which had been outstanding for over three years. At December 31, 2005, the main Circuit Clerk's account had 43 checks totaling approximately \$11,200 which had been outstanding for over three years.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be

voided and reissued to those payees who can be readily located. If payees cannot be located, the amount should be disbursed in accordance with Sections 447.500 through 447.595, RSMo, or other applicable statutes that allow for the disposition of unclaimed monies.

C. The Circuit Clerk's office controls and procedures for open items need improvement. The December 31, 2005 open items listing generated by the Circuit Clerk's office totaled over \$18.6 million. The following concerns regarding open items were noted:

1. The Circuit Clerk's office has not adequately reviewed the status of old open items. During our review, we found 14 cases with monies that should have been disbursed. These cases were shown as closed or have not had any activity for several years. These monies either need to be refunded to the defendants or charges applied to the cases.
2. The Circuit Clerk's office is holding partial payments of court costs collected which were not applied or prorated. During our review, we found 10 cases for which partial payments had been received, with some dating back to 2003. The Crime Victim's Compensation fee is the only payment applied when a portion of the amount due is collected. If it appears unlikely the remaining amounts owed will be collected, a court order should be obtained to allow the balance to be prorated among the various costs.

Attorney General Opinion No. 26, 1973 to Osborne, concluded that "If, when liability has been established, accrued costs cannot be collected in full, charges not having any statutory priority or not allocated under court rule should be prorated."

3. The Circuit Court does not adequately follow-up on bonds posted by defendants who fail to make the required court appearances. During our review of case files, we noted several instances where a bond was not forfeited when the defendant failed to appear on the court date. While we did not quantify the number of cases in which bond forfeitures were not made, the court does not have adequate procedures in place to require bond forfeitures. Based on our discussions with court personnel, the Circuit Clerk's office relies on the Prosecuting Attorney's Office to begin bond forfeiture procedures. However, the Prosecuting Attorney's Office indicated they rely on the Circuit Clerk's office to notify them of bonds that could possibly be forfeited.

Section 544.665, RSMo, provides that failure to appear results in forfeiture of any security which was given or pledged for a persons release. Bond forfeiture monies are to be distributed to the various school districts in the county according to Section 166.131, RSMo. The court's

bond forfeiture procedures need to be improved to ensure the timely distribution of bond proceeds.

Old inactive case balances increase the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources. For such cases, the Circuit Clerk's office should take necessary actions to close these cases and ensure all balances in the case are disbursed to the applicable individual or disposed of in accordance with state law.

WE RECOMMEND the Circuit Clerk:

- A. Reconcile the open items listing to the bank balance monthly. In addition, the Circuit Clerk should retain records to provide assurance that all transactions are valid and proper.
- B. Establish procedures to routinely follow-up on old outstanding checks.
- C.1. Periodically review the status of open items and determine the appropriate disposition of funds being held on closed cases.
 - 2. Pursue collection of costs accrued on old cases. If collection of such costs cannot be made, monies held by the court should be distributed on a pro-rata basis, after obtaining a court order.
 - 3. Work with the Prosecuting Attorney to implement adequate procedures to forfeit bonds when appropriate.

AUDITEE'S RESPONSE

The Circuit Clerk's Office responded:

A. *Business Works Accounting System*

The Accounting Department has always balanced total open items to our total outstanding bank deposits. We did not print the open items list due to the size of the file (1800 Pages). We would print the last page of the report and file it with the financial reports. It was suggested by your office that we could print the report quarterly. The December 31, 2005 report printed during audit and March 31, 2006 report printed balanced and boxed for storage at warehouse.

Garnishment and Restitution

The garnishment open item list also required a lot of space to store paper reports. We were only saving the current six months of the report. The Garnishment Reconciliation Clerk will keep current six months of the open items reports on hand and box and store all remaining reports at the warehouse.

- B. Garnishment Account - All checks 3 years old or older as of December 31, 2005, have been reissued or transmitted to the state's unclaimed property section.

Registry Account - Business Works – All checks 3 years old or older as December 31, 2005, have been reissued or transmitted to the state's unclaimed property section.

County Production Account - All checks 3 years old were transferred to the state's unclaimed property section on March 9, 2006.

The Accounting Department has added an outstanding letter notification for Garnishment and Business Works to notify payees of outstanding checks. These letters will be sent before the stale dated checks are transferred to the state's unclaimed property section.

- C.1. The Accounting Department has a report in Business Works which will list each deposit by the posting date. We will review the report for closed cases with outstanding balances, such as TRO Bonds, Criminal Bonds, or cases that should have been closed and not forwarded to taxing for refund of cost deposits.

Our system does not have the capability of prorating outstanding charges on an automated basis. Our procedure would be to complete a manual disbursement of costs on a prorated basis when cases are reviewed for unclaimed property.

The state's JIS System will prorate charges automatically and we will be converting in 2007 which will correct this problem.

2. Currently, garnishment open items held are being disposed of with court orders to parties in the case or to Unclaimed Property.

Criminal cases are the majority of the cases with outstanding balances and open bills. The Accounting Department reviews the open report and applies funds to fully paid Crime Victims charges. Probation and Parole require the defendant to pay Crime Victims fees first and the remaining court costs later. The department will complete a prorating of costs on criminal cash bonds if the case has been closed for one year. The cost will be deducted from the bond and the remaining funds transmitted to Unclaimed Property.

Cases with partial payments of cost will be prorated when the case is reviewed for transfer to Unclaimed Property.

The Accounting Department has been working on closing out old cases held in the County Production System Account. In January 2006, a full-time employee was assigned to review and close these cases. For 2005 and 2006, \$561,945 and \$738,332, respectively, was transmitted to Unclaimed Property. Prorating of costs for 2006 has totaled \$69,904.

Along with the full-time employee working on this project, the taxing department, bookkeeping department, Assistant Accounting Manager, and Manager are working on this project as time permits. The goal is to clean up all old cases by December 2006.

3. *The Accounting Department processes forfeited bonds when received from court divisions and traffic department. Funds are processed and disbursed to St. Louis County Treasurer for deposit in the school fund. In addition, we are currently working with our computer company to generate a monthly report for the Prosecuting Attorney's Office listing all criminal cases in warrant status where a bond has been filed, but no forfeiture has been declared. This report will allow the Prosecuting Attorney's Office to know which cases they need to pursue a filing of a bond forfeiture.*

4. Collection of Accrued Costs

Several weaknesses were noted with the Circuit Clerk accrued cost controls and procedures.

- A. Procedures to monitor and collect accrued court costs could be improved. The Circuit Clerk's office generates an accrued court cost list from both the County Production and Business Works systems. Although the Circuit Clerk's office is currently using the Business Works system, the accrued court costs from the County Production system have not been converted to the Business Works system. The County Production system receivables listing consisted of 401 pages and did not indicate a total amount due to the court. The November 14, 2005 Business Works system receivables listing totaled over \$2.2 million.

The Circuit Clerk's office sends out one billing for court costs that have been delinquent for one month. At the end of the year, the Circuit Clerk's office also gives a copy of the accrued court cost list to the Prosecuting Attorney's office. However, the Prosecuting Attorney's office indicated nothing is done with the accrued court cost list.

Although the Circuit Clerk's office does utilize show cause orders and issue warrants for failure to appear for Associate Criminal Department cases, these procedures are applied early in the case process and minimal future efforts are made to collect amounts due the Circuit Clerk's office if these procedures are not successful.

Although recent legislation has increased the court's opportunities to collect debts owed for court cases, the Circuit Clerk's office does not participate in any of these options.

- Section 488.5028, RSMo, gives courts the right to report debts in excess of twenty-five dollars to the OSCA's and request they seek a setoff of an income tax refund.

- Section 488.5030, RSMo, gives courts the prospect of contracting with a collection agency to pursue past-due court-ordered penalties, fines, restitution, sanctions, and court costs. The statute also allows any fees or costs associated with such collection efforts be added to the amount due, but such fees and costs shall not exceed twenty percent of the amount collected.
- Section 302.341, RSMo, gives courts the authority to forward suspension information to the Missouri Department of Revenue (DOR) for any court cases where the defendant, a Missouri resident, failed to appear or failed to pay the fines and costs assessed for moving violations. Also, Section 544.046, RSMo, allows courts to file a nonresident violator suspension form for non-Missouri residents that will suspend the defendant's drivers license.

The Circuit Clerk's office could also consider reporting the unpaid debt to one of the three main credit reporting bureaus. Without the active and timely pursuit of unpaid fines and costs, revenues to the state and county could be lost.

- B. Appropriate follow-up action is not being taken on cases with accrued costs that are owed by individuals on probation. The Circuit Clerk's office notifies Probation and Parole of the accrued costs on these cases. The Circuit Clerk indicated that she expects Probation and Parole to monitor the payment of court costs and notify the Circuit Judges of accrued costs. We noted cases where individuals were released from Probation and Parole although there were still accrued costs.

Accrued costs could remain uncollected because of inadequate monitoring procedures which might eventually result in lost revenue. To facilitate the collection of accrued costs, information regarding cases with delinquent payments and significant balances due should be provided to the Circuit Judges for review and assessment of the need for further collection efforts or other judicial action which may be necessary.

WE RECOMMEND the Circuit Clerk:

- A. Establish more formal and consistent procedures for pursuing amounts due the court and/or assessing the likelihood of their collection.
- B. Work with the Circuit Judges and Probation and Parole to establish adequate procedures to monitor and collect accrued costs. Procedures should include generating periodic reports of cases with delinquent payments and/or significant balances due for the Circuit Judges' review.

AUDITEE'S RESPONSE

The Circuit Clerk's Office responded:

- A. We agree and six months after implementation of the new statewide court case management system, known as JIS, the Circuit Clerk's Office will participate in the tax intercept program and will pursue participation in the Missouri Court Debt Collection Program.*
- B. We agree and after implementation of the new statewide court case management system (JIS), we will prepare and generate periodic reports of criminal cases with delinquent payments and/or significant balances and distribute these reports to the Judges and to the State Board of Probation and Parole.*

5. Criminal Cost Billings

The Circuit Clerk's office does not have adequate procedures to ensure criminal cost billings are accurately prepared. The Circuit Clerk's office prepares and submits billings for incarceration costs utilizing the Sheriff's certification of the number of days incarcerated.

- We noted three instances where incarceration costs, totaling approximately \$3,100, were not billed to the state. Because these cases did not exceed the two-year limit for billing the state, the Circuit Clerk's office was still able to fully bill these costs.
- We noted two instances where incarceration costs, totaling approximately \$8,080, were overbilled to the state. The overbilling resulted from some days being billed twice for the same defendant. Because the state may have corrected the number of days billed, the incarceration costs received may have been correct. The Circuit Clerk's office did not have documentation of the number of days billed being adjusted on these criminal cost billings.

The Circuit Clerk's office needs to develop procedures to ensure criminal cost billings are accurately prepared. Section 221.105, RSMo, allows the state to reimburse certain court and incarceration costs for criminal cases when the state has been rendered liable. The state is rendered liable for criminal costs when a defendant is sentenced to imprisonment in the Department of Corrections. Section 33.120, RSMo, requires all such bills to be submitted to the state's Office of Administration within two years of the date of judgment and sentence. By not billing these costs as soon as it is allowable by law, the county, in some instances, is without revenue they are entitled to for periods sometimes exceeding two years.

WE RECOMMEND the Circuit Clerk develop procedures to ensure all criminal costs are accurately billed to the state.

AUDITEE'S RESPONSE

The Circuit Clerk's Office responded:

Currently, the Accounting Department has a stand-alone system which receives monthly downloads of criminal cases requiring State Bills. The jail time amounts are supplied manually by the Department of Justice Services for the same monthly time frame of the download.

The Circuit Clerk's Office receives from Justice Service's jail time for each defendant. If a defendant has three cases, total jail time will be reported on each case, it will be necessary to eliminate duplicate jail time from two of the cases. The stand alone system has a program which will list out duplicate jail time on multi cases. The duplicate jail time errors occur when defendants are sentenced in different reporting periods or in multi probation revocations. The CMS Criminal System also has to have the defendant sentenced to Missouri Department of Corrections and court clerks put Justice Services or just sentenced and defendant to pay cost.

The Criminal Billing Department will review case files for previous billed cases to eliminate duplicate billing and review CMS-Criminal for all Justice Services Officer Returns in which a download case was not found. The applicable state department will still have to catch some of the duplicates that our office submits to the state.

Management staff from the Circuit Clerk's Office, will discuss with the Department of Justice Services options for determining a method for marking jail time billed in the Justice Services system and only report unbilled jail dates to the Circuit Clerk's Office.

6. Circuit Clerk Funds Controls

The Circuit Clerk's office controls and procedures for the Drug Court Fund and Circuit Clerk Interest Fund need improvement. The following issues regarding these funds were noted:

- A. A log is not maintained for gift cards that have been purchased with the Drug Court Fund. The Drug Court Administrator maintains the inventory of gift cards. The judge gives the gift cards to defendants as they advance in the drug court program.

To properly account for all gift cards at any given time, a properly documented log for each type of gift card should be maintained which includes the number of gift cards purchased, documentation of gift card issuances by the judge, and the number of gift cards remaining.

- B. The Circuit Clerk's office did not retain adequate supporting documentation for some expenditures from the Circuit Clerk's Interest Fund. We noted several expenditures that were paid from a summary statement rather than a detailed invoice. At our request, the Circuit Clerk's office was able to obtain the detailed

invoices. To ensure the validity and propriety of expenditures, adequate supporting documentation should be obtained and retained for all payments to vendors.

WE RECOMMEND the Circuit Clerk:

- A. Along with Director of Judicial Administration, ensure a gift card log is maintained to properly document the usage of gift cards.
- B. Maintain adequate supporting documentation for expenditures.

AUDITEE'S RESPONSE

- A. *The Director of Judicial Administration responded:*

Drug Court now maintains a log for gift cards that have been purchased with Drug Court Funds. The defendants name is recorded with the date and the type of gift card that is received. The log is kept by the Drug Court Administrator.

- B. *The Circuit Clerk's Office responded:*

We agree and have implemented better systems for providing supporting documentation for expenditures from the Circuit Clerk's Interest Fund. We are now printing e-mail requests for book orders, paying from original invoices, and maintaining packing slips to show that the merchandise was received.

7. Family Court Controls and Procedures

Several weaknesses were noted with the Family Court controls and procedures for receipts. The Family Court collects monies for informal assessments, restitution, program fees, board billings, and donations. During the years ended December 31, 2005 and 2004, the Family Court collected approximately \$169,500 and \$171,000, respectively.

- A. Numerous Family Court employees can collect cash, checks, and money orders. These monies are transmitted to the Family Court Accounting Manager to be recorded and deposited. To safeguard monies from theft, loss, or misuse, the number of employees who receive and handle monies should be limited to the extent possible.
- B. The monies received by the South County, West County, and two Central County offices are not recorded on a prenumbered receipt slip. The same unnumbered forms are used to record both monies received and charges assessed on cases. These forms and monies are eventually turned over to the Family Court Accounting Manager to record the receipt and prepare the deposit.

To help ensure receipts are properly recorded and deposited, monies should be recorded on prenumbered receipt slips immediately upon receipt.

- C. A reconciliation between receipt slips issued by the North County office and transmittals to the Family Court Accounting Manager was not performed. Reconciliations of the receipt slips issued and deposits should be performed to ensure all monies received are transmitted and deposited.

WE RECOMMEND the Family Court Administrator:

- A. Limit the number of employees who can receive and handle monies.
- B. Ensure all monies received are immediately recorded on a prenumbered receipt slip.
- C. Reconcile receipt slips issued to amounts transmitted and deposited.

AUDITEE'S RESPONSE

The Director of Operations responded:

- A. *The Family Court will investigate ways of reducing the number of employees working with cash as well as reducing the number of clients using cash as a method of payment.*
- B. *The Family Court will require that employees complete a pre-numbered receipt slip for each payment transaction. Additionally, restitution payments forwarded to the Business Office will include a contract referencing the total amount of restitution due.*
- C. *The Family Court will require that receipt slips issued by outlying offices are reconciled to amounts transmitted to the Business Office.*

8. Computer Recovery Plans

The court does not maintain a formal written disaster recovery plan to be used in the event of a fire or some other type of disaster. The Circuit Clerk's office and Family Court rely heavily on computer systems for various applications. Significant interruption in the systems' operations could slow or stop specific functions resulting in confusion and delays.

A formal disaster recovery plan should specify recovery actions required to reestablish critical computer operations. In the case of a disaster, such documentation can reduce confusion and provide a framework for the uninterrupted continuance of operations. Once a disaster recovery plan has been developed and approved, it should be periodically tested and reviewed.

WE RECOMMEND the Director of Judicial Administration ensure a formal written disaster recovery plan is developed and periodically tested and reevaluated.

AUDITEE'S RESPONSE

The Director of Judicial Administration indicated a formal Disaster Recovery Plan for the Circuit Court was established on April 7, 2006.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

TWENTY-FIRST JUDICIAL CIRCUIT
ST. LOUIS COUNTY, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

Organization

The Twenty-First Judicial Circuit includes only St. Louis County.

The Twenty-First Judicial Circuit consists of twenty circuit judges, thirteen associate circuit judges, four family court commissioners, two traffic commissioners, one probate commissioner, and one probate deputy commissioner. The circuit judges appoint a Director of Judicial Administration for a four-year term. The judges by secret ballot elect one of the circuit judges to be the Presiding Judge for a two-year term. The Presiding Judge appoints two of the circuit judges to be the Probate Judge and Family Court Administrative Judge.

All of the Twenty-First Judicial Circuit divisions determine court policies. A majority of judges promulgate court rules. The Presiding Judge has supervision of general administrative matters related to the court.

The Director of Judicial Administration appoints and supervises the Circuit Clerk and Sheriff. The Circuit Clerk is responsible for the clerical operations, administration, and collection and disbursement of monies for the Circuit and Associate Divisions. Because the Sheriff does not collect court monies, this audit report does not include the Sheriff. The Director of Judicial Administration also oversees the Administration Department which includes the drug court, information technology, and jury.

The Probate Judge is responsible for the administration of the Probate Division. The Probate Judge appoints and supervises a Probate Administrator, who is responsible for the clerical operations and collection and disbursement of monies for the Probate Division.

The Family Court Administrative Judge is responsible for administration of the Family Court Division. The Family Court Administrative Judge appoints a Family Court Administrator, who is responsible for the collection and disbursement of judgments and restitution for the Family Court Division and also is responsible for the disbursements of the Family Services and Justice Fund and Victims Funds. The St. Louis County Treasurer is the custodian of these funds. The Family Court Division operates a detention center.

The St. Louis County Treasurer has been appointed as custodian for the Law Library Fund. A Law Library Board is appointed by all of the Twenty-First Judicial Circuit divisions and the St. Louis County Bar Association. The Law Library Board administers the operation of the library.

Operating Costs

The operating expenses of the various courts, Family Court Division, and judicial administration are paid by St. Louis County.

The court personnel salaries are paid by the state of Missouri. The Family Court Division salaries, judicial administration, juvenile officers, and bailiffs are paid by St. Louis County.

Receipts

Receipts of the Twenty-First Judicial Circuit, St. Louis County, were as follows:

		Year Ended December 31,	
		2005	2004
Court deposits, fees, bonds, and other	\$	87,048,999	84,315,348
Interest income		366,743	167,935
Total	\$	<u>87,415,742</u>	<u>84,483,283</u>

Caseload and Time Standards Statistics

From the Office of State Courts Administrator Missouri Judicial Reports, caseload statistics of the filings and dispositions of the Twenty-First Judicial Circuit, St. Louis County, were as follows:

		Year Ended June 30,			
		2005		2004	
		Filings	Dispositions	Filings	Dispositions
Civil		60,069	60,256	57,652	59,600
Criminal		29,845	29,796	30,134	28,571
Juvenile		7,027	7,166	6,920	7,105
Probate		1,692	1,426	1,868	1,902
Total		<u>98,633</u>	<u>98,644</u>	<u>96,574</u>	<u>97,178</u>

From the Office of State Courts Administrator Missouri Judicial Report for fiscal year 2005, statistics on the compliance of the Twenty-First Judicial Circuit, St. Louis County, with time standards for disposition of certain types of cases were as follows:

Type of Case	Time Standard	Twenty-First Judicial Circuit St. Louis County, Missouri		State Total	
Circuit Civil	90 % in 18 months		90 %		78 %
	98 % in 24 months		96		86
Domestic Relations	90 % in 8 months		85		85
	98 % in 12 months		95		91
Associate Civil	90 % in 6 months		85		86
	98 % in 12 months		97		96
Circuit Felony	90 % in 8 months		83		81
	98 % in 12 months		91		90
Associate Criminal	90 % in 4 months		66		72
	98 % in 6 months		80		85

Personnel

At December 31, 2005, the judges, commissioners, and other key court personnel of the Twenty-First Judicial Circuit, St. Louis County, were as follows:

Circuit Court Judges:

Robert S. Cohen, Division One
Maura B. McShane, Division Two
Mark D. Seigel, Division Three
Bernhardt C. Drumm, Jr., Division Four (Probate Judge)
John F. Kintz, Division Five
Gary M. Gaertner, Jr., Division Six
Carolyn C. Whittington, Division Seven (Presiding Judge)
Tom W. DePriest, Jr., Division Eight (Family Court Administrative Judge)
David Lee Vincent, III, Division Nine
Michael T. Jamison, Division Ten *
Emmett M. O'Brien, Division Eleven
Steven H. Goldman, Division Twelve
Barbara W. Wallace, Division Thirteen
James R. Hartenbach, Division Fourteen
John A. Ross, Division Fifteen
Michael Burton, Division Sixteen
Larry L. Kendrick, Division Seventeen
Richard C. Bresnahan, Division Eighteen
Melvyn W. Wiesman, Division Nineteen
Colleen Dolan, Division Twenty

Associate Circuit Judges:

Barbara Ann Crancer, Division Thirty-One
Mary Bruntrager Schroeder, Division Thirty-Two
Brenda Stith Loftin, Division Thirty-Three
Dale Hood, Division Thirty-Four **
Thea A. Sherry, Division Thirty-Five
Gloria Clark Reno, Division Thirty-Six
John R. Essner, Division Thirty-Seven
Ellen Levy Siwak, Division Thirty-Eight
Patrick Clifford, Division Thirty-Nine
Dennis N. Smith, Division Forty
Judy Preddy Draper, Division Forty-One
Sandra Farragut-Hemphill, Division Forty-Two
Douglas Beach, Division Forty-Three ***

Commissioners:

Mary Fox, Traffic ****
Peggy McCartney, Traffic
Kristine Kerr, Family Court Division
Terry W. Wiese, Family Court Division
Victoria Mullen McKee, Family Court Division
Phillip Jones, Family Court Division
Robert C. Weis, Probate Division
Kimberly Coon, Probate Division

Paul Fox, Director of Judicial Administration

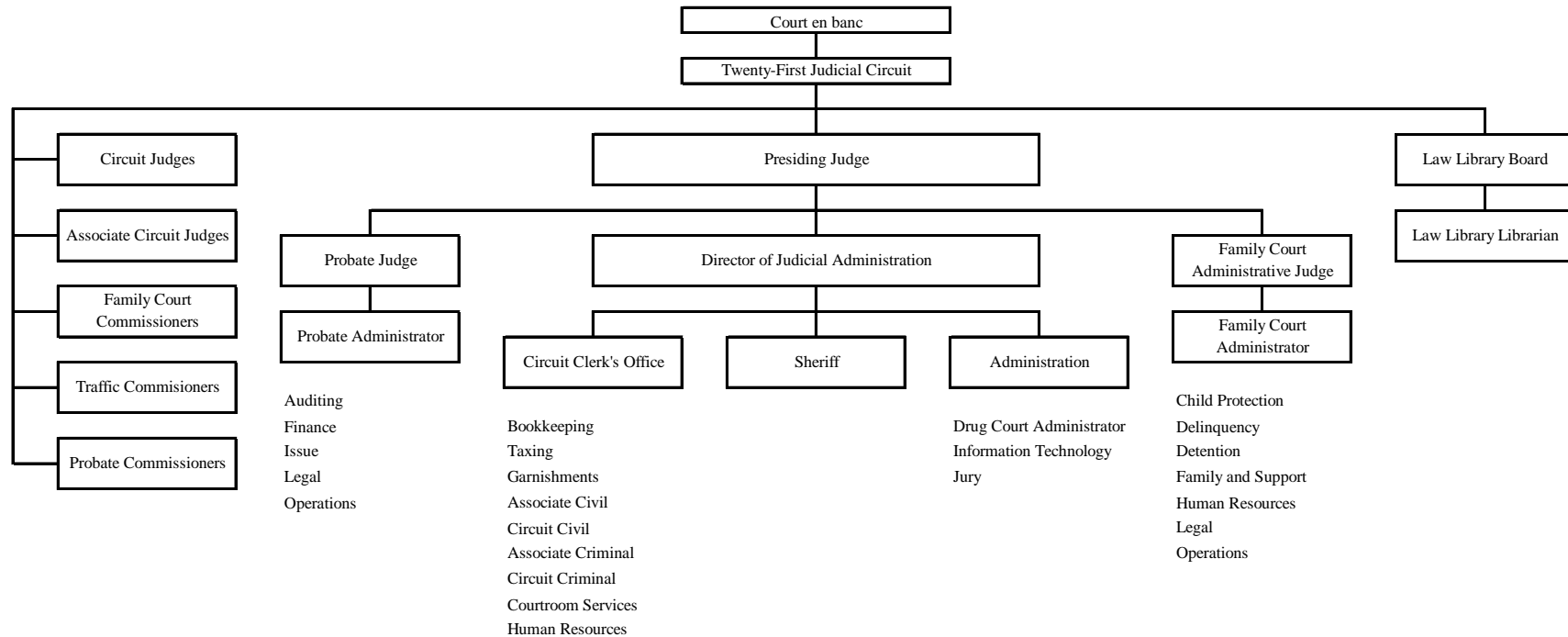
Joan M. Gilmer, Circuit Clerk

William R. Seely, Family Court Administrator

- * Judge Jamison replaced Judge Kenneth M. Romines in October 2005. Judge Romines was appointed to the Court of Appeals in June 2005.
- ** Judge Hood replaced Judge Joseph A. Goeke, III, in November 2005. Judge Goeke retired in October 2005.
- *** Judge Beach replaced Judge Michael T. Jamison in November 2005. Judge Jamison was appointed to Division Ten in September 2005.
- **** Mary Greaves replaced Mary Fox in March 2006.

An organization chart follows:

TWENTY-FIRST JUDICIAL CIRCUIT
ST. LOUIS COUNTY, MISSOURI
ORGANIZATION CHART
DECEMBER 31, 2005





Claire McCaskill

Missouri State Auditor

June 2006

Municipal Tax on Telecommunications Companies



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2006

The following report contains information on the municipal tax on telecommunications companies throughout Missouri.

State law requires the municipalities that charge a tax on a telecommunications company to report to the Department of Revenue (DOR) and the State Auditor's Office (SAO) on or before February 1, 2006, the total amount of tax revenue collected for the **previous fiscal year** of taxable gross receipts from telecommunications companies. Telecommunication companies are also required to provide the DOR and the SAO the amount of municipal business license tax paid to each Missouri municipality and an itemized list establishing their gross receipts in each municipality identified by the DOR as imposing a business license tax on a telecommunications company **for the last 4 quarters**.

The State Auditor's Office received information from 337 municipalities and 214 telecommunications companies as required by state law. Additional follow-up was required for many reports received as municipalities were not required to identify from which company telecommunication taxes were received.

- 274 municipalities reported fiscal year 2005 telecommunication tax revenue totaling \$36,919,972 which materially agreed with the taxes paid in calendar year 2005 as reported by telecommunications companies.
- 63 municipalities reporting fiscal year 2005 telecommunication tax revenue totaling \$20,418,478 could not be materially reconciled to \$17,292,542 reported taxes paid in calendar year 2005 by telecommunications companies. Lack of detail required to be reported by municipalities and many municipalities and telecommunications companies not replying to the request for information contributed to these differences.
- 199 municipalities did not report fiscal year 2005 revenue. Telecommunications companies reported paying \$232,150 to these municipalities.
- One municipality, Augusta, in St. Charles County reported \$0 revenues received while the telecommunications company reported \$3,720 paid in 2005. It was determined that since July 2003 the telecommunications company had been sending tax payments totaling approximately \$11,000 to Augusta, Arkansas.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

MUNICIPAL TAX ON TELECOMMUNICATIONS COMPANIES

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the General Assembly
and
Trish Vincent, Director
Department of Revenue
Jefferson City, MO 65102

We have audited the municipal revenue from telecommunications companies as required by Section 92.086.2(2), RSMo. The scope of this audit included, but was not necessarily limited to, the 2005 fiscal year of the municipalities levying the tax. The objective of this audit was to determine and report any inconsistency or dispute arising from the telecommunication tax revenue reported by municipalities and the telecommunication tax paid as reported by telecommunications companies.

Our methodology to accomplish this objective included obtaining and reviewing data from municipalities and telecommunications companies, contacting various personnel of the municipalities and telecommunications companies, and reviewing pertinent statutes.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The following Executive Summary and Objectives, Scope, and Methodology sections summarize the results of our audit of the municipal telecommunication tax.

Claire McCaskill
State Auditor

April 10, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
In-Charge Auditor: Becky Webb, CPA
Audit Staff: Susan L. Fifer, CPA

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Background

House Bill No. 209, First Regular Session, 93rd General Assembly, includes section 92.086, RSMo which required the municipalities that charge a tax on a telecommunications company to report to the Department of Revenue (DOR) and the State Auditor's Office (SAO) on or before February 1, 2006, the total amount of tax revenue collected for the previous fiscal year of taxable gross receipts from telecommunications companies. This statute also required that the telecommunications companies in Missouri provide the DOR and the SAO on or before February 1, 2006, the amount of municipal business license tax paid to each Missouri municipality and an itemized list establishing their gross receipts in each municipality identified by the DOR as imposing a business license tax on a telecommunications companies for the last 4 quarters.

Note: Timing differences have resulted from the two different required reporting time frames and have created inconsistency or disputes.

In addition, section 92.086, RSMo required that any inconsistency or dispute arising from the information provided by the municipalities and telecommunications companies shall be resolved through an audit performed by the SAO. Since there were two separate time periods for reporting by the municipalities and the telecommunications companies, we established criteria to determine whether the differing amounts materially agreed. The amounts reported by the municipalities and the telecommunications companies were considered to materially agree if the difference reported was less than 10 percent, the total difference was less than \$1,000, or a determined timing difference was identified due to the different reporting time periods required for reporting purposes.

Compliance with Submitting Telecommunication Tax Reports

The DOR as required by section 92.086, RSMo identified 431 municipalities based on their reporting to the DOR an ordinance supporting the municipality's taxing authority. The DOR sent a letter to these municipalities requesting the required data, (see Appendix IV). This number was increased by 105 municipalities when telecommunications companies reported paying a telecommunication tax to a municipality that was not identified on the DOR's list.

The DOR sent a letter to 598 telecommunications companies requesting the required data, (see Appendix V). The DOR determined 225 of these companies that were mailed letters were not subject to the telecommunications tax, leaving a total of 373 companies that may be subject to the telecommunications tax.

The State Auditor received information from 337 municipalities and 214 telecommunications companies as required by section 92.086, RSMo.

Table 1.1 lists the total number of telecommunications tax reports submitted to the State Auditor for 2005 by the municipalities identified as charging this tax and the telecommunications companies identified as paying this tax.

Table 1.1: Summary of Telecommunication Reports Submitted By Date

Reporting Status	FY 2005 Data from Municipalities		Reporting Status	CY 2005 Data from Companies	
By February 1	230	43%	By February 1	164	44%
After February 1	107	20%	After February 1	50	13%
Total Reported	337	63%	Total Reported	214	57%
Did Not Report	199	37%	Did Not Report	159	43%
Total Reports Required	536	100%	Total Reports Required	373	100%

Source: Information submitted by municipalities and telecommunications companies

Results

We requested subsequent information from some municipalities for the previous four quarters when differences were noted between the municipalities fiscal year reporting requirement and the telecommunications companies reporting requirement of the previous four quarters. When this subsequent information materially agreed with the information received from the telecommunications companies, we determined the difference was due to timing. Additional follow-up was required for many reports received as municipalities were not required to identify from which company telecommunication taxes were received.

- There were 274 municipalities whose reported fiscal year 2005 telecommunication tax revenue totaling \$36,919,972 materially agreed with the taxes paid in calendar year 2005 as reported by telecommunications companies, (see Appendix I).
- There were 63 municipalities whose fiscal year 2005 telecommunication tax revenue reported totaling \$20,418,478 could not be materially reconciled to the \$17,292,542 reported taxes paid in calendar year 2005 by telecommunications companies, (see Appendix II). Lack of detail required to be reported by municipalities and many municipalities and telecommunications companies not replying to the request for information contributed to these differences.
- There were 199 municipalities that did not report fiscal year 2005 revenue. Telecommunications companies reported paying \$232,150 to these municipalities, including 34 municipalities which telecommunications companies reported paying zero taxes (see Appendix III).
- One municipality, Augusta in St. Charles County reported \$0 revenues received while the telecommunications company reported \$3,720 paid in 2005. During our reconciliation process, it was determined that since July 2003 the telecommunications company had been sending tax payments totaling approximately \$11,000 to Augusta, Arkansas.

OBJECTIVES, SCOPE AND METHODOLOGY

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The primary objective of this audit was to determine and report any inconsistency or dispute arising from the telecommunication tax revenue reported by municipalities and the telecommunication tax paid as reported by telecommunications companies.

Scope and Methodology

To accomplish our objectives we:

- Met with the Department of Revenue (DOR) personnel who sent a letter to both municipalities and telecommunications companies reminding them of the statutory deadline for submission of the required telecommunication data to be sent to the DOR and the State Auditor's Office (SAO).
- Obtained copies from the DOR of the letters dated January 2006 sent to both municipalities and telecommunications companies, as well as a listing of the municipalities and telecommunications companies that were sent letters, (see Appendixes IV and V).
- Compiled data to compare revenue received by municipalities with the tax paid by telecommunications companies for the municipalities' fiscal year.
- Worked with the DOR to ensure information from municipalities and telecommunications companies had been submitted to both the SAO and the DOR.
- Contacted specific municipalities and telecommunications companies to follow-up on information that was reported and requested data if none was provided.

Limitations

Limitations to auditing the telecommunication tax revenues included the following:

- The data required to be submitted by the municipalities and telecommunications companies were for two separate reporting periods. Municipalities were required to report based on 2005 fiscal year, and the telecommunications companies were required to report based on the 2005 calendar year. Some disparity may result due to the different methods and time periods used by the various municipalities and telecommunications companies of presenting essentially the same information.
- The data presented in the appendixes were gathered from information submitted by the various municipalities and telecommunications companies and were not verified by us via additional auditing procedures.

- The SAO did not audit the gross receipts information submitted by telecommunications companies. DOR personnel stated they were reviewing the gross receipts information submitted on a test basis against their computer system used for sales taxes.
- Many municipalities only reported an amount but had no detail that could be verified with any company(ies) paying the telecommunication tax.
- This report included information received from municipalities and telecommunications companies only through April 10, 2006.

APPENDIXES

APPENDIX I

Listing of Municipalities Whose 2005 Fiscal Year Revenue Reported Materially Agrees with the Taxes Paid as Reported by Telecommunication Companies in 2005

County	Municipalities	Municipal Revenue Reported	
Adair	Kirksville	\$ 135,194	*
Andrew	Savannah	16,755	
Atchison	Fairfax	3,686	
	Rock Port	5,680	
	Tarkio	3,489	
Audrain	Laddonia	2,055	*
	Mexico	149,839	
	Vandalia	12,853	*
Barton	Golden City	1,785	
	Lamar	22,303	
	Butler	30,035	
Benton	Cole Camp	3,148	*
	Lincoln	2,415	*
	Warsaw	10,784	*
Boone	Ashland	16,875	
	Centralia	24,380	
	Columbia	1,158,894	
	Hallsville	4,511	
	Sturgeon	7,180	
Buchanan	St. Joseph	552,126	
Butler	Quilin	2,809	
	Poplar Bluff	199,395	*
Caldwell	Braymer	2,620	*
	Breckenridge	2,498	
Callaway	Fulton	147,232	
	Holts Summit	16,716	
Camden	Camdenton	4,332	**
	Osage Beach	66,159	
Cape Girardeau	Jackson	95,076	
Carroll	Carrollton	35,089	
	Norborne	3,362	
Cass	Creighton	1,842	
	Harrisonville	170,593	
	Lake Winnebago	10,301	*
	Peculiar	38,470	*
	Pleasant Hill	60,645	*
	Raymore	178,567	
Chariton	Keytesville	1,669	
	Salisbury	9,486	
Christian	Billings	450	* & **

APPENDIX I

Listing of Municipalities Whose 2005 Fiscal Year Revenue Reported Materially Agrees with the Taxes Paid as Reported by Telecommunication Companies in 2005

County	Municipalities	Municipal Revenue Reported
Clark	Kahoka	8,863
Clay	Excelsior Springs	190,306
	Holt	4,856
	Kearney	33,196
	Liberty	300,152
	North Kansas City	202,629
Clinton	Cameron	19,514
	Gower	5,042
	Lathrop	22,626 *
	Plattsburg	8,771
Cole	Jefferson City	1,051,799 *
	Russellville	937
	Wardsville	2,319
Cooper	Boonville	64,869
Crawford	Cuba	249 **
Dade	Greenfield	6,759
Dent	Salem	37,790 *
Dunklin	Campbell	12,880
	Kennett	117,372 *
	Malden City	53,469
	Senath	13,528
Franklin	Gerald	6,873
	Pacific	146,136
	Union	115,018
	Washington	169,061 *
Gasconade	Rosebud	1,006
Gentry	King City	6,106
Greene	Ash Grove	14,848
	Republic	48,981
Grundy	Laredo	1,732 *
	Trenton	51,807
Henry	Calhoun	620 *
	Clinton	69,026
	Deepwater	206 *
	Montrose	2,166 *
	Urich	716
Holt	Craig	2,356
	Mound City	3,674
Howard	Fayette	22,501 *
	Glasgow	8,966

APPENDIX I

Listing of Municipalities Whose 2005 Fiscal Year Revenue Reported Materially Agrees with the Taxes Paid as Reported by Telecommunication Companies in 2005

County	Municipalities	Municipal Revenue Reported	
Howell	West Plains	134,850	*
	Willow Springs	21,456	*
Iron	Ironton	10,186	
Jackson	Blue Springs	585,476	*
	Buckner	44,414	*
	Grain Valley	76,943	*
	Independence	2,345,393	
	Kansas City	9,255,083	*
	Lake Lotawana	26,587	
	Oak Grove	56,336	*
	Raytown	369,439	
	Sugar Creek	85,011	
	Lee's Summit	1,143,088	
Jasper	Carl Junction	34,122	
	Carthage	109,999	*
	Duenweg	500	
	Oronogo	8,390	
	Webb City	66,382	
	Joplin	455,082	
Jefferson	Arnold	333,511	*
	De Soto	96,069	
	Festus	124,409	*
	Herculaneum	27,279	*
	Pevely	19,778	
Johnson	Byrnes Mill	12,182	
	Centerview	2,286	
	Chilhowee	1,715	*
	Kingsville	5,154	*
	Knob Noster	17,194	
Knox	Warrensburg	114,918	
	Edina	10,298	
Laclede	Lebanon	96,885	
Lafayette	Bates City	7,083	*
	Concordia	9,214	
	Corder	1,960	
	Higginsville	31,589	*
	Lexington	19,230	
	Odessa	38,538	*
Lawrence	Aurora	25,242	
Lewis	Canton	6,019	*

**Listing of Municipalities Whose 2005 Fiscal Year Revenue Reported Materially Agrees with
the Taxes Paid as Reported by Telecommunication Companies in 2005**

County	Municipalities	Municipal Revenue Reported
	LaGrange	5,852
Lincoln	Elsberry	15,944 *
	Foley	3,758
	Hawk Point	16,521 *
	Troy	43,130 *
	Winfield	18,922 *
Linn	Brookfield	21,729 *
	Laclede	1,518
	Marceline	19,682 *
	Meadville	2,042
Livingston	Chillicothe	53,946
Madison	La Plata	4,196
Maries	Vienna	8,205
Marion	Hannibal	154,204
	Palmyra	12,566
Miller	Eldon	60,579
	Iberia	4,989 *
Mississippi	Anniston	862
	Bertrand	2,643
	Charleston	35,020
	East Prairie	22,343 *
	Wyatt	2,467
Moniteau	California	11,369 *
	Tipton	12,040
Monroe	Paris	2,357
	Monroe City	3,933
Montgomery	Middletown	812
	Montgomery City	24,637
	Wellsville	11,925 *
New Madrid	Canalou	1,263 *
	Gideon	7,179
	Lilbourn	7,890 *
	Marston	6,379
	Matthews	4,771
	Morehouse	5,966
	New Madrid	24,878
	Portageville	25,976
Newton	Fairview	1,760
	Neosho	99,135 *
Nodaway	Hopkins	3,914

APPENDIX I

Listing of Municipalities Whose 2005 Fiscal Year Revenue Reported Materially Agrees with the Taxes Paid as Reported by Telecommunication Companies in 2005

County	Municipalities	Municipal Revenue Reported
	Maryville	69,648
	Pickering	3,937
Oregon	Thayer	4,521
Osage	Chamois	1,440
	Meta	289 **
Pemiscot	Caruthersville	50,932 *
	Hayti	30,719
	Steele	6,000
Perry	Perryville	82,372
Pettis	Houstonia	845 *
	Sedalia	236,743
Phelps	Rolla	118,212
Pike	Bowling Green	30,526 *
	Clarksville	4,538
	Curryville	1,452
	Frankford	2,301
	Louisiana	37,967
Platte	Ferrelview	3,542
	Platte City	48,851
	Platte Woods	5,783 *
	Tracy	4,302
	Weatherby Lake	36,099
	Lake Waukomis	8,519
	Parkville	53,757 *
	Houston Lake	2,339 *
Pulaski	St. Robert	38,583
	Waynesville	29,511 *
Randolph	Higbee	3,904
	Moberly	233,990
Ray	Lawson	6,718 *
	Orrick	9,556
	Richmond	61,021
	Homestead Village	808 *
	Crystal Lakes	2,875
Reynolds	Ellington	9,034
St. Charles	Lake St. Louis	130,034
	O'Fallon	502,669
	Wentzville	237,839
St. Clair	Appleton City	7,378
	Osceola	1,057 *

**Listing of Municipalities Whose 2005 Fiscal Year Revenue Reported Materially Agrees with
the Taxes Paid as Reported by Telecommunication Companies in 2005**

County	Municipalities	Municipal Revenue Reported
St. Francois	Bonne Terre	36,323
	Desloge	37,766
	Farmington	129,714 *
	Leadington	6,429
	Leadwood	9,113
	Iron Mountain Lake	2,967
	Park Hills	69,804
Ste. Genevieve	Bloomsdale	4,276
	St. Mary	3,473 *
St. Louis	Ballwin	348,260
	Beverly Hills	13,716 *
	Bridgeton	251,152
	Charlack	22,012
	Clayton	1,519,031
	Cool Valley	14,140
	Country Club Hills	17,252
	Creve Coeur	618,037
	Dellwood	57,627 *
	Des Peres	144,478
	Edmundson	12,894
	Ellisville	228,249
	Flordell Hills	6,260
	Florissant	457,001
	Glendale	70,174
	Jennings	198,329
	Ladue	221,059
	Lakeshire	9,497
	Manchester	208,544 *
	Maplewood	255,057
	Moline Acres	23,400 *
	Northwoods	94,935 **
	Pasadena Hills	9,307
	Richmond Heights	183,687
	Rock Hill	93,743
	St. Ann	98,165
	St. John	60,750
	Shrewsbury	105,197
	Sunset Hills	210,169
	Town and Country	550,054
	University City	661,196

APPENDIX I

Listing of Municipalities Whose 2005 Fiscal Year Revenue Reported Materially Agrees with the Taxes Paid as Reported by Telecommunication Companies in 2005

County	Municipalities	Municipal Revenue Reported
	Velda City	11,475
	Velda Village Hills	487
	Warson Woods	35,947
	Webster Groves	334,138 *
	Wellston	25,927 *
	Woodson Terrace	37,427
	Chesterfield	768,786
	Green Park	50,453
	Wildwood	330,427
	St. Louis County	2,808,275 *
Saline	Blackburn	1,064
	Grand Pass	108 *
	Marshall	130,475
	Slater	13,517
	Sweet Springs	6,116
Schuyler	Lancaster	1,958 *
Scott	Chaffee	20,266
	Scott City	15,577 *
	Sikeston	153,476 *
Shelby	Shelbina	6,996
Stoddard	Advance	3,738
	Bell City	56
	Dexter	78,733 *
	Essex	518
Taney	Forsyth	25 **
Texas	Cabool	20,083 *
	Houston	10,975
Vernon	Bronaugh	579
	Nevada	101,624
Warren	Marthasville	9,346 *
Washington	Potosi	14,626 *
Wayne	Piedmont	15,187 *
Webster	Marshfield	71,120
Wright	Mountain Grove	19,004
	TOTAL	\$ 36,919,972

* - Received information from the municipality after the statutory February 1, 2006 deadline.

** - Municipality charges an annual fee that will not be collected by the Department of Revenue.

NOTE: These amounts were considered to materially agree if the difference reported was less than 10%, the total difference was less than \$1,000, or there was a timing difference due to the different reporting time periods required for reporting purposes.

APPENDIX II

**Listing of Municipalities Whose 2005 Fiscal Year Revenue Reported Did Not Materially Agree
with the Taxes Paid as Reported by Telecommunication Companies in 2005**

County	Municipalities	Municipal Revenue Reported	Telecommunication Companies Total Tax Paid	
Barry	Monett	\$ 85,527	74,447	
Bates	Adrian	1,109	524	
Benton	Ionia	467	382	
Bollinger	Marble Hill	10,445	7,492	
Cape Girardeau	Cape Girardeau	29,067	106	** & ***
Cass	Belton	272,311	229,383	
	Strasburg	0	1,744	
Cedar	El Dorado Springs	16,295	16,299	* & **
Clay	Gladstone	409,415	470,946	
	Pleasant Valley	14,513	26,889	**
	Smithville	64,460	58,386	* & **
Cole	Lohman	1,360	1,352	*
Franklin	New Haven	9,676	9,677	* & **
	St. Clair	145,909	125,430	**
Greene	Springfield	2,249,590	1,969,911	**
Holt	Big Lake	2,555	2,281	**
Iron	Arcadia	3,581	3,610	* & **
Jackson	Grandview	348,382	284,879	**
	Lone Jack	7,323	6,402	
Jasper	Cartersville	188	135	
Jefferson	Crystal City	80,367	77,810	* & **
	Hillsboro	63,147	46,570	
Johnson	Holden	16,593	16,595	* & **
Macon	Macon	32,854	81,299	
	Lake Ozark	38,294	30,667	**
New Madrid	Risco	775	1,306	**
Osage	Linn	14,201	13,187	**
Pettis	Smithton	2,284	2,006	
Phelps	Doolittle	2,794	2,481	**
Platte	Camden Point	4,695	3,699	**
	Riverside	166,924	56,431	
	Weston	16,725	23,781	
Pulaski	Crocker	4,708	9,392	**
St. Charles	Augusta	0	3,720	****
	St. Charles	1,134,493	960,244	**
Ste. Genevieve	Ste. Genevieve	17,000	5,572	** & ***
St. Louis	Bella Villa	2,426	4,789	
	Bellefontaine Neighbors	62,670	84,033	
	Berkeley	182,034	151,805	**

APPENDIX II

Listing of Municipalities Whose 2005 Fiscal Year Revenue Reported Did Not Materially Agree with the Taxes Paid as Reported by Telecommunication Companies in 2005

County	Municipalities	Municipal Revenue Reported	Telecommunication Companies Total Tax Paid	
	Breckenridge Hills	15,643	12,709	**
	Brentwood	178,216	155,514	
	Crestwood	193,413	166,146	
	Eureka	120,340	105,780	
	Fenton	185,284	147,547	
	Ferguson	257,330	229,261	
	Frontenac	59,712	49,179	
	Greendale	64,966	5,975	
	Hazelwood	245,505	215,701	
	Kinloch	3,021	4,448	**
	Kirkwood	642,496	515,623	
	Normandy	91,011	69,307	
	Oakland	965	6,639	
	Olivette	426,894	347,311	
	Overland	230,079	205,861	
	Pagedale	58,778	51,672	
	Valley Park	76,458	67,952	**
	Vinita Park	27,765	22,528	
	Winchester	28,170	19,624	
	Maryland Heights	730,815	644,813	
Scott	Oran	8,156	8,162	* & **
Stoddard	Bloomfield	20,695	14,361	**
Stone	Crane	0	75	**
St. Louis City	St. Louis City	11,237,606	9,360,693	
	TOTALS	\$ 20,418,478	17,292,542	

Legend:

- * Municipality reported calendar or another fiscal year instead of the required fiscal year 2005.
- ** Municipality reported information after the statutory February 1, 2006 deadline.
- *** Municipality charges an annual fee that will not be collected by the Department of Revenue.
- **** The telecommunications company that provides service to the Augusta mistakenly paid the telecommunication tax to Augusta, Arkansas instead of Augusta, Missouri.

NOTE: These amounts were not considered to materially agree if the difference reported was greater than 10% or the total difference was greater than \$1,000.

Listing of Municipalities That Did Not Report Any 2005 Telecommunication Tax Revenue

County	Municipalities	Telecommunication Companies	
		Total Tax Paid	
Audrain	Martinsburg	\$	1,699
	Farber		1 *
Barry	Cassville		39
	Purdy		8
	Wheaton		10
Bates	Hume		1,110
	Foster		290
	Rich Hill		1
Butler	Fisk		47 *
Caldwell	Cowgill		1,126 *
	Hamilton		8
	Polo		3,317
Camden	Camden County		201
Carter	Van Buren		1,184
Cass	Archie		34 *
	Freeman		1,000 *
	Baldwin Park		719
	Cass County		50
	Cedar County		25
Chariton	Brunswick		3,544
	Sumner		708
Christian	Nixa		5
	Ozark		5
Clark	Wayland		1,376
Cole	Centertown		1,936
Cooper	Oterville		966
	Pilot Grove		51
Crawford	Bourbon		152 *
	Leasburg		52
Dade	Lockwood		1 *
Dallas	Buffalo		35
	Urbana		2
De Kalb	Weatherby		1
Dent	Boss		2
Dunklin	Cardwell		1,792
	Clarkton		66 *
	Holcomb		1,911
	Hornersville		77 *

Listing of Municipalities That Did Not Report Any 2005 Telecommunication Tax Revenue

County	Municipalities	Telecommunication Companies
		Total Tax Paid
	Arbyd	1 *
Franklin	Sullivan	1
	Gray Summit	1
	Stanton	1
Gasconade	Bland	28
	Hermann	9
Greene	Strafford	22
	Willard	2 *
	Walnut Grove	1 *
Harrison	New Hampton	6
Henry	Blairstown	169
	Windsor	5,438
Holt	Forest City	442
	Corning	1 *
Howard	Franklin	195
	Armstrong	1 *
	New Franklin	1
Jackson	Lake Tapawingo	5,762
	Sibley	4,899
	Jackson County	4
Jasper	Alba	8
	Jasper	16 *
	Sarcoxie	31 *
	Jasper County	707
Jefferson	House Springs	2
	Imperial	15
	High Ridge	88
	Kimmswick	1 *
	Oakville	5
	Dittmer	5
	Barnhart	12
Johnson	Leeton	2,454
Knox	Hurdland	234
Laclede	Laclede County	125
Lafayette	Waverly	1,784
	Wellington	5,869
	Dover	1 *
Lawrence	Miller	25

Listing of Municipalities That Did Not Report Any 2005 Telecommunication Tax Revenue

County	Municipalities	Telecommunication Companies
		Total Tax Paid
Lewis	Mount Vernon	5
	Pierce City	7,635
	Ewing	2,428
	La Belle	3,983
	Lewistown	2,571
Lincoln	Lewis County	3,178
	Moscow Mills	1
	Silex	409
Livingston	Lincoln County	1
	Wheeling	11
Madison	Fredericktown	224 *
Maries	Belle	290 *
Miller	Brinktown	7
	Lakeside	7
	St. Elizabeth	17
Moniteau	Jamestown	18
Montgomery	Bellflower	1,636
	New Florence	1,971
Morgan	Stover	2,738
	Syracuse	816
	Versailles	92 *
	Rocky Mount	10
New Madrid	Howardville	1,755
	Parma	388
	Tallapoosa	863
Newton	Diamond	7,578
	Granby	17,429
	Seneca	562
	Stark City	4
	Stella	8
Nodaway	Newton County	23,480
	Clearmont	39
	Skidmore	1
Oregon	Alton	1 *
Osage	Westphalia	1 *
Ozark	Gainesville	264
	Dora	3
Pemiscot	Hayti Heights	3,414

Listing of Municipalities That Did Not Report Any 2005 Telecommunication Tax Revenue

County	Municipalities	Telecommunication Companies
		Total Tax Paid
	Holland	100
	Wardell	944
Perry	Altenburg	41 *
	Frohna	151 *
Pettis	Green Ridge	962
	Hughesville	2
	La Monte	4,547
Phelps	Newburg	2,196
	St. James	23
	Edgar Springs	1
Pike	Eolia	1,438
Platte	Dearborn	5,058
	Edgerton	4,773
	Iatan	80
	Northmoor	9 *
Polk	Aldrich	1
	Bolivar	206
	Humansville	19
	Morrisville	3
	Flemington	3
	Brighton	40
	Polk County	3
Pulaski	Dixon	2
	Richland	78
Ralls	New London	1 *
	Ralls County	1
	Center	1 *
Randolph	Cairo	16
Ray	Hardin	864
	Henrietta	744
	Excelsior Estates	967
	Camden	1 *
	Ray County	5
St. Charles	St. Peters	86
	Foristell	25
	Defiance	4
	St. Charles County	2,403
	Portage Des Sioux	1

Listing of Municipalities That Did Not Report Any 2005 Telecommunication Tax Revenue

County	Municipalities	Telecommunication Companies
		Total Tax Paid
St. Francois	Bismark	29 *
St. Louis	Calverton Park	210
	Clarkson Valley	33
	Crystal Lake Park	3,507
	Pine Lawn	39,004
	Afton	31
	Lemay	9
	Queen City	1,822
Schuyler	Downing	1 *
	Benton	642 *
Scott	Kelso	18 *
	Morley	136 *
Shannon	Birch Tree	1
	Winona	32
Shelby	Bethel	22
	Shelbyville	1,886
Stoddard	Bernie	425
	Puxico	7,674
Stone	Blue Eye	1
	Lampe	1
	Stone County	25
Sullivan	Sullivan County	50
Taney	Branson	453
	Rockaway Beach	20
Vernon	Harwood	2
	Milo	371
	Walker	1,311
	Metz	1
	Richards	1
	Warrenton	37
Webster	Seymour	12,633
	Webster County	50
Unknown	West Salem	1
	West Sullivan	1
	Cedar City	1
	Astoria	5
	Chelsea	25
	Cockeysville	68

Listing of Municipalities That Did Not Report Any 2005 Telecommunication Tax Revenue

County	Municipalities	Telecommunication Companies
		Total Tax Paid
	Glencoe	12
	Grover	23
	Maxville	4
	Sappington	11
	Trohn	3
	TOTALS	\$ <u>232,150</u>

* Municipality charges an annual fee that will not be collected by the Department of Revenue.

Note: This appendix lists the municipalities that either did not report or reported zero telecommunication tax revenues. It also includes the total reportedly paid to the municipality from telecommunications companies. These figures were not subject to additional auditing procedures to verify the accuracy of the companies' reports.

APPENDIX IV

Taxation Bureau
Post Office Box 2045
Jefferson City, Missouri 65105-2045

Phone: (573) 751-5916 Fax: (573) 522-1160
Email: municipaltelecom@dor.mo.gov

Contact Name
City of XX
Address
City, MO XXXXX

January 2006

RE: Municipal Telecommunications Business License Tax

Dear City Official:

On July 14, 2005, Governor Blunt signed into law House Bill 209. This bill authorizes the simplified municipal telecommunications business license tax. A business license tax is defined as any tax, fee, or charge assessed by a municipality on a telecommunications company for the privilege of doing business within such municipality. Effective July 1, 2006, any municipality may impose a business license tax on a telecommunications company for the privilege of doing business within its borders. The Missouri Department of Revenue (department) will collect, administer, and distribute the business license tax revenues.

Your municipality indicated to the department that you have imposed a business license tax on a telecommunications company prior to August 28, 2005. In order to properly administer this new tax, Section 92.086.2(2) requires each municipality having imposed such a tax to provide the department and State Auditor with the total amount of tax revenue collected from telecommunications companies for the previous fiscal year by February 1, 2006.

Please send this information to:

Department of Revenue
Taxation Bureau
PO Box 2045
Jefferson City MO, 65105-2045

Office of the State Auditor
Tax Rates Section
PO Box 869
Jefferson City MO, 65102-0869

Telephone: (573) 751-5916
Fax: (573) 522-1160
E-mail: municipaltelecom@dor.mo.gov

Telephone: (573) 751-4213
Fax: (573) 522-9743
E-mail: tax-rates@auditor.mo.gov

You may also e-mail this information to the Department of Revenue and to the State Auditor at the above e-mail addresses.

If you have any questions, please feel free to contact us.

Sincerely,



Stan Farmer

Taxation Bureau
Post Office Box 2045
Jefferson City, Missouri 65105-2045

Phone: (573) 751-5916 Fax: (573) 522-1160
Email: municipaltelecom@dor.mo.gov

Business Name
Address
City, State Zip

January 2006

RE: Municipal Telecommunications Business License Tax

Dear Taxpayer:

On July 14, 2005, Governor Blunt signed into law House Bill 209. This bill authorizes the simplified municipal telecommunications business license tax. A business license tax is defined as any tax, fee or charge assessed by a municipality on a telecommunications company for the privilege of doing business within such municipality. Effective July 1, 2006, any municipality may impose a business license tax on a telecommunications company doing business within its borders. Effective July 1, 2006, the Missouri Department of Revenue (department) will collect, administer and distribute the business license tax revenues.

In order to properly administer this new tax, Section 92.086.2(1) requires all telecommunications companies in Missouri to provide the following information to both the department and the State Auditor by February 1, 2006:

- The amount of municipal business license tax that you paid to each Missouri municipality for the previous four quarters; and
- An itemized list establishing your gross receipts for the previous four quarters for each category of gross receipts in each above municipality.

Attached is the sample format in which both agencies would like to receive the information. In addition, please provide your Missouri sales tax identification number to the department. This will help ensure the department properly updates your account to collect and remit the telecommunications business license tax and to properly notify you of the rates provided by municipalities prior to the July 1, 2006 effective date.

RE: Municipal Telecommunications Business License Tax
January 2006
Page 2

Please send this information to:

Department of Revenue
Taxation Bureau
PO Box 2045
Jefferson City MO, 65105-2045

Telephone: (573) 751-5916
Fax: (573) 522-1160
E-mail: municipaltelecom@dor.mo.gov

Office of the State Auditor
Tax Rates Section
PO Box 869
Jefferson City MO, 65102-0869

Telephone: (573) 751-4213
Fax: (573) 522-9743
E-mail: tax-rates@auditor.mo.gov

You may also e-mail this information in an Excel spreadsheet to the Department of Revenue and to the State Auditor at the above e-mail addresses.

If you have any questions, please feel free to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read "Stan Farmer", written in a cursive style.

Stan Farmer



Claire McCaskill

Missouri State Auditor

June 2006

SOCIAL SERVICES

Children's Division-

Early Childhood and
Prevention Services-

Early Head Start
Contract With KCMC
Child Development
Corporation



Office Of
Missouri State Auditor
Claire McCaskill

June 2006

The following findings were noted in our audit of the Department of Social Services, Children's Division – Early Childhood and Prevention Services-Early Head Start Contract with KCMC Child Development Corporation.

Governor Blunt requested the State Auditor's Office to audit the contracts awarded to the Kansas City Model Cities (KCMC) Child Development Corporation by the Department of Social Services (DSS), Children's Division (CD), Early Childhood and Prevention Services (ECPS) for the state Early Head Start (EHS) program. During the period July 1, 2001 through December 17, 2004, the DSS paid the KCMC over \$5.3 million for the state EHS contract. In total during the three years ended June 30, 2004, approximately 15 percent of KCMC's unrestricted revenues were received from state funding, which included other funds provided by the DSS and the Department of Health and Senior Services.

The contracts with the DSS for the period July 1, 2001 to December 17, 2004, required the KCMC to provide EHS services to children ages birth to three years whose families' incomes were under the federal poverty level and pregnant women in Jackson County, Missouri. As required by the contract, the KCMC contracted with three partner agencies to provide services to 121 children and 22 pregnant women. The KCMC also provided home-based services directly to 12 pregnant women and contracted with other family childcare providers to serve 12 children. Over \$4.5 million (approximately 86 percent of total EHS payments) paid by the state to the KCMC was then reimbursed to the partner agencies for their EHS services. Our review of the KCMC's services provided and related records and the ECPS's management of the EHS program identified numerous problems.

The ECPS did not adequately monitor the financial activities and records of the KCMC. The ECPS met with the KCMC and federal Head Start personnel on a frequent basis regarding program activities; however, the ECPS did not review the financial records of the KCMC or partner agencies to ensure the amounts reported on quarterly claims and year-end reports were accurate and represented allowable costs as defined by the contract. Instead of reimbursing the KCMC for actual expenses paid, the ECPS allowed the KCMC to submit a quarterly claim for an advance of one-fourth of the annual contract amount. As a result, the ECPS had little assurance that state funds were used for allowable costs and that all monies were accounted for properly.

Although the KCMC paid the partner agencies the proper amounts based on the partners' claims and documentation, these payments were not always accurately recorded in the KCMC's general ledger. This resulted in inaccurate quarterly claims and year-end reports, and some overpayments to the KCMC.

YELLOW SHEET

Supporting documentation was not available to identify the specific expenses allocated to personnel and indirect costs, totaling more than \$750,000, during the period July 1, 2001 to December 17, 2004.

The ECPS did not adequately review financial activity related to the state funded EHS program during a joint monitoring visit with the U. S. Department of Health and Human Services (DHHS). In addition, the ECPS, along with the DSS, did not obtain and review the KCMC's audit reports and related findings. As a result, the ECPS missed opportunities to identify and address significant findings in the KCMC's operations which affected the state's EHS program.

As a result of news articles, a congressional inquiry, an audit by the DHHS, Office of Inspector General, and other management issues, on December 17, 2004, the KCMC relinquished its federal Head Start/Early Head Start grants and in September 2005, filed for Chapter 11 bankruptcy. Another agency in the Kansas City area has since been awarded the Head Start grants. Because of the numerous actions and changes that occurred regarding the KCMC's operations and records, we encountered substantial delays in obtaining records applicable to our audit.

All reports are available on our website: www.auditor.mo.gov

DEPARTMENT OF SOCIAL SERVICES
CHILDREN'S DIVISION
EARLY CHILDHOOD AND PREVENTION SERVICES
EARLY HEAD START CONTRACT WITH
KCMC CHILD DEVELOPMENT CORPORATION

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Appendix

KCMC Child Development Corporation

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Gary Sherman, Director
Department of Social Services
and
Paula Neese, Interim Director
Children's Division
Jefferson City, MO 65101

The State Auditor was requested by the Honorable Matt Blunt, Governor, under Section 29.200, RSMo, to audit the Department of Social Services, Children's Division, Early Childhood and Prevention Services, Early Head Start Contract with Kansas City Model Cities Child Development Corporation (KCMC). The scope of this audit included, but was not necessarily limited to, the period July 1, 2004 to December 17, 2004, and the three years ended June 30, 2004. The objectives of this audit were to:

1. Review the procedures for monitoring compliance with the contract terms.
2. Review KCMC's use of funding provided by the department.
3. Review internal controls over significant financial functions.
4. Review compliance with certain legal provisions.
5. Evaluate the effectiveness of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, financial records, and other pertinent documents; interviewing various personnel of the division, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the division's management and was not subjected to the procedures applied in the audit of the division's contract with KCMC Child Development Corporation.

The accompanying Management Advisory Report presents our finding arising from our audit of the Department of Social Services, Children's Division, Early Childhood and Prevention Services, Early Head Start Contract with KCMC Child Development Corporation.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

February 1, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Cheryl L. Colter, CPA, CGFM

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDING

DEPARTMENT OF SOCIAL SERVICES
CHILDREN'S DIVISION
EARLY CHILDHOOD AND PREVENTION SERVICES
EARLY HEAD START CONTRACT WITH
KCMC CHILD DEVELOPMENT CORPORATION
MANAGEMENT ADVISORY REPORT –
STATE AUDITOR'S FINDING

Early Head Start Contract

In April 2005, the Governor requested the State Auditor's Office audit the contracts awarded to the Kansas City Model Cities (KCMC) Child Development Corporation by the Department of Social Services (DSS), Children's Division (CD), Early Childhood and Prevention Services (ECPS) for the state Early Head Start (EHS) program. The purposes of this audit were to determine "whether state funds may have been used for frivolous purposes completely unrelated to the organization's mission of providing assistance to children in the Head Start Program" and to provide "an accounting of how state resources were distributed."

Although the majority of EHS funds paid to the KCMC by the DSS appeared to be for proper services, the ECPS did not establish an effective monitoring system to ensure all EHS payments to the KCMC were for allowable expenses, supported by adequate documentation, or accounted for properly.

Background Information

The KCMC is a nonprofit organization founded in 1970 under the federal Model Cities program. It became the Head Start grantee in Kansas City, Missouri in 1977. Head Start/Early Head Start grants received directly from the U.S. Department of Health and Human Services (DHHS) provided most of the KCMC's funding.

In response to news articles and a congressional inquiry regarding excessive executive compensation at some Head Start agencies, the DHHS, Office of Inspector General, conducted an audit of the KCMC's federally funded administrative costs for the three years ended September 30, 2002. Their report was issued in April 2005 and questioned costs, totaling over \$953,000. The questioned costs consisted of approximately \$456,000 of excessive pay and bonuses paid to the Executive Director, \$406,000 of costs that were not supported by adequate documentation, and \$91,000 of unallowable costs, including interfund transfers, donations, bad debt expense, leased vehicle expense, fines, and penalties.

In April 2004, the KCMC's executive director resigned, citing health problems. On December 17, 2004, the KCMC relinquished its federal Head Start/Early Head Start grants and in September 2005, filed for Chapter 11 bankruptcy. The DHHS appointed the Community Development Institute (CDI) as the interim grantee to continue Head

Start/Early Head Start services until a new grantee was selected. In October 2005, the Mid-America Regional Council (MARC) was awarded the Head Start grant. Effective January 1, 2006, the MARC took over the operations of the Head Start/Early Head Start programs from the CDI.

During the period July 1, 2001 through December 17, 2004, the DSS paid the KCMC over \$5.3 million for the state EHS contracts. Also, during this period, the KCMC received other state funding, totaling approximately \$3.4 million and \$5.8 million, from the DSS for the Child Care Assistance program and from the Department of Health and Senior Services for the Child and Adult Care Food Program, respectively. However, the state funding for the Child Care Assistance program and Child and Adult Care Food Program was not included in the scope of this audit because these programs were not part of the contracts for state EHS services. In total, during the three years ended June 30, 2004, approximately 15 percent of KCMC's unrestricted revenues were received from state funding.

Early Head Start Contract

The contracts with the DSS for the period July 1, 2001 to December 17, 2004, required the KCMC to provide EHS services to children ages birth to three years whose families' incomes were under 100 percent of the federal poverty level and pregnant women in Jackson County, Missouri. As required by the contract, the KCMC contracted with three partner agencies (Independence Missouri School District, representing a collaboration of childcare agencies in eastern Jackson County; Heart of America Family Services, representing a network of family childcare providers in Kansas City; and Operation Breakthrough, St. Vincent's Family Service Center, a single site childcare center in Kansas City's urban core) to provide services to 121 children and 22 pregnant women. The KCMC also provided home-based services directly to 12 pregnant women and contracted with other family child care providers to serve 12 children.

Over \$4.5 million (approximately 86 percent of total EHS payments) paid by the state to the KCMC was then reimbursed to the partner agencies for their EHS services. Agreements between each partner agency and the KCMC defined the type of services to be provided to a specific number of children and/or pregnant women and the compensation to be paid for these services. We reviewed the agreements and some of the partners' claims and supporting documentation to ensure the agencies had adequate supporting documentation for the services provided and compensation received. The records reviewed at each partner agency were sufficient to support their payments. Thus, the majority of funds paid by the state to the KCMC appeared to be used for the proper purpose of providing assistance to children in the EHS program.

However, our review of the KCMC's services provided and related records and the ECPS's management of the EHS program identified numerous problems. Additionally, the scope of the audit was hindered due to missing and incomplete information from the KCMC. Although the KCMC's bankruptcy attorney provided many records requested, he was unable to locate all relevant information. When the CDI took over the KCMC's

operations, many of the KCMC's records were moved to a storage facility, but the records were not stored in an organized manner. In addition, the attorney had difficulty obtaining some KCMC records from the CDI. As a result, we encountered substantial delays in obtaining the information necessary to thoroughly address the Governor's concerns. We also encountered substantial delays in obtaining access to the KCMC's independent auditor's working papers regarding personnel and indirect cost allocations.

A. The ECPS did not adequately monitor the financial activities and records of the KCMC.

1. The ECPS met with the KCMC and federal Head Start personnel on a frequent basis regarding program activities; however, the ECPS did not review the financial records of the KCMC or partner agencies to ensure the amounts reported on quarterly claims and year-end reports were accurate and represented allowable costs as defined by the contract.

Instead of reimbursing the KCMC for actual expenses paid, the ECPS allowed the KCMC to submit a quarterly claim for an advance of one-fourth of the annual contract amount. The claim also listed cumulative/total expenditures as of the end of the prior quarter and a year-end report was submitted to document the final cumulative expenditure total for each budget category. As a result, the ECPS had little assurance that state funds were used for allowable costs and that all monies were accounted for properly.

2. Although the KCMC paid the partner agencies the proper amounts based on the partners' claims and documentation, these payments were not always accurately recorded in the KCMC's general ledger. This resulted in inaccurate quarterly claims and year-end reports, and some overpayments to the KCMC.

We reviewed some general ledger entries and their related supporting documentation. Our review disclosed the following:

- In November 2001, a \$27,854 adjustment to accounts payable was improperly recorded as a payment to a partner agency.
- In June 2002, adjustments totaling approximately \$39,000, were made to increase partner and family child care expenditures on the general ledger to make the expenditure totals equal the amounts budgeted in the EHS contract. However, these expenditures were not incurred.
- In both June 2002 and January 2004, a disbursement, totaling \$41,700, to a partner was recorded on the general ledger. A check was not issued in June 2002 because the partner did not incur the

expense. However, it appears the partner may have incurred the January 2004 expense but was not paid.

- In April 2003 and from February to June 2003, federal EHS training reimbursements and service payments to a partner agency, totaling \$4,100 and \$6,250, respectively, were improperly recorded as state EHS expenditures.
- In July 2003, a month-end adjustment, totaling \$17,666, was not reversed.

While some of the improper entries were detected by the KCMC's auditors and corrected by the KCMC, the KCMC did not refund any overpayments to the state's ECPS agency.

For the year ended June 30, 2002, we identified approximately \$94,000 in overpayments due to recording errors. We also identified recording errors for the period July 1, 2002 to December 17, 2004; however, these errors did not result in any overpayments because the total EHS expenditures less the errors exceeded the amounts claimed.

3. Supporting documentation was not available to identify the specific expenses allocated to personnel and indirect costs, totaling more than \$750,000, during the period July 1, 2001 to December 17, 2004. Thus, there was no assurance that these allocated costs represented appropriate expenditures for the EHS program or if any unallowable expenses were used in the allocations. Various KCMC administrative expenses were allocated to personnel and indirect costs among its various programs, including the state EHS program.

The KCMC claimed reimbursements totaling approximately \$495,000 and \$257,000 for personnel and indirect costs, respectively.

- Although the administrative personnel costs allocated to the EHS program were not identifiable, it appears these allocated costs represented a small portion of the total personnel costs claimed. The costs claimed for reimbursement by the KCMC included both the allocated costs and the personnel costs charged directly to the EHS program.

The personnel costs charged directly to the program appeared to be supported by payroll records; however, allocated personnel costs were not supported. For example, we agreed payroll records for the personnel costs charged directly to the EHS program to the amounts recorded in the general ledger for October through December of 2004, 2003, and 2002. We then compared the

general ledger personnel costs to the personnel costs claimed. For the quarters ending December 31, 2004, 2003, and 2002, the personnel costs claimed exceeded the general ledger amounts by approximately \$9,300, \$5,100, and \$4,200, respectively. These differences appear to be the allocated personnel costs.

- In addition to the indirect costs recorded in the general ledger not being identified, the indirect costs claimed did not always agree to the general ledger amounts. For example, the indirect costs claimed for reimbursement exceeded the general ledger amounts by over \$15,000 for the period July 1, 2003 to December 17, 2004.
4. The ECPS did not adequately review financial activity related to the state funded EHS program during a joint monitoring visit with the DHHS. ECPS personnel indicated they relied upon the joint visit as a means of monitoring the state EHS program.

Once every three years the ECPS collaborated with the DHHS in joint monitoring of the Head Start/Early Head Start programs at KCMC. The last joint monitoring visit occurred in April 2002. The ECPS provided one member of the eight-member monitoring team, and this member participated in the monitoring of programmatic areas, not fiscal areas. As a result, ECPS personnel could not provide information about any fiscal monitoring.

Additionally, DHSS personnel indicated the fiscal portion of the monitoring visit was designed to examine management practices and federal, not state, grant requirements. Also, the fiscal monitoring was not designed to ensure individual expenditures claimed for reimbursement were supported by adequate documentation or if the expenditures were for allowable activities.

5. In December 2004, some children enrolled in the state EHS home-based services provided by the KCMC were not eligible for EHS services.

Since the KCMC records did not identify whether a child was enrolled in the state or federal EHS program for home-based services, the CDI, upon our request, identified the children served by the state EHS in December 2004. Our review of the home-based records for that month indicated that 3 of 11 children provided services were not eligible for the state EHS program because the children were age three prior to December 2004. At age three, EHS services are replaced with Head Start services.

If the ECPS had established any effective monitoring system of the KCMC's financial activity, many of the problems noted above may have been noted, investigated, and corrected.

The ECPS needs to periodically review supporting documentation for EHS expenditure claims to ensure expenditures are for allowable costs and program monies are accounted for properly, in compliance with contract terms. Records should identify which children are served by the state EHS program and the eligibility files should be periodically reviewed to ensure state EHS services are only provided to eligible children. Any discrepancies should be investigated and resolved. Also, paying EHS claims on a reimbursement basis instead of an advance basis may help ensure costs are allowable and supported by documentation. Additionally, the ECPS, along with the DSS, should evaluate the costs and benefits of pursuing reimbursement of the \$94,000 in overpayments and any other questioned costs in bankruptcy court.

- B. The ECPS, along with the DSS, did not obtain and review the KCMC's audit reports and related findings. As a result, the ECPS missed opportunities to identify and address significant findings in the KCMC's operations which affected the state's EHS program.

We reviewed the audit reports for the three years ended June 30, 2004. These reports presented information that would have alerted the DSS and the ECPS to problems/risks with the KCMC's financial activities. For example:

- For the year ended June 30, 2002, a note to the financial statements reported a former controller was the subject of a federal investigation involving a kickback scheme, with the KCMC suffering a loss exceeding \$1 million. Also, the findings indicated that certain general ledger accounts did not reconcile to the underlying detail.
- For the year ended June 30, 2003, a note to the financial statements indicated there was a dispute with the DHHS regarding the allowability of certain salary costs of the KCMC's Chief Executive Director. The findings again indicated that certain general ledger accounts did not reconcile to the underlying detail. In addition, the auditors noted that documentation was not retained to support preliminary cost allocation journal entries for administrative costs, and that there were occasions when the KCMC's credit cards were used for personal purchases which were subsequently reimbursed by the employees.
- For the year ended June 30, 2004, a note to the financial statements indicated doubt about the KCMC's ability to continue as a going concern. Another note documented various liabilities and questioned costs which contributed to the decline in the entity's financial condition.

In addition, the findings again reported on the allowability of certain salary costs of the KCMC former Executive Director and the personal charges made on the KCMC's credit card. The auditors also indicated there was a lack of documentation for a significant amount of credit card

charges, and that there was a lack of segregation of duties in some financial related activities.

A minimal monitoring effort would have allowed the abovementioned items to be noted by the ECPS. The ECPS needs to obtain and review copies of all audit reports and related findings for EHS providers and follow-up on any deficiencies/weaknesses that could potentially impact the state's EHS program and the use of state funds.

- C. The performance status reports submitted to the ECPS by the KCMC appeared to be of limited value to the ECPS. The status reports were not always complete. The KCMC submitted performance outcome status reports in April 2003, January 2004, and August 2004. Because information about the federal Head Start/Early Head Start programs was combined with the state EHS program information, the ECPS could not assess outcomes of the state EHS program.

Some problems include:

- Total populations were not always documented for various indicators, including total enrollment and total number of parents. Thus, it was not clear whether outcome indicator percentages were achieved.
- Some reports did not document results for several outcome indicators, including environments to promote literacy, thriving infant and children scores, birth weights over five pounds, training and quality assurance for child care partners, community collaborations, parental involvement, and programs to improve male involvement.
- Results for mental health observations did not indicate whether all classrooms were observed as required. The report only indicated the number of hours spent on site by the mental health staff.

The reliability of performance status reports is diminished when the reports are incomplete and include data from other programs. The ECPS should ensure its EHS providers submit performance status reports for the state EHS grant as required and the reports include all required information.

Conclusions

Since the ECPS did not adequately monitor the KCMC's activities related to the state EHS program, they had little assurance that all funds paid to the KCMC were used for allowable purposes. According to ECPS personnel, the oversight and management of all EHS providers is similar. Thus, the problems noted could be present in other EHS programs. The ECPS needs to develop policies and procedure to monitor all EHS programs and perform these monitoring procedures in a consistent, timely, and thorough

manner to ensure state funds are used appropriately and in compliance with contract terms.

WE RECOMMEND the DSS, through the ECPS:

- A. Develop policies and procedures to adequately monitor EHS providers. At a minimum, these procedures should require the ECPS to periodically review supporting documentation for EHS expenditure claims and cost allocations for compliance with contract terms. The contractor records should identify which children are served by the state EHS program and the eligibility files should be reviewed to ensure state EHS services are only provided to eligible children. The ECPS should also pay EHS claims only on a reimbursement basis. In addition, the DSS and the ECPS should consider pursuing the \$94,000 in overpayment to the KCMC and any other questioned costs in bankruptcy court.
- B. Obtain and review copies of all audit reports and findings for EHS providers and follow-up on any findings or conditions that could potentially impact the state's EHS program.
- C. Ensure EHS providers submit performance status reports for the state EHS grant that include all relevant information.

AUDITEE'S RESPONSE

- A. *We agree with this recommendation.*

Under this administration, beginning in July 2005, the Early Childhood and Prevention Services (ECPS) section of the Children's Division has implemented a new database to record monthly status reports and six month outcome reports from the Early Head Start (EHS) providers. This database will allow more effective trend analysis and reporting beginning with the FY2006 data. The ECPS has a newly developed on-site monitoring tool that will be used on each EHS grantee that outlines the requirements from the contract line by line beginning in FY2007 monitoring FY2006 compliance. The tool includes a section defining what documentation is acceptable proof that the requirement is being met by the contractor. Additionally, the ECPS will seek the assistance of the Division of Budget and Finance (DBF) to develop an additional monitoring tool that can be used to review expenditure claims and cost allocations.

ECPS will plan to modify future agreements to be reimbursement based where practicable. In some cases upfront funding is desirable because smaller agencies do not have the capital in reserve to enable them to meet payrolls or other operating expenses. ECPS will continue to rely on upfront grants if that promotes the most effective means of financing program operations. ECPS will institute stronger monitoring and controls to ensure the use of grant funds (reimbursement or upfront) are properly reconciled and accounted for.

In regards to seeking repayment of the \$94,000 and other questioned costs through bankruptcy court, DSS will submit information to the Attorney General's office (AGO) that handles DSS bankruptcy cases, to the extent that the auditor's work papers can and do establish overpayments and the amounts and reasons for the overpayments, and ask that the AGO evaluate information for the potential filing as a claim in bankruptcy court.

B. We agree with this recommendation.

Since August 2005, the ECPS has been tracking the receipt of all contractually required audit reports within a newly developed database. The ECPS will work with DBF to develop stronger protocols to identify, investigate, and address findings that potentially impact EHS programs.

C. We agree with this recommendation.

Currently, ECPS receives two different reports from EHS providers: monthly status reports and biannual outcomes reports.

The monthly status report shows data for state funded EHS separately from federally funded EHS while giving the overall picture of program operation.

The outcomes report was developed by a workgroup in conjunction with the DHHS, Administration for Children and Families to be able to report outcomes on all the children in the program regardless of whether they are state or federally funded as outcomes are the same for both. The Missouri funded EHS program is required to meet all the federally required performance standards. Beginning July 2006 (FY07), the outcomes report will be split into two separate reports one state and one federal.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF SOCIAL SERVICES
CHILDREN'S DIVISION
EARLY CHILDHOOD AND PREVENTION SERVICES
EARLY HEAD START CONTRACT WITH
KCMC CHILD DEVELOPMENT CORPORATION
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Department of Social Service's (DSS) Division of Family Services (DFS) was established in 1974. Pursuant to Governor's Executive Order 03-03, issued in February 2003, the duties of the DFS relating to child welfare, child protection, child care assistance, and early childhood were transferred to the newly created Children's Division (CD). The Early Childhood and Prevention Services Unit, within the CD, administers several child welfare programs including Early Head Start and Child Care Assistance. Denise Cross was the Director of the DFS, and Frederic Simmens was appointed the first Children's Division Director in August 2003. He served in that capacity until October 2005, and was replaced by Paula Neese, as Interim Director, who continues in that position.

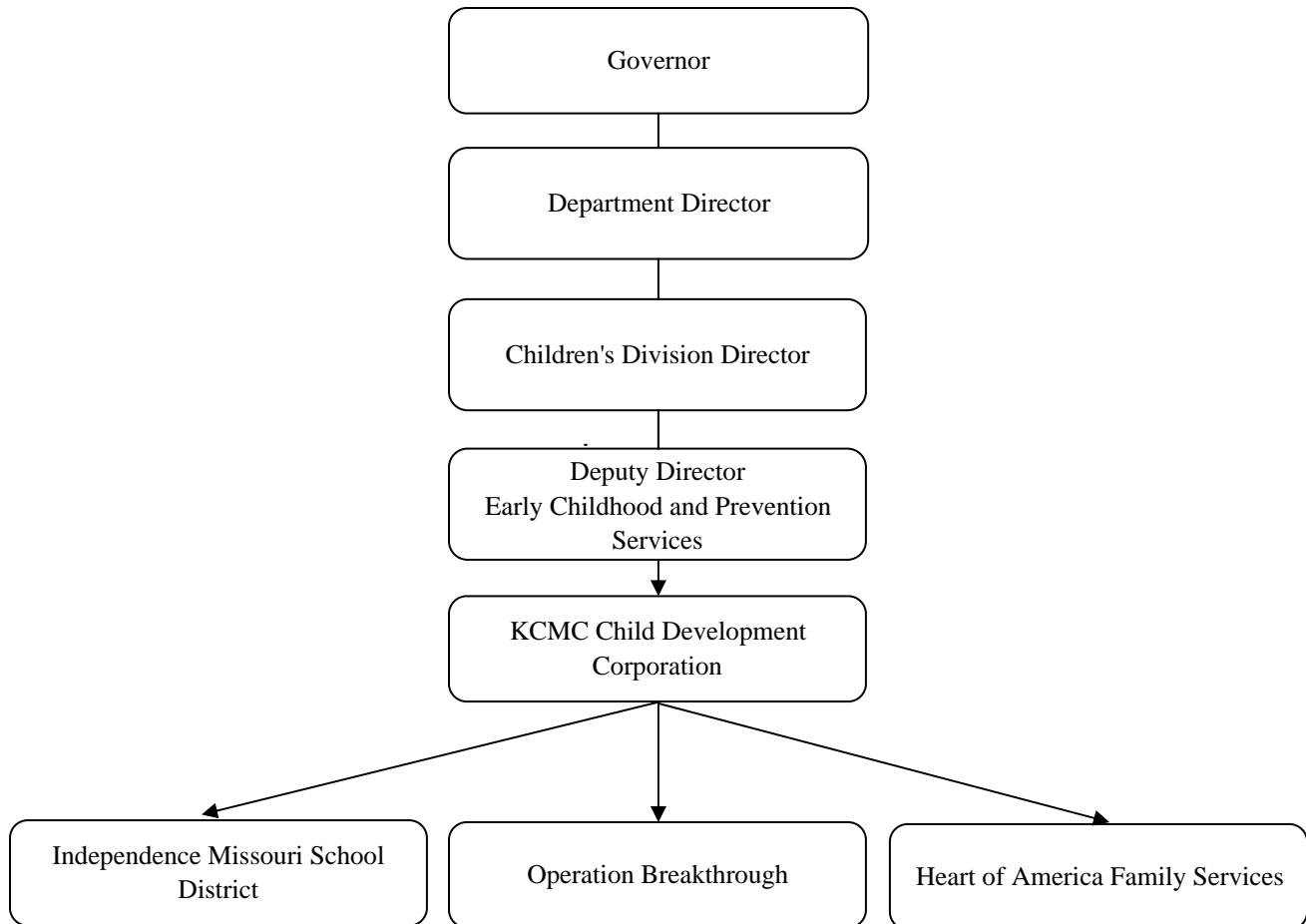
The Early Head Start program funds early education and care for children ages birth to three years whose families' incomes are under 100 percent of the federal poverty level. Services include child care, parent education, in-home visitation, and other support services. The program is 100 percent state-funded, with most of the funding coming from gaming proceeds deposited in the Early Childhood Development Education and Care Fund, as required by Section 313.835.1(3)(f), RSMo.

The Child Care Assistance subsidy is available to children with family incomes under 112 percent of the federal poverty level, as well as foster children and adopted children. Parents must be in school or working to qualify. The goal of the program is to support child care services that promote healthy child development and family self-sufficiency. The program is funded by both federal and state funds.

The Child and Adult Care Food Program, administered by the Department of Health and Senior Services, reimburses child and adult facilities for nutritious meals served to children age 12 and under enrolled in child care, migrant children 15 years and under, children age 18 and under with physical and mental disabilities, adults age 18 and above who are functionally impaired, and adults age 60 and above enrolled in adult day care. The program also reimburses for meals served to school-age children in after-school enrichment programs in high risk, low-income areas and for meals served to children age 18 and under who are residing in emergency shelters. The program is 100 percent federally funded .

The flow of Early Head Start funds to KCMC follows:

DEPARTMENT OF SOCIAL SERVICES
CHILDREN'S DIVISION
EARLY CHILDHOOD AND PREVENTION SERVICES
FLOW OF EARLY HEAD START FUNDS TO KCMC



Appendix A

KCMC CHILD DEVELOPMENT CORPORATION
COMPARATIVE STATEMENT OF EARLY HEAD START REVENUES (BY STATE FUND)

	Period July 1, 2004 to December 17, 2004	Year Ended June 30,		
		2004	2003	2002
General Revenue Fund	\$ 0	88,654	0	0
Department of Social Services - Federal and Other Fund	0	259,282	0	0
Healthy Families Trust - Early Child Care Account Fund	0	0	328,116	345,000
Early Childhood Development, Education and Care Fund	695,871	1,043,806	1,136,876	1,425,066
Total State Early Head Start Revenues	\$ 695,871	1,391,742	1,464,992	1,770,066

Appendix B

KCMC CHILD DEVELOPMENT CORPORATION COMPARATIVE STATEMENT OF EARLY HEAD START EXPENDITURE CLAIMS

	Period July 1, 2004 to December 17, 2004	Year Ended June, 30,		
		2004	2003	2002
Personnel costs	\$ 45,007	118,420	144,772	186,843
Travel	0	0	0	85
Supplies	0	0	0	2,097
Equipment	0	0	0	2,635
Payments to partner agencies and family child care providers	626,707	1,192,858	1,226,471	1,524,964
Indirect costs	24,157	80,464	93,749	53,442
Total Early Head Start expenditures claims \$	<u>695,871</u>	<u>1,391,742</u>	<u>1,464,992</u>	<u>1,770,066</u>

Appendix C

KCMC CHILD DEVELOPMENT CORPORATION COMPARATIVE STATEMENT OF STATE REVENUES

	Period July 1, 2004 to December 17, 2004	Year Ended June 30,		
		2004	2003	2002
Department of Health and Senior Services:				
Child and Adult Care Food Program	\$ 969,765	1,656,388	1,643,164	1,577,007
Total Department of Health and Senior Services	969,765	1,656,388	1,643,164	1,577,007
Department of Social Services:				
Early Head Start	695,871	1,391,742	1,464,992	1,770,066
Child Care Assistance	565,048	1,103,277	929,465	806,469
Total Department of Social Services	1,260,919	2,495,019	2,394,457	2,576,535
Total State Revenues	\$ 2,230,684	4,151,407	4,037,621	4,153,542



Claire McCaskill

Missouri State Auditor

May 2006

ADMINISTRATION

Children's Trust Fund Board



Office Of The
State Auditor Of Missouri
Claire McCaskill

May 2006

The following report is our audit of the Children's Trust Fund Board (CTFB).

The CTFB was established by state statute to provide child abuse and neglect public awareness programs throughout the state. Under statutory provisions, any individual or corporation may designate a part or all of his/her income tax refund to be contributed to the Children's Trust Fund. Additional funding is derived from contributions made directly to the Children's Trust Fund, fees on marriage licenses, certified copies of marriage licenses, vital records, and federal grants. Program disbursements of approximately \$2.5 and \$2.2 million were distributed to recipient programs in fiscal years 2005 and 2004, respectively.

During our audit, we noted the CTFB did not track disbursements for media services and, as a result, the amount paid during the year ended June 30, 2005, exceeded the contracted amount by approximately \$53,000. The CTFB disbursed approximately \$253,000 and \$199,000 related to these contracts during fiscal years 2005 and 2004, respectively. In addition, the CTFB did not periodically request supporting documentation from license plate partner grantees during the years ended June 30, 2005 and 2004. During this time period, the CTFB disbursed license plate funds of approximately \$77,000 and \$126,000, respectively, to 29 grantees.

The Executive Director indicated the Board of Directors intends to fully implement the recommendation to establish monitoring procedures for all contracts and grants.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

CHILDREN'S TRUST FUND BOARD

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the Children's Trust Fund Board
and
Kirk Schreiber, Executive Director
Jefferson City, MO 65101

We have audited the Children's Trust Fund Board. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2005 and 2004. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the board; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the board's management and was not subjected to the procedures applied in the audit of the board.

The accompanying Management Advisory Report presents our finding arising from our audit of the Children's Trust Fund Board.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

February 24, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Keri Wright

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CHILDREN'S TRUST FUND BOARD
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

Contract Monitoring

The Children's Trust Fund Board (CTFB) did not adequately monitor contracts for media services and license plate partner grants.

- A. The CTFB did not track disbursements for media services and, as a result, the amount paid during the year ended June 30, 2005, exceeded the contracted amount by approximately \$53,000. Beginning December 1, 2000, the CTFB contracted for media services at an annual price of \$200,000, with contract renewals through fiscal year 2005. Media services included maintaining the CTFB website, providing prevention literature and advertisements, and collecting credit card donations over the telephone. The CTFB disbursed approximately \$253,000 and \$199,000 for media services during fiscal year 2005 and 2004, respectively, and payments surpassed the \$200,000 contracted amount in April 2005.

Effective January 1, 2006, the CTFB contracted for media services using a preexisting state contract which provides billing at an hourly rate, with no maximum annual amount. The CTFB has also contracted for telephone center services at an annual cost of \$12,000.

- B. The CTFB did not periodically request supporting documentation from license plate partner grantees during the two years ended June 30, 2005. License plate partner grants are awarded to community organizations for partnering with the CTFB for the promotion of the board's specialty license plates. Donations received by the CTFB through the sale of license plates are earmarked and disbursed to specific grantees, as designated by donors. Disbursements are made based on detailed reimbursement requests of actual expenses incurred for approved projects. The grant agreements provide that grantees must maintain supporting documentation at the local level for expenses incurred for five years and that such documentation shall be made available upon the request of the CTFB.

During the years ended June 30, 2005 and 2004, the CTFB disbursed license plate funds of approximately \$77,000 and \$126,000, respectively, to 29 grantees.

Without proper monitoring procedures there is less assurance of compliance with contract provisions.

WE RECOMMEND the CTFB establish monitoring procedures for all contracts and grants. This should include periodic reviews of supporting documentation for the license plate partner grant disbursements.

AUDITEE'S RESPONSE

The Executive Director indicated the CTF Board of Directors intends to fully implement the recommendation. The current CTF policy addressing contract monitoring and procedures is being revised and will be placed before the CTF Board of Directors for review and approval at the next scheduled board meeting, June 1, 2006. The revised language includes monitoring procedures for all contracts, including license plate partners, and not just those limited to general prevention and CBCAP grantees. Once approved, the revision will take affect July 1, 2006.

This report is intended for the information and use of the management of the Children's Trust Fund Board and other applicable government officials. However, pursuant to Section 29.270, this report is a matter of public record and its distribution is not limited.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

CHILDREN'S TRUST FUND
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Children's Trust Fund Board on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended June 30, 2003.

1. Contract Management

Home visitation services contracts were not adequately monitored.

Recommendation:

The CTFB ensure adequate monitoring procedures are performed for home visitation services contracts.

Status:

Implemented. On-site monitoring was performed for the home visitation services contracts during fiscal years 2005 and 2004 and the CTFB director indicated he plans to continue annual on-site monitoring reviews of the home visitation services contracts. However, see MAR for comments related to other monitoring procedures.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CHILDREN'S TRUST FUND BOARD HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Children's Trust Fund Board was established by Section 210.170, RSMo, to provide child abuse and neglect public awareness and prevention programs throughout the state. Under the provisions of Section 210.174, RSMo, any individual or corporation may designate a part or all of his/her income tax refund to be contributed to the Children's Trust Fund. Additional funding is derived from contributions made directly to the Children's Trust Fund, fees on marriage licenses, vital records, and federal grants.

Section 210.170, RSMo, provides that the board shall consist of twenty-one members. Seventeen members are appointed by the governor with the advice and consent of the Senate. Members serve until their successor is appointed. Two members of the Missouri House of Representatives are appointed by the speaker of the House and two members of the Missouri Senate are appointed by the president pro tem of the Senate. Members of the Senate and House of Representatives serve on the Children's Trust Fund Board until their term in the House or Senate expires. On June 30, 2005, the Children's Trust Fund Board had nineteen members and two vacancies. Members serving on the board as of June 2005 were:

<u>Members</u>	<u>City</u>	<u>Term Expires</u>
Terry Bloomberg	St. Louis	September 2006
Sam Burton	Rolla	September 2004
Reverend Robert Marty	Mexico	September 2006
Nanci Bobrow, Ph.D.	St. Louis	September 2006
Lynne M. Cooper, D. Min.	St. Louis	September 2005
Shawn Griffin, M.D.	St. Joseph	October 2005
Kay Lynne Myers	Kansas City	September 2006
Christy Broce	Raytown	September 2006
Sarah Long	Poplar Bluff	September 2005
Daniel "Duke" McVey	Jefferson City	September 2000
Laurie Donovan	St. Peters	July 2006
Linda Brown Reed	University City	August 2006
Regina Staves	Kansas City	July 2006
Patrice O'Neal Mugg	Kirkwood	September 2007
Dena Ladd	St. Louis	September 2007
Senator Patrick Dougherty (public member)	St. Louis	September 2005
Senator Carl Vogel	Jefferson City	
Representative Mike McGhee	Odessa	
Representative Brad Robinson	Bonne Terre	

The board is empowered to enter into contracts with public or private agencies, schools, or qualified individuals to establish community-based educational and service programs focused on the prevention of child abuse and neglect. The programs include crisis care, home visiting, counseling, and support

groups. The board also provides public education about the problem of child abuse and neglect. These programs include crisis care, home visiting, counseling, and support groups. The board also provides public education about the problem of child abuse and neglect and how Missouri citizens can contribute to prevention efforts.

The board may appoint an executive director to perform administrative duties. Bill Heberle was appointed Executive Director in November 1998 and resigned effective July 31, 2005. After his resignation, the CTF Board of Directors appointed Kirk Schreiber, program coordinator, as interim Executive Director effective August 1, 2005, and as Executive Director effective October 1, 2005. Three other employees perform various administrative and clerical tasks.

Appendix A

CHILDREN'S TRUST FUND BOARD
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER
FINANCING USES, AND CHANGES IN CASH AND INVESTMENTS

	Year Ended June 30,	
	2005	2004
RECEIPTS		
Contributions	\$ 258,086	271,527
Marriage license fees	960,725	958,327
Vital records sales	533,321	600,354
Intergovernmental receipts	477,315	300,688
Interest	70,679	57,444
Interagency receipts *	484,549	248,550
Miscellaneous refunds	3,953	44
Total Receipts	<u>2,788,628</u>	<u>2,436,934</u>
DISBURSEMENTS		
Personal service	165,913	162,909
Expense and equipment	73,189	68,171
Program disbursements	2,588,629	2,274,684
Office lease	0	5,775
Refunds	250,270	0
Unemployment benefits	176	0
Total Disbursements	<u>3,078,177</u>	<u>2,511,539</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS BEFORE OTHER FINANCING SOURCES (USES)	(289,549)	(74,605)
OTHER FINANCING SOURCES (USES) **		
Transfers in	137,070	156,373
Transfers out	<u>(103,775)</u>	<u>(105,828)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING SOURCES (USES)	(256,254)	(24,060)
CASH BALANCE, JULY 1	3,278,420	3,310,215
Prior period adjustment ***	0	(7,735)
Adjusted cash balance, July 1	<u>3,278,420</u>	<u>3,302,480</u>
CASH BALANCE, JUNE 30	\$ <u><u>3,022,166</u></u>	<u><u>3,278,420</u></u>

* Interagency receipts include payments received from other state agencies for contracted services.

** Transfers in amounts are income tax contributions designated by individual and corporate taxpayers on their income tax returns under the provisions of Section 143.1000, RSMo. Transfer out amounts include employee fringe benefits, allocation of costs in support of the state's central services and other.

*** The cash balance at July 1, 2003, as previously stated has been decreased to agree to the State Treasurer's Report cash balance.

Appendix B

CHILDREN'S TRUST FUND BOARD
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

Year Ended June 30,						
	2005			2004		
	<u>Appropriations</u>	<u>Expenditures</u>	<u>Lapsed Balances</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Lapsed Balances</u>
CHILDREN'S TRUST FUND						
Programs	\$ 3,360,000	2,588,629	771,371	3,360,000	2,274,684	1,085,316
Federal and other fund refunds	250,271	250,270	1	0	0	0
Personal service	191,421	165,913	25,508	185,421	162,909	22,512
Expense and equipment	146,239	73,189	73,050	146,239	68,171	78,068
Office lease	27,945	0	27,945	33,720	5,775	27,945
Unemployment benefits	400	176	224	0	0	0
Total Children's Trust Fund	<u>\$ 3,976,276</u>	<u>3,078,177</u>	<u>898,099</u>	<u>3,725,380</u>	<u>2,511,539</u>	<u>1,213,841</u>

Appendix C

CHILDREN'S TRUST FUND BOARD
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,				
	2005	2004	2003	2002	2001
Salaries and wages	\$ 165,913	162,909	170,239	162,429	155,691
Travel, in-state	6,395	7,759	11,157	9,355	8,945
Travel, out-of-state	2,614	1,847	0	161	6,619
Fuel and utilities	0	1,247	3,198	3,726	2,590
Supplies	26,817	23,471	24,767	23,851	0
Administrative supplies	0	0	0	0	19,868
Merchandising supplies	0	0	0	0	5,377
Repair, maintenance, and usage supplies	0	0	0	0	327
Specific use supplies	0	0	0	0	15
Professional development	1,975	2,385	3,595	1,225	4,460
Communication service and supplies	4,346	5,679	5,787	6,055	7,445
Business services	0	0	0	0	62,706
Professional services	25,759	19,763	50,245	61,967	4,627
Housekeeping and janitorial services	0	896	1,269	0	266
Maintenance and repair services	258	1,695	809	844	0
Equipment maintenance and repair service	0	0	0	0	1,075
Computer equipment	1,895	1,207	0	60	47
Office equipment	222	36	0	0	178
Other equipment	0	0	0	420	0
Real property rentals and leases	1,400	6,223	14,460	14,471	16,445
Equipment rental and leases	0	0	1,509	67	0
Building and equipment rentals	0	0	0	0	1,802
Miscellaneous expenses	1,508	1,909	3,933	8,062	13,162
Refunds	250,270	0	0	80	0
Program distributions	2,588,805	2,274,513	2,623,428	3,065,101	2,736,594
Total Expenditures	\$ <u>3,078,177</u>	<u>2,511,539</u>	<u>2,914,396</u>	<u>3,357,874</u>	<u>3,048,239</u>

Note: Certain classifications of expenditures changed during the five-year period, which may affect the comparability of the amounts.



Claire McCaskill

Missouri State Auditor

May 2006

PUBLIC SAFETY

Missouri Gaming Commission



Office Of The
State Auditor Of Missouri
Claire McCaskill

May 2006

The following finding was noted as a result of our audit of the Missouri Gaming Commission.

The Missouri Gaming Commission (MGC) does not have a comprehensive audit plan to identify and monitor the goals and responsibilities of the compliance audit section, as required by MGC policy. The audit section is responsible for performing comprehensive reviews and assessments of the level of compliance by casinos with applicable gaming statutes, regulations, internal controls, and good business practices. An audit plan will assist MGC officials in more effectively prioritizing and establishing the frequency of audits and determining whether audit function goals are realistic and objectives of the audit function are being met.

The Acting Executive Director agreed with the recommendation to develop and maintain a comprehensive audit plan.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

MISSOURI GAMING COMMISSION

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Missouri Gaming Commission
and
Steve Johnson, Acting Executive Director
Missouri Gaming Commission
Jefferson City, MO 65102

We have audited the Missouri Gaming Commission. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2005, 2004, and 2003. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the commission, as well as certain external parties; and testing selected transactions. Certain information contained in the commission's meeting minutes for closed sessions was not provided to us based on the commission's interpretation of state law. Agency officials have determined and assured us that this withheld information has no material effect on the audit.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of

noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the commission's management and was not subjected to the procedures applied in the audit of the commission.

The accompanying Management Advisory Report presents our finding arising from our audit of the Missouri Gaming Commission.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

March 30, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Jeffrey Wilson
Audit Staff:	James Samek
	Michelle Franken

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

MISSOURI GAMING COMMISSION
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

Compliance Audits

The Missouri Gaming Commission (MGC) does not have a comprehensive audit plan to identify and monitor the goals and responsibilities of the audit function, as required by MGC policy.

MGC Internal Policy and Procedure 4-01, provides the compliance audit section is responsible for performing comprehensive reviews and assessments of the level of compliance by casinos with applicable gaming statutes, regulations, internal controls, and good business practices. It further provides that a compliance audit plan will be developed and maintained, and this plan will include a schedule for planned audits, a budget for the amount of time normally expended for various auditing activities, a detailed listing of the areas to be included in the audit process, documents to be reviewed, reporting format and procedures, and other policies and procedures related to the audit process.

In addition to the items required by MGC Internal Policies and Procedures, a comprehensive audit plan may include planned special projects, the number and experience level of staff to be assigned to each audit, and estimated personal service and travel costs associated with each audit. The plan could be developed using a risk based approach to identify past or current issues involving licensees, availability and experience of audit staff, changes in the industry, and the amount appropriated for the audit function. An audit plan should be a work-in-progress and updated as necessary to consider unexpected occurrences, such as staff turnover and unexpected projects.

A comprehensive audit plan is a basic management tool that facilitates the effectiveness and efficiency of an audit function and identifies the objectives of the audit function. Such a plan will assist MGC officials in more effectively prioritizing and establishing the frequency of audits and determining whether audit function goals are realistic and objectives of the audit function are being met.

WE RECOMMEND the MGC develop and maintain a comprehensive audit plan.

AUDITEE'S RESPONSE

The Acting Executive Director provided the following response:

We agree. We will develop a comprehensive audit plan as recommended. Our current audit staffing levels and the necessity for involvement in forensic audits with little or no pre-planning will require that we remain very flexible attendant to the obligations established in the plan. To date, our inability to attract and retain qualified staff is the direct result of our compliance audit

section recently being restructured to meet this challenge. The Commission plans to aggressively address our retention issue.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

MISSOURI GAMING COMMISSION FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Missouri Gaming Commission on findings in the Management Advisory Report (MAR) of our prior audit report issued for the three years ended June 30, 2002.

Although the unimplemented recommendations are not repeated, the commission should consider implementing those recommendations.

1. Commission Meetings

Some hotel and meal costs associated with the commission meetings held outside of the Jefferson City area were considered to be unnecessary. In addition, three dinner receptions were held the night before a commission meeting for purposes that could have been a part of the commission meeting held the following day.

Recommendation:

The MGC discontinue holding dinner receptions and allowing employees to travel to commission meetings the day before the actual meeting, unless such travel is necessary to conduct other MGC business.

Status:

We did not note any dinner receptions or unnecessary travel expenses associated with the commission meetings reviewed.

2. Fixed Assets

- A. Reconciliations between the annual physical inventory and the fixed assets records were not performed.
- B.1. Additions and deletions were not recorded on the fixed asset records in a timely manner.
 - 2. Fixed asset records were not always accurate as to the location, description, or individual assignment.
- C. Several fixed assets were not properly tagged.
- D. Fixed asset duties were not properly segregated.

Recommendation:

The MGC:

- A. Conduct an annual physical inventory of the general fixed assets and reconcile the physical inventory to the fixed asset records. Documentation of physical inventory should be retained to show compliance with state regulations.
- B.1. Ensure fixed asset additions and deletions are recorded to the fixed asset records in a timely manner and periodically reconcile fixed asset additions and deletions to records of purchases and disposals.
- 2. Ensure accurate fixed asset records are maintained.
- C. Ensure all fixed assets are properly tagged or identified as MGC property in accordance with state regulations.
- D. Ensure an individual independent of the record keeping function performs the physical inventory.

Status:

Implemented.

3. Expenditures

- A. Three of sixty invoices reviewed were paid without adequate supporting documentation.
- B. For three of ten invoices reviewed, written bids were not solicited.
- C. Eighteen of sixty invoices reviewed were paid without documentation of prior approval.

Recommendation:

The MGC:

- A. Require adequate documentation for all expenditures.
- B. Solicit written bids for all purchases in accordance with state law.
- C. Ensure prior approval is documented prior to purchases of goods and services.

Status:

A&C. Implemented.

B. Partially implemented. Although bids were solicited for purchases reviewed, proposals and related evaluations of the proposals were not retained as justification as to why the vendor was selected as the lowest and/or best bidder for one item reviewed. Although not repeated in the current MAR, our recommendation remains as stated above.

4. Gaming Facility Billings

The MGC did not properly bill the gaming licensees for the full costs of services provided.

Recommendation:

The MGC ensure the licensees are properly billed for all costs associated with services provided. In addition, the MGC should ensure the applicable licensees are billed for any unpaid amounts.

Status:

Implemented.

5. Gaming Facility Visits

While testing the computer chips in the slot machines, we noted several computer chips that were not on the MGC's approved computer chip listing. At one of the facilities visited, several of the slot machines had loose tokens inside the slot machines.

Recommendation:

The MGC ensure all facility operations are in compliance with the MGC regulations. In addition, the MGC should investigate and correct the problems that allowed facilities to operate with revoked computer chips and the failure to sweep the slot machines as required.

Status:

Implemented.

6. Compliance Audits

A. Several of the gaming facility licensees had not been audited in accordance with the MGC objective to have an audit every two years.

B. The MGC did not review in a timely manner the corrective actions taken by the gaming facility licensees in response to Minimum Internal Control Standards

variations or deviations noted in the independent certified public accountant's quarterly audits.

Recommendation:

The MGC:

- A. Perform audits of the gaming facility licensees once every two years.
- B. Perform and document follow up procedures for the minimum internal control standards variations or deviations noted in the independent certified public accountant quarterly audit reports of gaming facility licensees in a timely manner to ensure corrective actions are taken.

Status:

- A. Not implemented. MGC personnel indicated they determined they may not be able to meet the goal of auditing gaming facility licensees once every two years because of staff turnover. To address this issue, the MGC changed the approach used to audit licensees and, in December 2004, implemented new procedures to conduct audits using a team of auditors rather than one auditor assigned to each licensee. The new procedures have not been in place long enough to determine the frequency of audits. See the MAR for comments related to the audit function.
- B. Implemented.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

MISSOURI GAMING COMMISSION
HISTORY, ORGANIZATION,
AND STATISITCAL INFORMATION

The Missouri Gaming Commission was established in 1993 by the Eighty-Seventh General Assembly, as specified by Chapter 313, RSMo.

Section 313.822, RSMo, provides that a tax be imposed on the adjusted gross receipts (the gross receipts from licensed gambling games and devices less the winnings paid to wagerers) at the rate of twenty percent. This section allows the home dock city or county to receive ten percent of the adjusted gross receipts tax and the remainder to be deposited in the state treasury to the credit of the "Gaming Proceeds for Education Fund." Furthermore, Article III, Section 39(d) of the Missouri Constitution requires all state revenues derived from gaming activities be appropriated solely for public institutions of elementary, secondary, and higher education.

Section 313.820, RSMo, provides that an excursion boat licensee shall pay to the commission an admission fee of two dollars for each person embarking on an excursion with a ticket of admission. One dollar shall be paid to the home dock city and county while the other dollar, per Section 313.835, RSMo, shall be deposited in the state treasury to the credit of the "Gaming Commission Fund." This fund is for the purpose of funding the administrative costs of the commission relating to excursion gambling boat operations, subject to appropriation. This fund also includes revenues received by the commission for license fees, administrative fees, and reimbursement by any excursion gambling boat operations for services provided by the commission.

The commission performs all duties and has all powers and responsibilities conferred and imposed upon it relating to the licensing and regulation of excursion gambling boats and the lawful operation of the game of bingo under Chapter 313, RSMo. Effective August 28, 1996, the Missouri Gaming Commission became responsible for regulating horse racing under Chapter 313, RSMo. Within the commission there is a Division of Gaming and a Division of Bingo.

The Executive Director of the Missouri Gaming Commission is hired by the commission. Kevin Mullally served as the Executive Director of the Missouri Gaming Commission from February 21, 2001, through April 15, 2006. Steve Johnson currently serves as Acting Executive Director.

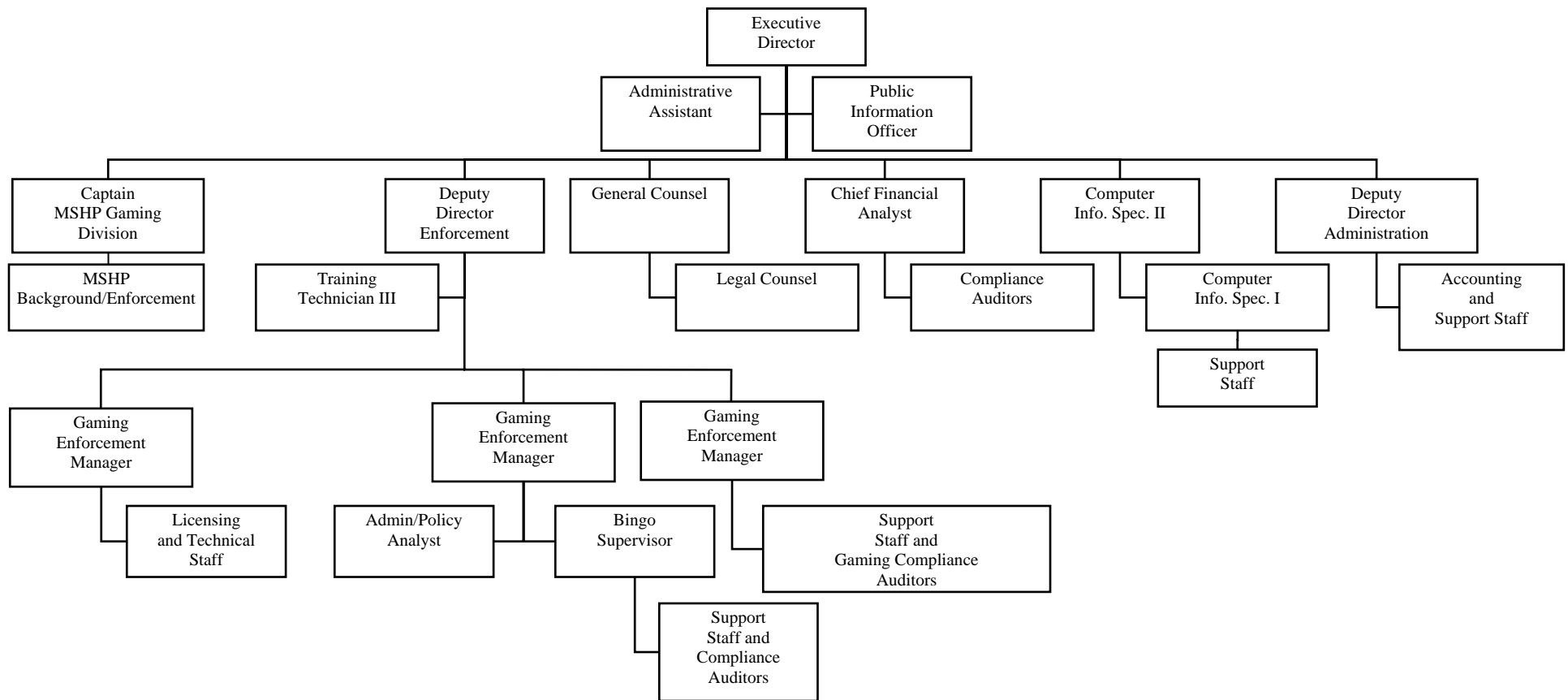
The Missouri Gaming Commission consists of five members appointed by the governor, with the advice and consent of the Senate. Terms of members are for three years on a staggered basis. No person shall serve as a member more than six years. The chairman is appointed by the governor.

At June 30, 2005, members of the Missouri Gaming Commission were:

	<u>Term Expires</u>
Floyd Bartch	April 2007
Judith Sutter-Hinrichs	April 2006
Ralph Biele	July 2006
Darryl T. Jones	April 2008
Noel J. Shull	April 2008

At June 30, 2005, the Missouri Gaming Commission had 104 employees and 101 Missouri State Highway Patrol employees who are assigned to the commission and paid from the Gaming Commission Fund. An organization chart follows.

MISSOURI GAMING COMMISSION
 ORGANIZATION CHART
 JUNE 30, 2005



Appendix A-1

MISSOURI GAMING COMMISSION
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING USES, AND
CHANGES IN CASH AND INVESTMENTS
YEAR ENDED JUNE 30, 2005

	Gaming Commission Fund	Compulsive Gamblers Fund	Missouri Breeders Fund	Total (Memorandum Only)
RECEIPTS				
Admissions	\$ 54,146,991	0	0	54,146,991
Licenses, Penalties, and Fees	1,852,009	0	0	1,852,009
Reimbursement Payments	8,011,428	0	0	8,011,428
Interest	135,772	0	1,802	137,574
Other	1,257	578	0	1,835
Transfer In	679	489,850	0	490,529
Total Receipts	64,148,136	490,428	1,802	64,640,366
DISBURSEMENTS	15,285,021	39,816	0	15,324,837
RECEIPTS OVER (UNDER) DISBURSEMENTS	48,863,115	450,612	1,802	49,315,529
OTHER FINANCING (USES)				
Appropriations exercised by other state agencies	(2,403,492)	(324,348)	(12)	(2,727,852)
Transfers to Veterans' Commission Capital Improvement Trust Fund *	(9,000,000)	0	0	(9,000,000)
Transfers to Missouri National Guard Trust Fund *	(5,000,000)	0	0	(5,000,000)
Transfers to Missouri College Guarantee Fund	(5,000,000)	0	0	(5,000,000)
Transfers to Early Childhood Development Education and Care Fund	(33,570,596)	0	0	(33,570,596)
Transfers to Compulsive Gamblers Fund	(489,850)	0	0	(489,850)
Total Other Financing (Uses)	(55,463,938)	(324,348)	(12)	(55,788,298)
RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(6,600,823)	126,264	1,790	(6,472,769)
CASH AND INVESTMENTS, JULY 1	10,837,736	515,250	84,621	11,437,607
CASH AND INVESTMENTS, JUNE 30	\$ 4,236,913	641,514	86,411	4,964,838

* Transfers during the year ended June 30, 2005, include \$3 million and \$1 million to the Veterans' Commission Capital Improvement Trust Fund and Missouri National Guard Trust Fund, respectively, that pertain to the year ended June 30, 2004.

Appendix A-2

MISSOURI GAMING COMMISSION
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING USES, AND
CHANGES IN CASH AND INVESTMENTS
YEAR ENDED JUNE 30, 2004

	Gaming Commission Fund	Compulsive Gamblers Fund	Missouri Breeders Fund	Total (Memorandum Only)
RECEIPTS				
Admissions	\$ 52,561,952	0	0	52,561,952
Licenses, Penalties, and Fees	1,941,683	0	0	1,941,683
Reimbursement Payments	7,038,322	0	0	7,038,322
Interest	89,704	0	1,432	91,136
Other	4,375	0	0	4,375
Transfer In	0	489,850	0	489,850
Total Receipts	61,636,036	489,850	1,432	62,127,318
DISBURSEMENTS	13,827,432	39,469	0	13,866,901
RECEIPTS OVER (UNDER) DISBURSEMENTS	47,808,604	450,381	1,432	48,260,417
OTHER FINANCING (USES)				
Appropriations exercised by other state agencies	(1,998,164)	(287,396)	(17)	(2,285,577)
Transfers to Veterans' Commission Capital Improvement Trust Fund *	(3,000,000)	0	0	(3,000,000)
Transfers to Missouri National Guard Trust Fund *	(3,000,000)	0	0	(3,000,000)
Transfers to Missouri College Guarantee Fund	(5,000,000)	0	0	(5,000,000)
Transfers to Early Childhood Development Education and Care Fund	(27,484,600)	0	0	(27,484,600)
Transfers to Compulsive Gamblers Fund	(489,850)	0	0	(489,850)
Total Other Financing (Uses)	(40,972,614)	(287,396)	(17)	(41,260,027)
RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	6,835,990	162,985	1,415	7,000,390
CASH AND INVESTMENTS, JULY 1	4,001,746	352,265	83,206	4,437,217
CASH AND INVESTMENTS, JUNE 30	\$ 10,837,736	515,250	84,621	11,437,607

* Transfers during the year ended June 30, 2005, include \$3 million and \$1 million to the Veterans' Commission Capital Improvement Trust Fund and Missouri National Guard Trust Fund, respectively, that pertain to the year ended June 30, 2004.

Appendix A-3

MISSOURI GAMING COMMISSION
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING USES, AND
 CHANGES IN CASH AND INVESTMENTS
 YEAR ENDED JUNE 30, 2003

	Gaming Commission Fund	Compulsive Gamblers Fund	Missouri Breeders Fund	Total (Memorandum Only)
RECEIPTS				
Admissions	\$ 51,061,261	0	0	51,061,261
Licenses, Penalties, and Fees	2,307,315	0	0	2,307,315
Reimbursement Payments	6,624,212	0	0	6,624,212
Interest	138,005	0	2,013	140,018
Other	6,500	532	0	7,032
Transfers In	165	472,704	0	472,869
Total Receipts	60,137,458	473,236	2,013	60,612,707
DISBURSEMENTS	13,330,789	39,640	0	13,370,429
RECEIPTS OVER (UNDER) DISBURSEMENTS	46,806,669	433,596	2,013	47,242,278
OTHER FINANCING (USES)				
Appropriations exercised by other state agencies	(1,869,205)	(258,271)	(42)	(2,127,518)
Transfers to Veterans' Commission Capital Improvement Trust Fund	(3,000,000)	0	0	(3,000,000)
Transfers to Missouri National Guard Trust Fund	(3,000,000)	0	0	(3,000,000)
Transfers to Missouri College Guarantee Fund	(4,500,000)	0	0	(4,500,000)
Transfers to Early Childhood Development Education and Care Fund	(34,173,702)	0	0	(34,173,702)
Transfers to Compulsive Gamblers Fund	(472,704)	0	0	(472,704)
Total Other Financing (Uses)	(47,015,611)	(258,271)	(42)	(47,273,924)
RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING (USES)	(208,942)	175,325	1,971	(31,646)
CASH AND INVESTMENTS, JULY 1	4,210,688	176,940	81,235	4,468,863
CASH AND INVESTMENTS, JUNE 30	\$ 4,001,746	352,265	83,206	4,437,217

Appendix B

MISSOURI GAMING COMMISSION
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,								
	2005			2004			2003		
	Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances
COMPULSIVE GAMBLER FUND									
Gaming Expense & Equipment	\$ 40,000	39,816	184	40,000	39,469	531	40,000	39,640	360
Total Compulsive Gambler Fund	40,000	39,816	184	40,000	39,469	531	40,000	39,640	360
GAMING COMMISSION FUND									
Gaming Commission Fringes - Personal Service	3,027,192	2,965,619	61,573	3,027,192	2,327,691	699,501	2,901,983	1,981,739	920,244
Gaming Commission Fringes - Expense & Equipment	178,765	94,312	84,453	178,765	89,546	89,219	161,619	85,616	76,003
Gaming Commission Refunds	15,000	0	15,000	100,000	1,110	98,890	100,000	15,000	85,000
Gaming & Bingo Personal Service	10,606,885	8,537,837	2,069,048	10,763,099	8,280,786	2,482,313	10,763,479	7,956,114	2,807,365
Gaming & Bingo Expense & Equipment	1,999,291	1,119,255	880,036	1,999,291	1,203,007	796,284	2,211,614	1,462,104	749,510
Gaming Commission	459,303	406,611	52,692	865,974	406,671	459,303	436,862	414,744	22,118
Highway Patrol Salary Adjustment	414,675	400,059	14,616	0	0	0	0	0	0
Highway Patrol Salary Adjustment-Fringe	190,958	0	190,958	0	0	0	0	0	0
National Council of Legislators from Gaming States Dues	3,000	0	3,000	0	0	0	0	0	0
Total Gaming Commission Fund	16,895,069	13,523,693	3,371,376	16,934,321	12,308,811	4,625,510	16,575,557	11,915,317	4,660,240
MISSOURI BREEDERS FUND									
Horse Racing Breeders	5,000	0	5,000	5,000	0	5,000	5,000	0	5,000
Total Missouri Breeders Fund	5,000	0	5,000	5,000	0	5,000	5,000	0	5,000
Total All Funds	\$ 16,940,069	13,563,509	3,376,560	16,979,321	12,348,280	4,631,041	16,620,557	11,954,957	4,665,600

Appendix C

MISSOURI GAMING COMMISSION
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,				
	2005	2004	2003	2002	2001
Personal services	\$ 11,903,515	10,608,477	9,937,853	10,189,761	9,793,700
Travel	229,644	217,900	232,224	245,236	223,560
Fuel and utilities	24,840	26,136	24,992	25,357	24,119
Supplies	135,367	155,456	149,314	185,590	0
Administrative supplies	0	0	0	0	126,597
Repair, maintenance, and usage supplies	0	0	0	0	409
Specific use supplies	0	0	0	0	11,457
Professional development	61,690	47,634	79,777	90,064	74,605
Communication services and supplies	199,271	227,227	237,445	247,015	195,365
Business services	0	0	0	0	134,439
Professional services	267,785	280,108	252,146	246,590	142,247
Housekeeping and janitorial services	18,140	19,940	20,495	18,168	19,400
Maintenance and repair services	89,319	75,146	43,872	63,148	0
Equipment maintenance and repair services	0	0	0	0	30,646
Computer equipment	85,008	129,071	257,349	169,381	251,753
Electronic and photographic equipment	0	0	0	0	6,326
Office equipment	14,919	22,025	18,971	47,262	51,531
Other equipment	2,099	7,176	163,224	68,549	0
Specific use equipment	0	0	0	0	6,383
Property and improvement	4,734	0	0	0	0
Building lease payments	411,062	418,193	417,919	382,721	360,664
Equipment rental and leases	2,976	2,837	3,540	4,375	0
Building and equipment rentals	0	0	0	0	4,151
Miscellaneous expenditures	113,140	109,844	100,836	197,134	318,419
Refunds	0	1,110	15,000	0	1,030
Total Expenditures	\$ 13,563,509	12,348,280	11,954,957	12,180,351	11,776,801

Note: Certain classifications of expenditures changed during the five-year period, which may affect the comparability of the amounts.

Appendix D

MISSOURI GAMING COMMISSION
STATEMENT OF CHANGES IN GENERAL CAPITAL ASSETS

BALANCE, JUNE 30, 2002	\$ 1,221,825
Additions	368,531
Dispositions	(57,320)
Adjustments	21,875
BALANCE, JUNE 30, 2003	<u>1,554,911</u>
Additions	69,147
Dispositions	(133,871)
Adjustments	(32,894)
BALANCE, JUNE 30, 2004	<u>1,457,293</u>
Additions	46,248
Dispositions	(38,075)
Adjustments	0
BALANCE, JUNE 30, 2005	<u><u>\$ 1,465,466</u></u>

Appendix E

MISSOURI GAMING COMMISSION
COMPARATIVE STATEMENT OF GAMING RECEIPTS AND DISTRIBUTIONS

Receipts	Years Ended June 30,					
	2005	2004	2003	2002	2001	2000
Gaming Proceeds	\$ 306,298,394	279,542,736	260,265,298	241,351,381	208,682,466	198,285,123
Admissions	110,275,981	105,123,961	102,122,455	97,216,405	93,982,487	98,264,155
Bingo Taxes	2,703,803	2,909,716	3,209,784	3,187,204	3,514,132	3,849,044
Licenses, Penalties, and Fees	1,852,009	1,941,683	2,307,315	1,890,568	1,889,283	2,275,574
Reimbursement Payments	8,011,428	7,038,322	6,624,212	7,037,588	6,261,394	6,514,748
Interest	329,964	214,163	343,625	559,328	1,121,941	1,585,079
Other	2,278	4,405	6,666	(826)	30,360	80,326
Total	\$ 429,473,857	396,774,986	374,879,355	351,241,648	315,482,063	310,854,049
Distributions *						
Gaming Commission Fund	\$ 65,139,136	61,636,064	60,137,425	57,753,859	55,624,606	58,831,722
Gaming Proceeds for Education Fund	275,668,555	251,588,463	234,238,768	217,216,243	187,814,219	178,456,611
Home Dock Cities	85,865,869	80,552,443	77,148,155	72,861,360	68,113,742	69,178,029
Gaming Commission Bingo Fund	0	0	0	0	12,446	79,256
Bingo Proceeds for Education Fund	2,798,495	2,996,584	3,352,994	3,407,255	3,912,467	4,304,256
Missouri Breeder's Fund	1,802	1,432	2,013	2,931	4,583	4,175
Total	\$ 429,473,857	396,774,986	374,879,355	351,241,648	315,482,063	310,854,049
Distributions *						
Distributions *						
Receipts	Years Ended June 30,					
	1999	1998	1997	1996	1995	1994
Gaming Proceeds	\$ 178,610,232	160,025,256	129,610,752	106,494,309	61,909,052	1,032,479
Admissions	81,388,018	79,027,303	63,817,399	44,597,666	25,183,325	539,234
Bingo Taxes	3,927,639	4,008,145	4,314,178	4,400,745	5,995,866	0
Licenses, Penalties, and Fees	2,727,100	2,992,421	3,316,721	2,727,271	2,625,582	2,784,617
Reimbursement Payments	7,787,748	5,978,844	5,456,038	4,302,031	1,853,126	0
Interest	3,187,691	3,071,046	2,173,975	1,305,050	570,596	30,751
Other	4,515	517,382	468,946	336,678	944,569	3,003,648
Total	\$ 277,632,943	255,620,397	209,158,009	164,163,750	99,082,116	7,390,729
Distributions *						
Gaming Commission Fund	\$ 53,640,474	51,396,659	42,747,410	30,441,783	18,139,642	6,088,272
Gaming Proceeds for Education Fund	160,749,209	144,022,730	116,649,677	95,844,878	55,718,147	929,232
Home Dock Cities	58,733,523	55,699,780	45,014,350	33,065,885	18,831,919	373,225
Gaming Commission Bingo Fund	93,223	113,077	127,261	127,026	138,704	0
Bingo Proceeds for Education Fund	4,412,395	4,384,175	4,615,579	4,684,178	6,253,704	0
Missouri Breeder's Fund	4,119	3,976	3,732	0	0	0
Total	\$ 277,632,943	255,620,397	209,158,009	164,163,750	99,082,116	7,390,729

* Distributions represent distributions of receipts for the fiscal year, a portion of which is disbursed after the end of the fiscal year.



Claire McCaskill
Missouri State Auditor

May 2006

HIGHER EDUCATION

Truman State University



Office Of The
State Auditor Of Missouri
Claire McCaskill

May 2006

The following findings were included in our audit report on Truman State University.

Various concerns were noted involving Truman State University expenditures. The university did not document its evaluation and selection of the provider of architectural services for five of eight construction/renovation projects reviewed. State law requires that three qualified firms are to be considered when such services are needed. The fees paid to the architectural firms for four of these projects totaled approximately \$1.4 million. No architect fees had yet been paid related to the other project at the time of the audit.

In addition, the university had not periodically bid its collection agency services or soda and snack vending services. Collection agency services were last bid over 10 years ago and bids had not been solicited for soda and snack vending services since 1988. The auditors also noted that reasons for selecting law firms to handle litigation are generally not documented, and in February 2005, the university did not solicit bids for copying services related to a lawsuit involving the university. These copying services cost approximately \$13,000, and the circumstances surrounding the selection of this service provider were not documented.

Auditors noted some expenditures which may not be a necessary or prudent use of university funds, including:

- Approximately \$72,000 spent on charter flights to transport board members between St. Louis and Kirksville during the three years ended June 30, 2005. The flights primarily related to transportation to and from board meetings.
- \$19,904 on annual service recognition banquets and staff recognition luncheons during the three years ended June 30, 2005.
- \$10,053 for a November 2003 luncheon and reception for the current president's installation.
- \$3,251 on retirement and service recognition gifts during the three years ended June 30, 2005.

The university does not have a formal policy related to food purchases. During the three years ended June 30, 2005, the university spent a significant amount on food-related expenditures, with over \$493,000 being expended for this purpose from the university's unrestricted funds.

The multi-year contracts with the university's current and previous presidents have been

YELLOW SHEET

on a rolling-year basis, or extended so as never being allowed to expire. Should the Board of Governors wish to terminate an extended term contract, buyout terms could prove costly.

The university presidents have been allowed to accumulate vacation days without restriction, in contrast with university policy for all other university staff, with accumulations to be paid out upon retirement or termination. When the previous president retired, he was paid approximately \$45,000 for 470 hours of unused vacation leave accrued during his employment with the university. If he had been subject to the same accrual limit as other university employees, the cost of his vacation leave payout would have been reduced to approximately \$15,300.

The university has increased tuition rates each of the last five years; however, it does not adequately document the annual reviews of its tuition rates, including how any related increases are calculated or determined. While decreases in state funding in recent years have affected tuition levels, the auditors did not always see a clear correlation in changes to state funding levels and the increases in tuition levels. It was noted that during the fiscal years 2003 through 2005, the university transferred significant current operating surpluses (including those from auxiliary operations) to the Plant Fund for capital project-related costs and future property acquisitions.

As of June 30, 2005, approximately \$389,000 in delinquent student accounts had been turned over to private collection agencies. In addition, delinquent accounts totaling approximately \$28,200 were written off as uncollectible during fiscal year 2005. The university, through the student accounts office, has not established formal written policies and procedures regarding the handling of delinquent student accounts. Students with outstanding balances are in some instances allowed to register for classes, despite the restrictions, or holds, that have been placed on their accounts.

The Truman State University Foundation is a tax-exempt, charitable not-for-profit corporation that has been established to support the goals and activities of the university. The university subsidized over \$340,000 of the foundation's operating expenses during the year ended June 30, 2005. Most of these subsidies related to eight employees in the advancement office who are paid from university funds, but who spend much, if not all, of their time working on foundation activities. The audit report concluded that the practice of subsidizing the foundation with university funds may constitute the granting or lending of public funds to a private entity, which is prohibited by the Missouri Constitution.

The audit also includes comments and recommendations related to controls over receipts, off-campus traffic checkpoints, department budgetary practices, child care operations, use of university facilities by outside parties, capital asset records and procedures, and controls over vehicles upon which the university should take appropriate corrective action.

All reports are available on our website: www.auditor.mo.gov

TRUMAN STATE UNIVERSITY

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Board of Governors
and
Dr. Barbara Dixon, President
Truman State University
Kirksville, MO 63501

We have audited the Truman State University. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2005, 2004, and 2003. The objectives of this audit were to:

1. Review and evaluate expenditures of the university as well as purchasing practices and procedures.
2. Review and evaluate selected personnel practices and procedures.
3. Review legal compliance issues, management practices, and internal control procedures over selected financial areas, and to determine the propriety, efficiency, and effectiveness of those practices and procedures.
4. Review selected records and activities of the university's Foundation.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the university; and testing selected transactions. In addition, the university's Board of Governors had engaged BKD, LLP, Certified Public Accountants (CPAs), to perform financial audits of the university for the three years ended June 30, 2005, 2004, and 2003. To minimize any duplication of effort, we reviewed the reports and substantiating working papers of this CPA firm.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the university's management and was not subjected to the procedures applied in the audit of the university.

The accompanying Management Advisory Report presents our findings arising from our audit of the Truman State University.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

November 9, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Gregory A. Slinkard, CPA, CIA
In-Charge Auditor:	Susan Beeler
Audit Staff:	Jennifer L. Carter
	James A. Samek
	Kate Lindemann

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

TRUMAN STATE UNIVERSITY
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Expenditures
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Various concerns were noted involving university expenditures, including the procurement of architectural, legal, and other services, some expenditures which may not be necessary or prudent, food expenditures, and procurement card purchases.

- A. The university did not document its evaluation and selection of the provider of architectural services for five of eight construction/renovation projects reviewed. The fees paid to the architectural firms for four of these projects totaled approximately \$1.4 million. No architect fees had yet been paid related to the other project at the time of our review.

Sections 8.289 and 8.291, RSMo, require that when obtaining architectural services for any capital improvement project, at least three highly qualified firms should be considered. The firms should be evaluated based on specific criteria including experience and technical competence, capacity and capability of the firm to perform the work in question, past record of performance, and the firm's proximity to and familiarity with the area in which the project is located.

A university official stated that for each of the projects in question, an architectural selection committee followed the state law when choosing the architect. However, the committee did not maintain minutes of its meetings or otherwise document its discussions and decisions.

The university should ensure the criteria used and the basis for selection of the provider of architectural services is adequately documented to provide evidence of its efforts to obtain quality services at a reasonable price and demonstrate compliance with state law.

- B. The university is subject to state purchasing requirements outlined in Chapter 34, RSMo, which include soliciting competitive bids for purchases of \$3,000 or more and advertising for bids for purchases \$25,000 or more. These requirements are also outlined in the university's purchasing policy. During our review, we noted where improvements should be made in the procurement or selection of certain service providers as follows:

- 1) The university has not periodically bid its collection agency services or soda and snack vending services.

The university contracts with several different collection agencies related to the collection of delinquent student accounts. These services generally

cost the university 33 percent of the delinquent balance collected. That cost increases to 55 percent of the balance if the payment is obtained through litigation. While a university employee indicated collection agency services have been bid in the past, this was last done over 10 years ago. In addition, the contract with one of the collection agencies could not be located and the contracts with two other agencies were dated in 1983 and 1991, respectively.

Bids have not been solicited for soda and snack vending services since 1988. The university receives a set monthly fee for each machine placed on campus (\$75 per soda machine and \$16.50 for each snack, candy, and juice machine).

It may not be necessary for the university to solicit bids for private collection or vending services on an annual basis; however, this should be done on a periodic basis to ensure the university is receiving these services at a reasonable and competitive price.

- 2) The university sometimes contracts with outside law firms to handle litigation. The reasons for selecting a particular firm for these outside legal services are generally not documented.

In addition, in February 2005 we noted the university did not solicit bids for copying services related to a lawsuit involving the university. These copying services cost approximately \$13,000. We were told the copies needed to be handled in a certain way and the law firm assigned to handle the case recommended this particular copying service. However, the circumstances surrounding the selection of this service provider were not documented.

Due to the nature of legal services, they are not generally subject to traditional bidding procedures; however, the university should ensure the reasons for selecting an outside firm for legal and related services are adequately documented.

- C. Some expenditures were noted which may not be a necessary or prudent use of university funds. These expenditures included the following:

- Approximately \$72,000 spent on charter flights to transport board members between St. Louis and Kirksville during the three years ended June 30, 2005. The flights primarily related to transportation to and from board meetings.
- \$19,904 on annual service recognition banquets and staff recognition luncheons during the three years ended June 30, 2005.

- \$10,053 for a November 2003 luncheon and reception for the current president's installation (including bookmarks for dignitaries, food, academic apparel, university medallions, newspaper ads, musical entertainment, flowers, and printing services).
- \$3,251 on retirement and service recognition gifts (wrist watches or clocks at a cost of \$76 each) during the three years ended June 30, 2005.

The public places a fiduciary trust in university officials to expend university funds in a necessary and prudent manner. The university should ensure university funds are spent only on items which are necessary to meet the critical educational needs of the university.

- D. The university does not have a formal policy related to food purchases. During the three years ended June 30, 2005, the university spent a significant amount on food-related expenditures, with over \$493,000 being expended for this purpose from the university's unrestricted funds. Examples of food expenditures included an employee appreciation picnic, a reception for new faculty, food for the president's box at football games, and various luncheons and banquets.

While a certain level of food expense is probably necessary, the university needs to assess these costs in terms of their importance compared to other critical education needs. At a minimum, the university should develop a comprehensive policy regarding food purchases in an effort to further control or reduce expenditures in this area.

- E. The university has not fully corrected a problem reported in a procurement card program audit issued by the State Auditor's Office in 2004.

Truman State University, like some other public universities in the state, has implemented a procurement card program to reduce administrative costs of processing small dollar purchases, and to provide a more convenient and efficient procurement method. Under this program, employees can use a university procurement card to order needed goods or services. The merchant electronically bills the procurement card carrier for payment, and the carrier sends the university statements for all procurement charges during the billing period. The university currently has 53 procurement cards, each with transaction limits and monthly limits to help ensure employees are not circumventing the established purchasing and bidding policies.

In 2004, the State Auditor's Office (SAO) conducted a review of the procurement card programs at three state universities, one of which was Truman State University. In that audit report (Oversight of University Procurement Card Programs, Report No. 2004-87), the auditors concluded that Truman State University had adequate program oversight, and had limited its potential for procurement card abuse by issuing a limited number of procurement cards, re-

evaluating the need for each card every six months, and implementing an internal audit function which reviewed the procurement card program on a semiannual basis. However, the auditors identified examples of university employees exceeding the transaction limits by splitting purchases. An internal audit conducted in April 2004 had also identified a similar problem. According to the 2004 SAO audit, Truman State University officials indicated actions had been taken to correct this problem.

During our current audit of the university, we reviewed the university's most recent internal procurement card audits and determined that some cardholders were still splitting purchases to avoid the university's transaction limit (limit varies depending on the card, with the transaction limit being \$500 for most cards). University policies state that a cardholder's account is to be closed if that individual splits a purchase to circumvent the established limits. However, as of October 2005, no accounts had been closed due to purchase splitting.

The university needs to continue to monitor procurement card transactions to ensure the established purchasing limits are not being circumvented. If employees continue to circumvent established procedures, the university should follow its policy and close the applicable employees' accounts.

WE RECOMMEND Truman State University:

- A. Ensure all architectural services are procured in accordance with the applicable provisions in state law, and that adequate documentation is maintained to support the procurement and selection process.
- B. Solicit competitive bids or proposals for procured services in accordance with the university's purchasing policy and state law. If bids or proposals are not solicited, the circumstances should be fully documented.
- C. Reevaluate the expenditures discussed above and ensure all expenditures of university monies are a necessary and prudent use of public funds.
- D. Develop a comprehensive policy regarding food purchases.
- E. Continue to monitor procurement card transactions. If abuses or circumventions of established procedures are discovered, the university should follow its policy and close the cardholders' accounts or take other action to ensure the university's policies and procedures are followed.

AUDITEE'S RESPONSE

- A. *The University obtains these services within the applicable state law which does not require a formal competitive bidding process for the selection of architects. In the instances cited by the auditors, the University obtained the services within applicable*

state laws by considering three options but did not keep adequate documentation to support the selection process. A system will be set in place to provide adequate documentation of architectural services through the work of the Facilities Utilization and Capital Priorities Committee.

- B. The University agrees that competitive proposals for collection agencies and vending services were overdue. Proposals for both collection agencies and vending services have been issued and contracts should be awarded in May 2006. With regard to legal fees, the University will ensure that the reasons for selecting an outside firm for legal and related services are adequately documented.*
- C. The University agrees that it is important for funds to be spent in a careful and prudent manner. We will continue to monitor expenditures noted by the auditors.*
- D. The University is drafting a comprehensive policy related to food expenditures. We anticipate an approved policy will be communicated to the campus community this summer.*
- E. Of the 53 procurement cards used on campus, the University identified two users with split purchases for two audit cycles. The University will continue to monitor the purchasing card transactions and will take appropriate action when a cardholder has not followed the policy.*

2. Presidents' Contracts and Accumulated Leave

The multi-year contracts with the university's current and previous presidents have been on a rolling-year basis or extended so as never being allowed to expire. In addition, those officials have been allowed to accumulate vacation leave without restriction.

- A. The contract with the university's current president is for three years, and is handled as a continuous contract. According to the contract, the university intends to review the contract annually for possible renewal on a rolling basis. Therefore, each year when the contract is reviewed, the salary and benefits are negotiated (typically upward), and an additional year is generally added to the end of the contract period. As a result, the contract never expires and the Board of Governors loses much of its authority and influence it might otherwise exercise over its top administrator.

The initial contract with the current president covered fiscal years 2004 through 2006 (from July 1, 2003 to June 30, 2006). When the president's contract was reviewed in fiscal year 2004, her compensation was increased for fiscal year 2005, but the contract was not extended at that time. However, when the contract was reviewed in 2005, besides increasing her salary for fiscal year 2006, two additional years were added to the contract, extending it through fiscal year 2008. We also noted the contract with the university's previous president was for five

years, but during that period two contract extensions were entered into, extending the contract an additional two years, each time keeping the contract period at five years and increasing the previously agreed to salary and benefits.

No statutes expressly prohibit multi-year contracts for top administrative employees; however, problems can arise from such arrangements. For example, should the Board of Governors wish to terminate the extended term contract, buyout terms could prove costly. As a result, the board needs to reevaluate its practices regarding the extending or adjusting multi-year contracts.

- B. The current and previous university presidents have been allowed to accumulate vacation days without restriction, with accumulations to be paid out upon retirement or termination. This is in contrast with a university policy which allows all other university staff to be paid up to a maximum of 20 days (or 160 hours) of unused vacation time upon leaving university employment.

In 2003, when the previous president retired, he was paid approximately \$45,000 for 470 hours of unused vacation leave accrued during his employment with the university. If the former president had been subject to the same accrual limit as other university employees, his vacation leave payout would have been approximately \$15,300.

The university's practice of allowing its president to accrue vacation leave without restriction could result in a significant liability when retirement or termination of university employment occurs.

WE RECOMMEND Truman State University consider:

- A. Utilizing employment contracts with the university president that last for a specific term and refrain from routinely extending those contracts to cover additional periods.
- B. Limiting the amount of vacation leave the university president can accumulate to avoid a significant liability when that individual retires or terminates employment.

AUDITEE'S RESPONSE

The University's Legal Counsel will advise the Board of Governors on these items.

3.

Controls Over Receipts

Internal controls over receipts could be improved. The university's cashier's window in the business office is the main on-campus collection point for receipts; however, there are various other locations on campus where monies are initially received prior to them being

turned over to the cashiers for deposit. Our review of the controls over receipts disclosed the following concerns:

- A. Receipts collected and recorded by the cashiers are not always deposited intact and the composition of receipts is not reconciled to deposits. We noted the university allows students and employees to cash personal checks from the daily cash receipts. In addition, departments are allowed to cash petty cash replenishment checks from the daily cash receipts.

Cashing personal checks and petty cash replenishment checks from the daily cash receipts is a poor practice and reduces the accountability for monies received. To help ensure that cash receipts are accounted for properly, daily receipts should be deposited intact and the composition of receipts should be reconciled to the composition of bank deposits. If the university wishes to continue providing check-cashing services for its students and employees, at a minimum, the checks should be cashed from a separate cash drawer and not from daily cash receipts.

It should be noted there are automated teller machines (ATMs) next to the cashier's office window and in the university's student union where students and employees may obtain cash, if needed.

- B. An additional supply of cash is kept in the vault to restock the cashiers' drawers throughout the day. Improvements are needed related to the records and controls over this money.

The three cashiers' drawers each have a \$1,000 change fund. Due to cashing checks from these funds, there is not usually enough cash in each drawer to conduct business during a normal business day. Therefore, the university keeps additional cash in the vault for the cashiers to replenish their drawers during the business day, as needed. The balance of this vault money is not kept at a set or imprest amount, but we were told varies from \$15,000 to \$17,000 (when fully replenished). In addition, a log is not kept to document the cashiers' withdrawals of cash from the vault. Instead, at the end of each business day, each cashier prepares a cash used slip to document the amount of vault cash disbursed from their drawers during that day. These cash used slips are given to the head cashier who uses these when she prepares a monthly vault reconciliation.

When the cash in the vault gets below \$5,000, a requisition is sent to the accounts payable section for a replenishment check. The cash used slips supporting the amount of cash disbursed since the last replenishment check are not sent to the accounts payable section when requesting a replenishment check.

If the university determines it is necessary to continue to maintain a vault cash fund, it should be maintained on an imprest basis, with the fund being maintained at a set, predetermined balance. A log should be maintained to document the cashiers' withdrawals of money from the vault, and any replenishments made to

the vault cash fund should bring the fund up to the predetermined balance. The cash replenishment amounts should also be agreed to the disbursements recorded on the withdrawals log.

- C. According to university records, during the three years ended June 30, 2005, the theatre box office collected almost \$46,000 related to theatre productions. Adequate procedures have not been established to account for the revenues related to the sale of tickets for these productions.

At the theatre box office, many tickets are sold in advance for upcoming theatre events. As theatre tickets are sold, a log is kept related to each night of the performance documenting information such as the purchaser's name and phone number, the number of tickets sold, the price of the tickets, if the person paid at the time of sale (reserved tickets are paid at time of pick-up), etc. However, the log does not document the date the tickets were sold. In addition, log entries related to tickets reserved but not paid for until later are never marked as paid (even when the payment is subsequently collected). Therefore, the theatre box office does not have adequate documentation to support its daily collections and periodic cash transmittals, and cannot reconcile tickets sold to actual cash transmittals.

To ensure theatre ticket sales are properly handled and accounted for, the ticket log should record the date the tickets are sold and the date the related cash is collected by the theatre box office. In addition, the number of tickets sold should be reconciled to the actual receipts turned over periodically for deposit.

WE RECOMMEND Truman State University:

- A. Discontinue the practice of cashing personal checks and petty cash replenishment checks from daily cash receipts. Daily receipts should be deposited intact and the composition of the monies received should be reconciled to the composition of bank deposits.
- B. Evaluate the need for the current amount of vault cash, with efforts being made to minimize the amount of cash on hand. If a vault cash fund is needed, this fund should be kept on an imprest basis. A log should be maintained to document the cashiers' withdrawals from this fund and any replenishments of cash to this fund should be reconciled to this record.
- C. Establish adequate procedures to account for ticket sales and the collection of receipts related to theatre productions.

AUDITEE'S RESPONSE

- A. *The Business Office cashier window cashes checks as a convenience for faculty, staff and students. The priorities of the cashier area will be reviewed this summer, and the*

auditors' recommendation will be included in that review. If changes are to be made, they will be approved and communicated prior to the beginning of the fall 2006 semester.

- B. This recommendation was implemented in October 2005 when first brought to our attention by the audit staff.*
- C. The auditors' recommendation has been implemented and there will be ongoing monitoring of the process. The Cashier Supervisor will meet with the persons responsible for the handling of the ticket sales on a quarterly basis.*

4.	Tuition Rates
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Truman State University has increased tuition rates each of the last five years; however, the university does not adequately document the annual reviews of its tuition rates, including how any related increases are calculated or determined. The following table presents the tuition rates for full-time enrollment (excluding fees) by category of student for the five most recent academic years (including the current year):

Academic Year		Under- graduate In-State	Under- graduate Out-of-State	Graduate In-State	Graduate Out-of-State
2005-2006	\$	5,740	9,920	6,105	10,410
2004-2005	\$	5,410	9,510	5,760	10,060
2003-2004	\$	4,600	8,400	4,968	8,800
2002-2003	\$	4,144	7,544	4,440	8,080
2001-2002	\$	3,800	6,928	4,072	7,412

University officials indicated there are many factors considered when increasing tuition. These include, but are not limited to, the level of state funding received by the university, projected enrollment levels, planned employee pay raises, and increases in operating expenses. In addition, we were informed the university collects and considers information on projected tuition rate levels for other universities in the state when setting its own tuition levels.

While the university had documented some reasons for tuition increases in fiscal years 2005 and 2006, there was no documentation maintained to support how the university calculated its approved tuition rates for any of the years noted above. Without adequate documentation supporting how tuition rates are determined, the university's students and other constituents have less assurance that tuition rates have been set appropriately.

While decreases in state funding in recent years have affected tuition levels, we did not always see a clear correlation in state funding levels and the increases in tuition levels. For example, undergraduate in-state tuition increased by approximately 6 percent and 17 percent in the academic years 2005-2006 and 2004-2005, respectively, whereas state

funding was projected to increase by about 2 percent and decrease by about 5 percent in those years, respectively. In addition, we noted that the university transferred operating surpluses (including those from auxiliary services) of approximately \$2.2 million, \$4.0 million, and \$4.5 million from its Current Fund to the Plant Fund in fiscal years 2003, 2004, and 2005, respectively, for capital project-related costs and future property acquisitions.

It should be noted that Truman State University's tuition rates are comparable to other public colleges and universities in the state. The university should prepare and maintain thorough documentation to support how its tuition rates are established to provide assurance to its students and financially responsible parties that any tuition rate increases are justified. Amounts needed to pay for future capital project costs or property acquisitions should be reflected in the supporting calculations or other documentation.

WE RECOMMEND Truman State University adequately document the annual review and determination of tuition levels, including the various factors and any calculations performed in setting the tuition rates.

AUDITEE'S RESPONSE

The University will continue to document the reasons for its enrollment fee increases, including such areas as projected state income, projected enrollments and required budgets for operations and plant funds. The current long-range planning process which is underway includes the identification of resources necessary to implement priorities and will continue to be tied to the budgetary process.

5. Delinquent Student Accounts

Truman State University has not established adequate policies and procedures regarding the handling of delinquent student accounts and weaknesses were noted in this area.

Students enrolled at the university are assessed tuition and fees to help cover the costs of classes. The university's student accounts office is responsible for managing these accounts and handling the collection of any accounts that are delinquent. If a student has an overdue account, a hold can be placed on the account which prevents the student from enrolling in new classes (unless the amount owed is less than \$200), obtaining transcripts or grades, or graduating. Students must make full payment or arrange a payment schedule within 90 days after specified dates (April 20 for the spring semester or November 20 for the fall semester) or the account is sent to a collection agency and eventually written off, if not collected. Although written off, these delinquent accounts are not forgiven and the applicable individuals are still restricted from receiving future services. As of June 30, 2005, approximately \$389,000 in delinquent student accounts had been turned over to private collection agencies. In addition, delinquent accounts totaling approximately \$28,200 were written off during fiscal year 2005.

We noted the following concerns regarding the student accounts office's handling of student accounts:

- A. The university, through the student accounts office, has not established formal written policies and procedures regarding the handling of delinquent student accounts. While some general guidelines have been prepared, they are inadequate and primarily discuss various factors that need to be considered when determining how to handle past due accounts.

The student accounts office follows certain unwritten, informal guidelines regarding the handling of delinquent student accounts. Formal policies or procedures are needed to address various issues and practices regarding these accounts including, but not limited to, any minimum payment requirements, when a hold is placed on an account, when an account is to be turned over to an outside collection agency, and the approval process in overriding a hold or writing off an old, delinquent account. As a result of the current situation, the university's procedures related to the handling of delinquent accounts lacks some uniformity, with such accounts being handled on a case-by-case basis.

- B. Students with outstanding balances are in some instances allowed to register for classes, despite the holds that have been placed on their accounts. According to informal policies, if a student has an outstanding balance of \$200 or more, a hold is placed on the student's account which prevents that student from registering for new classes. The student accounts supervisor has the authority to approve the override of any account holds; however, that approval or the reason for the hold overrides was not always documented.

During our test of ten delinquent accounts, we noted two instances in which a student with an outstanding balance of over \$200 was allowed to register for classes in the following semester. One of these situations involved a student participating in the study abroad program. In both instances, the applicable student was allowed to register for Spring 2005 classes when they still had delinquent balances from the Fall 2004 semester. Those delinquent balances were \$700 and \$1,944, respectively. As of July 2005, both students were still delinquent on their Fall 2004 balances and were also delinquent on paying their Spring 2005 tuition and fee charges, with the outstanding balances now totaling \$2,525 and \$4,301, respectively. In both instances, there was no documentation of the reason(s) for the account hold overrides or the supervisor's approval of those actions.

To ensure the propriety of any account hold overrides, the reasons for such actions as well as the supervisor's approval should be documented in the applicable student account files. This situation would also indicate a need for more communication between the student accounts office and the study abroad program to help ensure any delinquent balances are properly resolved before a student is approved to participate in the study abroad program.

Written policies and procedures related to delinquent student accounts are needed to help ensure such accounts are handled in a proper and consistent manner. The policies and procedures should include, but not be limited to, provisions that establish reasonable minimum payment amounts and procedures for communication between the student accounts division and the study abroad program. In addition, any deviation (or override) from the standard practices should be addressed in the policies and procedures manual and require the reasons for such action as well as supervisory approval to be documented. While university officials should have some discretion in working out acceptable payment options with its students, this should be done within a clearly established framework.

It should be noted the student accounts supervisor indicated information has been gathered for a future policies and procedures manual for the handling of delinquent accounts which could be prepared as time permits.

WE RECOMMEND Truman State University ensure adequate written policies and procedures regarding the proper handling of delinquent student accounts which address the control weaknesses noted above.

AUDITEE'S RESPONSE

The University is drafting supplemental written policies to cover the internal handling of delinquent student accounts with a timeline for distribution of summer 2006. The Student Accounts and Study Abroad staff will meet on a regular basis to improve communication regarding the study abroad programs.

6. Off-Campus Traffic Checkpoints

In fiscal year 2004, university safety officers participated in off-campus checkpoint stops which may have been contrary to established university policies.

The university's Department of Public Safety (DPS) officers are responsible for patrolling and responding to emergencies on the university's campus and other university-owned properties, and ensuring the protection and safety of the university's students and employees. However, during fiscal year 2004, DPS officers participated in law enforcement-related activities which may not be consistent with this mission or in accordance with university policies.

From October 2003 through April 2004, university DPS officers participated in seven traffic checkpoints or safety stops in and around the city of Kirksville. Six of these seven checkpoints were at intersections that were not located within or bordering the university's campus or other university-owned property. Two of these checkpoints were at locations outside the Kirksville city limits and over 4 miles from campus.

A DPS official indicated these checkpoints related to a local methamphetamine coalition and the main purpose for the checkpoints was to discourage citizens from transporting methamphetamine into the county. The officers working the checkpoints also checked for driver sobriety, valid driver's license, and insurance. According to that DPS official, officers of the Kirksville Police Department, the Missouri State Highway Patrol, and the Adair County Sheriff's department also participated in these checkpoints.

When asked why the university's DPS officers participated in these checkpoints, university officials stated that the university feels a responsibility to help keep the Kirksville community safe, especially because some of the problems in the community may be caused by university students. In addition, they indicated keeping the community safe helps keep the campus safe.

The participation of DPS in off-campus law enforcement activities does not appear to be consistent with established university policies. The code of policies of the Board of Governors provides that university police officers have the authority to respond to emergency situations outside the boundaries of the university and provide emergency assistance to the city and county law enforcement agencies. Responding to local emergencies would appear to be appropriate; however, it would not appear the checkpoints described above constitute emergency situations as outlined in the policies. In addition, these activities could possibly expose the university to unnecessary legal liability.

DPS officers have not participated in the traffic checkpoint stops since April 2004 due to disagreements with the city of Kirksville. However, in the future it appears DPS officers may again take an active role in the activities of the methamphetamine coalition. According to DPS officials, the coalition is currently working on obtaining a grant that would reimburse the participating agencies for man-hours spent on coalition activities. University officials stated that if the grant is approved, DPS may again participate in checkpoint stops.

WE RECOMMEND Truman State University review this situation and consider the propriety of future DPS participation in off-campus law enforcement activities. If it is decided that such activities are appropriate, university policies should be revised accordingly to authorize these activities.

AUDITEE'S RESPONSE

The University will take the recommendation under advisement and consider the issues posed in the comment before committing campus safety officers to future off-campus events. Currently the University is participating in a grant that involves some off-campus work, and we will honor that commitment.

7.**Department Budgetary Practices**

Truman State University does not adequately review or monitor actual expenditures to budgeted amounts by department. In addition, the various departments are not required to report their budgeted expenditures in adequate detail.

- A. The university has not established adequate procedures to review its budgeted and actual expenditures by department. Budget-to-actual expenditure reports are not generated periodically by department; therefore, tools are not in place to effectively track and monitor the spending in the various departments and ensure expenditures are kept within budgetary limits.
- B. The departmental budgets are not required to be established by major expenditure category, resulting in budgetary information that is not comparable to actual expenditure data. At the beginning of each fiscal year, each department is allocated a total amount for its yearly operating budget. The departments have the option of breaking that total budget amount into specific, pre-established expenditure categories or leaving the department expenditure total as a lump sum on the budgetary reports. However, the actual expenditures incurred are always reported by expenditure category in the university's budgetary reports. As a result, the budget and actual expenditure data of some departments is not comparable and any analysis of it is of limited value.

A complete and well-planned budget along with effective budgetary monitoring procedures can serve as useful management tools by establishing specific expenditure expectations for each of the university's departments. The various departments should be required to establish their budgeted expenditures by category, and the university should prepare periodic budget-to-actual expenditure reports by department. A periodic comparison of budgeted versus actual expenditures, in the appropriate detail, by department is necessary to properly monitor financial activity and identify budget areas that need attention.

WE RECOMMEND Truman State University:

- A. Establish adequate procedures to review its budgeted and actual expenditures by department. This would include the preparation and review of budget-to-actual reports by department on a periodic basis.
- B. Require the various departments to establish detail expenditure budgets by appropriate category to allow for a meaningful comparison and analysis to actual expenditure data.

AUDITEE'S RESPONSE

The University agrees that providing timely information to departments as to the status of their budgeted accounts is necessary for adequate review and monitoring of expenditures. Departments have on-line access to their accounts and can generate printouts as needed through the eprint feature. Effective with the budget beginning July 1, 2006, departments will be required to establish detailed budgets by sub-category.

8. Child Care Operations

The university's on-campus child care operation is incurring substantial operating losses and is being subsidized by other university funds. During the three years ended June 30, 2005, this child care facility lost over \$380,000.

For a number of years, the university has operated the Child Development Center (CDC), a state-licensed facility on campus, which provides early childhood education and child care services for pre-school age children of students, university faculty and employees, and families in the Kirksville community. Approximately 30 children are served by this facility. The mission of the CDC is to provide:

- A high quality early childhood program for children between the ages of 2 and 5 that fosters growth in all areas of development.
- A setting for students and faculty to perform research.
- The university students with opportunities to apply developmental theory through interaction with young children.

As of October 2005, the CDC had five full-time employees as well as a number of part-time student workers during the course of the year. Besides providing child care services, university officials indicated the CDC provides various training and classroom opportunities for various university departments, including the Communications, Nursing, Psychology, and Education Departments.

The CDC charges fees for these services which range between \$228 and \$402 per child per month, depending on whether the child is enrolled for all day or a partial day, and whether the child is enrolled for 10 months (the academic year) or 12 months (the calendar year). University employees and students receive a \$50 discount per month.

Our review of this child care facility indicated that it has operated at a substantial loss. The following chart shows a breakdown of day care revenues and expenditures for the past three fiscal years. The expenditure amounts presented do not include the cost of utilities, custodial work, and grounds keeping (which the university could not easily quantify):

		Year Ended June 30,		
		2005	2004	2003
Revenues	\$	80,962	87,278	80,547
Expenditures				
Salaries		(150,063)	(149,060)	(161,301)
Fringe Benefits		(32,066)	(29,023)	(29,435)
Other Expenses		(24,727)	(30,752)	(23,705)
Total Expenditures		(206,856)	(208,835)	(214,441)
Revenues Over/(Under)				
Expenditures	\$	(125,894)	(121,557)	(133,894)

Operating this child care facility at a deficit requires other university funds to subsidize its operations and activities. The university should perform a cost-benefit analysis to determine whether the education, research, or other benefits of this child care operation justify its continuation or whether the continued operation of this facility needs to be reconsidered.

WE RECOMMEND Truman State University perform a cost-benefit analysis of this child care facility and determine whether to continue to operate this facility or how it might be operated at a level which is more self-supporting.

AUDITEE'S RESPONSE

As a part of its on-going internal budget reallocation process, the University has announced that the Child Development Center will close effective May 26, 2006.

9. Foundation

The university subsidizes a significant portion of the operating expenses of its foundation, with net subsidies totaling over \$340,000 for the year ended June 30, 2005. This practice does not appear to be appropriate and may violate provisions of the Missouri Constitution.

The Truman State University Foundation was established in 1980 as a tax-exempt, charitable not-for-profit corporation. Its mission is to support the goals and activities of the university by obtaining financial support, nurturing viable relationships with external constituencies, and serving as prudent financial stewards of the foundation's resources. The business and affairs of the foundation are managed by a board of directors, consisting of two members of the university's Board of Governors, the university president, and up to 20 additional appointed members. In addition, the university's chief advancement officer and controller serve as ex-officio members in a non-voting capacity. During our review, we noted that a substantial portion of the foundation's operating expenses are subsidized by the university. While all non-student employees in the

advancement office are paid from university funds, eight employees in that office spend much, if not all, of their time working on foundation activities. According to the associate vice president of advancement, she did not track the hours that she worked for the foundation nor did the other advancement office employees. However, she estimated that she worked on foundation activities 90 percent of the time. She also estimated the time that other employees in the advancement office worked on foundation activities. Based on these estimates, we determined that during the year ended June 30, 2005, the university provided salary and fringe benefit subsidies totaling over \$428,000 to the foundation related to work performed by advancement office employees.

In addition, the university paid several employees in its business office to work on foundation activities. According to the university's controller, she does not keep track of the hours that she works on foundation activities nor do the other business office employees; however, she provided estimates of foundation-related time she and the other business office employees worked. Based on these estimates, we determined that during the year ended June 30, 2005, the university provided salary and fringe benefit subsidies totaling over \$34,000 to the foundation related to business office employees.

It should be noted the foundation has made some effort to reimburse the university for costs incurred by the university on its behalf. During each of the years ended June 30 2003 and 2004, the foundation budgeted and reimbursed the university \$35,300 to help offset various foundation-related expenditures incurred by the university in those years. During the year ended June 30, 2005, the foundation increased the amount of reimbursements to \$119,300; however, this amount was still significantly less than the subsidies provided by the university in that year.

The practice of subsidizing the foundation with university funds appears to constitute the granting or lending of public funds to a private entity, which is prohibited by Article III, Section 38(a) and Article III, Section 39(1) of the Missouri Constitution.

In discussing this situation with university officials, they indicated that the foundation is not yet self-sustaining and since most donations are restricted, the foundation could not use these monies to fund its operations. Those officials also indicated the reimbursement increase in fiscal year 2005 reflects a positive effort on the foundation's part to be more self-sustaining.

WE RECOMMEND Truman State University work with the foundation to continue recent efforts to reduce subsidies being provided by the university to support foundation activities. Ultimately, the university should strive to discontinue such subsidies and require the foundation to be self-sustaining.

AUDITEE'S RESPONSE

We do not believe the University is violating the state's constitution by assisting foundation operations. The sole purpose of the foundation is to support the mission of the University. Any University funds used to support the foundation's operations are, in turn, used to generate external funds for the operation of the University.

As the foundation matures, the administration of the University and the foundation will work together to carefully monitor the balance of support and develop a long-term strategy to adjust the University's share as appropriate.

10. Use of University Facilities by Outside Parties

The university does not have a formal agreement with a local osteopathic college related to the use of each other's facilities. In addition, the university has not changed its rental fees for outside entities' usage of its main auditorium since 1989.

- A. The university allows a local osteopathic college to use its auditorium and rooms in the student union at various times during the year for ceremonies and banquets at no charge. In exchange, the osteopathic college has allowed the university free use of its lab for anatomy classes and various other classrooms, as needed, when the university had some buildings under construction/renovation. Although this arrangement has been in existence for a number of years, no written agreement has been prepared to document this situation.

To formalize this arrangement and clarify the benefits received by each party, the university should enter into a written agreement with the osteopathic college regarding the use of each other's facilities.

- B. Other than the arrangement discussed above, university policies allow some private or non-profit events to be held at the university's main auditorium for an established rental fee. The university has charged the same rental fees for usage of the auditorium since 1989.

Currently, a minimum fee of \$350 is charged for rental of the auditorium for non-university purposes. If the auditorium is needed for more than four hours, an additional \$20 per hour rate is charged. During the three years ended June 30, 2005, the auditorium was rented to outside parties six times, with a total \$2,780 being collected.

Considering the rental fee structure has not been revised since 1989, the university should evaluate the current rental fees charged and revise them to amounts that are more up-to-date. In addition, the rental fees should be reviewed on a periodic basis.

WE RECOMMEND Truman State University:

- A. Enter into a written agreement with the local osteopathic college to formalize the current arrangement and clarify the benefits received by each party.
- B. Evaluate and revise, if necessary, the current auditorium rental fees being charged and periodically review the rental fee structure, as appropriate.

AUDITEE'S RESPONSE

The University is in the process of formalizing the current cooperative arrangement. We also agree that the current rental fee charged for the auditorium needs to be reviewed and updated. An updated fee schedule will be approved and communicated to the campus.

11. Vehicle Usage and Related Controls

Controls over the usage of the university's vehicles could be improved. Adequate mileage records are not maintained for all vehicles and those records that are maintained are not always complete and accurate.

During the year ended June 30, 2005, the university owned 46 vehicles. Twenty-four of these were considered fleet vehicles (those taken off-campus for business purposes), while the other 22 were considered non-fleet vehicles (those used primarily on-campus by specific departments -- i.e., maintenance department vehicles). Based on fiscal year 2005 usage, the majority of the fleet vehicles (66 percent) were driven more than 15,000 miles per year, while nearly all (86 percent) of the non-fleet vehicles were driven less than 10,000 miles each year. A review of the usage and controls over these vehicles disclosed the following concerns:

- A. Detailed mileage records (or vehicle usage cards) were not maintained for all fleet vehicles. While vehicle usage cards were maintained for most fleet vehicles, we noted three instances where fleet vehicles had been checked out for several months to admission counselors, but no vehicle usage cards or other records had been maintained to document the use of the vehicle during those periods. For example, one of these vehicles was checked out for a six-month period during fiscal year 2005 and was driven 9,771 miles during that time for various recruiting trips. However, no detailed records were maintained to support the mileage driven in this vehicle.

In addition, vehicle usage records are not maintained for any non-fleet vehicles. The various departments simply call in or email the respective vehicles' month-end odometer readings to the university's department of public safety for tracking purposes. While it may not be necessary to maintain usage records for non-fleet vehicles in the same detail as for the fleet vehicles, more accountability is needed related to the usage of these vehicles.

Adequate mileage/usage records should be maintained for all university vehicles to document the use of those vehicles. These records could also be useful in evaluating the vehicle fuel costs.

- B. Except as discussed previously, when employees use fleet vehicles they are required to prepare a vehicle usage card documenting certain information, including the name of the employee using the vehicle, the date, the destination of the trip, and the beginning and ending odometer readings. The vehicle usage cards currently maintained for the fleet vehicles were not always complete and accurate and did not include all necessary information.

We noted several instances in which the beginning odometer reading recorded on a vehicle usage card did not agree to the ending odometer reading recorded on the previous vehicle usage card. For example, we noted a 66 mile difference in one instance. In addition, we noted an instance where a vehicle was checked out and the destination was documented as "local", but the vehicle was driven 137 miles and was not returned until the next day. We also noted the vehicle usage cards do not require the purpose of the trips taken in fleet vehicles to be documented.

The university should ensure the vehicle usage cards maintained are complete and accurate and include all necessary information, including the purpose of each trip taken. These records should be reviewed periodically to ensure they are properly maintained.

WE RECOMMEND Truman State University:

- A&B. Ensure complete and accurate mileage/usage records are maintained for all vehicles and include all necessary information. In addition, these records should be reviewed periodically to ensure they are properly maintained.

AUDITEE'S RESPONSE

- A&B. The University agrees that accurate mileage records for vehicles are necessary and has taken steps to insure that instances such as those noted do not occur in the future.*

12. Capital Asset Records and Procedures

Various concerns were noted regarding Truman State University's capital, or fixed, asset records and related procedures. The university does not have a physical inventory policy and an annual inventory of the capital asset items is not required. Physical inventory count sheets were not accurate and adjustments were not made to records in a timely manner. In addition, reports are not generated periodically which list all land, buildings, and equipment owned at a particular date.

The university's financial accounting system accounts for all capital assets of the institution, except for items costing less than \$1,000. A review of the university records and procedures related to these assets disclosed the following concerns:

- A. The university does not have a physical inventory policy regarding its property and equipment and an annual physical inventory of these asset items is not required. As a result, a complete physical inventory of the university's capital assets has not been completed since at least July 2002.

During fiscal year 2005, university personnel conducted a partial physical inventory of the institution's capital assets; however, as of June 30, 2005, this physical inventory work was only performed in four areas, involving just twelve percent of the fixed asset items of the university.

Annual physical inventories are necessary to ensure the accuracy of asset records and to detect the loss, theft, or misuse of assets. The university should conduct annual physical inventories and reconcile the results of the inventories to the detailed capital asset records.

- B. The inventory count sheets used in conducting the physical inventories performed during fiscal year 2005 did not accurately list those assets owned by the university at that time. As a result, the university employees conducting the physical inventories had difficulty locating many of the capital asset items.

During our review of the inventory count sheets, we noted that 891 of 1556 items (or 57 percent) could not be located. The book value of those assets totaled \$1.8 million. In following up on this situation, a university employee indicated the accounting system did not allow count sheets to be printed which listed only the assets currently owned. According to that individual, all capital assets costing over \$5,000 were included on the inventory count sheets even if they had been disposed of, and the business office had to look up each missing asset on the university's accounting system to determine if the item had actually been disposed. As a result of this situation, it was unclear if those assets which could not be located were actually missing or if they had been disposed.

In addition, adjustments to the capital asset records as a result of the physical inventory procedures were not made in a timely manner. No adjustments were made to the assets records as a result of inventory counts completed in May and June 2005 until the fall of 2005.

The university should ensure that inventory count sheets which accurately reflect assets currently owned are used in conducting the physical inventories of capital asset items. In addition, any adjustments to the records as a result of the physical inventories should be made on a timely basis. Failure to properly update the records due to inventory counts results in inaccurate asset records.

- C. The university does not generate reports periodically which list all capital assets owned at a particular date. The university's capital asset records related to items costing over \$5,000 include all assets that were owned as of July 2002 (when the new computerized financial system was implemented) or were purchased since that time, including any disposed assets. As a result, we had difficulty in obtaining an accurate list of assets currently owned by the university.

The university should generate reports periodically that accurately reflect the property and equipment currently owned. Besides being useful information to the university, such information could be useful to its independent auditors and other outside parties.

WE RECOMMEND Truman State University

- A. Establish a formal policy regarding the periodic physical inventory of its capital assets. Consideration should be given to requiring these physical inventories to be performed on an annual basis. In addition, the results of such inventories should be agreed to the detailed capital asset records.
- B. Ensure inventory count sheets that accurately reflect the assets currently owned are used in conducting the physical inventories of capital asset items. In addition, any adjustments to the records as a result of the physical counts should be made on a timely basis.
- C. Generate reports periodically that accurately reflect all assets currently owned by the university.

AUDITEE'S RESPONSE

- A. *The University will establish a formal policy regarding the periodic physical inventory of its capital assets and communicate that policy to campus departments. The University agrees that the inventory count sheets should accurately reflect the assets currently on record for the department.*
- B. *The auditors' comment involved an employee error in that incorrect printouts were distributed to departments. That was an isolated error and there is no reason to believe it will be repeated. When the completed physical inventories are returned by the departments to the Business Office, the results are transferred to the detail capital asset records. In the example cited by the auditors, the transfer was delayed due to employee turnover.*
- C. *The University will send to the departments each year (or more often if requested) printouts showing the capital assets assigned by department.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

TRUMAN STATE UNIVERSITY HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Truman State University was founded in 1867, and was originally named the North Missouri Normal School and Commercial College. The institution's name has changed several times over the years, with the college being given the name of the Northeast Missouri State Teachers College in 1919. In 1967, the Board of Regents changed the name of the college to Northeast Missouri State College to reflect its expansion of programs/degrees other than just those related to teacher education. The college's name was changed again in 1972 to the Northeast Missouri State University to reflect its offering of graduate level programs. In 1995, Governor Mel Carnahan signed legislation that changed the university's name to Truman State University to honor President Harry S Truman, the only Missourian to serve as the President of the United States. This most recent name change became official on July 1, 1996.

The Missouri legislature has designated Truman State University as a statewide institution of liberal arts and sciences, and it is the only highly selective statewide public liberal arts and sciences university in Missouri. During the 2003-2004 academic year, Truman State University was ranked 6th among the master's universities in the nation for the number of students studying abroad. Additionally, in February 2006, the university was ranked 23rd on *Kiplinger's Personal Finance* magazine's survey of "100 Best Values in Public Colleges".

In the fall of 2005, 2004, and 2003, the university's on-campus student enrollment, including graduate students, was 5,799, 5,862, and 5,712, respectively.

Truman State University is currently governed by a nine-member Board of Governors appointed by the Governor of Missouri and confirmed by the Senate. The board consists of seven voting members and two non-voting members appointed to six-year terms. A student representative, with non-voting privileges, also serves on the board. The Board of Governors as of June 30, 2005, consisted of the following members:

Name	Position	Term Ends
Sarah B. Burkemper	President	January 2007
G. Ruth Mach	Vice President	January 2006
Randa Rawlins	Secretary	January 2008
Thomas R. Jayne	Member	January 2006
Wilma Maddox	Member	January 2005
Michael T. Schwend	Member	January 2007
Mark S. Wasinger	Member	January 2011 (1)
Matthew Barnes	Non-voting Member	January 2007
Peter Ewell	Non-voting Member	January 2010
Emily C. Dunn	Student Representative	January 2006 (2)

(1) Mark S. Wasinger was appointed in February 2005 to replace John Briscoe.

(2) Emily C. Dunn was appointed in July 2003 to replace Micah McKay. Emily S. Kiddoo was appointed in July 2005 to replace Emily C. Dunn.

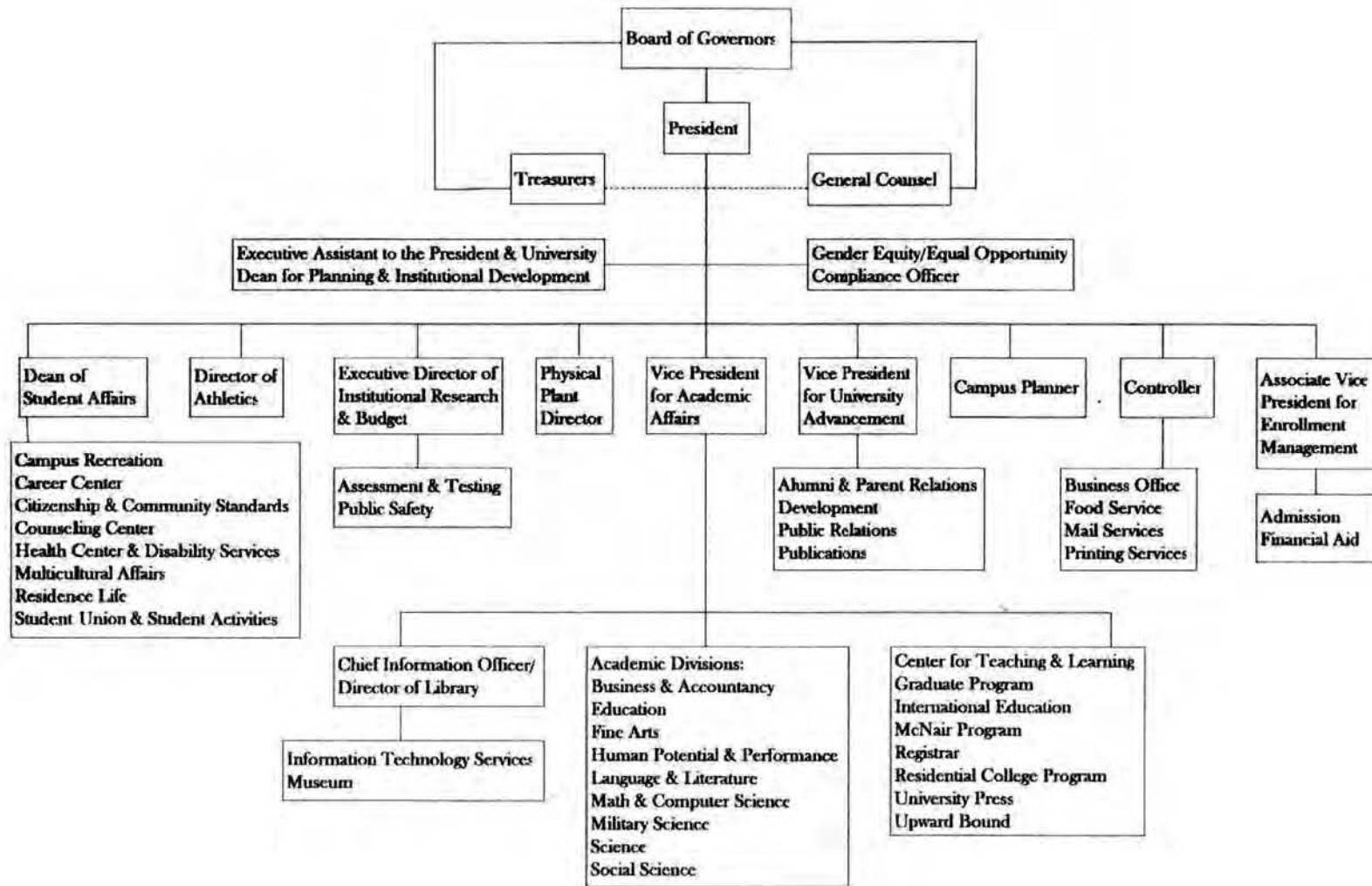
The Board of Governors appoints a President to serve as the university's Chief Executive Officer. Two Vice Presidents and one Executive Director have been appointed to oversee Academic Affairs, University Advancement, and Institutional Research and Budgets. The individuals who served in these top administrative positions and their annual compensation as of June 30, 2005, were as follows:

<u>Name</u>	<u>Position</u>	<u>Annual Compensation</u>	
Dr. Barbara Dixon	President	\$ 190,850	(1)
Garry Gordon	Vice President for Academic Affairs	120,000	
Mark Gambaiana	Vice President for University Advancement	120,000	
Dave Rector	Executive Director of Institutional Research and Budgets	97,720	

- (1) Dr. Barbara Dixon was hired by the university in July 2003, to replace Dr. Jack Magruder, who retired. In addition to her base salary of \$190,850, Dr. Dixon's contract provides for an annual payment of \$10,000 to a deferred compensation account if the board determines her performance to be satisfactory, as well as up to \$5,000 per year from the university's foundation for reimbursement of university related expenses not eligible for reimbursement under university policies. In addition to the monetary compensation received, the president is provided with a furnished residence of which all utility and insurance costs are paid by university and a vehicle for business and personal use.

An organization chart and financial information follow.

TRUMAN STATE UNIVERSITY
ORGANIZATION CHART
JUNE 30, 2005



Appendix

TRUMAN STATE UNIVERSITY REVENUES AND EXPENSES

REVENUES	Year Ended June 30,		
	2005	2004	2003
Tuition and fees	\$ 23,095,331	20,071,817	18,180,472
State appropriations	39,545,109	38,619,433	39,452,483
Grants and contracts	5,200,082	3,651,965	4,083,582
Sales and services	408,457	292,242	254,126
Fees and fines	307,418	289,568	267,825
Auxiliary services (1)	17,032,144	15,597,951	15,356,403
Interest income	1,967,137	1,356,873	1,888,078
Other	1,918,120	549,722	918,321
Total Revenues	<u>89,473,798</u>	<u>80,429,571</u>	<u>80,401,290</u>
EXPENSES			
Salaries and benefits	50,125,991	49,054,060	48,678,344
Office and institutional expenses	5,960,359	5,150,479	5,572,197
Student meal expenses	5,126,341	4,527,704	4,082,697
Professional services	4,244,139	3,836,301	3,823,593
Equipment costs	2,075,700	1,318,301	1,215,559
Travel expenses	1,460,885	1,135,684	1,154,491
Study abroad program (2)	2,499,994	2,100,856	1,575,656
Utilities	3,441,882	3,104,548	2,712,828
Depreciation	6,859,924	6,671,672	7,109,288
Interest expense	1,273,984	598,134	627,398
Other	1,799,388	2,434,991	2,432,520
Total Expenses	<u>84,868,587</u>	<u>79,932,730</u>	<u>78,984,571</u>
REVENUES OVER EXPENSES	<u>\$ 4,605,211</u>	<u>496,841</u>	<u>1,416,719</u>

- (1) This revenue category includes student housing, student union, student recreation center, and other non-academic revenues.
- (2) This expense category represents payments made by Truman State University to foreign universities for tuition of its students to attend those foreign institutions. Truman State University collects the foreign universities' tuition from the students and disburses it to those institutions.

NOTE - The revenue and expense data presented was prepared by the university and does not include financial activity of the Foundation.



Claire McCaskill

Missouri State Auditor

May 2006

HIGHER EDUCATION

FAMOUS System Data Confidentiality and Security



Claire McCaskill
Missouri State Auditor

YELLOW SHEET

Confidential Student Data is Vulnerable to Unauthorized Disclosure and Use This audit reviewed the security controls and policies and procedures used by Department of Higher Education (DHE) and Information Technology Services Division (ITSD) officials to ensure the confidentiality, integrity and availability of student records maintained in the Financial Assistance for Missouri Undergraduate Students (FAMOUS) system.

No assessment of operating risks

DHE and ITSD officials had not conducted an assessment of the risks of operating the FAMOUS system. Accepted standards state a risk assessment helps identify potential threats and vulnerabilities, the resulting impact, and the appropriate controls needed to reduce the impact and achieve and maintain an acceptable level of risk. (See page 4)

Missing security features leave student data and system at risk

DHE and ITSD officials implemented the FAMOUS system without many commonly accepted security features. The basic security features in FAMOUS consist of access rights granted to user IDs and the use of passwords to authenticate IDs. However, common security features (such as a requirement to change passwords on a scheduled basis, the capability for users to change passwords themselves, and a system-required minimum password length) required by accepted standards are not yet available to help safeguard FAMOUS. An ITSD official said DHE and ITSD staff are working on implementing additional software to manage system security which should be in place by the start of the 2006/2007 school year. (See page 5)

Documented policies needed to ensure security of operations

DHE has developed procedures for operating the FAMOUS system but has not yet formally documented essential procedures and associated policies for these operational security controls. Formalizing operational practices and procedures with sufficient detail helps to eliminate security lapses and oversights, gives new personnel sufficiently detailed instructions, and provides a quality assurance function to help ensure operations will be performed correctly and efficiently, according to accepted standards. (See page 6)

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Abbreviations

DHE	Department of Higher Education
FAMOUS	Financial Assistance for Missouri Undergraduate Students
FERPA	Family Educational Rights and Privacy Act
ITSD	Information Technology Services Division
User ID	User Identification



CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Dr. Greg Fitch, Commissioner
Department of Higher Education
Jefferson City, MO 65102

The Department of Higher Education (DHE) provides financial assistance for undergraduate college students through several grant and scholarship programs. DHE administers these financial assistance programs using the Financial Assistance for Missouri Undergraduate Students (FAMOUS) system. The Office of Administration, Information Technology Services Division (ITSD) is responsible for providing technical assistance to support DHE's information systems. The audit's objective was to determine whether DHE and ITSD officials have implemented security controls and developed policies and procedures to ensure the confidentiality, integrity and availability of student records and the FAMOUS system.

We found DHE and ITSD had not taken all the measures necessary to fully protect the confidentiality of student records maintained in FAMOUS. The department had not performed a current risk assessment to identify security controls required to protect FAMOUS from potential threats and vulnerabilities. While we identified some security features within the system, we determined critical security features were still missing. We also identified instances where critical policies and procedures had not been documented.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. This report was prepared under the direction of John Blattel. Key contributors to this report were Jeff Thelen and Lori Melton.

Claire McCaskill
State Auditor

Confidential Student Data is Vulnerable to Unauthorized Disclosure and Use

Confidential data stored on the Financial Assistance for Missouri Undergraduate Students (FAMOUS) system is vulnerable to unauthorized disclosure, modification, use or destruction. This situation has occurred because the Department of Higher Education (DHE) had not completed a current risk assessment to identify possible threats and the likelihood of occurrence, implemented appropriate security features to mitigate risks and documented key security policies and procedures. Collectively, these weaknesses impair DHE's ability to ensure the confidentiality, integrity and availability of data and to ensure compliance with the Family Education Rights and Privacy Act (FERPA).

Background

DHE is responsible for determining eligibility and awarding financial assistance through various grants and scholarships to undergraduate college students attending participating post-secondary institutions in the state. Each of these financial assistance programs has different eligibility requirements. For the 2005/2006 school year, DHE administered the following six financial assistance programs using the FAMOUS system:

- Advantage Missouri Program
- Charles Gallagher Student Financial Assistance Program
- Marguerite Ross Barnett Memorial Scholarship
- Missouri College Guarantee Program
- Missouri College Guarantee PLUS Program
- Missouri Higher Education Academic "Bright Flight" Scholarship

In fiscal year 2006, the legislature appropriated approximately \$41 million for these programs.

Effective July 1, 2005, information technology personnel and resources from most executive branch agencies, including DHE, were consolidated and placed under the direction of the state Chief Information Officer in the Office of Administration, Information Technology Services Division. Under the consolidation, DHE maintains ownership of FAMOUS while ITSD provides the technical support to operate the system. This consolidation will be completed July 1, 2006, when personnel from the consolidating departments will become Information Technology Services Division employees and agency technology budgets are fully transferred to the division.

Student information maintained in FAMOUS includes contact information, social security numbers, financial information, college assessment test scores, and other information necessary to determine eligibility. Post-secondary institution users have access to FAMOUS information only on students who have authorized release of information to their particular

institution. DHE staff with access to FAMOUS have access to all student data maintained in the system.

DHE is required to comply with FERPA¹ to protect the privacy of student education records. This federal law requires schools, appropriate state officials, and others to keep information confidential, which would be considered harmful or an invasion of privacy if disclosed. This law covers information maintained in FAMOUS.

Scope and Methodology

To understand the measures taken to ensure confidentiality, integrity and availability of data and the system, we requested, and reviewed when available, FAMOUS policies and procedures, user manuals, and other documents. We also interviewed DHE officials and the ITSD representative for DHE (ITSD official) to determine what information technology and data integrity controls were in place.

We based our evaluation on applicable state, federal, national and international standards and best practices related to information technology controls from the following sources:

- Missouri Adaptive Enterprise Architecture
- National Institute of Standards and Technology
- U.S. Government Accountability Office
- ISACA's Control Objectives for Information and related Technology (COBIT)
- International Organization for Standardization/International Electrotechnical Commission

We requested comments on a draft of our report from the Commissioner of the Department of Higher Education. We conducted our work between December 2005 and February 2006.

Operating Risks Are Not Assessed

Identifying and assessing information security risks are essential steps in determining what controls are required and what level of resources should be expended on controls. Moreover, by increasing awareness of risks, these assessments generate support for the adopted policies and controls, which helps ensure policies and controls operate as intended, according to the U.S. Government Accountability Office. Accepted standards state a risk assessment helps identify potential threats and vulnerabilities, the resulting impact, and the appropriate controls to mitigate the impact and achieve and maintain an acceptable level of risk.

¹ 34 Code of Federal Regulations Part 99.

In 2004, a project risk assessment was performed to identify, assess and control project risks for developing and implementing FAMOUS. However, a risk assessment has not been completed since implementation of the FAMOUS system to identify system operating risks. According to the ITSD official, a risk assessment had not been a priority due to limited staff and the availability of resources. According to accepted standards, the principal goal of an organization's risk management process should be to protect the organization and its ability to perform its mission.

Security Features Leave Student Data and System at Risk

Security must be considered in the design of an information system according to accepted standards. Experience has shown it is very difficult to implement security measures properly and successfully after a system has been developed so these measures should be integrated fully into the design and development of the system, according to the National Institute of Standards and Technology. DHE and ITSD officials implemented the FAMOUS system without many commonly accepted security features. The system has some basic security; however, these features are inadequate and cumbersome. DHE and ITSD staff are working on implementing additional software to manage system security. The ITSD official said the department considered this software during the FAMOUS development process but did not include it during the implementation because staff did not have time to become familiar with and customize the software. This official said the department expects the software to be implemented by the start of the 2006/2007 school year.

The basic security features in FAMOUS consist of access rights granted to user IDs and the use of passwords to authenticate IDs. However, common security features required by accepted standards, including statewide standards in the Missouri Adaptive Enterprise Architecture, are not yet available to help safeguard FAMOUS. These missing security features include:

- A requirement for users to change their passwords the first time they log on to the system.
- A requirement to change passwords on a scheduled basis.
- The capability for users to change passwords themselves; all passwords must be changed by DHE information technology staff.
- A system-required minimum password length.
- Automatic termination of a user session after a specified period of inactivity.
- A limit to the number of concurrent sessions for a single user ID.
- Use of an audit log for producing security reports to identify inappropriate or unusual activity.

	Collectively, these user ID, password, and security reporting weaknesses impair DHE's ability to comply with FERPA and ensure the confidentiality of the FAMOUS data.
Knowledge of passwords not limited to individual user	According to accepted standards, access controls such as passwords are key to ensuring only authorized individuals gain access to data. Passwords provide a method of validating a user's identity to establish access rights. Moreover, passwords are most effective when they are kept confidential and limited to an individual user. DHE password management controls are not sufficient to prevent unauthorized access to FAMOUS data. The ITSD official said passwords are maintained for all post secondary institution users in a file on the DHE network where 14 DHE and ITSD employees have access. This list is maintained so employees can help post-secondary institution users. Employees with access to read the password file could use this information to masquerade as another user and gain access to confidential student data without detection.
Documented Policies are Necessary to Ensure Security of Operations	<p>Documentation of all aspects of computer operations and support is important to ensure continuity and consistency. Formalizing operational practices and procedures with sufficient detail helps to eliminate security lapses and oversights, gives new personnel sufficiently detailed instructions, and provides a quality assurance function to help ensure operations will be performed correctly and efficiently, according to accepted standards.</p> <p>DHE has documented some policies and procedures for the operation of FAMOUS including a user manual. DHE has also developed procedures but has not yet formally documented these procedures and associated policies for the following security controls:</p> <ul style="list-style-type: none"> • Data classification • Rules of behavior • User IDs and passwords • Data integrity • System and data backup
Data classification not documented	A data classification framework is established to define an appropriate set of protection levels and the placement of data in information classes, according to accepted standards. Such a framework examines the sensitivity of both the data to be processed and the system itself to identify when to classify information as confidential, public or other established levels. Sensitivity is generally classified in terms of confidentiality, integrity and availability. Factors such as the importance of the system to the organization's mission and the consequences of unauthorized use of the system or data need to be examined when assessing sensitivity. Accepted standards also state a data

classification framework is necessary to ensure integrity and consistency of all data.

DHE has not documented a framework for data classification, according to DHE and ITSD officials. Student-specific data in FAMOUS must be kept confidential due to FERPA requirements. DHE officials have not documented this guideline as a formal policy statement so it can be conveyed to FAMOUS users. A DHE official said data classification was not documented because all data in FAMOUS relates to student records and must be kept confidential.

FAMOUS users are not informed of responsibilities

Accepted standards state a rules of behavior should be established and made available to every user of the system. The rules of behavior should clearly delineate responsibilities and expected behavior of all individuals with access to the system. These rules should state the consequences of inconsistent behavior or noncompliance. The rules of behavior could also help ensure users are aware of FERPA guidelines.

DHE has not documented the rules of behavior for FAMOUS, according to the ITSD official. Manuals are available for users which document how to use the system, but they do not include what is considered proper use of the system or a statement of the consequences of noncompliance. DHE and ITSD officials said they have not had time to ensure all of the necessary information was in these manuals because FAMOUS was just implemented for the 2005/2006 school year.

In addition to ensuring every user receives a set of rules of behavior, users may be informed of the proper use of the system through a logon banner. The FAMOUS system does not have a logon banner, according to the ITSD official. The Missouri Adaptive Enterprise Architecture requires a logon banner that notifies users, among other points, what is considered the proper use of the system.

No documentation of access controls

Access controls prevent unauthorized people from entering a system and usually require the system to identify and differentiate among users. User accountability requires the linking of activities on an information system to specific individuals and, therefore, requires the system to identify users, according to accepted standards.

DHE staff has established access controls for FAMOUS and ITSD staff has established procedures for maintaining user account access. However, these controls and procedures have not been documented, according to the ITSD official. As noted above, DHE and ITSD officials said the FAMOUS user

manuals lack some necessary information due to the system's recent implementation.

Data integrity controls not documented

Data integrity exists when data agrees with its source and has not been accidentally or maliciously modified, altered or destroyed, according to accepted standards. Integrity is lost if unauthorized changes are made to the data or system by either intentional or accidental acts. If the loss of system or data integrity is not corrected, continued use of the contaminated system or corrupted data could result in inaccurate data, fraud, or erroneous decisions.

Data integrity is maintained through field constraints within the FAMOUS software, according to the ITSD official. For example, the system only allows numbers to be entered in numeric fields or ensures certain values entered are within an acceptable range. The ITSD official said these data integrity constraints are not documented outside of the software because she did not know there was a need to do so. According to accepted standards, data integrity management requires an organization to define and document policies and procedures to ensure integrity and consistency of data. This process improves the quality of management decision-making by helping to ensure reliable and secure information is provided.

Backup procedures not documented

Accepted standards state system data should be backed up regularly. In addition, policies should be documented that specify the frequency of backups, the location of stored data, file-naming conventions, media rotation frequency, and method for transporting data offsite.

The ITSD official said the FAMOUS system is automatically backed up nightly. However, these backup procedures have not been documented. The official said since the backups are scheduled to run automatically, DHE and ITSD officials had not seen the need to document the procedures.

Conclusions

DHE and ITSD officials have not taken all necessary measures to fully ensure the confidentiality, integrity, and availability of student records maintained in FAMOUS and to ensure system security. DHE officials do not have assurance appropriate controls are in place to reduce the risks of threats and vulnerabilities to an acceptable level since a current risk assessment has not been performed. The lack of adequate security features over user IDs and passwords and the lack of documented security policies further contribute to an increased risk of confidential data being vulnerable to unauthorized disclosure and use. To provide for the proper protection of FAMOUS, DHE officials should ensure risks have been identified, adequate security features are in place and security controls are documented to facilitate user awareness and compliance with laws and regulations.

Recommendations

We recommend Department of Higher Education officials work with Information Technology Services Division officials to:

1. Perform a risk assessment of the FAMOUS system to ensure the appropriate security controls are in place to mitigate risks.
2. Implement or develop security software for FAMOUS that will allow officials to customize and enhance security configurations.
3. Discontinue maintaining a centralized list of passwords.
4. Document policies and procedures for the following security controls:
 - Data classification framework.
 - Rules of behavior to inform FAMOUS users of their responsibilities and expected behavior when using the system.
 - Maintaining user accounts and the established user access controls.
 - Data integrity rules and constraints.
 - Backup procedures for system and data files.

Agency Comments

1. *Both DHE and ITSD officials agree with this recommendation and the following action has been taken. The ITSD official has completed a risk assessment of the FAMOUS system that has been reviewed and approved by other ITSD officials and DHE officials.*
2. *Both DHE and ITSD officials agree with this recommendation and the following action has been taken. The ITSD official has drafted a PAQ (Project Assessment Quotation) request to be presented to vendors listed on the IT Consulting Services contract (C206014001) for assistance with the installation and setup of Tivoli Access Manager software. The use of this software should address the missing security features noted in the audit report. We plan to have it operational for FAMOUS by August 2006.*
3. *Both DHE and ITSD officials agree with this recommendation but disagree with the following statement from the audit report. "Employees with access to read the password file could use this information to masquerade as another user and gain access to confidential student data without detection." The employees with access to the password file already have access to all student data via their own IDs; therefore, there would be no threat of misuse as stated. However, this practice will be discontinued as soon as the security software is implemented.*

-
4. *Both DHE and ITSD officials agree with this recommendation and the following action has been taken. Policies have been written for each security control noted in the report and have been reviewed and approved by other ITSD officials and DHE officials.*



Claire McCaskill

Missouri State Auditor

May 2006

PUBLIC SAFETY

Homeland Security Program



Office Of The
State Auditor Of Missouri
Claire McCaskill

May 2006

The following findings were included in our audit report on the Department of Public Safety, Homeland Security Program.

Missouri has lagged behind several neighboring states in establishing an intelligence fusion center and may have increased the state's vulnerability to acts of terrorism. An intelligence fusion center is needed to provide resources, expertise, and information to help detect, prevent, and monitor terrorism within the state. This center will be threat-driven, operational 24 hours a day, 7 days a week. Future federal funding may be contingent on the establishment of such a center. The idea of an intelligence fusion center has been discussed since January 2003 with various projected costs and funding sources. Finally, in December 2005, staffing began on a Missouri fusion center and it was officially named the Missouri Information Analysis Center (MIAC). Department personnel indicated that it may take another two years to fully staff the MIAC.

The state distributed almost 19,000 individual personal protective equipment (PPE) complements to emergency medical services (EMS) and law enforcement agencies (LEA) statewide. The PPE included breathing masks, chemical suits, gloves, boots, and related accessories. PPE was distributed to some local agencies that did not need or want the equipment. We visited 43 EMS, fire, and LEA agencies and noted several different levels of effective use of the PPE. Some agencies claimed they were waiting to obtain training. One agency supervisor indicated he and his staff did not even know how to assemble the PPE components. At the police departments for the cities of Kansas City and St. Louis, as well as other locations, PPE remained unopened and stored in its original boxes. Furthermore, SEMA did not adequately monitor the distribution of the PPE and does not have accurate records of the various agencies that received equipment.

Also, a lack of information exists regarding the proper storage and/or issuance of the PPE. We noted that some local agencies required that PPE be stored, ready for use, in official vehicles, while other local agencies stored the PPE at their headquarters to be issued in the event of an emergency. In addition, there are no statewide use restrictions to guide local agencies. Personnel at some agencies that we visited claimed they did not know usage requirements and limitations for the PPE. The lack of such restrictions may result in improper usage occurring. One local official informed us that part of the PPE may be used for personal hunting.

Missouri's progress has been slow towards achieving its goal of communications interoperability. Communications interoperability enables responders to effectively communicate with one another through a common language and a common system during an emergency. In 2004, a contractor hired to review the state's interoperability reported

YELLOW SHEET

that Missouri had not achieved interoperability across many areas of the state, emergency responders were not properly trained or equipped to communicate in a unified environment, and that communications equipment was old and costly to maintain. The same contractor was again hired the next year to assess and monitor Missouri's 28 Homeland Security Response Teams (HSRT's). In their monitoring report, the contractor found communications interoperability problems, along with several other response weaknesses, existed with 46 percent of teams, including the HSRT's in the high risk areas of the cities of St. Louis and Kansas City. Common issues reported by the contractor included a lack of radios and cellular telephones, age of the equipment, and a lack of towers and repeaters.

As of July 2005, statewide expenditures for communications interoperability had accumulated to \$2.05 million, or approximately 26 percent of the amount budgeted to accomplish this goal. The contractor's initial communications interoperability study found no formal leadership authority for communication issues in Missouri and that the state needed coordinated and integrated planning to shape its communications future. Also, SEMA did not conduct a formal needs assessment prior to contracting for the communications interoperability study and it appears state officials were already aware of the statewide interoperability problems. As a result, the state may have unnecessarily paid approximately \$247,000 for the 2004 study.

Also included in the report are recommendations related to the strategic plan, program monitoring and oversight, federal compliance issues, and response team issues.

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Mark James, Director
Department of Public Safety
Jefferson City, MO 65102
and
Ronald M. Reynolds, Director
State Emergency Management Agency
2302 Militia Drive
Jefferson City, MO 65101

We have audited the Homeland Security Program administered by the Department of Public Safety, State Emergency Management Agency. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2005 and 2004. The scope of this audit did not include bioterrorism funds received by the Department of Health and Senior Services from the Centers for Disease Controls, or funds spent by the departments of Agriculture and Natural Resources in their efforts against terrorism. These programs may be the subject of a future audit. The objectives of this audit were to:

1. Review the receipt and expenditure of federal Department of Homeland Security monies by the Department of Public Safety.
2. Review internal controls over significant management and financial functions related to the state's Homeland Security Program.
3. Review compliance with certain legal provisions, including compliance with federal grant and contract requirements related to funds received from the federal Department of Homeland Security.
4. Evaluate the economy and efficiency of certain management practices and operations related to the state's Homeland Security Program.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various

personnel of the department, as well as certain external parties; and testing selected transactions. We also conducted site visits to various program subrecipients of the State Emergency Management Agency.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in the audit of the program.

The accompanying Management Advisory Report presents our findings arising from our audit of the Homeland Security Program administered by the Department of Public Safety, State Emergency Management Agency.



Claire McCaskill
State Auditor

December 1, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Alice M. Fast, CPA
In-Charge Auditor:	Dan Vandersteen, CPA
Audit Staff:	Cliff Lewton, CPA
	Jennifer Martin
	Jonathan Edwards

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

HOMELAND SECURITY PROGRAM
DEPARTMENT OF PUBLIC SAFETY
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Intelligence Fusion Center

Missouri lagged behind several neighboring states in establishing an intelligence fusion center. Of the seven neighboring states that responded to our inquiry, we noted that Iowa, Illinois, Kansas, and Tennessee all currently had working intelligence fusion centers. Missouri began staffing an intelligence fusion center in December 2005.

Missouri's intelligence fusion center is planned to be a cooperative effort of several agencies who provide resources, expertise, and information for the ability to detect, prevent, and monitor terrorism within the state of Missouri. The intelligence fusion center will be operational 24 hours a day, 7 days a week.

The Missouri State Highway Patrol (MSHP) has maintained an intelligence center, currently known as the Homeland Security Information Network (HSIN), since prior to September 11, 2001. The HSIN is only monitored five days a week from 7 a.m. to 7 p.m. and thus, is not monitored nights and weekends. Missouri also has a State Emergency Operations Center (SEOC) and several local emergency operations centers to deal with responses to all disasters. Once implemented, the intelligence fusion center will differ from the HSIN and other emergency centers as intelligence fusion centers are threat-driven and act as a prevention method. The HSIN is generally specific to investigative case support and the emergency centers focus on disaster recovery efforts. Currently, it is planned to eventually incorporate the HSIN into the intelligence fusion center.

Since January 2003, the idea of an intelligence fusion center has been discussed with various projected costs and names. The state's former Homeland Security Director initially estimated a \$10 million start-up cost, with an estimated \$2 to \$3 million annual cost. The initial goal was to have the center operational by October 1, 2004. By May 2004, costs over the next four years were projected to be \$50 million with a workforce of 33 personnel. Due to the high projected cost, the state's former Homeland Security Director sought, but was unable to obtain, federal Department of Justice (DOJ) funding. Progress on the fusion center stalled as no funding sources could be identified. In July 2005, the new state Homeland Security Director renewed planning discussions for the fusion center. In December 2005, staffing began on the fusion center and it was officially named the Missouri Information Analysis Center (MIAC). State Emergency Management Agency (SEMA) personnel have indicated that it may take another two years for full staffing of the MIAC. The state's slow pace toward implementation of an intelligence fusion center may have increased Missouri's vulnerability.

According to a 2005 federal Department of Justice report entitled Recommended Fusion Center Standards – Recommended Minimum Standards for Establishing and Operating

the Intelligence Component of Fusion Centers for Local, State, Tribal, and Federal Law Enforcement, "HSPD-5 (Homeland Security Presidential Directive #5), requires the Department of Homeland Security (DHS) to coordinate with other federal departments and state, local, and tribal governments to establish a National Response Plan (NRP) and a National Incident Management System (NIMS). Each of these items plays a role in the establishment of fusion centers and lays a foundation for enhanced information and intelligence sharing among all levels of law enforcement, public safety, and the private sector." SEMA personnel have indicated they believe that Missouri's future federal funding may be contingent on the establishment of a working intelligence fusion center. To increase Missouri's ability to detect, prevent, and monitor terrorism within the state, and to ensure Missouri remains eligible for future federal homeland security funding, efforts should continue towards implementing an intelligence fusion center.

WE RECOMMEND the Department of Public Safety implement a working intelligence fusion center.

AUDITEE'S RESPONSE

We agree with the auditor's recommendation. The Missouri Department of Public Safety established an intelligence fusion center, hereafter called the Missouri Information Analysis Center (MIAC), in September 2005. The MIAC was established by the newly formed Homeland Security Advisory Council (HSAC). This administration identified that as a priority which was overlooked by the previous administration. Additionally, it was determined the location of the present staff, that was located at an adjunct Missouri Highway State Highway (MSHP) facility, was not compliant with the newly enacted National Incident Management System (NIMS) that suggests a Fusion Center (MIAC) would be more appropriately co-located with the State Emergency Operations Center. This resulted with the core group analysts being transferred to the Ike Skelton Training Center in a work center adjacent to SEMA. We are committed to ensuring MIAC will be adequately staffed to meet public safety needs.

Anticipated completion date: July 2007

2.

Communications Interoperability

Missouri has not achieved its goal of communications interoperability. Communications interoperability enables responders to effectively communicate with one another through a common language and a common system during an emergency. Incidents such as the 9/11 terrorist attacks and various natural disasters have repeatedly demonstrated the vital importance of communications interoperability.

The Missouri State Homeland Security Strategy Plan contained an objective to establish statewide interoperable communications plans by August 2005; however, this date has been revised to May 2006. The Statewide Interoperability Executive Committee (SIEC) is currently working on writing a state-wide communications plan. Once the state-wide

plan is written, the state's individual highway patrol regions will write plans specific to their region.

- A. Missouri's progress has been slow towards achieving its goal of communications interoperability. In 2004, a contractor hired to review the states interoperability reported that Missouri had not achieved interoperability across many areas of the state, emergency responders were not properly trained or equipped to communicate in a unified environment, and that communications equipment was old and costly to maintain. The same contractor was again hired the next year to assess and monitor Missouri's 28 Homeland Security Response Teams (HSRT's). In their monitoring report, the contractor found communications interoperability problems existed with 13 of the 28 (46.4 percent) teams, including the HSRT's in the high risk areas of the cities of St. Louis and Kansas City. Common issues reported by the contractor included a lack of radios and cellular telephones, age of the equipment, and a lack of towers and repeaters, all of which limit interoperability at the first responder level. The contractor also found a need for some teams to choose one universal system for all their participating disciplines to respond at the highest, most effective level.

State officials have known since before the 2004 contractor report that communications interoperability problems existed throughout the state and progress remains ongoing towards achieving communications interoperability. However, it is a long and costly process. As of July 2005, statewide expenditures for communications interoperability had accumulated to \$2.05 million out of the \$7.83 million budgeted, or approximately 26 percent. This relatively slow rate of progress may have resulted from conditions pointed out in the contractors initial communications interoperability study. The contractor found there was no formal leadership authority for communication issues in Missouri and that the state needed coordinated and integrated planning to shape its communications future.

It is imperative for the state to continue working towards achieving its goal of communications interoperability. Communications interoperability is essential for all of Missouri's responders to function safely and effectively in their efforts to reduce risks to people's lives and property.

- B. The SEMA did not conduct a formal needs assessment prior to contracting for the communications interoperability study and it appears state officials were already aware of the statewide interoperability problems. As a result, the state may have unnecessarily paid approximately \$247,000 for the 2004 study.

Prior to the 2004 report, there already existed similar findings and recommendations in After Action Reports resulting from HSRT exercises. Also, some SEMA and MSHP officials indicated the contractor's study was unnecessary because the state was already aware of the conditions noted in the report and that the issue had been studied before. Therefore, they believed it was considered common knowledge by state public safety officials that communications

interoperability was a problem. Other SEMA officials we spoke with indicated the reason for hiring the contractor was a perceived need for an independent, credible source to persuade some local jurisdictions and state agencies that interoperability was a problem.

A formal needs assessment should be conducted prior to authorizing consulting contracts to evaluate the issues discussed above and the costs and benefits that may arise from such a contract.

WE RECOMMEND the Department of Public Safety:

- A. Continue working towards achieving the goal of communications interoperability.
- B. Conduct formal needs assessments prior to entering into consulting contracts.

AUDITEE'S RESPONSE

- A. *We agree with the auditor's recommendation. The Department of Public Safety and SEMA under the direction of the Missouri Homeland Security Advisory Council will continue to address all issues related to statewide communications interoperability. Additionally, the state is addressing potential public/private partnerships through the State Interoperable Communications Executive Committee (SIEC). The membership of the SIEC includes state agencies, local jurisdictions and private enterprises.*
- B. *We agree with the auditor's recommendation relating to the decision of the prior administration to contract for a communication interoperability study costing \$247,000. The Department of Public Safety and SEMA will ensure formal needs assessments be conducted prior to entering into any future consulting contracts if it is determined that outside assistance is needed.*

Anticipated completion date: Ongoing

3. Personal Protective Equipment Purchases

The state distributed over \$9.2 million [approximately \$1.8 million to emergency medical services (EMS) and \$7.4 million to law enforcement agencies (LEAs)] of personal protective equipment (PPE) to first responders statewide without adequate planning, coordination, or training. The state distributed almost 19,000 individual PPE complements statewide including breathing masks, chemical suits, gloves, boots, and related accessories. We reviewed the PPE expenditures and conducted site visits to various local agencies and noted the following:

- A. The state may have purchased more PPE than necessary. PPE was distributed to some local agencies that did not need or want the equipment. Some local agency officials indicated they already owned similar equipment and the PPE provided by

the state may never be used. While state officials conducted a general survey of the PPE needs of the state's EMS, fire, and LEA agencies, the survey apparently did not address the individual needs of all local agencies. Local agencies indicated to us they were merely required to report their number of personnel to indicate how many sets of PPE they could receive.

To avoid the possibility of over purchasing, the state should conduct detailed needs assessments prior to any future statewide homeland security equipment purchases.

- B. The state did not adequately assess the training needs and requirements of the local responders regarding their PPE. As a result, some local responders may not have received sufficient training to properly use their PPE and some PPE remains unopened and stored in its original boxes.

- 1. Local responders may not have received sufficient training to properly use their PPE. We visited 43 EMS, fire, and LEA agencies and noted several EMS and LEA agencies that had never opened their shipment of PPE or did not plan to use the PPE. Some agencies claim they never opened the shipment because they were waiting to obtain training related to the PPE. Other agencies claimed they did not plan to use the PPE because they had received no training and did not know usage requirements and limitations for the PPE. One agency supervisor indicated he and his staff did not even know how to assemble the PPE components. Some agencies had at least one staff person with appropriate training for the PPE; however, this was not always shared amongst the entire staff.

There also exists a lack of information regarding the proper storage and/or issuance of the PPE that should be addressed by state. We noted that some local agencies required that PPE be stored, ready for use, in official vehicles. Other local agencies stored the PPE at their headquarters to be issued in the event of an emergency. Some of these local agencies indicated they would not require that PPE be stored in official vehicles because they believed exposure to temperature variations could be damaging to the PPE. We were told by other agencies that temperature variations would not effect the PPE.

State agencies such as the SEMA and the Department of Health and Senior Services (DHSS), along with the University of Missouri and other entities, do offer the various types of training necessary; however, some local agencies claimed they did not know about such training. SEMA staff also indicated that some local agencies may pay for staff training required for maintaining certification within a discipline, but do not always pay for additional training such as that relating to the PPE. Therefore, it is possible some local personnel may not have been able to

obtain the additional PPE related training due to local budgetary constraints.

To ensure responders possess the knowledge and qualifications to safely and effectively use their PPE in response situations, the state should take steps to ensure local responders acquire the training necessary to properly use their PPE.

2. The PPE at some locations remained unopened and stored in its original boxes. The two largest agencies at which this was observed were the cities of Kansas City and St. Louis Police Departments (PD). These agencies stored the PPE in their respective warehouses. If PPE are not issued to officers, or at least stored at the various police stations, it will not be ready for use in the event of an emergency. This condition was also observed at some other smaller local agencies during our site visits.

The Kansas City PD received 1,359 PPE complements over a period of time beginning as early as May 2004. According to a PD official, the PPE has been sitting at the warehouse because personnel in-charge of administering the PPE did not follow through with its distribution. The official also indicated the PD did not have a specific plan for distributing the PPE, although he expected the equipment to be distributed by the first part of 2006.

The city of St. Louis PD received 1,438 PPE complements beginning as early as May 2004. Approximately 200 of the PPE had been issued and the remaining PPE remained stored unopened in their warehouse. According to a PD official, the bulk of the PPE remains warehoused due to the fact that they have not received training on the equipment. Only the new officers of the department, and a few others, have been trained on the PPE. According to the PD official, the PD follows OSHA requirements and will not issue the PPE until each officer has been trained properly. The PD is currently working on a policy regarding sizing, training, and use restrictions for the PPE.

To aid in the safety and effectiveness of responders, the state should require all PPE be distributed to responders or at least maintained in a state of readiness in the event of a disaster.

- C. There exists no statewide use restrictions to guide local agencies on the proper use of the PPE. While the federal Office of Management and Budget (OMB) Circular A-102 Common Rule generally requires that federal equipment be used in the program for which it was acquired, the lack of more specific statewide use restrictions may result in improper usage to occur with some of the PPE. One local official informed us that part of the PPE may be used by personnel for personal hunting use.

To help ensure homeland security equipment is used only for authorized purposes, the state should establish and maintain use restrictions to guide local agencies on the proper use of their equipment.

- D. The SEMA did not adequately monitor the contractor that distributed PPE to local LEAs. As a result, some local LEAs did not receive their allotted PPE, due apparently to communication misunderstandings. In addition, the lack of adequate monitoring has resulted in SEMA's records not accurately reflecting the location of the distributed PPE.

The SEMA contracted with the Missouri Police Chiefs' Association to distribute the PPE to the LEAs. The LEAs were notified by SEMA that they could request a drop shipment to their location or obtain the PPE at the Missouri Police Chiefs' Association's warehouse in Jefferson City. During our site visits, LEAs that had not received PPE claimed they had never received notices about the PPE's availability. Others incorrectly assumed their County Sheriff had obtained their PPE for them. Our subsequent visit to the Missouri Police Chiefs' Association revealed that the unclaimed items had already been distributed to other LEAs who requested additional items. Thus, there remained little or no supply of PPE to distribute to the LEAs who had never received their PPE. Additionally, due to the lack of adequate monitoring, SEMA's records inaccurately reflected PPE going to some LEAs who never actually received PPE while also not reflecting the additional PPE obtained at a later date by other LEAs.

To ensure the propriety of any future equipment distributions and the accuracy of recordkeeping thereon, the SEMA should appropriately monitor any contractors it uses.

WE RECOMMEND the Department of Public Safety:

- A. Conduct detailed needs assessments prior to any future statewide homeland security equipment purchases. Subsequent equipment distribution should then be based upon the identified need.
- B.1. Take steps to ensure local responders acquire the training and knowledge necessary to properly use and store their PPE.
 - 2. Require all PPE be distributed to responders or at least maintained in a state of readiness in the event of a disaster.
- C. Establish and maintain use restrictions to guide local agencies on the proper use of their equipment.
- D. Appropriately monitor contractors to ensure the propriety of any future equipment distributions.

AUDITEE'S RESPONSE

- A. *The previous administration failed to conduct a detailed needs assessment. The present administration, realizing these shortcomings, directed that the State Homeland Security Program be streamlined to remove the current inefficiencies. The Governor directed that all Homeland Security responsibilities would be merged into the existing Department of Public Safety. This will allow the Director to coordinate efforts, maintain better organization, and implement more timely and effective planning, response, recovery and mitigation at the state level.*
- B.1. *We agree with the auditor's recommendation. We have taken steps to implement this recommendation. As part of the program, jurisdictions are required to sign a statement that they agree to maintain the equipment and ensure personnel are trained on its use and care. The Missouri Police Chiefs' Association conducts training in all jurisdictions.*
- B.2. *We agree with the auditor's recommendation. Local jurisdictions determine the issue of PPE to first responders and SEMA will reemphasize the proper storage of PPE in the bi-monthly bulletins. It is not the state's responsibility to maintain the purchased equipment; however, SEMA has taken proactive measures to provide additional training whenever requested by local first responders.*
- C. *We agree with the auditor's recommendation. SEMA will reemphasize the proper use and restrictions to the use of PPE in the bi-monthly bulletins. It is not the state's responsibility to maintain the purchased equipment; however, SEMA has taken proactive measures to provide additional training whenever requested by local first responders.*
- D. *We agree with the auditor's recommendation. We have taken steps to implement this recommendation.*

Anticipated completion date: Ongoing

4. Strategic Plan

Although the Missouri Homeland Security Strategy Plan dated November 17, 2004, met the requirements of the Office of Domestic Preparedness (ODP), some elements of a strategic plan were missing. There were no long-term goals or budgeted dollar amounts for most plan objectives. There were no plans for a public/private cooperative for homeland security research and development challenges in Missouri. Also, there has been no discussion on how to protect citizens' civil liberties in homeland security activities.

- A. The Strategy Plan contains short and mid-term goals, objectives, and completion dates. These goals, objectives, and completion dates cover the plan up until October 2006. However, the Strategy Plan does not contain any long-term goals, objectives, or completion dates. For example, the Strategy Plan did not contain a

long-term goal relating to the future funding of equipment replacement. Such a goal is necessary to ensure the state is prepared to handle future equipment replacement needs. In addition, the plan did not contain estimated costs for all of its goals, and estimated costs for some goals were not up-to-date and reflective of changes occurring in the estimates.

Establishing longer range goals, objectives, and completion dates would provide guidance to the state and allow for efficient and practical long range homeland security planning. This would also allow the state to measure progress towards its long range strategic goals, ensuring the strategic plan remains an effective planning and management tool. In addition, establishing and maintaining current cost estimates for all strategic plan goals would assist the state in allocating resources in the most effective manner. Establishing and monitoring cost estimates for the state's long range goals is also necessary due to the unpredictability regarding types and levels of future federal assistance that may or may not be available.

- B. We obtained and reviewed homeland security strategic plans from four nearby states and compared them with Missouri's plan. We noted that Missouri's plan had no objective for a public/private homeland security cooperative nor an objective ensuring that the state did not infringe upon the civil liberties of its citizens.
- 1) The Missouri strategy did not contain any goals or objectives that relate to developing a public/private cooperative to provide Missouri and the nation with research, development, science, technology, and testing capabilities to assist in identifying and resolving homeland security challenges. Such a goal may be used by the state for both near and long term solutions to homeland security challenges and may help set national standards.
 - 2) The Missouri strategy did not contain any goals or objectives ensuring that it did not infringe upon the civil liberties of its citizens. We found no discussion in the minutes of the Missouri Homeland Security Council that any consideration was given as to how or if the state's homeland security strategy might infringe upon the civil liberties of its citizens. In addition, there was no documentation of a review of the implementation strategy steps by the Attorney General's Office or other appropriate legal counsel. The state should consider measures to ensure that its Homeland Security Strategy Plan does not infringe upon the civil rights of its citizens.

WE RECOMMEND the Department of Public Safety:

- A. Establish and monitor within the Homeland Security Strategy Plan long-term goals and objectives, including a long-term goal of funding future equipment replacement costs. Both long and short-term goals should have corresponding

cost estimates to provide assistance in allocating resources in the most effective manner.

- B.1. Establish goals and objectives within the Homeland Security Strategy Plan that relate to developing a public/private cooperative to provide Missouri and the nation with research, development, science, technology, and testing capabilities to assist in identifying and resolving homeland security challenges.
- 2. Establish goals and objectives to ensure the state's homeland security strategy does not infringe upon the civil liberties of its citizens. In addition, the council should require the State Attorney General's Office or other appropriate legal counsel review the implementation of the Homeland Security strategy steps annually to further ensure that the state is not infringing upon the civil liberties of its citizens.

AUDITEE'S RESPONSE

- A. *We agree with the auditor's recommendation. The Department of Public Safety through the Missouri Homeland Security Advisory Council has established the long-term goals and objectives.*

The current plan was reviewed, updated and submitted to the U.S. Department of Homeland Security on October 31, 2005, after the completion of the audit. The former plan was created by the prior administration on November 17, 2004. Although a completely new plan was not required by the issuance of the Executive Order creating the HSAC, U.S. DHS required a complete review of the plan to include information on compliance with the NIMS and the National Response Plan. Based on federal grant guidelines, funding issues and concerns will be addressed and revised.

- B1. *We agree with the auditor's recommendation. The original format for the strategy from the DHS did not require the establishment of goals and objectives within the Strategy or address the development of public/private cooperatives efforts, this was intentional on the part of the DHS. Federal grant funds cannot be used to finance public/private cooperatives; however, the new guidance coming from DHS, DPS, and SEMA will address this issue.*

The current plan was reviewed, updated and submitted to the U.S. Department of Homeland Security on October 31, 2005, after the completion of the audit. After the issuance of the Executive Order creating the HSAC, U.S. DHS required a complete review of the plan to include information on compliance with the NIMS and the National Response Plan.

- B2. *We agree with the auditor's recommendation. The original format for the strategy from the DHS did not require the establishment of goals and objectives within the Strategy or address the infringement of the civil liberties of the citizens of the State; however, the new guidance coming from DHS, DPS, and SEMA will address this issue.*

The current plan was reviewed, updated and submitted to the U.S. Department of Homeland Security on October 31, 2005, after the completion of the audit. After the issuance of the Executive Order creating the HSAC, U.S. DHS required a complete review of the plan to include information on compliance with the NIMS and the National Response Plan. Although not required, the DPS has determined that this plan will be reviewed by legal counsel.

Anticipated completion date: December 31, 2006

5.

Response Team Issues

Response teams may not be adequately prepared to effectively respond to Chemical, Biological, Radiological, Nuclear, or Explosive (CBRNE) incidents due to inadequate staffing levels, a lack of operational planning, a lack of sufficient training, problems with communications interoperability, insufficiency of the amount of equipment provided or on hand, and/or a need for improvement on equipment inventory and/or maintenance records.

Since fiscal year 1999, the SEMA has received federal grant awards for the Homeland Security Grant Program (HSGP). The program's objective is to continue to protect and defend the security of the United States of America against the threat posed by terrorism. Program funding may be used to conduct comprehensive threat and needs assessments, and to develop and implement a Statewide Domestic Preparedness Strategy. The SEMA has expended a portion of the HSGP funds to equip and train 23 Homeland Security Response Teams (HSRT's) and seven Forward Regional Response Teams (FRRT's) located throughout the state. The results of our audit indicate a need to better manage and monitor the resources provided to the response teams. From fiscal year 1999 through September 2005, over \$30 million has been spent by the SEMA on the response teams.

The SEMA hired a contractor to evaluate all of the state's HSRT's and FRRT's. The contractor conducted evaluations during January through April 2005 and produced 28 reports, one apiece for 26 teams plus two reports combining the results for the four remaining response teams. The contractor assessed each team's preparedness in five areas: team composition, planning, training, equipment, and communications interoperability. We obtained and reviewed the contractor's reports, noting the following conditions:

- A. Understaffing was noted on 8 of the 28 (28.6 percent) response team reports. This resulted from the SEMA not establishing clear, written minimum staffing level requirements for the teams. In addition, a lack of an adequate team roster was noted on 11 of the 28 (39.3 percent) response team reports. SEMA officials indicated the amount of equipment to be provided correlated to the level of staffing; thus, indicating minimum staffing level requirements. Since the SEMA did not obtain, nor require information regarding the teams' staffing levels, several teams were accepted into the program that did not meet the minimum

staffing level requirements. An understaffed team would not be able to respond as effectively to a CBRNE incident as a fully staffed team. In addition, an understaffed team would have been provided more equipment than was necessary. Further, requiring teams to maintain current rosters of all members may prove to aid with organizing for both trainings and actual responses.

The SEMA should establish clear, written minimum staffing level requirements for the teams. Such requirements should be enforced when additional teams apply for inclusion in the program. In addition, the SEMA should take the necessary steps to ensure existing teams meet minimum staffing level requirements, as documented by current rosters of all members, and that equipment levels are proportional to team size.

- B. A lack of operational plans was noted on 5 of the 28 (17.9 percent) response team reports. The contractor's report noted "an operational plan that covers all disciplines' roles, responsibilities, and hazards will enable response efforts to occur in a more efficient and coordinated manner." The SEMA should take steps to ensure all teams establish and maintain proper operational plans.
- C. Inadequate training or a lack of adequate training records was noted on 6 of the 28 (21.4 percent) response team reports. The monitoring report indicated that on one team, many members had never received the training needed to operate the response equipment. For another team, the monitoring report indicated that only the hazmat team members were trained to the majority of the standards set by the SEMA. Maintaining and improving readiness through adequate training is essential for a response team to function safely, efficiently, and effectively. The SEMA should take steps to ensure all teams are participating in adequate training and maintaining proper records of such training.
- D. Inadequate communications interoperability was noted on 13 of the 28 (46.4 percent) response team reports. As noted above in MAR No. 2, establishing and maintaining communications interoperability is essential for the state's response teams to function safely and effectively in their efforts to reduce risks to people's lives and property.
- E. An insufficient amount of response equipment was found on hand and reported on 4 of the 28 (14.3 percent) response team reports. The monitoring report indicated that even though equipment funding was available through the SEMA, some teams were not adequately equipped to respond to a CBRNE incident. The monitoring report also indicated that another team believed they were inadequately equipped, and until additional equipment was received, they would not distribute the equipment already in their possession. Ensuring response teams maintain an adequate amount and type of equipment would help to ensure safer, efficient, and effective responses to incidents.

- F. Improvement was needed on equipment inventory and/or maintenance records on 10 of the 28 (35.7 percent) response team reports. Adequate equipment inventory records are necessary to aid the teams and the SEMA in knowing how much equipment is available at given locations. This knowledge may be helpful during a response to an incident. In addition, such records are necessary to aid in ensuring valuable equipment is adequately insured. Maintaining proper equipment maintenance records will help ensure all equipment is kept at peak operating condition in the event of an incident.

The SEMA should continue to work on establishing an adequate system to monitor the response teams, including the development of clear, written minimum staffing level requirements, and ensuring teams have proper operational plans, adequate training, communications interoperability, and sufficient levels of equipment along with equipment inventory and maintenance records. Not knowing the resources available and overall abilities of the response teams could hamper the SEMA's ability to perform one of its basic functions, coordinating and directing activities of the state and teams in the event of a significant incident.

WE RECOMMEND the Department of Public Safety, through the State Emergency Management Agency:

- A. Establish and enforce clear, written minimum staffing level requirements for the teams. Such requirements should be enforced when additional teams apply for inclusion in the program. In addition, SEMA should take the necessary steps to ensure existing teams meet minimum staffing level requirements, as documented by current rosters of all members, and that equipment levels are proportional to team size.
- B. Require all response teams to establish and maintain adequate operational plans.
- C. Require and ensure all response teams participate in sufficient and adequate training and that the teams maintain records of such training.
- D. Continue working towards the goals of establishing and maintaining adequate communications interoperability at all response teams.
- E. Ensure response teams maintain an adequate amount and type of equipment.
- F. Ensure response teams maintain adequate equipment inventory and maintenance records.

AUDITEE'S RESPONSE

A,B,C,

E&F. We agree with the auditor's recommendation. To implement the recommended corrective action, SEMA established a working group made up of representatives of each team. This

working group is jointly developing a Standard Operating Guide (SOG) that addresses all the issues identified.

- D. We agree with the auditor's recommendation. The Department of Public Safety and SEMA, under the direction of the Missouri Homeland Security Advisory Council, will continue to explore potential options relating to statewide communications interoperability.*

Anticipated completion date: A/B/C/E/F: December 31, 2006

D: Ongoing

6. Program Monitoring and Oversight

There is a lack of monitoring controls by the SEMA to ensure state agencies and local jurisdictions improve weaknesses identified during homeland security exercises. Further, we noted the SEMA should determine the feasibility of retaining a larger portion of the 3 percent Urban Area Security Initiative (UASI) management and administration allocation to improve UASI program monitoring.

- A. There is a lack of monitoring controls by the SEMA to ensure state agencies and local jurisdictions improve weaknesses identified during homeland security exercises. As a result, the SEMA cannot be certain the benefits of the exercises were fully realized by the state nor whether improvements were made by the response teams to correct identified weaknesses.

The SEMA used HSGP funding to conduct exercises for the Homeland Security Response Teams (HSRT) and Forward Regional Response Teams (FRRT) during 2005 and 2004. Upon completion of the 2005 exercises, a contractor prepared after-action reports (AAR's) documenting an evaluation of each response team's exercise. The AAR's identified various implementation steps for each response team to improve upon. Upon completion of the 2004 exercises, each response team completed a self-evaluation regarding the functional areas exercised, lessons learned, and corrective actions needed for improvement. Both the AAR's and self evaluations were obtained by the SEMA. However, the SEMA conducted no documented follow-up monitoring on the teams to ensure action was being taken as noted in the post-exercise reports. As a result of the lack of follow-up, we noted that one HSRT reported on their 2005 exercise similar findings as noted on a previous exercise. Had the SEMA followed up on the previous exercise and required corrective action be taken, the HSRT may have already corrected these deficiencies prior to their 2005 exercise.

The SEMA also used HSGP funding to hire a contractor to support SEMA's state Continuity of Operations – Continuity of Government (COOP-COG) exercise during 2004. The contractor prepared an AAR that identified weaknesses with the state's COOP-COG plan. SEMA conducted no documented follow-up or

monitoring of the weaknesses contained in the AAR to ensure corrective action was being taken.

SEMA personnel indicated they did not have adequate staffing to monitor all of the weaknesses identified during homeland security exercises and to ensure that all weaknesses were improved upon. Because of this, SEMA requests that the agencies and local jurisdictions formally notify SEMA when improvement plans are complete; however, SEMA personnel indicated that SEMA does not have the leverage to make agencies and local jurisdictions prioritize their improvement plans. Although the SEMA currently tracks the status of implementation plans when such information is reported to SEMA, the lack of proactive, ongoing monitoring can result in ongoing preventable weaknesses in Missouri's response plans during homeland security incidents.

- B. Beginning with the federal fiscal year 2005 HSGP, the SEMA is allowed to use 3 percent of Urban Area Security Initiative (UASI) funding for grant management and administration. The SEMA has decided to keep only 1.5 percent of the UASI funding for management and administration at the state level as SEMA contends that as much of the UASI management is performed at the local level, the local administrative agencies are entitled to a larger share of the grant funding. Since the SEMA has cited lack of staff as a factor limiting monitoring of the UASI program, keeping a larger portion of the 3 percent UASI management and administration allocation could allow the SEMA to improve its program monitoring.

WE RECOMMEND the Department of Public Safety, through the State Emergency Management Agency:

- A. Establish and maintain procedures to follow-up on and monitor the weaknesses identified during exercises.
- B. Determine the feasibility of retaining a larger portion of the 3 percent UASI management and administration allocation to improve UASI program monitoring.

AUDITEE'S RESPONSE

- A. *We agree with the auditor's recommendation. This has already been implemented. SEMA is moving forward to establish and maintains procedures to follow-up on and monitor the identified exercise weaknesses.*
- B. *We agree with the auditor's recommendation. SEMA will explore retaining a larger percent of the 3 percent of the authorized Management and Administration allocation beginning with FY2006. We are committed to ensuring that funds are used effectively and distributed in a manner that is responsive to potential terror threats in Missouri. It is our goal to get as much money to the locals as possible, because they will be the first responders in a crisis.*

Anticipated completion date: December 31, 2006

7.

Federal Compliance Issues

In March 2006, the State Auditor's Office issued audit report No. 2006-18, *State of Missouri Single Audit*. (A copy of the complete audit report can be obtained from: Missouri State Auditor's Office, P.O. Box 869, Jefferson City, MO 65102-0869, or on the internet at www.auditor.mo.gov.) The report included the following findings related to the Homeland Security Program:

- A. The SEMA has not established a tracking system to monitor and ensure program subrecipients obtain and submit audits to the SEMA, when applicable. As a result, the SEMA did not obtain and review audits from applicable subrecipients, such as the city of Kansas City, the city of Saint Louis, East-West Gateway Council, Mid America Regional Council, and St. Louis County, all of which expended over \$500,000 in a one-year period.

U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* requires grant recipients to ensure that subrecipients obtain an A-133 audit when grant expenditures exceed \$500,000 in a fiscal year.

- B. The SEMA has not established adequate procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. Adequate supervisory review of the SEMA's grant tracking spreadsheets could have ensured that the time elapsing between transfer and disbursement was minimized. The OMB *Circular A-133 Compliance Supplement* requires that when funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement.

We reviewed transfers of funds from the U.S. Treasury for the State Homeland Security Grant Program, the Homeland Security Grant Program, and the Urban Areas Security Initiative during the year ended June 30, 2005, and noted 18 instances in which the SEMA received transfers of funds from the U.S. Treasury and had not completely disbursed the balance of the transfers within a period of at least three days. These undisbursed balances ranged from \$325 to \$499,024 and took up to 90 days to completely disburse. These instances included one in which the SEMA mistakenly drew down \$517,400 twice. The second of these drawdowns resulted in an undisbursed balance of \$465,934 which took 90 days to completely disburse. The SEMA should implement adequate procedures, including supervisory review of grant tracking spreadsheets, to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement.

- C. Unallowable costs were charged to the State Homeland Security Grant Program.

- 1) Costs totaling \$33,320 for the 2004 Governor's Meth Summit were improperly charged to the Federal Fiscal Year 2003 State Homeland Security Grant Program (SHSGP) Part II – Critical Infrastructure Protection (CIP) allocation during the year ended June 30, 2005. The stated goal of the summit was to provide valuable training for the fight against "meth." SEMA officials indicated the costs were charged to the grant program because portions of the seminar were related to homeland security. Although the summit did provide some sessions that addressed homeland security in general, the summit did not provide specific CIP training.

DHS – Office of Domestic Preparedness (ODP) Information Bulletin No. 84 states that "CIP training must be designed to enhance the capabilities to protect and secure critical infrastructure."

We question the \$33,320 for 2004 Governor's Meth Summit costs improperly charged to the SHSGP – (CIP) allocation.

- 2) Cellular phone, wireless personal digital assistant, and satellite phone monthly service fees totaling \$38,684 were improperly charged to the Federal Fiscal Year 2003 SHSGP Part II during the year ended June 30, 2005 by the city of Saint Louis. SEMA officials indicated they allowed these costs to be charged to the grant because they believed grant guidelines were not clear on this issue. The DHS – ODP program guidelines for the Federal Fiscal Year 2003 SHSGP Part II do not authorize expenditures for cellular phone, wireless personal digital assistant, and satellite phone monthly service fees.

We question the \$38,684 for monthly service fees improperly charged to the SHSGP Part II.

WE RECOMMEND the Department of Public Safety, through the State Emergency Management Agency:

- A. Ensure all subrecipients submit an A-133 audit, when applicable.
- B. Implement adequate procedures, including supervisory review of grant tracking spreadsheets, to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement.
- C. Resolve the questioned costs with the grantor agency. In addition, the SEMA should comply with the DHS – ODP program guidelines.

AUDITEE'S RESPONSE

- A. *We agree with the auditor's recommendation. Procedures to ensure all subrecipients submit an A-133 audit receiving Homeland Security funds are as follows:*
1. *Applicants are informed of audit requirements at Applicant Briefing conducted by SEMA upon approval of application for Homeland Security funding.*
 2. *Audit requirements are continually provided to subrecipients as funds are advanced and closeout procedures are accomplished.*
 3. *The receipt of audit reports are logged and entered into a computer database by the Fiscal Section's Internal Auditor.*
 4. *Where audits indicate or identify questionable costs, appropriate actions are taken with the subrecipient contacted by SEMA and the matter rectified.*
 5. *As recommended, SEMA staff will ensure that all audits will be reviewed and corrective action initiated within six months.*
- B. *We agree with the auditor's recommendation. The Fiscal Section has implemented a new procedure to initiate drawdowns of funds. A spreadsheet is used to record all expenditures for Homeland Security grants as the expenditures are made, showing the balance of cash on hand. Funds will be drawn down as the request for checks is made to the state accounting department or at least weekly to replenish our revolving fund. The spreadsheet is reconciled with the State of Missouri accounting system on monthly basis.*
- C. *We agree with the auditor's recommendation. The prior administration incorrectly charged expenses for the 2004 Governor's Meth Summit. Steps have been taken to appropriately change the cost. The city of St. Louis has been notified that monthly service fees are no longer authorized relating to authorized equipment. In the future, under this administration SEMA will comply with DHS-ODP program guidelines.*

Anticipated completion date: *The correction has been made.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

HOMELAND SECURITY PROGRAM
DEPARTMENT OF PUBLIC SAFETY
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

Governor Bob Holden created the Missouri Office of Homeland Security on September 26, 2001. Missouri was the first state in the nation to create an office reporting directly to the governor and charged to assist the governor in leading Missouri's response to the disaster of September 11, 2001. Governor Holden appointed Colonel Tim Daniel, US Army (Retired), to this cabinet level position. Colonel Daniel's job was to assess the readiness of the state and its communities to deter, prevent, and appropriately respond to acts of terrorism in Missouri.

In November of 2001, Governor Holden appointed the Missouri Security Panel, charging it with the task of examining security within Missouri and submitting their findings to the governor. The Panel consisted of leaders representing state and local government, state and local law, fire, and emergency planning officials, private citizens, and other relevant officials. The results of the Panel were briefed to Governor Holden on January 25, 2002, and these results served as signposts in the homeland security programs of Missouri.

On September 11, 2002, Governor Holden created by Executive Order the Missouri Security Council. The Council made recommendations to the governor regarding homeland security issues that were significant and interdepartmental in nature. The Council served as the Board of Directors for the Office of Homeland Security. Finally, the Council recommended the level of state participation and leadership in issues that must be coordinated regionally, statewide, or that involved local government and the private sector.

Upon taking office in 2005, Governor Matt Blunt proposed moving the state Office of Homeland Security into the Department of Public Safety (DPS) to streamline the operations of offices involved in protecting Missourians and to maximize both state and federal resources. In February 2005, Governor Blunt appointed Michael Chapman as Deputy Director of the DPS. In that role, Mr. Chapman also oversaw the state's homeland security efforts, thus effectively merging Homeland Security functions into the DPS. Mr. Chapman resigned in September 2005 and Mark James, Director of the DPS, assumed all responsibility and duties previously held by Mr. Chapman.

On July 21, 2005, Governor Blunt created by Executive Order the Missouri Homeland Security Advisory Council, replacing the Missouri Security Council. The Missouri Homeland Security Advisory Council was charged to examine current state and local homeland security plans to ensure that proper plans are in place while also examining how homeland security grant funds can best be coordinated and expedited. This council will prepare an emergency preparedness plan for the governor's review including recommendations for structural changes, developing policies and procedures to implement up-to-date response capabilities, and improving the homeland security grant reimbursement process.

The State Emergency Management Agency (SEMA) was created by statute in 1951 as a division of the executive branch of state government. The agency was transferred to the Office of the

Adjutant General by executive order on October 1, 1966. The 74th General Assembly confirmed the transfer in 1967. The State Omnibus Reorganization Act of 1974 transferred the Office of the Adjutant General to the Department of Public Safety. Chapter 44, RSMo, gives detailed provisions as to the organization and function of SEMA.

SEMA, in cooperation with local, state, and federal governments, is responsible for developing statewide all hazard plans, hazard mitigation plans, and administering state and federal programs. In the event of a Presidential Disaster Declaration, and after the signing of a federal-state disaster agreement, SEMA coordinates and serves as a liaison between the Federal Emergency Management Agency (FEMA) and victims of natural disasters for the payments of disaster assistance claims ranging from temporary housing to mitigation. When damages occur to publicly owned property, SEMA in cooperation with FEMA conducts damage assessments, writes project scope of work, administers federal funds to local communities, and conducts closeout project audits.

In the event of a major statewide natural or man-made disaster, the governor, state officials, and support staff coordinate state agency response from the State Emergency Operations Center (SEOC). The SEOC is located 18-feet underground at the Adjutant General's Headquarters of the Missouri National Guard, ISTS (Ike Skelton Training Site) on Militia Drive in Jefferson City. The SEOC is designed and built to provide protection from radioactive fallout and earthquakes. The SEOC has back-up generators, an independent water system, a communications center, and a computer system for continuity of government for disaster response. The SEOC is occupied and used on a daily basis as the regular offices of SEMA to assure operational readiness in the event of an emergency.

The SEMA Director supervises the day-to-day operations of the agency. During normal working conditions, he reports to the Adjutant General and coordinates certain activities with the Director of Public Safety and the Governor's Office.

During a disaster, the SEMA Director reports directly to the Governor's Office. The Governor has the responsibility of carrying out all or any part of the emergency response functions within the state.

The SEMA has received grants for the Domestic Preparedness Equipment Program since fiscal year 1999. The program's objective is to enhance the capacity of state and local first responders to respond to a Weapons of Mass Destruction (WMD) terrorism incident involving chemical, biological, nuclear, radiological, incendiary, and explosive devices. Program funding has been used to conduct comprehensive threat and needs assessments and to develop and implement a Statewide Domestic Preparedness Strategy. In addition, program funding is used to purchase equipment for state and local first responders and support the planning and conduct of exercises.

The SEMA has indicated there were no major homeland security efforts funded by federal grants passed through to the state or by state funds prior to state fiscal year 1999. However, for federal fiscal years 1997 through 1999, the following direct awards (not passed through the state) of homeland security funds were made from the Federal Department of Justice under the Nunn-Lugar-Domenici Act:

	TOTAL	Fed FY 1999	Fed FY 1998	Fed FY 1997
Kansas City (KC)	\$ 600,000	100,000	-0-	500,000
St. Louis (STL)	904,599	404,599	-0-	500,000
Jackson County (JC)	200,000	200,000	-0-	-0-
JC / KC	250,000	-0-	250,000	-0-
STL County	793,963	300,000	493,963	-0-
Totals	\$2,748,562	1,004,599	743,963	1,000,000

The 1997 grant was intended to fund training, equipment, and exercises. The 1998 and 1999 grants were intended to fund equipment purchases only. The state (SEMA) had no obligation to monitor or account for these funds and thus, is unaware of the status.

Beginning with federal fiscal year 2003 grant awards, the equipment program was included under the broader State Homeland Security Grant Program (HSGP). This grant had two parts. Part 1 was used for equipment, exercise, training, and planning/administration. Part 2 was used for equipment purchase, training, planning/administration, and critical infrastructure protection. Part 2 resulted from the President signing into law the Wartime Supplemental Appropriations Act of 2003, which provides state and local governments with additional funding to participate in the national effort to combat terrorism. This financial assistance was provided to address the unique equipment, training, planning, and exercise needs of state and local emergency responders, as well as to pay for costs associated with increased security measures at critical infrastructure sites during the period of hostilities with Iraq and for future periods of heightened threat. Part 2 was a much larger grant that also allowed monies to be spent to mitigate the costs of enhanced security at critical infrastructure sites.

Also beginning in federal fiscal year 2003 was the Urban Areas Security Initiative (UASI). This grant is allocated between St. Louis and Kansas City and their metropolitan areas, including areas in the neighboring states of Illinois and Kansas. The program provides financial assistance to address the planning, equipment, training, and exercise needs of large urban areas, and to assist them in building an enhanced and sustainable capacity to prevent, respond to, and recover from threats or acts of terrorism.

The following represents the status, as of September 30, 2005, of SEMA's various homeland security grants, according to SEMA grant tracking records:

Program Name	Award Amount	Expenditures Through September, 2005	Unexpended	Unexpended Percentage	Grant Termination Date
Domestic Preparedness Equipment Program					
'99 Award	\$1,044,000	1,044,000	0	0.00%	9/30/2002
'00 Award	1,402,000	1,402,000	0	0.00%	2/1/2005
'01 Award	1,474,000	1,474,000	0	0.00%	2/1/2005
'02 Award	6,079,000	6,074,884	4,116	0.07%	7/31/2005
State Homeland Security Grant Program Part 1					
'03 Award	10,834,000	9,545,450	1,288,550	11.89%	3/31/2006
State Homeland Security Grant Program Part 2					
'03 Award	28,697,000	20,946,985	7,750,015	27.01%	4/30/2006
Urban Areas Security Initiative (UASI)					
'03 Award	19,548,603	7,516,900	12,031,703	61.55%	6/30/2006
'04 Award	23,938,622	2,873,663	21,064,959	88.00%	5/31/2006
'05 Award	15,253,865	441,245	14,812,620	97.11%	3/31/2007
State Homeland Security Grant Program FY '04					
Equipment	32,046,000	13,871,929	18,174,071	56.71%	5/31/2006
Law Enforcement Terrorist Prevention	9,509,000	4,485,365	5,023,635	52.83%	5/31/2006
Citizen Council	666,000	135,071	530,929	79.72%	5/31/2006
Total FY '04 Homeland Security Grant Program	<u>42,221,000</u>	<u>18,492,365</u>	<u>23,728,635</u>	56.20%	
State Homeland Security Grant Program FY '05					
Equipment	20,288,866	0	20,288,866	100.00%	3/31/2007
Law Enforcement Terrorist Prevention	7,377,769	0	7,377,769	100.00%	3/31/2007
Citizen Council	257,567	0	257,567	100.00%	3/31/2007
Emergency Management Performance Grant	3,318,388	2,695,933	622,455	18.76%	3/31/2007
Metropolitan Medical Response System	455,184	0	455,184	100.00%	3/31/2007
Total FY '05 Homeland Security Grant Program	<u>31,697,774</u>	<u>2,695,933</u>	<u>29,001,841</u>	91.49%	
TOTALS for ALL GRANTS	<u>\$182,189,864</u>	<u>72,507,425</u>	<u>109,682,439</u>	60.20%	

The following schedule shows SEMA's expenditures from their federal homeland security grants beginning with state fiscal year 2001 through September 30, 2005:

Grant Program	Award Amount	Expenditures, Year Ended June 30,						
		2006 *	2005	2004	2003	2002	2001	TOTALS
2005 Homeland Security Grant Program	\$31,697,774	696,195	1,999,738	0	0	0	0	2,695,933
2004 Homeland Security Grant Program	42,221,000	4,130,572	14,350,376	11,417	0	0	0	18,492,365
2003 Homeland Security Grant Program - Part I	10,834,000	541,691	4,595,510	4,408,249	0	0	0	9,545,450
2003 Homeland Security Grant Program - Part II	28,697,000	3,158,635	10,083,343	7,705,007	0	0	0	20,946,985
2002 Domestic Preparedness Equipment Program	6,079,000	35	1,010,259	3,466,520	1,598,070	0	0	6,074,884
2000 / 2001 Domestic Preparedness Equipment Program	2,876,000	0	125,157	947,628	1,803,215	0	0	2,876,000
1999 Domestic Preparedness Equipment Program	1,044,000	0	0	0	5,492	194,388	844,120	1,044,000
2005 UASI	15,253,865	4,590	436,655	0	0	0	0	441,245
2004 UASI	23,938,622	1,498,565	1,375,098	0	0	0	0	2,873,663
2003 UASI	19,548,603	1,495,854	4,881,979	1,139,067	0	0	0	7,516,900
TOTALS	<u>\$182,189,864</u>	<u>11,526,137</u>	<u>38,858,115</u>	<u>17,677,888</u>	<u>3,406,777</u>	<u>194,388</u>	<u>844,120</u>	<u>72,507,425</u>

* State fiscal year 2006 expenditures through September 30, 2005



Claire McCaskill

Missouri State Auditor

May 2006

County Collector
St. Charles County, Missouri



Office Of The
State Auditor Of Missouri
Claire McCaskill

May 2006

Our office conducted an audit of the County Collector, St. Charles County, Missouri.

State statute requires the state auditor to audit the office of the County Collector after being notified of a vacancy in that office. On September 30, 2005, a vacancy occurred in the office of the County Collector of St. Charles County, Missouri; an interim County Collector served until a successor was appointed effective January 31, 2006. Our office had no findings.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

ST. CHARLES COUNTY, MISSOURI
COUNTY COLLECTOR

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To Joseph Ortwerth - County Executive
and
Council Members
and
County Collector
St. Charles County, Missouri

Section 52.150, RSMo, requires the State Auditor to audit the office of the County Collector after being notified of a vacancy in that office. The County Collector of St. Charles County, Missouri, resigned effective September 30, 2005. An interim County Collector served until a successor was appointed and sworn into office effective January 31, 2006.

To satisfy our statutory obligation, we have audited the operations of the County Collector of St. Charles County, Missouri. The scope of our audit included, but was not necessarily limited to, the period March 1, 2005 to January 30, 2006, and the years ended February 28 (29), 2005 and 2004. St. Charles County was audited by Botz, Deal, and Company, P.C. for the year ended December 31, 2004 and by Hochschild, Bloom, and Company for the year ended December 31, 2003. Botz, Deal, and Company, P.C. is currently engaged to perform the audit for the year ended December 31, 2005. The objectives of this audit were to:

1. Determine the financial condition of the accounts of the office of the County Collector.
2. Determine the proper compensation that should have been paid to the prior County Collector during the audit period and the compensation actually paid during such period.
3. Review internal controls and review compliance with legal provisions as deemed necessary.
4. File a report of our findings with the County Executive, Council Members, and the individual appointed to fill the vacancy in the office of the County Collector.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents and interviewing other county officials and various personnel of the office of the County Collector.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

Section 52.150, RSMo, requires the County Executive and Council Members to accept the state auditor's report and, if necessary, to take certain specific actions if the state auditor finds any monies owing to the county or the past County Collector. No findings resulted from our audit of the St. Charles County Collector.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the County Collector and was not subjected to the auditing procedures applied in the audit of that office.



Claire McCaskill
State Auditor

March 29, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Audit Manager: Randall Gordon, CPA
In-Charge Auditor: Keri Wright

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

ST. CHARLES COUNTY, MISSOURI
COUNTY COLLECTOR
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The County Collector bills and collects property taxes for the county and most local governments. Pursuant to Section 52.015, RSMo, the term for which collectors are elected expires on the first Monday in March of the year in which they are required to make their last final settlement for the tax book collected by them. Annual settlements are to be filed with the county commission for the fiscal year ended February 28 (29).

Barbara J. Walker served as County Collector until September 30, 2005. Sharon Boerding served as interim County Collector from October 1, 2005 to January 30, 2006. Charissa L. Mayes was appointed the St. Charles County Collector and sworn into office on January 31, 2006.

The County Collector received compensation of \$39,083 for the period March 1, 2005 to September 30, 2005. During the years ended February 28 (29), 2005 and 2004, the County Collector received compensation of \$67,000 annually. The interim County Collector received compensation of \$22,333 for the period of October 1, 2005 to January 30, 2006. Compensation was in accordance with statutory provisions.

The following schedule reflects amounts from the records of the County Collector on the modified accrual basis. The schedule does not include any of the operating costs of the County Collector's office. Operating costs are paid from the General Revenue Fund of the county.

Appendix

ST. CHARLES COUNTY, MISSOURI
COUNTY COLLECTOR
SCHEDULE OF REVENUES AND EXPENDITURES

	Period March 1, 2005 to January 30, 2006	Year Ended February 28, 2005	Year Ended February 29, 2004
REVENUES			
Property taxes	\$ 439,614,910	400,557,845	358,040,969
Interest	187,900	215,142	136,228
Other	12,160,961	10,833,155	10,507,063
Less Provision for Uncollectible Accounts	(24,542,575)	(17,580,693)	(17,235,871)
Total Revenues	<u>427,421,196</u>	<u>394,025,449</u>	<u>351,448,389</u>
EXPENDITURES			
State of Missouri	1,850,214	1,635,307	1,561,073
General Revenue Fund	304,333	338,046	367,036
Special Road and Bridge Fund	13,391,970	12,367,730	11,841,125
Assessment Fund	2,618,509	2,312,654	2,051,193
Developmental Disability Fund	8,157,654	7,718,799	7,395,897
School districts	295,066,145	274,612,018	237,952,732
Library district	12,756,450	12,082,870	11,575,815
Ambulance districts	8,914,550	8,364,633	8,002,360
Fire protection districts	27,312,538	26,140,587	25,099,352
Dispatch and alarm	2,519,117	2,384,666	2,284,924
Drainage and levee districts	613,092	541,531	504,249
Tax increment financing districts	6,265,795	4,425,241	3,702,749
Neighborhood improvement districts	529,324	342,302	369,980
Cities	33,825,668	28,146,446	27,020,021
Surtax	6,511,414	6,220,232	5,779,186
Convention Sports Facility Authority	1,543,437	1,434,281	1,382,673
Other	106,212	50,584	122,460
Commissions and fees:			
License fees	0	1,363	6,935
General Revenue Fund	5,134,774	4,906,159	4,428,629
Total Expenditures	<u>427,421,196</u>	<u>394,025,449</u>	<u>351,448,389</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS \$	<u>0</u>	<u>0</u>	<u>0</u>



Claire McCaskill

Missouri State Auditor

May 2006

City of Piedmont, Missouri

Year Ended June 30, 2005



Office Of
Missouri State Auditor
Claire McCaskill

May 2006

The following findings were included in our audit report on the City of Piedmont, Missouri.

The city of Piedmont has experienced significant operating losses for the past four years in the Water and Sewer Fund. The city's operating costs have increased over the past several years, while total operating revenues have not increased sufficiently to keep up with the increased costs. To help offset the operating losses, the city transfers capital improvement sales tax and industrial development revenues to the Water and Sewer Fund, which totaled \$189,841 during the four years ended June 30, 2005. The Board of Aldermen have not taken any action on recommendations made from independent studies that the city increase its water and sewer rates.

The Board of Aldermen approved budget amendments to increase budgeted expenditures by \$170,500 on June 14, 2005, at the end the city's fiscal year, and after the additional expenditures were already incurred. These expenditures consisted of \$21,000 from the Park Fund for two construction projects, \$65,000 from the Water and Sewer Fund for capital expenses, \$2,500 from the Fire Fund for equipment, and \$82,000 for transfers out of the Industrial Development Fund. Budget amendments made after expenditures have exceeded the budget do not allow for the budget to be used as an effective management tool.

In the annual audited financial statements, the activity of several city funds are combined into one fund called the General Fund, including the Capital Improvement Sales Tax Fund which is restricted by state law and should be reported separately. Also, the city transferred approximately \$173,700 of capital improvement sales tax monies to various city funds. While it appears capital improvement expenditures are incurred in the various city funds, the city does not document how the expenditures of capital improvement sales tax monies transferred to other funds complied with state law.

The city does not reconcile the total gallons of water billed to customers to the gallons of water pumped. City records indicate that from July 2004 to June 2005, 185 million gallons of water were pumped through the city's system, but only 85 million gallons were billed to water customers. While the city accounted for about 70 million gallons of water not billed, it appears the city is still experiencing a significant amount of water loss.

Of the total utility accounts receivable of \$65,044 at June 30, 2005, current month's billings totaled \$27,200, delinquent amounts due from current utility customers totaled \$12,806, and delinquent amounts due from customers no longer located in the city totaled \$25,038. The city has not officially written off this amount as uncollectible, and classifies the \$25,038 as bad debts. Some of these amounts have gone uncollected for several years.

YELLOW SHEET

The city also needs to improve utility system controls and procedures regarding segregation of duties, depositing receipts intact, and approval of billing adjustments.

Bids were either not solicited or bid documentation was not retained in some instances, including \$11,700 for a police vehicle and \$5,965 for excavating services at the city airport. In addition, bids were also not solicited for \$18,156 spent on parts and labor to repair pumps in one of the sewer treatment lift stations. City officials indicated this was not bid because these were emergency repairs and the health of the community was at risk. However, board minutes did not document these reasons.

The city does not maintain mileage, usage, or maintenance logs for any of the 27 vehicles and equipment it owns and expended approximately \$41,447 in fuel costs during the year ending June 30, 2005. Also, the city pays for gasoline that the Mayor uses in his personal vehicle. The Mayor is not required by the city to report mileage or actual vehicle expenses he incurs for city business; therefore, the city has no assurance that the Mayor's gasoline expenses were entirely incurred for city business.

The city incurred expenditures that do not appear reasonable and prudent uses of public funds, including: a "Christmas Greeting" advertisement, flowers for funerals of relatives of former city officials, and annual bonuses for employees for a "job well done".

Also included in the report are recommendations related to fixed assets, property tax procedures, street maintenance, and the municipal court.

All reports are available on our website: www.auditor.mo.gov

CITY OF PIEDMONT, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Alderman
City of Piedmont, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Piedmont, Missouri. The city engaged Jeffrey J. Eftink, Certified Public Accountant (CPA), to audit the city's financial statements for the year ended June 30, 2005. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended June 30, 2005. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide

reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Piedmont, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

January 6, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Susan Cessac
Audit Staff:	James Samek

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF PIEDMONT, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Financial Condition, Budgets, and Restricted Funds
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The city's Water and Sewer Fund has experienced significant operating losses in recent years. The city needs to improve its budgeting procedures, ensure all restricted funds are reported separately on the audited financial statements, and document that restricted capital improvement funds are used in accordance with state law.

- A. The city has experienced significant operating losses for the past four years in the Water and Sewer Fund, as follows:

Fiscal Year Ended June 30,	Operating Revenues	Operating Expenses	Operating Income (Loss)	Other Income	Net Income (Loss)
2005	313,783	431,106	(117,323)	105,779	(11,544)
2004	311,837	472,397	(160,560)	73,434	(87,126)
2003	321,381	425,258	(103,877)	127,912	24,035
2002	295,553	360,326	(64,773)	2,998	(61,775)

While the city's operating costs have increased over the past several years, total operating revenues have not increased sufficiently to keep up with the increased costs. To help offset the operating losses, the city transfers capital improvement sales tax and industrial development revenues to the Water and Sewer Fund. These transfers are included in the "Other Income" column and totaled \$189,841 during the four years ended June 30, 2005. Additional sources of "Other Income" include bank interest and sale of materials.

Depreciation on capital assets is included in the operating expenses of the Water and Sewer Fund, and depreciation expense does not involve the use of cash assets. As a result, the amount of net loss shown on the above chart does not directly correlate to a decrease in the cash assets and other current assets (such as accounts receivable and supplies inventory) of the Water and Sewer Fund. However, the net current assets (current assets less current liabilities) of the Water and Sewer Fund have decreased from \$107,987 at June 30, 2002, to \$68,789 at June 30, 2005.

While the city has recently obtained a study which includes recommendations that the city increase its water and sewer rates, the Board of Aldermen has not taken any action on the recommendations included in this study. The city has been able to partially offset water and sewer operating losses in recent years with other

income, such as the transfers from other funds; however, it would appear that continued annual operating losses in the Water and Sewer Fund would negatively affect the overall long-term financial condition of the city. The Board of Aldermen needs to closely monitor the ongoing financial condition of the Water and Sewer Fund and other city funds, and develop a long-range plan which will reduce or eliminate the net losses of the Water and Sewer Fund and improve the overall financial condition of the city.

- B. The city's annual budgets do not include the beginning balance for the General Fund or the projected ending balances for any city funds. In addition, the Board of Aldermen approved budget amendments to increase budgeted expenditures by \$170,500 on June 14, 2005, at the end of the city's fiscal year, to reflect unbudgeted expenditures made during the year ending June 30, 2005. These expenditures consisted of \$21,000 from the Park Fund for two construction projects, \$65,000 from the Water and Sewer Fund for capital expenses, \$2,500 from the Fire Fund for equipment, and \$82,000 for transfers out of the Industrial Development Fund. Prior to these amendments, expenditures had already exceeded the original budget. In addition, no other budget amendments were made prior to this date.

Budgets are a planning tool and should serve as a guide throughout the year to monitor revenues and expenditures. The budgets should include beginning available and estimated ending balances for all funds to inform the board and the public regarding the anticipated financial condition of each fund. In addition, amendments made after expenditures have exceeded the budget do not allow for the budget to be used as an effective management tool.

- C. In the annual audited financial statements, the activity of several city funds, including the General Fund, Capital Improvement Sales Tax Fund, and Fire Department Fund, are combined into one fund called the General Fund. The monies in the General Fund are not restricted for specific purposes; however, the monies in the Capital Improvement Sales Tax Fund, which totaled \$22,557 at June 30, 2005, are restricted by state law for capital improvement purposes and should be reported separately.

The balance of the Fire Department Fund at June 30, 2005, totaling \$82,729, includes money the city has been setting aside for the purchase of fire fighting equipment, as well as rental income from the local hospital for storing an ambulance and related equipment in the city's fire department building. City officials indicated that the disposition of this rental income needs to be resolved because a local fire protection district contributed funds to help build the city's fire department building, and some of the rental income proceeds may need to be shared with the fire protection district. The Board of Aldermen indicated that no ordinance or resolution has been passed to legally restrict the use of the money in the Fire Department Fund.

While the city prepares separate budgets for these funds, combining these restricted and unrestricted funds on the audited financial statements may not present a clear picture of the overall financial condition of these funds. The financial condition of the General Fund has been declining, and the city's general ledger shows the cash balance of General Fund at June 30, 2005, as \$12,985; however, the audited cash balance of the General Fund was \$122,636 at June 30, 2005, which included the balance of the Capital Improvement Sales Tax Fund, Fire Department Fund, and other miscellaneous funds. The city should review this situation with their CPA firm to ensure all restricted funds are separately reported on the audited financial statements. In addition, the city should work with the fire protection district to determine how the rental income should be used and whether any of the money should be distributed to the fire protection district.

- D. As noted in Part A above, the city transfers capital improvement sales tax monies to the Water and Sewer Fund, as well as to other funds. While it appears capital improvement expenditures are incurred in the various city funds, the city does not document how the expenditures of capital improvement sales tax monies transferred to the other funds complied with state law. During the year ended June 30, 2005, the city transferred approximately \$173,700 of capital improvement sales tax monies to various city funds, including \$90,200 to the Park Fund, \$46,900 to the General Fund, \$18,800 to the Water and Sewer Fund, \$14,200 to the Fire Fund, \$1,900 to the Street Fund, and \$1,700 to the Street Light Fund.

Section 94.577, RSMo, states that all capital improvement sales tax receipts shall be deposited in a special trust fund and used solely for capital improvements, and Section 94.575, RSMo, defines capital improvements as assets having an estimated useful life of at least two years. The city needs to adopt policies and procedures to document that all capital improvement sales tax monies are spent in accordance with state law.

WE RECOMMEND the Board of Alderman:

- A. Closely monitor the financial condition of the Water and Sewer Fund, and develop a long-term plan to operate within its available resources by reducing or eliminating operating losses.
- B. Ensure the budgets include the beginning and projected ending balances for all city funds, and approve budget amendments prior to incurring the actual expenditures.
- C. Work with the city's CPA firm to ensure all restricted funds are separately reported on the audited financial statements, and work with the local fire protection district to determine the proper use or disposition of the ambulance rental income.

- D. Ensure documentation is prepared and retained to show that all expenditures of capital improvement sales tax monies comply with state law.

AUDITEE'S RESPONSE

- A. *The City of Piedmont is aware of the financial condition of the water and sewer funds, and investigating a number of options which will make it operate within its available resources.*
- B. *The City Treasurer will ensure the budgets include the estimated beginning and projected ending balances for all city funds. The City Treasurer will make every effort to get approval for budget amendments prior to incurring the actual expenditures.*
- C. *The City of Piedmont will work closely with the city's independent auditor to ensure all restricted funds are separately reported on the audited financial statements, and work with the Clearwater Fire Protection District to determine the proper use or disposition of the ambulance rental income.*
- D. *The City of Piedmont believes that all transfers from the Capital Improvements Fund were to properly fund capital improvements in other funds but agrees that the transfers were not properly documented. The City Treasurer will ensure documentation is prepared and retained to show that all expenditures of capital improvement sales tax monies comply with state law.*

2. Utility System Controls and Procedures

The city does not reconcile gallons of water pumped to gallons of water billed, and more than 50 percent of the water pumped was not billed to customers during the year ended June 30, 2005. There is little oversight or segregation of duties for the utility system, and utility receipts are not always deposited intact and the method of payment received is not always recorded on the utility payment stubs. There is inadequate oversight or independent review of utility billing adjustments and delinquent accounts, and the city does not enforce its shut-off ordinance for customers that do not pay utility bills on a timely basis.

- A. The city does not reconcile the total gallons of water billed to customers to the gallons of water pumped. City records indicate that from July 2004 to June 2005, 185 million gallons of water were pumped through the city's system, but only 85 million gallons were billed to water customers; therefore, 54 percent of total water pumped was not billed. The Utility Supervisor attempted to account for the total amount not billed by estimating non-billable usage for the fire department, parks, and greenways, and estimating the amount of water lost during water main breaks and water used for plant backwash and hydrant flushing. In addition, the Utility Supervisor added 8 percent as an acceptable amount of unaccounted for water loss, but could still only account for approximately 70 million gallons of total

non-billable water usage. Therefore, it appears the city is experiencing a significant amount of water loss which it could not account for.

To help detect significant water loss on a timely basis and to help ensure all water usage is properly billed, the city should reconcile the total gallons of water purchased to the total gallons of water billed on a monthly basis and investigate any significant differences. The Public Service Commission generally recommends such differences be investigated if unbilled water usage exceeds 15 percent.

- B. There is little oversight or adequate segregation of duties related to the city's utility system. The City Collector performs all functions related to preparing and recording monthly utility bills, receiving and recording utility payments, and depositing money received. In addition, as noted in subsequent sections of this MAR, the City Collector makes account adjustments without approval of the Board of Aldermen and is responsible for monitoring delinquent accounts and initiating shut-off orders.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receipting and depositing monies from that of preparing bills, recording payments, and following up on delinquent accounts. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the reconciliations between utility billings and payments recorded and deposited.

- C. Utility receipts are not always deposited intact and the method of payment (cash, checks, money orders) was not always recorded or correctly recorded on the utility payment stubs. In addition, no reconciliation was performed between the composition of monies received to the composition of monies deposited.

Our review of the twenty-two deposits made during June 2005 noted thirteen instances where the amount of cash recorded on the utility stubs did not agree to the amount of cash deposited. The amount of cash deposited during June 2005 exceeded the amount of cash recorded by \$590.

Depositing monies intact helps ensure accurate accounting of utility receipts and reduces the possibility of loss or misuse of funds. To adequately safeguard funds and ensure receipts are accounted for properly, receipts should be deposited intact and the composition of receipts should be reconciled to the bank deposits.

- D. The City Collector makes adjustments to water and sewer billings for incorrect or invalid meter readings and water leaks. These adjustments are entered into the city's computerized billing system by the City Collector and can be printed out or accessed separately on an adjustments sheet for each customer. While reasons to

adjust the billings may be valid, adjustments are normally made at the discretion of the City Collector and are not reviewed and approved by the Utility Supervisor and the Board of Aldermen.

To ensure all billing adjustments are valid, all billing adjustments should be reviewed on a monthly basis by someone independent of the billing and collection process, such as the Utility Supervisor, and approved by the Board of Aldermen.

- E. Adequate efforts have not been made to pursue the collection of delinquent accounts. Of the total utility accounts receivable of \$65,044 at June 30, 2005, current month's billings totaled \$27,200, delinquent amounts due from current utility customers totaled \$12,806, and delinquent amounts due from customers no longer located in the city totaled \$25,038. While the city has not officially written off this amount as uncollectible, the city classifies the \$25,038 as bad debts and some of these amounts have gone uncollected for several years.

The city has not adequately enforced its shut-off ordinance, which indicates the water supply will be shut off to a home or business if utility bills are not paid within 30 days of the due date. The City Collector has been given discretion to initiate shut-off proceedings, and according to city officials, the shut-off ordinance is rarely enforced. In addition, delinquent accounts are not periodically reviewed by someone independent of the billing and collection process.

To help maximize utility revenues, the city should develop procedures to more aggressively pursue the collection of delinquent utility accounts, including enforcement of the city's shut-off ordinance. Someone independent of the billing and collection process should periodically review delinquent accounts to ensure adequate collection efforts are performed. In addition, the Board of Aldermen should periodically approve write-off of accounts deemed uncollectible.

WE RECOMMEND the Board of Alderman:

- A. Reconcile gallons of water pumped to the gallons billed on a monthly basis and investigate significant differences.
- B. Segregate the duties of receipting and depositing monies from that of preparing bills, recording payments, and following up on delinquent accounts. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the reconciliations between utility billings to payments deposited and recorded.
- C. Deposit utility receipts intact and reconcile the composition of receipts to the composition of bank deposits.
- D. Require independent review and approval of all utility billing adjustments.

- E. Ensure adequate procedures are established for the collection of delinquent utility accounts, including periodic independent reviews of delinquent accounts and enforcement of the city's shut-off ordinance. The Board of Aldermen should also periodically approve write-off of accounts deemed uncollectible.

AUDITEE'S RESPONSE

- A. *The city's water lines are all very old. Water leaks are common over much of the community and there is a lot of un-metered city use of water. Therefore, it will be difficult to get an accurate accounting of the water used, but the City of Piedmont will make a periodic attempt to reconcile gallons of water pumped to the gallons billed and investigate any significant differences.*
- B. *The City of Piedmont does not foresee the likelihood of segregating the duties for the Collector's office. Therefore an independent review of the reconciliations between utility billings to payments deposited and recorded will be implemented.*
- C. *The Collector has always made an effort to reconcile the deposit of utility receipts composition to the bank deposits and will continue to do so in the future.*
- D. *Because of the timing of billings, it is not feasible to ask the Board of Alderman for permission when the adjustments are made. Therefore, until the Board of Alderman adopt a policy for this issue the Collector will continue to make the adjustments based on his judgment of each individual case.*
- E. *In the past the Board of Aldermen has always left the collections to the discretion of the Collector and given the Collector a free hand in determining when to pursue aggressive collection action. The Collector will try to do a better job with collections. He will also present to the Board of Alderman annually a report of accounts deemed uncollectible for at least seven years to be written off.*

3. Expenditures and Related Matters

The city did not always document that it complied with its written procurement policies for some purchases and does not reconcile equipment expenditures to additions to the fixed asset records. The city does not maintain mileage, usage, and maintenance logs for city vehicles and equipment. The city does not have written employee travel expense policies and pays for gasoline expenses for the Mayor's personal vehicle without requiring the Mayor to account for city-related travel expenses. The city incurred some expenditures that do not appear to be prudent or necessary uses of public funds and did not enter into a written agreement with a not-for-profit corporation which received city funds.

- A. The city has not documented that it followed its procurement and bidding policies for some purchases. The city's policy requires at least three oral or written

quotations for purchases between \$2,500 and \$5,000, at least three written bids for purchases between \$5,000 and \$25,000, and advertisement for bids for purchases of \$25,000 or more. Purchases of \$2,500 or more also require pre-approval of the Mayor and Board of Alderman. The city's policy allows emergency purchases up to \$10,000 without soliciting bids.

Bids were either not solicited or bid documentation was not retained in some instances, including \$11,700 for a police vehicle and \$5,965 for excavating services at the city airport.

Bids were also not solicited for \$18,156 spent on parts and labor to repair pumps in one of the sewer treatment lift stations. City officials indicated this was not bid because these were emergency repairs and the health of the community was at risk. However, board minutes did not document the reasons bids were not solicited.

In two other instances, bids were solicited for street paving (\$10,728) and roofing materials (\$6,873); however, there was no documentation that these expenditures were pre-approved by the Mayor and Board of Alderman, as required by the city's procurement policies.

Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Competitive bidding helps ensure all parties are given an opportunity to participate in the city's business. Complete documentation should be maintained of all bids received and reasons why the winning bid was selected. If circumstances provide that bidding is not necessary or practical, such as sole source providers or emergency situations, the reasons for not soliciting bids in accordance with the city's policies should be documented.

- B. Additions to the inventory listing are not reconciled to equipment expenditures to ensure all fixed assets are properly recorded. Our review of city expenditures noted a lawn mower purchased for \$1,900 was not recorded on the fixed asset listing. Reconciling equipment expenditures to additions to the fixed assets records would help ensure all purchases have been added to the fixed asset records.

In addition, the date of the disposition of fixed assets is not adequately documented. While it appears few assets were disposed of during the year ended June 30, 2005, many items noted as sold or otherwise disposed of on the fixed asset listing did not include the disposition date.

Adequate general fixed asset records are necessary to secure better internal control over city property and provide a basis for determining proper insurance coverage required on city property.

- C. The city does not maintain mileage, usage, or maintenance logs for any of the vehicles and equipment owned by the city. The city maintains twenty seven vehicles and heavy equipment, and expended approximately \$41,447 in fuel costs during the year ending June 30, 2005.

Mileage and usage logs are necessary to document appropriate use of the vehicles and equipment to support fuel charges. The mileage, usage, and maintenance logs should include the purpose and destination of each trip, the daily beginning and ending odometer readings (or hours of use for equipment), and the operation and maintenance costs. These logs should be reviewed by the Board of Aldermen to ensure vehicles and equipment are used only for city business, are being properly utilized, and help identify vehicles and equipment which should be replaced. Information on the logs should be reconciled to fuel purchases and other maintenance charges.

- D. The city does not have written policies for employee travel expenses. The city paid approximately \$2,000 for travel expenses during the year ended June 30, 2005. While city personnel indicated there are no maximum daily meal limits, the amounts paid for some out-of-town meals appeared excessive, including one meal of \$54 charged by the Mayor. In addition, it is the city's unwritten policy to reimburse mileage in personal vehicles at the federal reimbursement rate.

Formal written travel and meal policies are necessary to ensure only necessary and reasonable travel and meal expenses are incurred and paid by the city. Such policies should address the types of expenses which may be incurred, the extent of those expenses which will be paid by the city, and the types of documentation which must be submitted by the employee prior to receiving reimbursement.

- E. The city pays for gasoline that the Mayor pumps into his personal vehicle. This practice was approved by the Board of Aldermen in August 1999 because there was apparently no city-owned vehicle available for the Mayor to use for city business. The Mayor is not required by the city to report mileage or actual vehicle expenses he incurs for city business; therefore, the city has no assurance that the Mayor's gasoline expenses were entirely incurred for city business. Total gasoline expenses for the Mayor for the year ended June 30, 2005 were \$1,478.

The city should require the Mayor to report all city-related expenses incurred on his personal vehicle to ensure all gasoline charges are reasonable, or consider reimbursing the Mayor for actual mileage incurred and discontinue paying for gasoline. In addition, these gasoline payments appear to be taxable compensation to the Mayor but are not reported on his W-2 forms. IRS regulations require travel and expense reimbursements be reported on the recipients' W-2 forms unless the recipients are required to report the related expenses to their employer.

- F. The city incurred the following expenditures that do not appear to be necessary to operate the city or reasonable and prudent uses of public funds:

1. In December 2004, the city spent \$220 for a "Christmas Greetings" advertisement placed in the local newspaper. The advertisement included a picture of the Board of Alderman, the Mayor, and other city officials and employees, and their names with a Christmas greeting. (The city did not make a similar expenditure in December 2005.)
2. The city spent \$311 on flowers for funerals of relatives of former city officials and employees for the year ended June 30, 2005.
3. The board approved annual employee bonuses at the end of each calendar year for a "job well done." Each full-time employee received \$100 and each part-time employee received \$50. For the year ended June 30, 2005, the bonuses totaled \$2,000. (The city did not pay any bonuses at the end of calendar year 2005.)

Bonuses given to employees appear to represent additional compensation for services previously rendered and, as such, are in violation of Article III, Section 39 of the Missouri Constitution and are contrary to Attorney General's Opinion No. 72, 1955 to Pray, which states, "...a government agency deriving its power and authority from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

- G. In 2005, the city gave \$3,000 to the Highway 67 Corporation, a not-for-profit corporation to promote improvements to Highway 67 which is located near Piedmont; however, there is no written agreement to define the specific services to be provided by the corporation. City officials indicated the money was used for marketing.

The Missouri Constitution prohibits the use of public money or property to benefit any private individual, associations, or corporations except as provided in the constitution. Without a written agreement that clearly indicates the governmental purpose being provided by the entity, these uses could be considered to be a violation of the constitution. Written agreements are necessary to quantify the services to be performed and the compensation to be paid for the services, provide a means for the city to monitor compliance with the contract terms, and protect the city in the event of a dispute over the terms of the agreement. In addition, Section 432.070, RSMo, requires all contracts to be in writing.

WE RECOMMEND the Board of Aldermen:

- A. Ensure the city procurement policies are followed by soliciting bids for all applicable purchases, retain documentation of all bids, and prepare adequate documentation, including reasons and board approval, for all emergency purchases. In addition, all major purchases should be approved by the Board of Aldermen in accordance with city policy.

- B. Reconcile fixed asset expenditures to additions to the fixed asset records to ensure all applicable assets are added to the inventory records. In addition, the date of disposition should be recorded for all fixed assets.
- C. Maintain complete and accurate mileage, usage, and maintenance logs for all vehicles and heavy equipment. The logs should be reviewed by a supervisor periodically for completeness and reasonableness.
- D. Develop written travel and meal policies to ensure that only necessary and reasonable travel and meal expenses will be paid by the city.
- E. Require the Mayor to report actual vehicle expenses incurred while conducting city business, or consider discontinuing the practice of providing gasoline for the Mayor's personal vehicle and instead provide mileage reimbursements to the Mayor. In addition, the city should report as taxable compensation on W-2 forms the gasoline expenses provided for the Mayor's personal vehicle for which there is no accounting of the actual business-related expense. Prior years' W-2 forms should be amended as applicable.
- F. Ensure expenditures made with public monies are reasonable and prudent uses of those funds and are necessary for city operations.
- G. Ensure financial assistance to other entities provide a governmental benefit to the city and do not violate state law or the state constitution. Written agreements should be prepared which specifically address the services to be provided and compensation to be paid.

AUDITEE'S RESPONSE

- A. *A concerted effort will be made to follow the city's procurement policy.*
- B. *The inventory list will be monitored to ensure all applicable assets are added or removed from the inventory.*
- C. *A maintenance log for all city vehicles will be established and implemented.*
- D. *The City of Piedmont is in the process of rewriting the employee handbook and a written travel and meal expense policy will be included.*
- E. *The City of Piedmont will request that the Mayor keep a mileage log for the use of his personal vehicle used for city business. In the future any taxable compensation will be reported on W-2's.*
- F. *All expenditures made with public monies will be monitored and be used only for necessary city operations.*

- G. *Every effort will be made to require written agreements addressing services provided and compensation for said services.*

4. Street Maintenance Plan

The city does not prepare annual maintenance plans for city streets. A street maintenance plan should be prepared in conjunction with the annual budget and include a description of the streets to be worked on, the type of work to be performed, a cost estimate, the dates such work could begin, and any other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents. During the year ended June 30, 2005, \$326,000 was spent from the Street Fund for street-related purposes.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

WE RECOMMEND the Board of Aldermen prepare a formal maintenance plan for the city streets at the beginning of the year and periodically update the plan throughout the year. In addition, the board should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects.

AUDITEE'S RESPONSE

The City of Piedmont is aware of the need for a street maintenance plan and will contact Ozark Foothills Regional Planning Commission to help prepare a maintenance plan for the city streets and periodically update the plan.

5. Property Tax Procedures

Controls over the preparation of and changes to the property tax books need improvement, and annual reports of property tax collections and delinquent taxes are not prepared. The method of payment is not recorded for property tax receipts. Property taxes collected during the year ended June 30, 2005, totaled approximately \$50,000.

- A. The City Collector prepares the city's current and delinquent property tax books. Section 94.290, RSMo, and Section 115.091 of the city code require the City Clerk to extend the city's tax books and charge the City Collector with the amount of the tax books. In addition, the City Collector makes additions and abatements to the tax books without review or approval by the Board of Aldermen.

To ensure compliance with state law and to ensure proper control over property tax charges and collections, the City Clerk should prepare the property tax books

or review and verify the tax books, and charge the City Collector with the total property taxes to be collected. In addition, any changes to the tax books (additions or abatements) should be prepared by the City Clerk, approved by the Board of Aldermen, and charged to the City Collector.

- B. The City Collector does not prepare monthly or annual reports to the Board of Aldermen of charges, collections, and amounts uncollected as required by state law. Also, the City Collector is not preparing a list of delinquent taxes to present to the Board of Aldermen in April of each year, as required by state law.

Section 79.310, RSMo, requires the City Collector to prepare annual reports to the Board of Aldermen of collections and amounts uncollected. Section 94.320, RSMo, requires the City Collector to prepare lists of delinquent taxpayers and amounts to be collected and present the list in April of each year to the Board of Aldermen.

- C. The city receives cash and checks for the payment of property taxes. The tax bills which accompany the payment serve as the city's record of receipt; however, the method of payment (cash, check, money order, etc.) is not recorded on the tax bills. To ensure proper handling and safeguarding of city monies, the method of payment should be indicated on the tax bills and the composition of receipts should be reconciled to the bank deposits.

WE RECOMMEND the Board of Aldermen:

- A. Require the City Clerk to prepare the tax books as required by state law and city ordinance, or ensure the City Clerk reviews the tax books and charges the City Collector with the total taxes to be collected. In addition, the City Clerk should prepare and the Board of Aldermen should approve all tax book additions and abatements.
- B. Require the City Collector to prepare annual reports of property tax charges, collections, and amounts uncollected. The City Collector should also prepare lists of all property taxes unpaid and file these with the Board of Aldermen in April of each year, as required by state law.
- C. Require the City Collector to record the method of payment received on the corresponding tax bills and reconcile the composition of receipts to bank deposits.

AUDITEE'S RESPONSE

- A. *The City Clerk will review and charge the Collector, including additions and abatements approved by the Board of Aldermen, with the total property taxes to be collected as required by state law.*

- B. *The Collector will prepare a summary for the Board of Alderman of charges, collections, and delinquent taxes and amounts uncollected as required by law.*
- C. *The Collector will be more diligent in noting payment method on tax bills and reconciling the composition of receipts to bank deposits.*

6. Municipal Court

Some receipt slips issued do not indicate method of payment and the composition of receipt slips issued is not reconciled to the composition of bank deposits. The numerical sequence of traffic tickets is not adequately accounted for. The Municipal Judge does not review or document approval of the disposition of cases handled through the Traffic Violations Bureau (TVB) and does not always document approval of cases handled through the court. The city collected fines and court costs of approximately \$25,000 during the year ended June 30, 2005.

- A. Some receipt slips issued by the municipal court do not indicate the method of payment received (cash, check, or money order) and no reconciliation is performed between the composition of receipt slips issued and the monies deposited. To ensure receipts are deposited intact, the method of payment received should be indicated on all receipt slips and the composition of receipt slips issued should be reconciled to the composition of bank deposits.
- B. The police department does not maintain adequate records to account for the numerical sequence for all traffic tickets issued. A listing is maintained for ticket books assigned to police officers, and a log is maintained which documents the ticket numbers issued, date issued, violator's name, officer's ID number, and the charge. However, some ticket numbers assigned to officers were not listed on the ticket issuance log, and no one ensures all ticket numbers have been accounted for and listed on the log. Without a proper accounting of all traffic ticket numbers assigned and issued, neither the police department nor the court have adequate assurance that all tickets issued were forwarded to the court for processing.
- C. The Municipal Judge does not review or document his approval of the disposition of cases handled through the TVB. In addition, while the Municipal Judge normally writes the finding and sentence on dockets for cases heard in court, he does not sign the dockets to document his approval of the case dispositions. To ensure the proper disposition of all cases has been entered in the court records, the Municipal Judge should review each TVB case and court docket, and document his approval of all case dispositions.

WE RECOMMEND the Municipal Court:

- A. Indicate the method of payment on all receipt slips issued, and reconcile the composition of receipts to the composition of bank deposits.

- B. And the police department ensure records are maintained to account for the numerical sequence of all traffic tickets assigned and issued.
- C. Ensure the Municipal Judge's approval is documented for all dispositions on the court dockets, including TVB cases.

AUDITEE'S RESPONSE

- A. *The method of payment will be indicated on all receipt slips issued and composition of receipts will be reconciled to the bank deposits.*
- B. *The Police Department will make an effort to account for the numerical sequence of all traffic tickets assigned and issued.*
- C. *The Court Clerk will ensure the Municipal Judge's approval is documented for all dispositions on the court dockets, including TVB cases.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF PIEDMONT, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Piedmont is located in Wayne County. The city was incorporated in 1873 and is currently a fourth-class city. The population of the city in 2000 was 1,992.

The city government consists of a mayor and four-member board of aldermen. The board members are elected for 2-year terms. The mayor is elected for a 4-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other officials during the year ended June 30, 2005, are identified below. The compensation of elected officials and the City Clerk is established by ordinance. All elected officials receive the same cost of living increases that are approved for city employees.

Mayor and Board of Alderman	Dates of Service During the Year Ended June 30, 2005	Compensation Paid for the Year Ended June 30, 2005
Gaylon Watson, Mayor	July 2004 – June 2005	\$ 19,042
Dennis Kime, Alderman (1)	July 2004 – June 2005	715
William Kirkpatrick, Alderman	July 2004 – June 2005	733
Anthony S. Tucker, Alderman	July 2004 – June 2005	733
Victor Thompson, Alderman (2)	May - June 2005	123
<u>Other Elected Officials</u>		
William McMurry, City Collector	July 2004 – June 2005	27,152
Richard Sanders, Chief of Police (3)	May – June 2005	4,698
James Gravley, Chief of Police (3)	July 2004	3,840
<u>Other Principal Officials</u>		
Carolyn Lovelace, City Clerk/ Court Clerk	July 2004 – June 2005	26,379
Dennis Ross, City Treasurer	July 2004 – June 2005	8,776
C. Harold Allen, Utility Supervisor	July 2004 – June 2005	30,488
Robert Ramshur, City Attorney (4)	July 2004 – June 2005	4,743
Jon Kiser, City Prosecuting Attorney	July 2004 – June 2005	6,000

- (1) In April 2004, employee and elected official pay raises were approved in addition to annual cost of living increases. Alderman Kime was not eligible for the additional increase until his new term of office started in April 2005.

- (2) Alderman Thompson replaced Alderman Fred Handy who resigned in May 2004. The alderman position remained vacant until a May 2005 special election. The special election was ordered because the April 2005 election results were contested.
- (3) James Gravley resigned in July 2004, and Cory Thompson served as acting Chief of Police until Richard Sanders was elected in a May 2005 special election. The special election was ordered because the April 2005 election results were contested.
- (4) The city is billed on an hourly basis from the Robert Ramshur Law Office for Robert Ramshur to serve as City Attorney. For the year ended June 30, 2005, the city paid the law office \$4,743 for legal services.

In addition to the officials identified above, the city employed 22 full-time employees and 9 part-time employees on June 30, 2005.

Assessed valuations and tax rates for 2005 and 2004 were as follows:

ASSESSED VALUATIONS*	2005	2004
Real estate	\$ 10,338,264	10,238,280
Railroad and utility	314,111	330,887
Total	<u>\$ 10,652,375</u>	<u>10,569,167</u>

*Taxes are not levied on personal property assessed valuation of approximately \$4.3 million for 2005 and 2004.

TAX RATES PER \$100 ASSESSED VALUATION

	2005	2004
General	\$.2200	.2200
Library	.1000	.1000
Street lights	.1300	.1300
Cemetery	.0300	.0300

TAX RATES PER \$1 OF RETAIL SALES

	Rate
General	\$.0100
Capital improvement	.0050
Transportation	.0050



Claire McCaskill

Missouri State Auditor

May 2006

CORRECTIONS

Probation and Parole Management



Board of Probation and Parole's management system fails to adequately monitor offenders and the performance of field officers

Field officer contacts with offenders have not complied with division standards and periodic reports are not always completed timely. In addition, supervisory reviews were not always performed or documented and retained.

Field officers did not make required contacts with offenders

Our tests showed significant deficiencies in compliance with division standards. We found field officers did not contact offenders as required for each type of contact. We also found as the level of supervision and required number of contacts increased, compliance percentage generally decreased. Overall test results show compliance rates of only 73, 45, 34, and 47 percent for positive office visits, employment checks, home visits, and treatment contacts, respectively. (See page 8)

Case summary and violation reports submitted late or not at all

The Board of Probation and Parole policies and procedures manual requires initial case summary reports to be completed within the first 60 days of supervision. However, of 27 applicable cases, there were 15 initial case summary reports, or 56 percent, submitted 10 or more days late, with an average of 69 days late. In addition, one initial case summary report was never completed. In 35 of the 55 applicable cases reviewed, field officers submitted routine case summary reports that were 10 or more days late. In addition, field officers failed to complete 16 routine case summary reports. Division policy requires field officers to prepare routine case summary reports every six months. In 12 of the 55 applicable cases we reviewed, field officers submitted violation reports that were 10 or more days late. Field officers are required to submit initial violation reports within 10 working days from the date the violation became known. In one case we reviewed it took 75, 125, and 137 days to complete three separate violation reports. During our review of that case, we also found the field officer never completed a violation report for two violations that occurred in October 2004. (See page 11)

New management tools could help better monitor compliance with division policies

According to division personnel, supervisory reviews are not always performed and are not documented and maintained. In addition, when supervisory reviews are performed they do not adequately monitor field officer compliance with division policies. In March 2005, the division began testing a new quality assurance audit program that audits 10 percent of each field officer's caseload for compliance with various division policies, including the timeliness of reports and contact compliance. However, division officials do not believe it is feasible to utilize the program to monitor the performance of



Claire McCaskill
Missouri State Auditor

YELLOW SHEET

individual field officers due to system limitations. Instead, the division plans to use the newly developed automated road book for this purpose. The automated road book is the first component of the planned automated case management system. The division implemented this component statewide in January 2006, but had to take it off-line in February 2006 due to system failures. (See page 13)

All reports are available on our website: www.auditor.mo.gov

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Abbreviations

DOC	Department of Corrections
SAO	State Auditor's Office
RSMo	Missouri Revised Statutes



CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Larry Crawford, Director
Department of Corrections
and
Dana D. Thompson, Chairman of the Board
Division of the Board of Probation and Parole
Jefferson City, MO 65102

The Department of Corrections, Division of the Board of Probation and Parole (division), is responsible for releasing individuals from confinement in state correctional institutions through parole or conditional release and supervising individuals on probation or parole. Because the community is at risk if supervision strategies fail, successful program completion is vital. Our objectives included determining (1) whether field officers maintained required contact with offenders, (2) whether field officers documented significant information about offenders' conduct and performance, (3) the extent supervisors review probationer and parolee case files to ensure field officers are adequately performing tasks, and (4) the extent of management oversight.

We found field officer contacts have not complied with division standards and periodic reports are not always completed timely, supervisory reviews of case files have not always been performed or documented, and the division lacks a management system to monitor the performance of field officers and the supervisory review process.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. This report was prepared under the direction of John Blattel. Key contributors to this report were John Luetkemeyer, Andrea Paul, and Susan Cessac.

Claire McCaskill
State Auditor

Introduction

The Board of Probation and Parole (board) is comprised of seven full-time members appointed by the governor, subject to the advice and consent of the Senate. The chair of the board is responsible for operations, funds, expenditures, Interstate Compact Services, and supervision of parolees and probationers, and is the chief spokesperson for the board. Section 217.655, RSMo, states that the board of probation and parole is responsible for determining whether a person confined to a Department of Corrections (DOC) facility receives parole. The board is also responsible for the supervision of all persons placed on probation by the circuit courts of the state as provided by sections 217.750 and 217.760, RSMo. The board can assign special conditions in order to address specific offender needs and improve the opportunity for success under supervision. They also monitor the supervision of offenders in the community and return those offenders to prison who are a risk to the community. As of June 30, 2005, there were 66,697 active probation and parole cases. There were about 1,100 field officers responsible for these cases.

The Division of the Board of Probation and Parole (division) promotes public safety through proficient assessment, supervision, treatment, sanctions, and control of offenders placed on probation by the courts or released on parole by the board. Probation and parole officers (field officers) are responsible for supervising offenders on probation or parole. Supervision refers to the activities the field officers should perform to ensure the probationers and parolees meet their conditions of release orders. The field officer effectively balances treatment and supervision strategies necessary to manage offender risk with the needs and interests of victims and communities. This supervision process consists of a number of critical activities including:

- Accurate and ongoing assessment of offender risk and need.
- Development of effective supervision and treatment plans.
- Restorative justice practices.
- Use of appropriate sanctions and strategies to minimize risk, and maximize the potential for successful outcomes.¹

To reduce recidivism, field officers continuously assess and evaluate the offenders assigned to them and supervise at a level consistent with the risk of their re-offending.

Because the field officers are responsible for monitoring probationers and parolees for compliance with the board and court conditions of release, their

¹ <http://www.doc.missouri.gov/division/prob/district.htm>

roles are critical to the success of the board's and the court's objectives. The DOC's mission is to improve public safety through secure confinement and effective community interventions.² The cooperative efforts of victims, communities, and state and local governments are essential to provide effective correctional services. The department through these cooperative efforts holds offenders accountable for their behavior and prepares them to be productive citizens.

The DOC's goal is to improve public safety by increasing the success rate of probationers under supervision and parolees released from incarceration.² To achieve this goal, field officers work with the offender to minimize subsequent relapses and provide the offender with community support and assistance. The division has implemented policies and procedures that outline the minimum standards each field officer should follow when supervising an offender placed on probation or parole.

Supervision levels

According to the division's policies and procedures manual, there are three standard levels of supervision: minimum, regular, and enhanced. These supervision strategies allow the division to protect the public by monitoring offenders and helping offenders become responsible and productive members of the community. Field officers base the supervision level on the client analysis scale, or needs scale. The needs scale allows field officers to assess offenders' needs associated with offense-related behavior and determine the appropriate supervision level based on that analysis. Multiple factors are included in the needs assessment, such as employment, violations of probation or parole conditions, legal issues, and substance abuse problems.

The minimum level of supervision is for low need offenders and requires the least amount of offender supervision. Field officers assign offenders to minimum supervision when an offender has complied with the granting authority's and division's policies and stipulations, established an ability to manage a stable lifestyle, and has become a responsible citizen. Offenders are required to report monthly on an automated telephone system.

Regular supervision is for offenders with moderate needs. Periodic in-person contacts, employment checks, treatment contacts, and home visits are required.

² DOC's 2006 Strategic Plan.

The division designed enhanced and intensive supervision for high need offenders. An offender is considered high need if he/she is continually having difficulty meeting the conditions of probation or parole. Field officers make contacts more frequently and perform an important role in educational and occupational development and the rehabilitation process. The intensive level of supervision is the most comprehensive phase, with contact occurring the most frequently.

The division has defined minimum requirements for each supervision level. There are four required types of contacts: office visits, employment checks, home visits, and treatment contacts. Office visits are face-to-face contact with the offender at the probation and parole office or other meeting place. Employment checks require the field officer to verify that the offender is currently employed by receiving a check stub or calling the employer. Home visits are face-to-face contact with the offender at the offender's home or a visit at the offender's home where there is visible or verbal assurance that the offender still resides at the address. Treatment contacts are contact with the treatment provider to discuss the offender's progress or a face-to-face contact with the offender at a treatment facility. Table 1.1 shows the required contacts for each level of supervision.

Table 1.1: Number of Required Contacts for Each Level of Supervision

Level of Supervision	Type of Contact			
	Office Visits	Employment Checks	Home Visits	Treatment Contacts
Regular	1 per month	1 per month	1 every 6 months	1 per month
Enhanced ¹	1 per week ²	1 per month	1 per month	1 per month
Intensive ¹	2 per week	1 per week	1 per month	1 per week

¹ The enhanced level of supervision includes enhanced and intensive phase II. The intensive level of supervision is phase I only.

² The division allows the substitution of treatment contacts for up to two office visits per month for cases at the enhanced supervision level.

Source: Division Policies and Procedures Manual.

The Missouri Drug Court Program provides an alternative to prison, jail, and standard probation models for offenders with non-violent, drug-related felony offenses. Under the program, the prosecutor, defense attorney, diversion manager,³ treatment specialist, and various other court personnel work in a team environment to educate the offender on treatment strategies,

³ Probation and Parole Field Officer.

monitor the offender's progress, and assist the offender with substance abuse rehabilitation. The offender is required to attend various therapy, self-help, and 12-step meeting programs, in addition to the regularly scheduled meetings with the diversion manager. Each drug court is responsible for developing treatment plans and program phases and requirements. We audited selected cases assigned to drug courts in Kansas City, Springfield, and St. Louis. Table 1.2 shows the diversion manager requirements in each drug court.

Table 1.2: Contact Requirements for Drug Court Programs

	Kansas City	Springfield	St. Louis
Phase I			
Office Visit	2 per month	2 per week	1 per week
Employment Check	2 per month	1 per week	1 per week
Home Visit	1 every 6 months	2 per month	Not required due to safety issues
Phase II			
Office Visit	2 per month	1 per week	1 per week
Employment Check	2 per month	1 per week	1 per week
Home Visit	1 every 6 months	1 every 3 weeks	Not required due to safety issues
Phase III			
Office Visit	1 per month	1 per week	2 per month
Employment Check	1 per month	1 per week	2 per month
Home Visit	1 every 6 months	1 per month	Not required due to safety issues
Phase IV			
Office Visit	n/a – only three phases	1 per week	n/a – only three phases
Employment Check		1 per week	
Home Visit		1 per month	

Source: Division Policies and Procedures Manual.

Scope and Methodology

To determine whether probation and parole officers maintained required contact with offenders, we received data from the division of all probationers and parolees that were supervised between January 1, 2002 and June 25, 2004. We then extracted active probation and parole cases that were placed on probation between January 1, 2003 to December 31, 2003. We selected five geographical areas to visit and review case files. The overall population size from these areas was 8,557 cases. We then divided the population into three separate populations based on supervision level. We randomly chose 14 enhanced, 20 intensive, 21 regular, and 5 drug cases, for a total of 60 cases in our sample. Table 1.3 shows a breakdown of our sample by area.

Table 1.3: Breakdown of Random Sample Selection by Area

District(s)	Number of Cases
Kansas City area	16
St. Louis area	20
Springfield area	15
Moberly	4
Cape Girardeau	5
Total	60

Source: State Auditor's Office (SAO) random selection results.

We reviewed each case file in our sample for compliance with various division policies and procedures. We compared the number of contacts field officers made to the number of contacts required to be made, ensured the offender was assigned to the correct level of supervision based on the division's criteria, and determined if violation and case summary reports were completed timely and accurately.

To gain an understanding of the supervisory review process, we spoke with various supervisors in districts throughout the state. We then compared supervisory review requirements as outlined in the division's policies and procedures manual to the verbal descriptions of actual review processes. In addition, we inquired about the supervision of specific cases in our random sample that we found did not comply with division requirements.

To determine the extent of management oversight, we reviewed division policies and procedures, management reports, the DOC's strategic plan, and interviewed division officials and other applicable staff.

We performed data reliability tests on the division's offender management system. We determined this system was sufficiently reliable for the purposes of this report.

We requested comments on a draft of our report from the Director of the Department of Corrections. We conducted the majority of our work between March 2004 and July 2005.

Deficiencies in Program Oversight Could Compromise Program Success

Improvements are needed in the Department of Corrections (DOC), Division of the Board of Probation and Parole's (division) management system to adequately monitor the performance of field officers and the supervisory review process. Field officer contacts with offenders have not complied with division standards and periodic reports are not always completed timely. In addition, supervisory reviews were not always performed or documented and retained.

Field Officers Did Not Make Required Offender Contacts

Our tests showed significant deficiencies in compliance with division standards. We found field officers did not conduct the required number of contacts for each type of contact. We also found as the level of supervision and required number of contacts increased, compliance percentage generally decreased.

The following tables show the results of our case review for each supervision level.

Table 2.1: Cases Reviewed on Regular Supervision

Type of Contact	Number of Contacts		Percentage Complied
	Required	Made	
Office visit	422	354	84
Employment check	291	155	53
Home visit	75	35	47
Treatment contact	174	57	33

Source: SAO analysis of division records.

Table 2.2: Cases Reviewed on Enhanced Supervision

Type of Contact	Number of Contacts		Percentage Complied
	Required	Made	
Office visit	1366	982	72
Employment check	192	99	52
Home visit	305	93	30
Treatment contact	240	148	62

Source: SAO analysis of division records.

Table 2.3: Cases Reviewed on Intensive Supervision

Type of Contact	Number of Contacts		Percentage Complied
	Required	Made	
Office visit	192	110	57
Employment check	36	7	19
Home visit	19	5	26
Treatment contact	57	15	26

Source: SAO analysis of division records.

Table 2.4: Cases Reviewed on the Drug Court Program

Type of Contact	Number of Contacts		Percentage Complied
	Required	Made	
Office visit	251	189	75
Employment check	130	32	25
Home visit	25	11	44

Source: SAO analysis of division records.

Overall test results show compliance rates of only 73, 45, 34, and 47 percent for positive office visits, employment checks, home visits, and treatment contacts, respectively.

Contact compliance would improve public safety

Offender contacts allow field officers to monitor offender progress, address offender needs, and help ensure public safety. Field officers conduct monthly analyses of each offender's progress and current needs during office visits. Home visits allow field officers to monitor the home activity of offenders and form a relationship with and engage the help of the offender's support group, e.g., family, spouse, etc. Employment checks help field officers oversee each offender's employment and assist in job search and training if needed. In addition, division personnel said maintaining employment helps keep offenders out of trouble. Treatment contacts allow field officers to monitor an offender's progress in a treatment facility, such as an outpatient substance abuse or violent offender program. Field officers can make treatment contacts, such as meeting with the offender at the treatment facility, or collateral treatment contacts, such as speaking with the offender's counselor via telephone. According to the division's policies and procedures manual, proper assessment of substance abuse issues, intervention, and monitoring of required treatment programs allows offenders to successfully complete the probation or parole program.

Field officers unable to explain missed contacts

We discussed our results with field officers to determine why contacts were not made as required. Field officers offered a wide variety of responses as to why contacts were not made, such as time constraints due to paperwork, it was an oversight, the offender moved around a lot, or they did not know. There was no consensus as to the main causes for the missed contacts. Supervising officers also could not provide us with the main reasons for these missed contacts, but did express concern that contacts were not occurring in accordance with division policy. The following are examples of cases from our random sample:

Example case 1

The offender was sentenced to a DOC institution for 2nd degree robbery. According to the case file, the offender attempted to rob an elderly woman of her purse. After the victim struggled, the offender stole the victim's car and traded it for crack cocaine. The offender completed a 180 day treatment

program in a department institution and was released on parole in August 2003. In January 2004, while still on parole, the offender borrowed an automobile from an associate, but sold the automobile for drug money instead of returning it to the owner. In a violation report submitted in March 2004, the field officer assigned to the case described the current and prior offenses and stated that the offender's behavior becomes aggressive when he uses illegal substances and he should be considered a threat to society and the offender was assigned to enhanced supervision. However, the field officer assigned to the case only made 57 percent of the required treatment contacts. In addition, the compliance rate for the other required contacts was 69, 63, and 0 percent for office visits, employment checks, and home visits, respectively. The offender failed to comply with the requirements of a work release program in March 2005 and was arrested for new offenses in September 2005. As of January 2006, the offender was incarcerated in a state correctional facility.

Example case 2

The offender was sentenced to probation for assault on a law enforcement officer and unlawful use of a weapon. According to the pre-sentence investigation, when officers responded to a domestic violence call, the offender used a knife to threaten harm to the law enforcement officers and himself. After using a taser gun to subdue the offender, police placed him under arrest. The offender plead guilty and was sentenced to probation on November 10, 2003. While the offender was on enhanced supervision, a supervision level for high need and risk offenders, the field officer assigned to the case made 91 percent of the required office visits, but only 14 percent of the home visits, and 25 percent of treatment contacts. As of January 2006, the offender was still on probation and in outpatient treatment for abuse of prescription drugs. Because of the drug abuse, the field officer assigned the offender to the intensive supervision level.

Example case 3

The offender was sentenced to 25 years in a DOC institution for murder in the 2nd degree and 10 years for armed criminal action. According to the case file, the offender was convicted in 1988 of murder in the 2nd degree for a drug related shooting. The offender also admitted to involvement in gang activity and illegal drug activity. After serving 14 years of his sentence, the offender was placed on parole. The field officer placed the offender on enhanced supervision and made 78 percent of the required office visits, 63 percent of employment checks, but none of the required home visits and treatment contacts. As of January 11, 2006, the offender was still on parole and in outpatient treatment for abuse of alcohol. In addition, the offender had a pending DWI charge and was assigned to the regular supervision level.

Offenders Not Always Properly Evaluated

Offenders are not always assigned to the correct supervision level. As discussed in chapter 1, the supervision level assignment is based on the field officers' assessments of the offenders' needs and risks. The field officer uses this assessment to create supervision strategies and determine the most appropriate frequency of contacts.

In one of our sample cases the offender's initial needs and risks assessment was not completed until five months after the offender was placed on probation. Further, when the assessment was performed, the offender was placed on regular supervision although the assessment indicated an enhanced level of supervision was required. Division personnel told us problems associated with this offender's assessment were due to an oversight. As a result, the offender was placed on an incorrect supervision level for an additional five months. According to division management, after the offender tested positive for drugs in September, October, and November of 2005, the field officer recommended revocation. As of December 2005 a hearing was pending for the court system to review the case and make a decision.

Case Summary and Violation Reports Submitted Late or Not at All

Initial case summary reports were required in 27 of the 60 cases in our sample population. The Board of Probation and Parole policies and procedures manual requires initial case summary reports to be completed within the first 60 days of supervision. However, of the 27 cases, there were 15 initial case summary reports, or 56 percent, submitted 10 or more days late, with an average of 69 days late. In addition, one initial case summary report was never completed. According to the field officer assigned to the case, the initial case summary report was started but never completed. The supervisor on the case stated that the case was transferred from another district in the first week of supervision, and the failure to complete an initial case summary report was probably an oversight. Initial case summary reports provide information on an offender's background and criminal history, and are used by probation and parole officers, supervisors, and the board or court granting the offender's release. The reports include a description of the current offense, the offender's arrest record, and the offender's family, educational, and employment history. The initial case summary report is used in conjunction with the client risk and need scales to develop supervision strategies that best address the offender's needs.

In 35 of the 55 applicable cases⁴ reviewed, field officers submitted routine case summary reports that were 10 or more days late. In addition, field officers failed to complete 16 routine case summary reports. Division policy requires field officers to prepare routine case summary reports every six months. The division uses routine case summary reports as a method for field officers and supervisors to periodically monitor case activity and identify special issues that need to be addressed. According to division policy, preparation of the reports ensures the efficient and effective delivery of service to the courts, board, and offenders.

In 12 of the 55 applicable cases⁴ we reviewed, field officers submitted violation reports that were 10 or more days late. Field officers are required to submit initial violation reports within 10 working days from the date the violation became known. In one case we reviewed it took 75, 125, and 137 days to complete three separate violation reports. During our review of that case, we also found the field officer never completed a violation report for two violations that occurred in October 2004. At the time of our review in May 2005, the violation reports were over seven months late. Field officers complete violation reports when an offender fails to comply with the conditions of his/her probation or parole. After completion, field officers send the reports to the granting authority, the board for parole cases or the court system for probation cases. The board or court system then uses the violation reports to determine the appropriate injunction, such as revocation or continuance.

The following case from our sample is an example of violations not being properly reported:

While on intensive supervision from April to October 2003, the field officer documented in the case file that the offender canceled or failed to show up for seven consecutive office visits. A violation report was prepared and the offender was declared an absconder. The offender was arrested and served 30 days in jail. The offender was again placed on probation, however, from August to December 2004, the offender did not show up for any office visits. During this time, the field officer did not complete a violation report to declare the offender an absconder. According to the field officer, the offender was not declared an absconder because the field officer knew the offender had not left town. The probation and parole manual states "an absconder is defined as an offender whose whereabouts are unknown and/or is avoiding supervision."

⁴ Field officers were not required to complete routine case summary or violation reports for the five drug court cases in our sample.

We discussed our results with field officers, supervisors, and other division personnel to determine why reports were not completed as required. However, we again received a wide variety of responses and no common cause was identified.

Management Did Not Adequately Monitor Review Process

According to division personnel, supervisory reviews are not always performed and are not documented and maintained. In addition, when supervisory reviews are performed they do not adequately monitor field officer compliance with division policies. We spoke with probation and parole supervisors in four regions and found case reviews focus on case maintenance and clean up rather than field officer compliance. In addition, the division does not have automated systems in place to ensure supervisory reviews are performed as required by division policy.

Division policy requires supervisory reviews to be conducted monthly for field officers. The performance conference allows supervisors to evaluate employee compliance with the major job responsibilities of his/her position. According to the policy and procedures manual, supervisors should assess several areas, including timeliness and content of case summary and violation reports, compliance with contact requirements, and accuracy of need assessments and supervision level placement. Policy requires supervisors to enter performance conferences into a performance log, which, according to a division official, is maintained in each field officer's personnel file.

New management tool results consistent with SAO test results

In March 2005, the division began testing a new quality assurance audit program. Under the new program, field supervisors will audit 10 percent of each field officer's caseload for compliance with various division policies, such as content and timeliness of reports and contact compliance. The results of program testing showed most of the same deficiencies identified in our audit.

Table 2.5: Results of Internal Quality Assurance Pilot Program

Quality Assurance Question	Percentage Compliance
Are office visit contacts consistent with level of supervision?	63
Are employment checks consistent with level of supervision?	49
Are home visits consistent with level of supervision?	50
Are treatment contacts consistent with level of supervision?	57
Was the initial case summary report completed within the first 60 days of opening?	77
Was the violation report completed within 10 working days of the date the violation became known?	75

Source: Quality Assurance Coordinator.

The division's new quality assurance audit program does not monitor the timeliness of case summary reports even though division policy requires field officers to prepare case summary reports every six months. The division uses routine case summary reports as a method for field officers and supervisors to periodically monitor case activity and identify special issues that need to be addressed. According to division policy, preparation of the reports ensures the efficient and effective delivery of service to the courts, board, and offenders.

According to a division official, the division plans to use the information collected from the quality assurance audits to review the effectiveness of the current policies and procedures and conduct performance comparisons between regions and districts. The program also addresses many of the items reviewed during the performance conference process, such as timeliness and content of case summary and violation reports, compliance with contact requirements, and accuracy of need assessments and supervision level placement. However, according to division officials, it is not feasible to utilize the program to monitor the performance of individual field officers due to system limitations. Instead, the division plans to use the newly developed automated road book for this purpose. The automated road book is the first component of the planned automated case management system. The division implemented this component statewide in January 2006, but had to take it off-line in February 2006 due to system failures.

Conclusions

Field officers have not always complied with division standards regarding the frequency of contacts with offenders, evaluating offender needs, and submitting case summary and violation reports. In addition, the division did not have an effective management reporting system to notify management personnel of problems. The new quality assurance audit program and/or the automated road book would provide the division with a mechanism to better monitor field officer compliance and the supervisory review process.

The board and the court system cannot timely and accurately assess offender activity and rectify public safety concerns if field officers do not make required contacts and submit violation reports in a timely manner.

Recommendations

We recommend the Board of Probation and Parole:

- 2.1 Establish policies requiring supervisors to use the new quality assurance audit program and/or automated road book to better monitor the performance of individual field officers.
- 2.2 Ensure supervisory reviews are documented and retained.

2.3 Utilize the quality assurance audit program to also measure compliance with division policies regarding the preparation of routine case summary reports.

Agency Comments

The Missouri Department of Corrections appreciates the opportunity to respond to specific audit findings and to improve our operations. Following are the department's responses to the recently completed audit at Probation and Parole.

The Probation and Parole Management Report, produced by the State Auditor's Office identifies deficiencies in offender contact requirements and in the timeliness of reports to the courts and parole board. We agree with the corresponding recommendations and believe that when implemented, they will improve the supervision process and management of probation and parole. Specifically, the Division endorses the three audit recommendations:

- *To establish policies requiring supervisors to use the new quality assurance audit program and/or automated road book to better monitor the performance of individual field officers.*
- *To ensure supervisory reviews are documented and retained.*
- *To utilize the quality assurance audit program to also measure compliance with division policies regarding the preparation of routine case summary reports.*

While we in general support the audit recommendations, we believe that several specific findings overstate noted deficiencies.

Regarding the finding, "field officers did not make required contacts," in our review of the same cases we found that contacts were incorrectly calculated by the State Auditor's Office in 36 (60%) of the 60 cases. This difference in calculation may have led to an overstatement of non-compliance findings.

We believe the primary reason for the differences between our review of contact compliance and the State Auditor's Office is in the understanding of the impact of mitigating variables. Offender non-compliance with supervision requirements must be considered. Offenders often miss appointments and forget to provide verification of employment, during an appointment. Also, offenders will often exhibit sporadic periods of employment, partial employment and unemployment. There are also many types of circumstances, which may make an offender unavailable for

minimum contacts, such as in-patient treatment, short-term jail terms, or serious medical conditions. While we hold the probation and parole officer accountable for addressing these issues, which may eventually lead to a violation of supervision, such variables should have been considered in presenting the audit results. It may be important for agency policy to address a means to document such differences in contact compliance.

Regarding the finding, “Offenders not always properly evaluated,” we would note that this finding was supported in the audit with only one case from the 60 audited. We find that to be insubstantial evidence for this finding.

Regarding the finding “Case summary and violation reports submitted late or not at all,” in our review of the 60 cases audited by the State Auditor’s Office we would disagree with the findings regarding late reports in 20% of the cases reviewed. Specifically, our review revealed the following observations:

- *The findings on reports identify only one of the 60 initial case summary reports that were not submitted.*
- *The current process for managing case summary reports includes the utilization of a monthly list of due reports. Although each report has a specific due date, in most locations reports are not considered late if submitted within the month that they are due. The State Auditor’s Office use of a 10-day late marker could have inflated findings in this area.*

Regarding the finding “management did not adequately monitor review process,” we note that the agency has developed and implemented two management tools to improve our case management and review process. They are: the Automated Road Book and Quality Assurance Audit system. Both systems have required significant investments in time and energy and will produce improved outcomes by providing line staff and management with the tools to better manage the supervision process. While we agree there is always room for improvement, we do have a current system and have been working diligently to improve it via the quality assurance audit system and automated road book.

We agree that this audit identifies certain deficiencies in offender contact requirements and in the timeliness of reports to the courts and parole board. Further, we agree and will work to implement the three identified recommendations and believe they will improve the management of probation and parole.

Auditor's Comment

The DOC could not provide any supporting documentation to dispute the accuracy of our test results. In addition, both our test work and the results compiled by the division's Quality Assurance Pilot Program show significant rates of non-compliance with division policies.



Claire McCaskill

Missouri State Auditor

May 2006

Monroe City Ambulance
District

Year Ended September 30, 2005



Office Of
Missouri State Auditor
Claire McCaskill

May 2006

We identified the following concerns with the Monroe City Ambulance District.

Various concerns were noted related to expenditures including failure to retain invoices for some expenditures and a lack of adequate documentation of amounts reimbursed by employees and students for purchases made on their behalf. The district does not have written bidding or travel policies and during the year ended September 30, 2005, the district paid approximately \$16,000 for dispatching services for which there was no written contract. The district does not reconcile fuel purchases to billing statements and failed to prepare IRS Form 1099-MISC for the medical director and legal services. In addition, the district made expenditures which do not appear to be prudent uses of public funds including Christmas gifts to employees, retirement dinners totaling \$964 for two board members, and various other miscellaneous items.

During the year ended September 30, 2005, the district billed approximately \$225,000 for ambulance services and collected approximately \$165,000. Internal control weaknesses in the ambulance services accounts receivable procedures include inadequate segregation of duties, failure to perform periodic reconciliations of accounts receivable records, and failure to develop a written policy for the write-off of uncollectible accounts receivable. In addition, the district has not updated its contract with the collection agency since 1998. District records indicate that during the year ended September 30, 2005, accounts receivable totaling \$32,407 were turned over to the collection agency and \$2,057 was recorded as bad debt recovery. Professional write-offs of ambulance billings totaling \$1,632 were noted.

Open meeting minutes did not always document the specific reasons for closing meetings and minutes were not always prepared to document matters discussed in closed meetings in accordance with Chapter 610, RSMo (the Sunshine Law).

The district does not maintain a listing of fixed assets. In addition, the district does not perform annual physical inventories and does not tag fixed assets as property of the district.

Time worked for administrative duties are not recorded on employee time sheets. In addition, time sheets prepared by paramedics and EMTs do not include documentation of supervisory approval.

Although the board did not agree with all of the recommendations included in the report, their responses were generally positive and indicated they have implemented or are in the process of implementing many of the recommendations.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

MONROE CITY AMBULANCE DISTRICT

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Board of Directors
Monroe City Ambulance District

The State Auditor was requested by the Honorable Matt Blunt, Governor, under Section 26.060, RSMo, to audit the Monroe City Ambulance District. The district engaged Luck, Humphreys and Associates, P.C., Certified Public Accountants (CPAs), to audit the district's financial statements for the year ended September 30, 2005. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the district included, but was not necessarily limited to, the year ended September 30, 2005. The objectives of this audit were to:

1. Perform procedures to evaluate taxpayer concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the district, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of various concerns and performed procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in the audit of the district.

The accompanying Management Advisory Report presents our findings arising from our audit of the Monroe City Ambulance District.



Claire McCaskill
State Auditor

January 25, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Audit Manager: Peggy Schler, CPA
In-Charge Auditor: David Gregg

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

MONROE CITY AMBULANCE DISTRICT
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Expenditures and Policies
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Adequate supporting documentation was not retained for some expenditures and the district did not enter into a contract for dispatching services. Some expenditures do not appear to be prudent or necessary uses of district funds. The district does not track payments which may require preparation of Internal Revenue Service (IRS) Form 1099-MISC and does not have written bidding or travel policies.

A. Supporting documentation was not retained for some expenditures and reimbursements during the year ending September 30, 2005, as follows:

1. The district did not retain an invoice or receipt for approximately \$2,250 of expenditures reviewed. These purchases included lodging and car rental insurance incurred for attending training; a fitness center membership which according to the board minutes includes district employees, volunteers and board members; reimbursement for ambulance maintenance; and various refunds.
2. The district does not maintain adequate documentation of amounts reimbursed by employees and students for purchases made on their behalf. During the year ended September 30, 2005, the general ledger revenue journal reflects employee reimbursements totaling \$1,830; however, the related purchase could not always be identified. The administrator indicated purchases reimbursed by employees include medical items such as stethoscopes and EMT students are allowed to order district jackets. The administrator also indicated some reimbursements classified as employee purchases were on behalf of Monroe City. Making purchases on behalf of employees, students, and other political subdivisions results in additional record keeping and in some cases may circumvent sales and use tax laws.

Disbursements should be supported by paid receipts and/or vendor provided invoices to ensure the obligations were actually incurred and the disbursements represent appropriate uses of public funds. In addition, the district should reevaluate making purchases on behalf of employees and individuals. If this practice is continued employee purchases and the related reimbursements should be adequately documented.

B. The district has not entered into a written contract for dispatching services. For the year ending September 30, 2005, the district paid approximately \$16,000 to Monroe City for dispatching services.

Section 432.070, RSMo, requires contracts of political subdivisions be in writing. The district should enter into written contracts for services rendered or obtained. A written contract, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties.

C. The following district expenditures do not appear to be prudent uses of public funds:

1. The district gave \$50 to full time employees and \$25 to part time employees as Christmas gifts. The amount paid as Christmas gifts totaled \$325 and \$300 for December 2005 and 2004, respectively.
2. During March and October 2005 the district paid a total of \$964 for retirement dinners for two board members. In addition, during the year ending September 30, 2005, the district paid a total of \$528 for funeral floral arrangements, pens for promotional items, candy given away at parades and during training, and various snacks.

The district's residents place a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner. The above expenses do not appear to represent a necessary and prudent use of public funds.

D. The district does not reconcile fuel purchases to billing statements. Fuel is purchased for ambulances using gas purchasing cards and the district receives a monthly billing statement for these purchases. Fuel logs which record gas purchases are not maintained for the ambulances. As a result, the district does not have a record of fuel purchases to compare to billing statements and has less assurance that the billing statements are accurate. The district incurred over \$5,200 of fuel purchases for the year ended September 30, 2005.

Fuel logs for the ambulances should include the date, gallons purchased and cost of the purchases. These logs should be reviewed by a supervisor for reasonableness and reconciled to fuel billing statements.

E. The district has not established procedures to track payments which may require preparation of IRS Form 1099-MISC. As a result, the district failed to prepare these forms for the medical director and legal services totaling approximately \$1,000 and \$2,200, respectively, for the year ended September 30, 2005.

Sections 6041 through 6051 of the Internal Revenue Code require non-wage payments of at least \$600 in one year to an individual or unincorporated business be reported to the federal government on form 1099-MISC.

- F. The district does not have a written bidding policy. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. Bid documentation was not available for health insurance totaling \$11,373. The district administrator indicated bids were solicited for health insurance; however, bid documentation could not be located.

Formal bidding procedures provide a framework for the economical management of the district resources and help ensure the district receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given an equal opportunity to participate in the district's business. Bids can be handled by telephone quotation, written quotation or sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and reasons noted why the bid was selected.

- G. The district does not have a written travel policy. During February 2005, three district employees attended a disaster management conference in Florida. The December 2004 board minutes indicated the administrator presented information on the conference and requested "...permission to send three employees at a cost of approximately \$2,035 instead of attending the annual combined clinical conference at a Lake of the Ozarks conference center which costs approximately \$2,140...". During our review we noted registration fees and travel expenses for this conference totaling approximately \$2,650. There was no documentation of how the cost estimate to attend the conference was determined. In addition, the employees' departure date from Florida was 2 days after the conference ended. The administrator indicated the hotel did not charge the district for the extra day and airfare was less expensive for the later return date; however, documentation of flight costs or the daily hotel rate was not available.

To ensure consistency and prevent future misunderstandings a written travel policy should be adopted. A travel policy may include issues such as mileage reimbursement rate, meal reimbursement limits, the circumstances for which meals will be reimbursed, required documentation and cost estimates, and approval procedures.

WE RECOMMEND the Board of Directors:

- A. Ensure adequate supporting documentation is retained for all disbursements and reimbursements. In addition, the practice of making purchases on behalf of employees and students should be reevaluated.
- B. Ensure formal written contracts are entered into for services obtained by the district.
- C. Ensure all expenditures of district monies are a prudent use of public funds.

- D. Require fuel logs be maintained for all district assigned vehicles. The logs should be reviewed by a supervisor and reconciled to fuel billing statements.
- E. Ensure payments which may require an IRS Form 1099-MISC are tracked and those payments totaling greater than \$600 to nonemployees and unincorporated businesses are properly reported to the IRS.
- F. Establish written bidding policies and procedures.
- G. Establish a written travel policy.

AUDITEE'S RESPONSE

The Board of Directors indicated:

- A.1. *We acknowledge some deficiencies in this area and are reviewing the suggested Travel Policy in order to help rectify this record keeping deficiency. The fitness center is no longer an issue as it has closed.*
- 2. *The District feels that insisting on employee reimbursement for these items is one way to help insure that the items will be properly cared for and accounted for. Nonetheless the District feels that "on behalf of the employee" approbation is somewhat misplaced. The jackets provide identification with the District not to mention safety benefits at dangerous scenes (can be seen from some considerable distance away) and a way of identifying organizational responsibilities at multi-organizational scene responses which has not been only a theoretical issue for the District. The District has implemented a receipt log for the purpose of better tracking reimbursements for purchases.*
- B. *Our legal counsel thought that there was a three way subcontract via the City for 911 services. In order to even better police the District's interest the District is entering into a written contract directly with the 911 Center. The contract has been drafted. The tornado storms delayed the meeting at which the execution was going to take place.*
- C.1. *Since this practice is common in the private sector we feel that the "gift giving" is acceptable to the local taxpaying public. Again as a part of the District's recruitment and retention duties the benefits to morale outweigh the potential taxpayer criticism (none to date).*
- 2. *Recognition of prior service is an important act in recruiting volunteers for the Board. While charitable gift giving is on the rise, because of the increase in the number of two parents working families (sometimes with multiple jobs each) and with added pressures of volunteering on "retirees" (many of whom are remaining in the work force longer as well), there has been a precipitous decline in civic volunteering. The recognition dinners are a public purpose expenditure essential to recruiting but the District will revisit this issue and consider the State concerns.*

Again the District feels that helping employees or even volunteer Board members through difficult times is an important element of recruitment, retention, and maintaining morale. Therefore such expenditures are sufficiently related to these very important objectives of the District.

Public awareness and public confidence in the District are essential for two reasons: First, the District does not want anyone to forego accessing the EMS system for lack of confidence in the District. Second, with both Medicare and Medicaid funding very much problematical for the future, local funding and support are all the more crucial to success. The problem with EMS management in the past isn't that they have done too much but rather too little in the area of public image building and community relations. This is such a commonly neglected EMS management issue that J. Fitch devotes an entire Chapter to the subject in his book (see EMS Management: Beyond the Street 2nd ed. (1993) "Developing Community Support: Community Education, Promotion and Image-Building Programs" pp. 335-376). So the Board's position is not only do these expenditures meet the public purpose doctrine, but that even more allocation of resources in this area might be in order. The District's administration should be commended for these public relations initiatives not condemned for them.

The snacks at training classes of course enhance the positive nature of the learning experience and maximize the public relations benefits from the educational activity which by their very nature effectively enhance public support for the District and facilitate recruitment to the district and the field of EMS.

- D. The District agrees that a fuel log would be useful. However, one caveat is in order. The log entries may well not always be contemporaneously entered or may even require some estimations from time to time as the log cannot become a factor in compromising emergency medical response. So when the District is called for emergency response, it rolls! Therefore, the Administration has requested that all employees, that fuel the ambulances, get a printed receipt from the computerized card reader to match statements.*
- E. This is an admitted oversight that occurred as this is the first year the District has had some professional services including legal, exceed the \$600 threshold. Our CPA accounting service is taking care of this oversight.*
- F. The District has adopted a bidding policy.*
- G. The District has decided to review a version of the Office of Administration's Travel Expense Form and also review a limited reimbursable cap of \$10 breakfast, \$15 lunch, and \$25 dinner for meals. Out of State Conferences will continue to be used as in the past only when total expenses for travel and attendance fees are less than travel and fees for the equivalent mandatory training available intra-Missouri.*

2. Ambulance Accounts Receivable Procedures

Ambulance accounts receivable procedures are not adequately segregated and periodic reconciliations of ambulance billings, collections, and delinquent amounts are not performed. In addition, the district does have a written policy for the write-off of uncollectible accounts receivable. The contract with the collection agency has not been updated or bid since February 1998. During the year ended September 30, 2005, the district billed approximately \$225,000 for ambulance services and collected approximately \$165,000.

- A. Ambulance accounts receivable duties are not adequately segregated. A district employee is responsible for billing patients, posting payments, posting contractual allowances, depositing monies, and posting accounts as uncollectible. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent comparison of various records by someone independent of these processes.
- B. The district does not perform periodic reconciliations of total ambulance billings, collections, and delinquent amounts. Periodic reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. Complete documentation of the reconciliations should be retained to support conclusions and any corrections made.
- C. The district does not have a written policy for the write-off of uncollectible accounts receivable. When the administrator determines accounts receivable are no longer collectible, the proposed write-offs are submitted to the board for approval. While some service charges such as Medicare/Medicaid contractual allowances, amounts in excess of bankruptcy settlements, and professional write-offs are simply written off, some accounts receivable are turned over to a collection agency. During the year ended September 30, 2005, the district wrote off accounts receivable of approximately \$50,000, including \$32,407 that was turned over to the collection agency.

A written policy related to write-off procedures is necessary to ensure consistency and establish adequate internal controls over accounts receivable. A write-off policy should include which accounts and how often accounts should be written-off, which accounts should be turned over to the collection agency, and the approval procedures for the write-off of accounts.

- D. The district has professional write-offs of ambulance billings which are defined by the administrator as those not covered by insurance for board members, district employees, fire fighters, police officers, and their respective families. During our review of accounts receivable write-offs, we noted four professional write-offs totaling \$1,632. The administrator indicated two of the professional write-offs were for a board member and another board member's family and two were for fire fighters' families.

Providing write-offs to board members, district employees, fire fighters, police officers, and their respective families does not appear equitable to other users of the ambulance service. The board should reevaluate this practice and consult with legal counsel as to whether forgiving these amounts is in compliance with the Missouri Constitution and state law. If the board continues this practice, it should be included in a formal write-off policy.

- E. The district has not updated the contract with the collection agency since the contract was signed in February 1998. In addition, proposals from collection agencies have not been periodically solicited. District records indicate that during the year ended September 30, 2005, accounts receivable totaling \$32,407 were turned over to the collection agency and \$2,057 was recorded as bad debt recovery.

The district needs to periodically solicit proposals and update contracts to ensure they are receiving the best value.

WE RECOMMEND the Board of Directors:

- A. Ensure that ambulance billing duties are properly segregated. If segregation is not possible, at a minimum, there should be an independent periodic comparison of various records.
- B. Ensure periodic reconciliations are performed of amounts billed, collected, and delinquent.
- C. Develop written policies for the write-off of uncollectible accounts.
- D. Reevaluate the practice of providing professional write-offs and consult with legal counsel to determine legality. If the practice is continued it should be included in a formal write-off policy.
- E. Periodically solicit proposals for and update collection agency contracts.

AUDITEE'S RESPONSE

The Board of Directors indicated:

- A. *In light of the limited staffing pattern available to the District, there are real limitations to what the District can do here. However, in response to the audit process the District has assigned additional billing and collection responsibilities to another administrative employee and will have more independent reviews by the District's Accounting Firm.*
- B. *The new receipt log should facilitate this process, and the District will have its independent accounting firm add this service.*

- C. *The District is reviewing several policies concerning write-offs and hopes to have one selected and implemented in the near future.*
- D. *The District has concluded that these write-offs fall within certain Safe Harbor provisions to the federal anti-discount statute (see 42 USC 13320a-7b(b) supra). The Discount to employees saves money for the District on health and workers compensation insurance. The discounts to employees of other public safety agencies help to maintain and improve the requisite comity between public safety agencies. The public purpose doctrine is therefore met by such expenditures.*

The discounts to Board members and their families is a closer call because of the prohibition against additional compensation beyond what the elective position provides contained in 105.454-1 RSMo and 105-458-1(1) RSMo. Nonetheless this has been a long standing practice that has received no specific voter or taxpayer complaints and has been useful in recruiting and retaining Board members which remains a daunting challenge to the District. Consequently, the District hereby makes a commitment to review this policy, but quite frankly may not readily change the Policy in light of a lack of current substantive controversy.

- E. *Phone bid comparisons have been sought from time to time, with the current Collection Agency being the low bidder by far. Admittedly there has been inadequate documentation of these phone bids and the District is committed to rectifying that issue. To change Collection Agencies is much more administratively cumbersome than previously because of the HIPAA legislation and regulations. A change in collection agencies would now necessitate a change in security codes and new Business Associate Privacy contracts would have to be executed. The District is pleased with the performance of its current Collection Agency, especially when anecdotal comparisons have been made with other Districts' collection agency experiences. The District will apply its 50 maximum points for lowest price, 25 maximum points for experience, and 25 maximum points for expertise and methodology contained in its Bidding Policy when making these comparisons in the future.*

3. Closed Minutes

Minutes for closed meetings are not always prepared and open meeting minutes do not always document the specific reasons for going into closed session.

- A. Open meeting minutes did not always document the specific reasons for closing the meeting. In addition, actions, if any, taken by the board during closed meetings were not documented in the open meeting minutes. The Administrator indicated that the purpose of all closed meetings was to discuss litigation.

Section 610.022.1, RSMo, requires that, "...The vote of each member of the public governmental body on the question of closing a public meeting or vote and

the specific reason for closing that meeting or vote by reference to a specific section of this chapter shall be announced publicly at an open meeting of the governmental body and entered into the minutes”.

- B. Minutes were not always prepared to document the matters discussed in closed meetings as required by section 610.020, RSMo. The only closed meeting minutes prepared during the year ended September 30, 2005, were for a November 24, 2004, meeting.

Section 610.020, RSMo, requires that the minutes of open and closed meetings shall be taken and retained by the governmental body. Minutes shall include the date, time, place, members present, members absent, and a record of any votes taken.

WE RECOMMEND the Board of Directors:

- A. Ensure minutes document the reasons for going into closed session.
- B. Ensure minutes are prepared for closed meetings.

AUDITEE’S RESPONSE

The Board of Directors indicated:

- A. *The District agrees to implement this recommendation forthwith.*
- B. *Regrettably the latest version of the Attorney General’s Office booklet on the Sunshine Law had not made it to the Board, so the 2004 Sunshine Law changes on this point may have been overlooked. Legal counsel has made arrangements for shipment of the latest booklets. Legal Counsel for the District has advised compliance with the 2004 Sunshine Law changes on minutes for closed meetings. Nonetheless caution has also been advised that these minutes be succinct. Otherwise although Sunshine Law discovery is not permitted, civil rule discovery of open and frank discussions in the areas contained in 610.021 RSMo could be very damaging to the District (the very reasons the exemptions in 610.021 RSMo exist) and therefore to the District’s taxpayers.*

4. Fixed Assets

Although the district’s auditing firm maintains a listing of fixed assets in its working papers, the district does not maintain a listing of fixed assets. In addition, the district does not perform annual physical inventories and does not tag or otherwise identify fixed assets as property of the district. The district’s audit report reflected fixed assets totaling \$312,221 (net of accumulated depreciation) as of September 30, 2005.

Property records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. Additions should be reconciled to purchases annually. Complete and accurate property records are necessary to secure better internal control over district property and provide a basis for determining proper insurance coverage. Physical inventories are necessary to ensure the property records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Prenumbered tags, when affixed to property items, allow for identification of the property in the records and may deter the potential for personal use of district assets.

WE RECOMMEND the Board of Directors establish property records for fixed assets that include all pertinent information for each asset, such as tag number, description, serial number, cost, acquisition date, location, and subsequent disposition. In addition, annual physical inventories should be performed.

AUDITEE'S RESPONSE

The District agrees to implement this recommendation as expeditiously as possible.

5. Payroll Procedures

Hours worked on administrative duties are not recorded on time sheets and supervisory review of time sheets is not documented.

- A. Although time sheets are prepared by all employees for Paramedic and Emergency Medical Technician (EMT) duties; time worked for administrative duties are not recorded. As a result, the board cannot determine the dates or how many hours employees work on administrative duties. All employees performing administrative duties are also Paramedics or EMTs. During the year ended September 30, 2005, the following annual salaries were paid for administrative duties: Administrator, \$23,400; Assistant Administrator, \$6,900; Training Officer, \$4,800; and Supply Officer, \$1,800. The same person served as Assistant Administrator and Training Officer.

Time sheets recording all hours worked are necessary to substantiate payroll expenditures, to allow the board to determine whether the salary paid for administrative duties is reasonable, and to ensure compliance with the Fair Labor Standards Act (FLSA). In addition, the district's employee handbook adopted December 14, 2005, provides that, "Accurately recording time worked is the responsibility of every employee. Federal and state laws require Monroe City Ambulance to keep an accurate record of time worked in order to calculate employee pay and benefits. Time worked is all the time actually spent on the job performing assigned duties".

- B. Time sheets prepared by paramedics and EMTs do not include documentation of supervisory approval. We reviewed the December 2005 timesheets and noted that employees had signed the timesheets, but there was no supervisory approval documented. The Administrator indicated she had reviewed the time sheets, but had not documented her review.

The district's employee handbook provides that, "It is the employees' responsibility to sign their time records to certify the accuracy of all time recorded. The supervisor will review and then initial the time record before submitting it for payroll processing".

WE RECOMMEND the Board of Directors require that actual time worked be recorded on time sheets for all duties performed. In addition, time sheets should be approved by the supervisor.

AUDITEE'S RESPONSE

The Board of Directors indicated:

- A. *The District will start tracking the time though concurrent activities are specifically permitted by 29 CFR 541.206 (20 CFR 541.106 for the executive exemption).*

Ironically, this audit brought to the attention of the District, that for at least two of the administrative positions, the guaranteed pay would have to be at least moderately raised in order to meet the \$455 per week guarantee requirement of 29 CFR 541.200. The hourly rate of pay might be reduced to make the salary portion raise revenue neutral but that option is also fraught with dangers. Consequently, the audit probably will result in a mandatory pay raise for two if not three of the partially exempt employees!

- B. *The District agrees to correct this documentation oversight.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

MONROE CITY AMBULANCE DISTRICT HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Monroe City Ambulance District is located in Monroe City, Missouri, and includes portions of Monroe, Marion, Ralls, and Shelby Counties. The district was incorporated in 1974 to provide ambulance service to district residents. District revenues primarily consist of property taxes, service fees, and Medicare/Medicaid reimbursements.

An elected board acts as the policy-making body for the district's operations. The board's six members, one from each of six election districts, serve 3-year terms, with two being elected each year. The president is elected by the board members, presides over the board, and votes on all matters. The board members receive no compensation. Members of the board during the year ended September, 30, 2005, were:

Board of Directors	Dates of Service During the Year Ended September 30, 2005
Gentry Wilson, President (1)	October 2004 to September 2005
Dick Lawyer, Vice President	October 2004 to September 2005
Suree Botkins, Secretary	October 2004 to September 2005
Garry Gupton, Treasurer	October 2004 to September 2005
Gene Behring, Member (2)	October 2004 to September 2005
Robert Quinn (3)	October 2004 to April 2005
Kevin Lorensen, Member (3)	May 2005 to September 2005

- (1) Gentry Wilson resigned effective September 14, 2005. Roger Pennewell was appointed to the board effective October 12, 2005.
- (2) Gene Behring was elected as Board President in October 2005.
- (3) Kevin Loresnson was elected to the board and took office in May 2005, replacing Bob Quinn who retired at the end of term.

The district's other principal officials during the year ended September 30, 2005, are identified below. The compensation of these officials is established by the ambulance board and includes amounts paid for administrative and Paramedic and/or EMT duties.

<u>Other Principal Officials</u>	<u>Dates of Service During the Year Ended September 30, 2005</u>	<u>Compensation Paid for the Year Ended September 30, 2005</u>
Diana Osborn, Administrator	October 2004 to September 2005	\$ 63,461 (1)
Eric Joiner, Assistant Administrator/Training officer	October 2004 to September 2005	37,959 (2)
Vicki Scobee, Supply Officer	October 2004 to September 2005	32,795 (3)

(1) Includes \$23,400 for administrator duties and \$40,061 for paramedic duties.

(2) Includes \$6,900 for assistant administrator duties, \$4,800 for training officer duties, and \$26,259 for EMT duties.

(3) Includes \$1,800 for supply officer duties and \$30,995 for EMT duties.

In addition to the officials identified above, the district employed 1 full-time employee and 5 part-time employees on September 30, 2005.

Assessed valuations and tax rates for 2005 and 2004 were as follows:

		<u>2005</u>		<u>2004</u>
Assessed valuation	\$	<u>75,007,880</u>	\$	<u>71,094,246</u>
Tax rate:				
General	\$	.02657	\$	.02657



Claire McCaskill

Missouri State Auditor

April 2006

Barry County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of The
State Auditor Of Missouri
Claire McCaskill

April 2006

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Barry, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Barry County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Bids were not always solicited and reasons for not bidding were not always documented for some purchases including jail lock system repairs, a computer voice stress analyzer, and computer hardware. In addition, supporting documentation for fuel purchased by deputies was not always maintained and reconciled to credit card statements nor were fuel purchases compared to vehicle usage logs for propriety. Further, the county overpaid a construction company \$2,118 for bridge construction, and time records for sheriff department employees are not submitted to the County Clerk's office timely.
- Some receipts and disbursements were not properly classified in the county's budgets, including federal and state grant proceeds and transfers between county funds. In addition, published financial statements did not contain sufficient detail, and disbursements exceeded budgeted amounts for several funds.
- County Commission meeting minutes did not always include sufficient detail of matters discussed or the reasons behind actions taken, and minutes were not maintained for a closed session meeting of the County Commission in 2005.
- The county has not obtained a written agreement with the Shell Knob Senior Corporation for the monitoring of neighborhood improvement district funds collected to fund the repayment of a \$178,000 county general obligation bond.
- Adequate procedures are not in place to ensure reimbursement is requested for expenses related to drug patrols performed by the Sheriff's office in the Mark Twain National Forest. Through a cooperative agreement the county was eligible to receive a maximum of \$4,000 in federal reimbursements, but had only submitted requests totaling \$879 as of September 30, 2005. After we brought this issue to the Sheriff's attention, an additional claim of \$1,063 was submitted.
- Various weaknesses exist in the accounting controls and procedures of the Sheriff's office including the functions of cash receipting, depositing, disbursing and reconciling. In addition, liabilities were not reconciled to cash balances for the Sheriff's

YELLOW SHEET

commissary bank account, and seized property records were not updated timely. Further, the Sheriff's office is holding two bank accounts without statutory authority.

- Weaknesses were noted in the accounting controls and procedures of the Circuit Clerk's office. Accounting duties were not adequately segregated, an adequate supervisory review was not performed and documented, an accurate listing of open items was not maintained and reconciled to the related cash balance monthly, and procedures to follow up on old outstanding checks were not adequate. In addition, the Circuit Clerk's office did not maintain adequate records of a petty cash fund.
- The Associate Circuit Court did not investigate the differences between liabilities (open items) and cash balances timely, and some open items were not reviewed and disbursed timely. Additionally, accounting duties for the civil division were not adequately segregated and manual receipt slips were not prenumbered and did not indicate the method of payment.
- The Public Administrator held checks received on the behalf of wards and did not deposit them for extended periods of time to ensure wards remained eligible for Medicaid benefits. Additionally, Form 1099-MISC was not issued as required, and adequate supporting documentation was not always obtained for contract services.
- Deficiencies were noted in the internal control and accounting procedures used by the Juvenile Division. Restitution receipts are not deposited timely, the composition of deposits is not reconciled to the composition of receipts, a record of liabilities (open items) is not maintained for restitution monies being held, and adequate procedures are not in place to follow up on old outstanding checks. Additionally, the Juvenile Division paid individuals for providing various services without properly reporting the compensation for income tax purposes, and general capital asset records are inadequate.
- The Developmentally Disabled Board has accumulated a significant cash reserve, and has not documented how these funds will be spent. Additionally, bank balances were not always sufficiently collateralized, and telephone votes were taken of board members without a quorum physically present.

Also included in the audit are recommendations related to county officials bonds and capital asset records. The audit also suggested improvements in the procedures of the County Assessor, Ex Officio Recorder of Deeds, Prosecuting Attorney, and Health Center.

All reports are available on our website: www.auditor.mo.gov

BARRY COUNTY, MISSOURI

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BARRY COUNTY, MISSOURI

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FINANCIAL SECTION

STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Barry County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Barry County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Barry County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Barry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated January 10, 2006, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Barry County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

January 10, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	Ted Fugitt, CPA
Audit Staff:	Jay Ross
	Troy Royer
	Monte Davault
	Jason Ashley
	Tom Haldimann



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Barry County, Missouri

We have audited the financial statements of various funds of Barry County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated January 10, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Barry County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Barry County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Barry County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

January 10, 2006 (fieldwork completion date)

Financial Statements

Exhibit A-1

BARRY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 576,072	3,068,834	3,103,932	540,974
Special Road and Bridge	86,729	732,357	603,179	215,907
Assessment	51,203	290,905	277,746	64,362
Law Enforcement Training	679	3,971	3,336	1,314
Prosecuting Attorney Training	3,774	1,059	550	4,283
Recorder Microfilm	88,758	41,595	45,377	84,976
Prosecuting Attorney Delinquent Tax	1,804	1,313	480	2,637
Sheriff Special Law Enforcement	537	3,652	1,959	2,230
Liberty Common Road District	15,379	21,325	5,796	30,908
Prosecuting Attorney Bad Check	1,466	40,626	40,252	1,840
Sheriff	22,760	54,734	59,336	18,158
Peace Officer Standards Training	3,137	2,670	3,116	2,691
Local Emergency Planning Commission	8,504	7,550	14,389	1,665
Shelter Home	1,173	2,156	2,100	1,229
Special Road District	0	3,507,057	3,507,057	0
Election	4,528	17,823	4,324	18,027
Shell Knob Senior Project	0	15,164	15,164	0
Local Law Enforcement Block Grant	446	6	0	452
Tax Maintenance	13,043	37,581	30,336	20,288
Associate Court Interest	1,422	138	357	1,203
Circuit Clerk Interest	6,171	3,231	6,747	2,655
Developmentally Disabled Board	559,794	246,081	204,977	600,898
Law Library	43,124	4,748	16,219	31,653
Capital Projects	0	175,000	0	175,000
Sheriff Revolving	0	7,223	0	7,223
Coats for Kids	0	1,395	1,120	275
Total	\$ 1,490,503	8,288,194	7,947,849	1,830,848

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

BARRY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 814,655	2,888,605	3,127,188	576,072
Special Road and Bridge	153,769	579,734	646,774	86,729
Assessment	31,887	287,724	268,408	51,203
Law Enforcement Training	1,956	4,414	5,691	679
Prosecuting Attorney Training	3,696	1,168	1,090	3,774
Recorder Microfilm	71,784	38,578	21,604	88,758
Prosecuting Attorney Delinquent Tax	475	1,329	0	1,804
Sheriff Special Law Enforcement	2,624	513	2,600	537
Liberty Common Road District	19,022	12,081	15,724	15,379
Prosecuting Attorney Bad Check	2,565	40,402	41,501	1,466
Sheriff	29,822	39,707	46,769	22,760
Peace Officer Standards Training	3,304	2,342	2,509	3,137
Local Emergency Planning Commission	7,948	18,940	18,384	8,504
Shelter Home	993	2,111	1,931	1,173
Special Road District	0	3,318,007	3,318,007	0
Election	5,258	1,111	1,841	4,528
Shell Knob Senior Project	0	14,586	14,586	0
Local Law Enforcement Block Grant	13,336	132	13,022	446
Tax Maintenance	4,177	38,064	29,198	13,043
Associate Court Interest	1,715	298	591	1,422
Circuit Clerk Interest	9,929	4,929	8,687	6,171
Developmentally Disabled Board	589,003	236,760	265,969	559,794
Law Library	47,887	4,788	9,551	43,124
Total	\$ 1,815,805	7,536,323	7,861,625	1,490,503

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

BARRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 7,938,232	8,286,799	348,567	7,257,629	7,536,323	278,694
DISBURSEMENTS	8,586,440	7,946,729	639,711	8,383,816	7,861,625	522,191
RECEIPTS OVER (UNDER) DISBURSEMENTS	(648,208)	340,070	988,278	(1,126,187)	(325,302)	800,885
CASH, JANUARY 1	1,486,650	1,490,503	3,853	1,814,616	1,815,805	1,189
CASH, DECEMBER 31	838,442	1,830,573	992,131	688,429	1,490,503	802,074
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	35,000	31,376	(3,624)	34,314	33,025	(1,289)
Sales taxes	1,557,000	1,635,874	78,874	1,519,665	1,557,394	37,729
Intergovernmental	510,203	612,928	102,725	419,006	563,784	144,778
Charges for services	566,800	587,218	20,418	561,176	584,098	22,922
Interest	7,500	10,607	3,107	48,500	7,868	(40,632)
Other	64,134	84,393	20,259	68,300	44,814	(23,486)
Transfers in	100,000	106,438	6,438	74,087	97,622	23,535
Total Receipts	2,840,637	3,068,834	228,197	2,725,048	2,888,605	163,557
DISBURSEMENTS						
County Commissior	91,995	90,690	1,305	91,459	90,565	894
County Clerk	68,205	68,197	8	67,490	67,216	274
Elections	77,840	80,563	(2,723)	50,210	52,373	(2,163)
Buildings and grounds	149,212	139,737	9,475	123,435	122,350	1,085
Employee fringe benefit	381,231	351,880	29,351	399,818	391,485	8,333
County Treasurer	46,850	46,715	135	46,830	46,334	496
County Collector	98,776	98,895	(119)	99,047	97,039	2,008
Ex Officio Recorder of Deed	35,910	35,373	537	33,840	33,810	30
Circuit Clerk	29,100	16,450	12,650	22,900	15,478	7,422
Associate Circuit (Probate)	13,500	12,298	1,202	10,650	12,846	(2,196)
Court administration	6,128	4,813	1,315	6,128	4,717	1,411
Public Administrator	15,600	15,600	0	15,000	13,750	1,250
Sheriff	635,849	644,599	(8,750)	639,380	585,071	54,309
Jail	363,544	366,158	(2,614)	350,059	395,392	(45,333)
Prosecuting Attorney	302,262	297,246	5,016	315,871	294,176	21,695
Juvenile Officer	144,741	132,289	12,452	126,325	119,221	7,104
County Coroner	30,834	29,883	951	28,834	29,261	(427)
Emergency Management	18,020	24,011	(5,991)	13,920	18,803	(4,883)
Office equipment and supplies	177,039	204,736	(27,697)	68,550	61,287	7,263
Capital Projects	25,000	32,341	(7,341)	470,000	465,522	4,478
Insurance and bonds	95,000	98,028	(3,028)	65,000	73,792	(8,792)
University extensor	28,995	29,060	(65)	29,778	28,136	1,642
Tax increment financing	65,000	71,333	(6,333)	49,000	63,341	(14,341)
Other	207,953	38,037	169,916	209,404	45,223	164,181
Transfers out	175,000	175,000	0	15,000	0	15,000
Emergency Fund	93,768	0	93,768	95,746	0	95,746
Total Disbursements	3,377,352	3,103,932	273,420	3,443,674	3,127,188	316,486
RECEIPTS OVER (UNDER) DISBURSEMENTS	(536,715)	(35,098)	501,617	(718,626)	(238,583)	480,043
CASH, JANUARY 1	576,072	576,072	0	814,655	814,655	0
CASH, DECEMBER 31	39,357	540,974	501,617	96,029	576,072	480,043

Exhibit B

BARRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	103,500	110,610	7,110	98,325	102,900	4,575
Intergovernmental	740,425	617,928	(122,497)	433,956	474,426	40,470
Interest	2,000	3,819	1,819	5,000	2,408	(2,592)
Total Receipts	845,925	732,357	(113,568)	537,281	579,734	42,453
DISBURSEMENTS						
Road and bridge construction, repair, and maintenanc	800,000	567,666	232,334	550,000	609,944	(59,944)
Other	7,000	9,850	(2,850)	0	7,580	(7,580)
Transfers out	39,300	25,663	13,637	34,000	29,250	4,750
Total Disbursements	846,300	603,179	243,121	584,000	646,774	(62,774)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(375)	129,178	129,553	(46,719)	(67,040)	(20,321)
CASH, JANUARY 1	86,729	86,729	0	153,769	153,769	0
CASH, DECEMBER 31	86,354	215,907	129,553	107,050	86,729	(20,321)
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	263,120	273,662	10,542	267,347	273,197	5,850
Charges for service:	13,000	15,792	2,792	14,000	13,352	(648)
Interest	1,000	1,451	451	1,200	1,175	(25)
Transfers in	0	0	0	15,000	0	(15,000)
Total Receipts	277,120	290,905	13,785	297,547	287,724	(9,823)
DISBURSEMENTS						
Assessor	325,910	277,746	48,164	328,310	268,408	59,902
Total Disbursements	325,910	277,746	48,164	328,310	268,408	59,902
RECEIPTS OVER (UNDER) DISBURSEMENTS	(48,790)	13,159	61,949	(30,763)	19,316	50,079
CASH, JANUARY 1	51,203	51,203	0	31,887	31,887	0
CASH, DECEMBER 31	2,413	64,362	61,949	1,124	51,203	50,079
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	4,600	3,971	(629)	5,900	4,414	(1,486)
Total Receipts	4,600	3,971	(629)	5,900	4,414	(1,486)
DISBURSEMENTS						
Sheriff	5,200	3,336	1,864	7,000	5,691	1,309
Total Disbursements	5,200	3,336	1,864	7,000	5,691	1,309
RECEIPTS OVER (UNDER) DISBURSEMENTS	(600)	635	1,235	(1,100)	(1,277)	(177)
CASH, JANUARY 1	679	679	0	1,956	1,956	0
CASH, DECEMBER 31	79	1,314	1,235	856	679	(177)

Exhibit B

BARRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,100	1,059	(41)	1,500	1,168	(332)
Total Receipts	1,100	1,059	(41)	1,500	1,168	(332)
DISBURSEMENTS						
Prosecuting Attorney	4,500	550	3,950	5,000	1,090	3,910
Total Disbursements	4,500	550	3,950	5,000	1,090	3,910
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,400)	509	3,909	(3,500)	78	3,578
CASH, JANUARY 1	3,774	3,774	0	3,696	3,696	0
CASH, DECEMBER 31	374	4,283	3,909	196	3,774	3,578
<u>RECORDER MICROFILM FUND</u>						
RECEIPTS						
Charges for service:	36,050	40,310	4,260	36,300	37,605	1,305
Interest	950	1,285	335	1,600	973	(627)
Total Receipts	37,000	41,595	4,595	37,900	38,578	678
DISBURSEMENTS						
Ex-Officio Recorder of Deed	65,765	45,377	20,388	65,765	21,604	44,161
Total Disbursements	65,765	45,377	20,388	65,765	21,604	44,161
RECEIPTS OVER (UNDER) DISBURSEMENTS	(28,765)	(3,782)	24,983	(27,865)	16,974	44,839
CASH, JANUARY 1	88,758	88,758	0	71,784	71,784	0
CASH, DECEMBER 31	59,993	84,976	24,983	43,919	88,758	44,839
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	1,300	1,282	(18)	300	1,315	1,015
Interest	15	31	16	5	14	9
Total Receipts	1,315	1,313	(2)	305	1,329	1,024
DISBURSEMENTS						
Prosecuting Attorney	3,000	480	2,520	700	0	700
Total Disbursements	3,000	480	2,520	700	0	700
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,685)	833	2,518	(395)	1,329	1,724
CASH, JANUARY 1	1,804	1,804	0	475	475	0
CASH, DECEMBER 31	119	2,637	2,518	80	1,804	1,724

Exhibit B

BARRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF SPECIAL LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Interest	12	15	3	45	13	(32)
Other	1,500	3,637	2,137	1,450	500	(950)
Total Receipts	1,512	3,652	2,140	1,495	513	(982)
DISBURSEMENTS						
Sheriff	2,000	1,959	41	3,500	2,600	900
Total Disbursements	2,000	1,959	41	3,500	2,600	900
RECEIPTS OVER (UNDER) DISBURSEMENTS	(488)	1,693	2,181	(2,005)	(2,087)	(82)
CASH, JANUARY 1	537	537	0	2,624	2,624	0
CASH, DECEMBER 31	49	2,230	2,181	619	537	(82)
<u>LIBERTY COMMON ROAD DISTRICT FUND</u>						
RECEIPTS						
Property taxes	650	522	(128)	570	630	60
Sales taxes	6,600	6,854	254	6,748	6,550	(198)
Intergovernmental	11,600	13,410	1,810	4,763	4,622	(141)
Interest	235	539	304	400	279	(121)
Total Receipts	19,085	21,325	2,240	12,481	12,081	(400)
DISBURSEMENTS						
Construction, repair, and maintenance	32,450	5,467	26,983	30,000	15,422	14,578
Other	550	329	221	650	302	348
Total Disbursements	33,000	5,796	27,204	30,650	15,724	14,926
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,915)	15,529	29,444	(18,169)	(3,643)	14,526
CASH, JANUARY 1	15,379	15,379	0	19,022	19,022	0
CASH, DECEMBER 31	1,464	30,908	29,444	853	15,379	14,526
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	43,000	40,340	(2,660)	50,000	40,193	(9,807)
Interest	0	286	286	300	209	(91)
Total Receipts	43,000	40,626	(2,374)	50,300	40,402	(9,898)
DISBURSEMENTS						
Prosecuting Attorney	7,500	4,319	3,181	7,500	6,235	1,265
Transfers out	36,940	35,933	1,007	44,000	35,266	8,734
Total Disbursements	44,440	40,252	4,188	51,500	41,501	9,999
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,440)	374	1,814	(1,200)	(1,099)	101
CASH, JANUARY 1	1,466	1,466	0	2,565	2,565	0
CASH, DECEMBER 31	26	1,840	1,814	1,365	1,466	101

Exhibit B

BARRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF FUND</u>						
RECEIPTS						
Charges for service:	43,000	54,336	11,336	42,000	39,396	(2,604)
Interest	315	398	83	575	311	(264)
Total Receipts	43,315	54,734	11,419	42,575	39,707	(2,868)
DISBURSEMENTS						
Sheriff	55,000	55,000	0	50,000	46,769	3,231
Transfers out	0	4,336	(4,336)	0	0	0
Total Disbursements	55,000	59,336	(4,336)	50,000	46,769	3,231
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,685)	(4,602)	7,083	(7,425)	(7,062)	363
CASH, JANUARY 1	22,760	22,760	0	29,822	29,822	0
CASH, DECEMBER 31	11,075	18,158	7,083	22,397	22,760	363
<u>PEACE OFFICER STANDARDS TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	2,300	2,118	(182)	2,700	2,314	(386)
Interest	28	37	9	50	28	(22)
Other	0	515	515	0	0	0
Total Receipts	2,328	2,670	342	2,750	2,342	(408)
DISBURSEMENTS						
Sheriff	5,400	3,116	2,284	6,000	2,509	3,491
Total Disbursements	5,400	3,116	2,284	6,000	2,509	3,491
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,072)	(446)	2,626	(3,250)	(167)	3,083
CASH, JANUARY 1	3,137	3,137	0	3,304	3,304	0
CASH, DECEMBER 31	65	2,691	2,626	54	3,137	3,083
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	6,630	7,400	770	6,614	18,638	12,024
Charges for service:	0	91	91	0	233	233
Interest	75	59	(16)	200	69	(131)
Other	5,048	0	(5,048)	10,022	0	(10,022)
Total Receipts	11,753	7,550	(4,203)	16,836	18,940	2,104
DISBURSEMENTS						
Emergency planning	18,800	14,389	4,411	19,600	18,384	1,216
Total Disbursements	18,800	14,389	4,411	19,600	18,384	1,216
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,047)	(6,839)	208	(2,764)	556	3,320
CASH, JANUARY 1	8,504	8,504	0	7,948	7,948	0
CASH, DECEMBER 31	1,457	1,665	208	5,184	8,504	3,320

Exhibit B

BARRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHELTER HOME FUND</u>						
RECEIPTS						
Charges for service:	2,100	2,145	45	2,000	2,103	103
Interest	8	11	3	10	8	(2)
Total Receipts	2,108	2,156	48	2,010	2,111	101
DISBURSEMENTS						
Domestic violence shelte	2,800	2,100	700	2,500	1,931	569
Total Disbursements	2,800	2,100	700	2,500	1,931	569
RECEIPTS OVER (UNDER) DISBURSEMENTS	(692)	56	748	(490)	180	670
CASH, JANUARY 1	1,173	1,173	0	993	993	0
CASH, DECEMBER 31	481	1,229	748	503	1,173	670
<u>SPECIAL ROAD DISTRICT FUND</u>						
RECEIPTS						
Property taxes	610,000	651,301	41,301	580,000	610,656	30,656
Sales taxes	1,550,000	1,629,027	79,027	1,551,700	1,550,847	(853)
Intergovernmental	1,156,495	1,226,729	70,234	1,119,104	1,156,504	37,400
Total Receipts	3,316,495	3,507,057	190,562	3,250,804	3,318,007	67,203
DISBURSEMENTS						
Distribution to special road district	3,222,505	3,395,517	(173,012)	3,165,717	3,221,826	(56,109)
Tax Increment Financing	0	71,034	(71,034)	52,000	63,075	(11,075)
Transfers out	0	40,506	(40,506)	33,087	33,106	(19)
Total Disbursements	3,222,505	3,507,057	(284,552)	3,250,804	3,318,007	(67,203)
RECEIPTS OVER (UNDER) DISBURSEMENTS	93,990	0	(93,990)	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	93,990	0	(93,990)	0	0	0
<u>ELECTION FUND</u>						
RECEIPTS						
Intergovernmental	2,100	17,682	15,582	2,000	1,048	(952)
Interest	60	141	81	100	63	(37)
Total Receipts	2,160	17,823	15,663	2,100	1,111	(989)
DISBURSEMENTS						
Elections service:	6,500	4,324	2,176	5,750	1,841	3,909
Total Disbursements	6,500	4,324	2,176	5,750	1,841	3,909
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,340)	13,499	17,839	(3,650)	(730)	2,920
CASH, JANUARY 1	4,528	4,528	0	5,258	5,258	0
CASH, DECEMBER 31	188	18,027	17,839	1,608	4,528	2,920

Exhibit B

BARRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHELL KNOB SENIOR PROJECT FUND</u>						
RECEIPTS						
Assessment:	15,164	15,164	0	0	14,586	14,586
Total Receipts	15,164	15,164	0	0	14,586	14,586
DISBURSEMENTS						
Capital projects	15,164	15,164	0	0	14,586	(14,586)
Total Disbursements	15,164	15,164	0	0	14,586	(14,586)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>LOCAL LAW ENFORCEMENT BLOCK GRANT FUND</u>						
RECEIPTS						
Interest	95	6	(89)	50	132	82
Other	10,600	0	(10,600)	0	0	0
Transfers in	0	0	0	1,479	0	(1,479)
Total Receipts	10,695	6	(10,689)	1,529	132	(1,397)
DISBURSEMENTS						
Sheriff	11,141	0	11,141	14,854	13,022	1,832
Total Disbursements	11,141	0	11,141	14,854	13,022	1,832
RECEIPTS OVER (UNDER) DISBURSEMENTS	(446)	6	452	(13,325)	(12,890)	435
CASH, JANUARY 1	446	446	0	13,336	13,336	0
CASH, DECEMBER 31	0	452	452	11	446	435
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	37,810	37,423	(387)	30,725	37,967	7,242
Interest	110	158	48	307	97	(210)
Total Receipts	37,920	37,581	(339)	31,032	38,064	7,032
DISBURSEMENTS						
Collector	50,963	30,336	20,627	35,209	29,198	6,011
Total Disbursements	50,963	30,336	20,627	35,209	29,198	6,011
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,043)	7,245	20,288	(4,177)	8,866	13,043
CASH, JANUARY 1	13,043	13,043	0	4,177	4,177	0
CASH, DECEMBER 31	0	20,288	20,288	0	13,043	13,043

Exhibit B

BARRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ASSOCIATE COURT INTEREST FUND</u>						
RECEIPTS						
Interest	200	108	(92)	400	187	(213)
Other	0	30	30	0	111	111
Total Receipts	200	138	(62)	400	298	(102)
DISBURSEMENTS						
Associate Circuit Divisor	1,000	357	643	1,000	591	409
Total Disbursements	1,000	357	643	1,000	591	409
RECEIPTS OVER (UNDER) DISBURSEMENTS	(800)	(219)	581	(600)	(293)	307
CASH, JANUARY 1	1,467	1,422	(45)	1,856	1,715	(141)
CASH, DECEMBER 31	667	1,203	536	1,256	1,422	166
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	4,000	3,231	(769)	6,000	4,929	(1,071)
Total Receipts	4,000	3,231	(769)	6,000	4,929	(1,071)
DISBURSEMENTS						
Circuit Clerk	9,000	6,747	2,253	15,000	8,687	6,313
Total Disbursements	9,000	6,747	2,253	15,000	8,687	6,313
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,000)	(3,516)	1,484	(9,000)	(3,758)	5,242
CASH, JANUARY 1	5,502	6,171	669	9,241	9,929	688
CASH, DECEMBER 31	502	2,655	2,153	241	6,171	5,930
<u>DEVELOPMENTALLY DISABLED BOARD FUND</u>						
RECEIPTS						
Property taxes	230,000	237,849	7,849	212,336	224,990	12,654
Interest	5,800	8,232	2,432	10,000	11,770	1,770
Total Receipts	235,800	246,081	10,281	222,336	236,760	14,424
DISBURSEMENTS						
Office expenditure:	700	150	550	3,000	165	2,835
Insurance and bonds	5,000	1,933	3,067	5,000	1,718	3,282
Developmentally disabled service	440,000	202,894	237,106	430,000	264,086	165,914
Total Disbursements	445,700	204,977	240,723	438,000	265,969	172,031
RECEIPTS OVER (UNDER) DISBURSEMENTS	(209,900)	41,104	251,004	(215,664)	(29,209)	186,455
CASH, JANUARY 1	556,767	559,794	3,027	588,361	589,003	642
CASH, DECEMBER 31	346,867	600,898	254,031	372,697	559,794	187,097

Exhibit B

BARRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	4,500	4,561	61	9,500	4,381	(5,119)
Interest	0	187	187	0	407	407
Total Receipts	4,500	4,748	248	9,500	4,788	(4,712)
DISBURSEMENTS						
Law Library	30,000	16,219	13,781	25,000	9,551	15,449
Total Disbursements	30,000	16,219	13,781	25,000	9,551	15,449
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25,500)	(11,471)	14,029	(15,500)	(4,763)	10,737
CASH, JANUARY 1	42,922	43,124	202	47,887	47,887	0
CASH, DECEMBER 31	17,422	31,653	14,231	32,387	43,124	10,737
<u>CAPITAL PROJECTS FUND</u>						
RECEIPTS						
Transfers in	175,000	175,000	0			
Total Receipts	175,000	175,000	0			
DISBURSEMENTS						
Capital projects	0	0	0			
Total Disbursements	0	0	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	175,000	175,000	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	175,000	175,000	0			
<u>SHERIFF REVOLVING FUND</u>						
RECEIPTS						
Charges for service:	5,500	7,152	1,652			
Interest	0	71	71			
Total Receipts	5,500	7,223	1,723			
DISBURSEMENTS						
Sheriff	5,000	0	5,000			
Total Disbursements	5,000	0	5,000			
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	7,223	6,723			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	500	7,223	6,723			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

BARRY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Barry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Developmentally Disabled Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the Coats for Kids Fund for the year ended December 31, 2004.

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Road and Bridge Fund	2003
Sheriff Fund	2004
Special Road District Fund	2004 and 2003
Shell Knob Senior Project Fund	2003
Law Library Fund	2003

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statement for the year ended December 31, 2004, did not include the Coats for Kids Fund. Further, information contained in the county's published financial statements did not include the appropriate revenue detail. Additionally, expenditure detail, as required by Section 50.800, RSMo, was lacking for some county funds.

2. Cash

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2004 and 2003, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial banks or held by the Federal Reserve, but not in the county's name, or by an irrevocable standby letter of credit issued by a Federal Home Loan Bank.

The deposits of the Developmentally Disabled Board at December 31, 2004 and 2003 were entirely covered by federal depository insurance or by collateral securities held by the custodial bank but not in the name of the Developmentally Disabled Board.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed for the Developmentally Disabled Board at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Subsequent Event

In June 2005, the voters of Barry County approved a county sales tax of one-quarter cent (\$.0025) per \$1 of retail sales for the purpose of providing central dispatching of emergency services (911 emergency services). The sales tax is expected to generate annual revenues of approximately \$850,000.

4. Prior Period Adjustments

The Tax Maintenance Fund's cash balance of \$4,177 at January 1, 2003 was not previously reported but has been added.

Supplementary Schedule

Schedule

BARRY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Social Services -			
10.550	Food Donation	N/A	\$ 293	777
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-5104	35,028	0
		ERS045-4101	107,695	31,198
		ERS045-3104W	0	99,045
	Program total		142,723	130,243
10.559	Summer Food Service Program for Children	ERS146-4104i	390	0
		ERS146-3104i	0	65
	Program total		390	65
	Office of Administration			
10.665	Schools and Roads - Grants to States	N/A	241,334	47,845
U.S. DEPARTMENT OF JUSTICE				
	Direct programs:			
16.607	Bullet Proof Partnership Program	N/A	0	2,494
	Passed through:			
	State Department of Public Safety			
16.579	Byrne Formula Grant Program	2002-NCD28-042	11,776	0
		2001-NCD28-069	15,941	11,608
		2001-NCD27-014	0	19,351
	Program total		27,717	30,959
	Cape Girardeau County -			
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	2000DDVX0055	43,518	34,620
	State Department of Public Safety			
16.592	Local Law Enforcement Block Grants Program	2002-LB-BX-2615	0	13,022
	Missouri Sheriffs' Association -			
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,550	0

Schedule

BARRY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Constructior	BRO-B005(16)	35,944	0
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant:	HMEM-03-04-5110	0	2,153
		HMEM-02-04-5100	0	2,153
	Program total		0	4,306
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Secretary of State			
39.011	Election Reform Payment:	N/A	78,343	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.268	Immunization Grants	PGA064-3104A	1,871	8,950
		N/A	63,454	60,940
	Program total		65,325	69,890
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistanc	DHO40022002	5,920	0
		DHO30510008	0	6,700
		ERS161-50023	10,479	0
		ERS161-40088	0	5,100
	Program total		16,399	11,800
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Gran	PGA067-5104S	445	0
		PGA067-4104S	1,885	570
		PGA067-2104S	0	1,895
		PGA067-4104C	2,500	0
		PGA067-3104C	0	1,700
		PGA067-2104C	0	1,035
	Program total		4,830	5,200
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-5104M	7,130	0
		ERS146-3104M	19,817	26,177
		ERS175-3004	0	4,554
	Program total		26,947	30,731

Schedule

BARRY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through state Department of Public Safety				
97.004	Citizen's Council Grant*	2004-GE-T4-0046	100	0
		EMK-2003-GR-2541	0	3,400
	Program total		100	3,400
97.036	Public Assistance Grants*	FEMA-1412-DR-MO	2,422	6,277
97.042	Emergency Management Performance Grant	EMK-2004-GR-4003	4,690	0
		EMK-2003-GR-3003	0	7,982
	Program total		4,690	7,982
97.051	State and Local All Hazards Emergency Operations Planning	EMK-2003-GR-2540	2,700	3,300
97.054	Community Emergency Response Team Grant	EMK-2003-GR-3040	9,281	0
	Total Expenditures of Federal Award:	\$	704,506	402,911

* These expenditures include awards made under CFDA numbers 83.544, 83.552, 83.564, and 83.562

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

BARRY COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Barry County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Food Donation (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the state Department of Social Services. Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines

obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2004 and 2003.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Barry County, Missouri

Compliance

We have audited the compliance of Barry County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Barry County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003.

Internal Control Over Compliance

The management of Barry County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of Barry County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

January 10, 2006 (fieldwork completion date)

Schedule

BARRY COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2004 AND 2003

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? yes x no
- Reportable condition identified that is not considered to be a material weakness? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness identified? yes x no
- Reportable condition identified that is not considered to be a material weakness? yes x none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? yes x no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.665	Schools and Roads-Grants to States

Dollar threshold used to distinguish between Type A

and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

BARRY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

BARRY COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

BARRY COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Barry County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated January 10, 2006. We also have audited the compliance of Barry County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003, and have issued our report thereon dated January 10, 2006.

Because the Health Center is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed those audit reports and other applicable information.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and the county board referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Barry County or

of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. County Expenditures

Bids were not always solicited and reasons for not bidding were not always documented. Supporting documentation for fuel purchased by deputies was not always maintained and reconciled to credit card statements nor was fuel purchases compared to vehicle usage logs for propriety. Additionally, the county overpaid a construction company for bridge construction, and time records for sheriff department employees are not submitted to the County Clerk's office timely.

- A. Although the county generally solicited bids for most purchases, either bids were not solicited, or documentation was not maintained to support why bid requirements were not followed for some purchases including:

<u>Item Purchased</u>	<u>Amount</u>
Jail Lock System Repairs	\$ 7,954
Computer Voice Stress Analyzer	12,200
Computer Hardware	12,002

While the County Commission indicated the purchase of the jail lock system was an emergency purchase, and this purchase along with the computer voice stress analyzer were sole source purchases, no documentation was maintained in the County Commission minutes or elsewhere to support this. The computer hardware was purchased from the Collector's Tax Maintenance Fund which is a fund held by the County Collector and spent at her discretion.

Additionally, the county did not enter into a formal written agreement for the jail lock system repairs, and county officials indicated that they did not know the cost would exceed bid requirements when the work began. Considering no bids were received for these services and the county has no written contract with this company, the county is unable to ensure the appropriate services were received at the proper price.

Section 50.660, RSMo, requires bids for all purchases of \$4,500 or more from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of county resources and helps to assure the county receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. Documentation of bids should include, at a minimum, a listing of vendors from

whom bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, bids received, a summary of the basis and justification for awarding the bid, and documentation of all discussions with vendors.

In addition, if emergency or sole source procurement is necessary, the County Commission minutes should reflect the circumstances.

Further, written contracts are necessary to document the duties and responsibilities of all parties and to prevent misunderstandings. In addition, Section 432.070, RSMo, prohibits a county from making a contract unless it is in writing.

- B. Logs of activity and patrol car usage for deputies in the Sheriff's office were not compared to fuel purchases for propriety. Additionally, credit card receipts were not obtained from one of the three vendors used to purchase fuel. As a result, fuel purchases were not always reconciled to credit card receipts prior to payment. Fuel purchases totaled approximately \$58,000 and \$41,000 during 2004 and 2003, respectively.

Fuel purchases should be supported by credit card receipts or other documentation, and reconciled to the monthly credit card statement prior to payment. Such documentation is necessary to ensure purchases are valid expenditures of county funds. Further, the activity and patrol car usage logs should be reviewed to ensure fuel purchases are necessary and reasonable.

- C. A check issued in February 2003 as a final payment for bridge construction services was \$2,118 more than was due, and the overpayment went undetected by the county. A calculation error was made when computing the remaining amount due on the contract, which had been affected by change orders. County officials were unaware of this overpayment until we brought it to their attention in July 2005. The County Commission subsequently sent a letter to the contractor requesting reimbursement for the overpayment which was later received in November 2005. This error may have been avoided had there been adequate review of the supporting documentation, including recalculating the amount due, prior to making the payment.
- D. Timesheets for employees of the Sheriff's office are not submitted to the County Clerk's office timely to support the monthly processing of payroll. The Sheriff's Department submits payroll request forms to the County Clerk's office to initiate the issuance of payroll checks to department employees; however, time records to support these requests are often not submitted until much later. For example, a payroll request from the Sheriff's office for December 2004 was accompanied by the employee's timesheet for the period August 28, 2004 to September 26, 2004, two months earlier. To ensure adequate support for payroll expenditures, timesheets should be submitted to the County Clerk's office in a timely manner.

WE RECOMMEND the County Commission:

- A. And County Collector solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained due to an emergency, or sole source procurement is necessary, the official County Commission minutes should reflect the necessitating circumstances. Additionally, contracts should be obtained and entered into for services received.
- B. And the Sheriff maintain adequate documentation of fuel purchases and reconcile to monthly credit card statements prior to payment. In addition, fuel purchases should be reviewed for propriety, including comparing daily activity logs to fuel purchases.
- C. Ensure supporting documentation is adequately reviewed prior to approving expenditures for payment.
- D. And the Sheriff ensure time sheets for deputies are submitted to the County Clerk's office in a timely manner.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The Commission was not notified prior to the purchases of the Voice Stress Analyzer and computer hardware. In the future, we will ensure emergency purchases and sole source purchases are documented in the commission minutes. Contracts will be obtained and entered into for services when feasible.*
- B. *We will discuss with the Sheriff that all fuel receipts need to be maintained and that daily activity logs should be compared to fuel purchases.*
- C. *The Commission agrees.*
- D. *We will discuss this with the Sheriff and request all time sheets be submitted to the County Clerk's office timely.*

The County Collector provided the following response:

- A. *In the future, bids will be solicited as required.*

The Sheriff provided the following responses:

- A. *The jail lock system repairs were an emergency purchase, and the computer voice stress analyzer was a sole source purchase. In the future, I will document these situations.*

- B. *I will discuss with my deputies ways to improve documentation of fuel purchases. I will monitor fuel purchases in relation to the activity logs in the future.*
- D. *This has been taken care of.*

2. County Budgets and Published Financial Statements

Some receipts and disbursements were not properly classified in the county's budgets, published financial statements did not contain sufficient detail, and disbursements exceeded budgeted amounts for several funds.

- A. Some receipts and disbursements were not appropriately classified in the county's budgets. Budget misclassifications included inconsistent and erroneous classifications of receipts and transfers. For example, federal and state grant reimbursement monies were classified in the "Other Revenues" category rather than in a more specific and appropriate category. Federal and state grant proceeds are a significant source of revenue to the county, and should be properly classified in the county's financial statements. In addition, some misclassifications included a failure to reflect transfers consistently between county funds.

Further, county budgets also included inaccurate classifications of budgeted and actual disbursements. For example, a line item titled "custodian's annual salary" on the 2005 general revenue fund budget also included salaries for road and bridge employees and a security guard.

The county's budgets should include appropriate classifications of receipts and disbursements to ensure the county's financial information is properly presented and to increase the effectiveness of the budgets as management tools.

- B. Information contained in the county's published financial statements did not always include the appropriate receipt and disbursement detail as required by Section 50.800, RSMo. The various sources of receipts are not shown for all county funds as required. Additionally, disbursements by person or vendor are only shown for some of the county funds.

To adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be presented in the level of detail required by law.

- C. Disbursements exceeded budgeted amounts in various funds during the years ended December 31, 2004 and 2003, as follows:

Year Ended December 31,

<u>Fund</u>	<u>2004</u>	<u>2003</u>
Special Road and Bridge	\$ N/A	62,774
Sheriff	4,336	N/A
Special Road District	284,552	67,203
Shell Knob Senior Project	N/A	14,586

Although a comparison of budgeted and actual disbursements is reviewed periodically by the County Commission, these funds exceeded budgeted disbursements. In 2004 the County Commission omitted administrative transfers to the general fund and disbursements for tax increment financing from the Special Road District budget. On December 29, 2003, the County Commission amended the budget of the Local Emergency Planning Commission Fund by \$3,350 to reflect increased disbursements during the year; however, prior to the amendment of this budget, disbursements had already exceeded the original budget. Additionally, the budget amendment was not made by the same process which the annual budget was approved, including holding public hearings.

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 S.W.2d 246 (1954) that county officials are required to strictly comply with county budget laws. If there are valid reasons which necessitate excess disbursements, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. To ensure the adequacy of the budgets as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual disbursements.

WE RECOMMEND the County Commissions:

- A. And the County Clerk ensure all significant receipts, disbursements, and transfers are accurately and consistently reported in the county budget documents.
- B. Publish financial statements with the appropriate level of detail in accordance with state law.
- C. Adopt adequate procedures to compare budgeted and actual disbursements and ensure the county and applicable officials do not authorize disbursements in excess of budgeted amounts. If there are valid reasons which necessitate excess disbursements, amendments should be made following the same process by which the annual budget is approved and should be made prior to incurring the actual disbursements.

AUDITEE'S RESPONSE

The County Clerk and County Commission provided the following responses:

- A. All significant receipts, disbursements, and transfers have been accurately classified on the 2006 budgets.*
- B. We will comply with this recommendation.*
- C. Procedures are in place to compare budgeted and actual disbursements and we will properly prepare and approve budget amendments in the future.*

3. County Commission Minutes

County Commission meeting minutes did not always include sufficient detail of matters discussed or the reasons behind actions taken, and minutes were not maintained for a closed session meeting of the County Commission in 2005.

- A. County Commission meeting minutes did not always include sufficient detail of matters discussed or the reasons behind actions taken. Information provided in the County Commission meeting minutes was generally limited. For example, the Commission meeting minutes of July 8, 2004 recorded that a motion passed to purchase a lot behind the County Judicial Center. A record of votes was taken for this action; however, the minutes did not include information such as the price of the land, the purpose of the purchase, or the reason no appraisal was obtained.

Complete and accurate minutes provide an official record of County Commission actions and decisions. The minutes are the only official record of the actions of the County Commission. Care should be taken to ensure the minutes are complete and document discussions and specific intentions or reasons behind County Commission decisions. Inadequate or unclear minutes can lead to subsequent confusion as to the County Commission's intentions, possible incorrect interpretation of the County Commission's actions by the general public or other outside entities, and the inability to demonstrate compliance with legal provisions.

- B. Minutes were not prepared by the County Clerk to document matters discussed during a March 8, 2005 closed meeting between the County Commission and officials of the City of Monett regarding a 911 emergency services ballot issue. Section 610.021, RSMo, allows the County Commission to close meetings to the extent they relate to certain specified subjects, including litigation, real estate transactions, and personnel issues. Effective August 28, 2004, Section 610.020, RSMo, provides that minutes of closed meetings should be prepared and retained.

WE RECOMMEND the County Commission:

- A. Ensure meeting minutes include the information necessary to provide a complete record of all significant matters discussed and actions taken.
- B. Ensure full compliance with all provisions of Chapter 610, RSMo, regarding closed meetings, including the preparation of minutes for closed meetings.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *In the future, we will provide more detail regarding decisions that are made.*
- B. *In the future, we will follow this recommendation. It is the practice of the County Commission to avoid holding closed meetings.*

4. Contract Monitoring and Official's Bonds

The county has not obtained a written agreement for the monitoring of neighborhood improvement district funds collected to fund a county general obligation bond payment. Additionally, adequate procedures are not in place to ensure the county received all reimbursements to which it was entitled for drug patrols performed by the Sheriff's office, and the county did not have adequate bond coverage for some elected officials.

- A. The county has not obtained a written agreement with the Shell Knob Senior Corporation regarding funds collected through the Neighborhood Improvement District (NID). On March 22, 2001 the County Commission passed a resolution ordering the establishment of a NID for the purpose of financing the acquisition and construction of a water supply system for the Shell Knob Senior Center and adjacent development. Permanent financing was obtained for the project by the issuance of general obligation bonds totaling \$178,000, dated May 1, 2002 with a final maturity date of April 1, 2022. Bond payments during 2004 and 2003 were approximately \$15,000 annually.

The bonds are to be repaid from assessments against the property owners who benefit from the project and are collected by the Shell Knob Senior Corporation. While the County is liable for the bonds, they do not have a written contract with the Shell Knob Senior Corporation regarding the collection and transfer of funds to the county to make the annual bond payment. Additionally, the County does not receive periodic reports from the Shell Knob Senior Corporation to help monitor the status of assessment collections. Although the County has not had problems receiving funds to make the bond payments, the lack of a written contract exposes the County to unnecessary risk.

Written contracts are necessary to document the duties and responsibilities of all

parties and to prevent misunderstandings. In addition, Section 432.070, RSMo, prohibits a county from making a contract unless it is in writing. The contract should provide a mean to effectively monitor and evaluate the amount of special assessment funds collected and disbursed.

- B. Procedures are not in place to ensure reimbursement is requested for expenses related to drug patrols performed in the Mark Twain National Forest. The Sheriff's office was eligible to receive a maximum of \$4,000 in federal reimbursements under a cooperative agreement for each of the periods ended September 30, 2004 and 2005. While the maximum amount was submitted for reimbursement and received for the period ended September 30, 2004, only \$879 was submitted for reimbursement and received for the period ended September 30, 2005.

The Sheriff stated that he believed the office did not seek reimbursement for all the patrols performed because deputies did not report all eligible patrols to the clerk responsible for billing the federal government. After we brought this issue to the Sheriff's attention, an additional claim of \$1,063 was submitted for reimbursement. Further, the County Commission is not a party to this contract, and does not monitor reimbursements.

To maximize county revenues, the County Commission and Sheriff should ensure that procedures are in place to report all eligible patrols, and to ensure timely requests are submitted for all reimbursements. Further, the County Commission should be a party to all contracts.

- C. The county did not have adequate bond coverage for some elected officials. The County Treasurer's bond coverage was insufficient to cover the school monies she receives. The \$550,000 bond secured for the County Treasurer was approximately \$1.2 million less than the amount required by state law during January 2004 and 2003 when she received and distributed most of the school property tax money. In addition, the Ex-Officio Recorder of Deeds had not provided the required \$1,000 bond coverage since taking office in January 2003.

Section 54.160, RSMo 1994, requires the County Treasurer to give additional bond for school monies sufficient to secure the monies which come into the County Treasurer's hands, not to exceed one-fourth of the amount collected during the same month of the year immediately preceding his election or appointment. Section 59.100, RSMo, requires the Ex Officio Recorder of Deeds to provide a bond of not less than \$1,000. Since bringing this to the county's attention, adequate bond has been secured for both officials.

WE RECOMMEND the County Commission:

- A. Enter into a written agreement with the Shell Knob Senior Corporation outlining the specific arrangements for the collection and disbursement of assessment funds.
- B. And Sheriff establish procedures to properly report all eligible patrols, and ensure timely requests are submitted for all reimbursements for which the county is entitled. In addition, the County Commission should be a party to all contracts.
- C. Ensure that all county officials are adequately bonded.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We agree and will obtain a written agreement.*
- B. *A letter was written to the sheriff requesting documentation of reimbursement requests. The County received \$1,063 in reimbursements on February 23, 2006. We will continue monitoring reimbursement requests prepared by the Sheriff's department.*
- C. *Adequate bond coverage has now been obtained for all county officials.*

The Sheriff provided the following response:

- B. *I will ensure eligible patrols are reported by deputies and ensure reimbursement is requested in a timely manner.*

5. General Capital Assets

The county's records and procedures relating to general capital assets are not adequate. While the county has established a written procedure for the handling of general capital assets, including forms to track additions and dispositions, and deadlines for submission of such information to the County Clerk, adequate steps have not been taken to ensure compliance with the policy. Per Section 49.091, RSMo, the County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, Section 49.093, RSMo, provides that the county officer of each county department is responsible for performing periodic inventories and inspections. Currently, the County Clerk maintains computerized records of capital assets that have been reported by county officials. These records consist of computerized spreadsheets which include information such as the description, serial number, date of purchase, cost, and location of the asset. Our review of the general capital asset records indicated the following areas where improvements are needed:

- No documentation was maintained to support that annual physical inventories had been conducted on all county owned property.
- The capital asset records do not always include complete information applicable to the item. Information such as serial number, purchase price, and purchase date were not recorded for some items reviewed.
- Additions are not always properly tagged and recorded in the property records timely, and purchases of capital assets per the disbursement records are not reconciled to additions per the property records. During our review of equipment purchases, we noted nine of the ten items we reviewed were not recorded on the capital asset records. Assets including a computer voice analyzer (\$12,200), jail security system equipment (\$4,765), photo ID system (\$2,900), and a copier (\$2,500) were not added to the listing.

Adequate general capital asset records are necessary to meet statutory requirements, secure better internal control over county property, and provide a basis for determining proper insurance coverage required on county property. Annual physical inventories of county property are necessary to ensure the capital asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Property control tags should be affixed to all capital assets to help improve accountability and ensure assets are properly identified as belonging to the county. Further, the County Commission should consider using compliance with state law regarding general capital assets as a criterion in approving budget requests from officials for additional general capital assets.

WE RECOMMEND the County Commission periodically reconcile general capital asset purchases to general capital asset additions and take necessary steps to encourage compliance by all county officials with its written policy and state law regarding general capital asset records.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We will periodically check with county officials to ensure compliance with the county's written policy.

6.	Sheriff Accounting Controls and Procedures
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Various weaknesses exist in the accounting controls and procedures of the Sheriff's office including the functions of cash receipting, depositing, disbursing and reconciling. In addition, liabilities were not reconciled to cash balances for the Sheriff's commissary bank account, and seized property records were not updated timely. Further, the Sheriff's office is holding two bank accounts without statutory authority.

The Sheriff receives monies for civil and criminal fees, gun permits, bonds, and other miscellaneous receipts which are handled in the Sheriff's fee and bond accounts. The Sheriff also maintained three checking accounts for the deposit of inmate funds, donations to purchase coats for needy children, and funds of the Southwest Missouri Drug Task Force. Receipts totaling approximately \$300,000 were received annually.

A. Controls over the functions of cash receipting, depositing, disbursing, and reconciling are in need of improvement.

1. Receipts are not always deposited timely. For example, conceal and carry permit fees collected since November 2, 2004 and totaling \$600 were not deposited until December 29, 2004. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
2. The duties of receiving, recording, depositing and disbursing monies, and reconciling the bank accounts are not adequately segregated, and supervisory reviews are not performed to ensure all transactions are accounted for properly and assets are adequately safeguarded.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the Sheriff.

3. The method of payments received (cash, check, money order, etc.) is not indicated on the gun permit and the conceal and carry permit receipt slips. To ensure all receipts are accounted for properly, the method of payment received should be recorded on all receipt slips and the composition of receipt slips should be reconciled to the composition of bank deposits.
4. Procedures have not been established to routinely follow up on outstanding checks. At December 31, 2004, the civil bank account had 14 outstanding checks totaling \$354 that were over 6 months old with some dating back to February 2002. These old outstanding checks create additional and unnecessary record keeping responsibilities.

The Sheriff should adopt procedures to routinely follow up on checks outstanding for a considerable time and reissue checks if the payees can be located. If payees cannot be located, various statutory provisions including Sections 447.500 through 447.595, RSMo, provide for the disposition of unclaimed monies.

- B. Monthly listings of liabilities (open items) were not reconciled to cash balances for the Sheriff's commissary bank account. While the Sheriff's office ceased operating the commissary in May 2005, the reconciled bank balance as of September 30, 2005 was \$223. For this date inmate balances totaled \$676, resulting in liabilities exceeding the reconciled bank balance by \$453. Sheriff's office personnel believed the excess liability was caused by inmate purchases not being properly posted to the individual inmate balances.

To ensure proper accountability over inmate monies and ensure monies held in trust are sufficient to meet liabilities, the inmate account records should have been reconciled monthly to the bank account. The Sheriff's office should investigate the difference between the cash balance and total inmate balances and refund any monies being held for inmates that have been released.

- C. The seized property listing is not updated timely and, as a result, is not accurate or complete. The Sheriff maintains records over seized property related to various court cases. Two items selected from the seized property listing, a shotgun and \$380 in cash, had been released but were still shown on the listing because the proper disposition had not yet been entered.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. These controls include the timely posting of property items to an accurate record of all seized property items.

- D. The Sheriff maintains a bank account for funds of the Southwest Missouri Drug Task Force, for which Barry County became the host county in 2005. As of June 30, 2005, this account had a balance of \$132,678 and was comprised primarily of proceeds from the U.S. Department of Justice. Additionally, the Sheriff has a checking account where donations are deposited for the purpose of providing coats for kids. Receipts for the Coats for Kids Fund totaled \$1,395 for the year ended December 31, 2004.

Missouri Attorney General's Opinion No. 45, 1992, to Henderson states that the sheriff of a third class county is not authorized to maintain a bank account for law enforcement purposes separate from the county treasury. The remaining account balances should be transferred to the County Treasurer for deposit into a separately established fund, and future receipts should be transmitted to the County Treasurer.

WE RECOMMEND the Sheriff:

- A.1. Deposit all monies intact daily or when accumulated receipts exceed \$100.
2. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

3. Indicate the method of payment on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
 4. Adopt procedures to periodically follow up on old outstanding checks, and any unclaimed or unidentified monies should be disposed of in accordance with state law.
- B. Investigate the difference between the cash balance and total inmate balances and attempt to refund any monies being held for inmates that have been released. Should there be any monies remaining unclaimed, dispose of them in accordance with state law.
 - C. Maintain a complete inventory record of all seized property and ensure the listing is updated when an item is disposed.
 - D. Transfer custody of the Southwest Missouri Drug Task Force and Coats for Kids bank accounts to the County Treasurer.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

We will try to the best of our ability to handle all of the problems in an appropriate and timely manner.

- A.1. *All deposits will be made daily on all accounts (bond, gun permits, civil and concealed carry).*
2. *The Barry County Sheriff's Department has two secretaries. We feel that we need another person for the work load we have. The work load is a lot for only 2 people to handle. I will begin reviewing the bank statements monthly.*
3. *The method of payment will be indicated on all receipt slips as follows: for gun permit receipts we will write that we received cash, for bond receipts we will check the cash box, and for the conceal and carry receipts we will write down that we received cash or check.*
4. *We will make an attempt to call on all outstanding checks every 60 to 90 days to make sure they have cleared through the bank.*
- B. *The commissary account has been cleared up. Also, we stopped commissary in 2005.*
- C. *The evidence officer will make sure all evidence is logged into the computer and there is a paper trail.*

- D. *The coats for kids account has been handed over to a local citizen. The Barry County Sheriff's department will no longer be on the account. The SW Missouri Drug Task Force account has been turned over to the task force Treasurer.*

7. Circuit Clerk Accounting Procedures

Various weaknesses existed in the accounting controls and procedures of the Circuit Clerk's office. Accounting duties were not adequately segregated, an adequate supervisory review was not performed and documented, an accurate listing of open items was not maintained and reconciled to the related cash balance monthly, and procedures to follow up on old outstanding checks were not adequate. In addition, the Circuit Clerk's office did not maintain adequate records of a petty cash fund.

The Circuit Clerk's office handles receipts in the form of cash and checks for court costs, fines, and bonds which are deposited into the Circuit Clerk's Fee Account. Records maintained by the Circuit Clerk indicate receipts were approximately \$300,000 and \$360,000 for the years ended December 31, 2004 and 2003, respectively.

- A. Accounting duties were not adequately segregated during the audit period and an adequate supervisory review was not performed and documented. Accounting duties, including receiving, recording, preparing deposits, preparing monthly listings of liabilities (open items) and reconciling the bank account were performed by a deputy clerk. The Circuit Clerk indicated that since taking office in January 2003 he limited his involvement with the fee account because of the problems the previous Circuit Clerk had reconciling the fee account to the open items, and because he was waiting until the office converted to the Justice Information System (JIS) accounting system before becoming more involved. The conversion to JIS did not occur until July 2005 resulting in more than two years of inadequate segregation and supervision of this account.

The failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.

- B. Before converting to JIS, a computerized spreadsheet of liabilities (open items) was maintained and compared to the reconciled cash balance. At December 31, 2004, the spreadsheet included approximately 2,500 line items totaling approximately \$489,000, including a line item for unidentified monies which totaled \$16,318. In February 2005, the Circuit Clerk hired a temporary employee funded by the Office of the State Courts Administrator (OSCA) to review the accuracy of the open items listing and identify open items that could be paid out or transferred to the new bank account opened for the conversion to JIS accounting system. As of October 31, 2005, the reconciled cash balance had been reduced to approximately \$160,000 of which \$39,421 could not be identified to a specific case on the open items listing.

An accurate listing of open items should be maintained and reconciled to the related cash balance monthly to ensure records are in balance and sufficient funds are available for the payment of all liabilities. Further, the Circuit Clerk should attempt to determine the reason for any unidentified liabilities that exist, and if proper disposition cannot be determined, dispose of them in accordance with state law.

- C. As of October 31, 2005, the old fee account had 128 outstanding checks totaling \$9,175 that were over one year old. Several of these outstanding checks dated back to 1997 and 1998.

The Circuit Clerk should adopt procedures to routinely follow up on checks outstanding for a considerable time and reissue checks if the payees can be located. If payees cannot be located, the Circuit Clerk should dispose of the monies in accordance with state law. Various statutory provisions including Sections 447.500 through 447.595, RSMo, provide for the disposition of unclaimed monies.

- D. The Circuit Clerk maintains a petty cash fund used for small expenditures such as office supplies or miscellaneous expenses for juries. This fund is made up of monies received for providing copies. No record has been maintained of receipts, disbursements or the cash balance for this fund. Invoices or other documentation of disbursements are not retained to support expenditures from the fund. A cash count on July 28, 2005 identified \$101 of petty cash on hand and the Circuit Clerk estimated he spends approximately \$500 annually from this fund.

These fees represent accountable fees and should be remitted to the county treasury. Section 50.370, RSMo, requires every county official who receives fees for official services to pay such monies monthly to the county treasury. If a petty cash fund is determined to be necessary, it should be kept on an imprest basis and all reimbursements should be supported by vendor invoices or other documentation.

WE RECOMMEND the Circuit Clerk:

- A. Ensure adequate segregation of duties exists in the office, or ensure periodic supervisory reviews are performed and documented.
- B. Maintain an accurate listing of open items and reconcile to the related cash balance monthly. Any monies remaining unidentified should be disposed of in accordance with unclaimed property statutes.
- C. Adopt procedures to periodically follow up on old outstanding checks, and any unclaimed or unidentified monies should be disposed of in accordance with state law.
- D. Deposit all monies intact into the Circuit Clerk's official bank account and disburse all fees to the county treasury monthly. If a petty cash fund is determined to be necessary, it should be funded by the county and a log of petty cash fund transactions, including invoices for expenditures, should be maintained to properly

document the financial activity of the fund.

AUDITEE'S RESPONSE

The County Circuit Clerk and Ex Officio Recorder of Deeds provided the following responses:

A-C. I was elected to the Office of Circuit Clerk effective January 1, 2003. Prior to taking office in 2003, the Office of State Courts Administrator (OSCA) and the previous Circuit Clerk had developed Excel spreadsheets to handle the different aspects of accounting throughout the Circuit Clerk's office. At that time, it was decided to dedicate one deputy clerk to handle the accounting, disbursements, indentifying open items and tracking outstanding checks, while the Circuit Clerk receipted all incoming funds and overseen the disbursements of checks.

When I assumed office in January 2003, a team from OSCA, specializing in various areas of the court system, came to Barry County, at my request, to evaluate the office. They determined that since OSCA's accountants had set up the accounting spreadsheets and were involved in the implementation thereof and in the likelihood that the Justice Information System (JIS) was to be implemented in approximately one and one-half years (1 1/2) in Barry County, that it was the best interests of all concerned to leave the existing accounting system in place. Since the implementation of the JIS, I have been and am currently following their procedures. I believe we have implemented recommendations A, B, and C through the implementation of the JIS.

D. A log is now maintained of all pretty cash fund transactions and excess copy money will be turned over to the county.

8. Associate Circuit Court's Controls and Procedures

Various weaknesses exist in the accounting controls and procedures of the Associate Circuit Court. Differences between liabilities (open items) and cash balances were not investigated timely and some open items were not reviewed and disbursed timely. Additionally, accounting duties for the civil division were not adequately segregated and manual receipt slips were not prenumbered and did not indicate the method of payment.

The Associate Circuit Court is comprised of four separate areas, criminal, civil, traffic, and probate. The Court handled receipts totaling approximately \$650,000 annually during the years ended December 31, 2004 and 2003.

A. Differences between the monthly listings of liabilities (open items) and the reconciled cash balances for the criminal and traffic divisions were not investigated and resolved in a timely manner. For example, the reconciliation for the criminal division at December 31, 2004 showed open items exceeded the cash balance resulting in a shortage of approximately \$2,100. While assisting in the conversion to the JIS accounting system in 2005, the Office of the State Courts Administrator (OSCA) identified several errors including an \$835 check that had been mistakenly

paid out of the traffic bank account instead of the criminal bank account. As of September 30, 2005 differences have been resolved in the traffic division, but an unidentified shortage of \$754 still remains for the criminal division.

An accurate listing of open items should be maintained and reconciled to the related cash balance monthly to ensure records are in balance and sufficient funds are available for the payment of all liabilities. The Associate Division should investigate the difference between open items and the related cash balance for the criminal division and take the necessary steps to ensure adequate funds are on hand to meet liabilities.

- B. Upon converting to the JIS accounting system all Associate Court Divisions (civil, criminal, traffic, and probate) were combined into one bank account. Our review of the September 30, 2005 open items listing for this account totaled \$98,381, and included at least three items totaling \$22,209 that should have been disbursed. One of the items related to a case which was closed in 1998.

The status of open items should be routinely reviewed to determine if disbursement is necessary. If disbursement is possible but the appropriate payees cannot be located, the monies should be disposed of in accordance with state law. Various statutory provisions including Sections 50.470 through 50.490, RSMo, and Sections 447.500 through 447.995, RSMo, provide for the disposition of unclaimed monies.

- C. Manual receipt slips are issued for monies collected on cases that have not yet been entered into the JIS accounting system and for monies collected after the JIS accounting session is closed out for the day. These manual receipt slips are not prenumbered and do not indicate the method of payment. To ensure monies are properly accounted for and deposited intact, pre-numbered receipt slips indicating the method of payment should be issued for all monies received and the composition of receipt slips issued should be reconciled to the composition of deposits.
- D. Accounting duties for the civil division were not adequately segregated, and a supervisory review was not performed and documented. All accounting duties, including receiving, recording, disbursing monies, and reconciling the bank accounts were performed by the civil division clerk. Since conversion to the Justice Information System (JIS) accounting system in July 2005, better segregation of duties now exist.

The failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner. Internal controls are improved by segregating the duties of receiving and recording monies from the duties of depositing and disbursing monies. If duties cannot be adequately segregated, at a minimum, there should be periodic review of the accounting records and bank reconciliations, and a documentation of such review.

WE RECOMMEND the Associate Division:

- A. Investigate differences that exist between the open items listing and the cash balance, and in the future attempt to resolve such differences more timely.
- B. Adopt procedures to periodically follow up on open items to ensure timely disbursement of amounts held. Any unclaimed or unidentified monies should be disposed of in accordance with state law.
- C. Ensure manual receipt slips are pre-numbered and indicate the method of payment. Additionally, manual receipt slips should be compared with amounts recorded in the JIS system.
- D. Ensure adequate segregation of accounting duties or periodically perform and document reviews of the accounting records and bank reconciliations.

AUDITEE'S RESPONSE

The Associate Circuit Court Judges Garrett and Woods provided the following responses:

- A. *Differences between open items and cash balances were first identified by our clerical staff prior to your audit for the period ending December 31, 1998. Because the necessary accounting adjustments required assistance from individuals skilled in computer programming, we contacted the Office of State Courts Administrator (OSCA) in 1998 to obtain the necessary technical assistance. Therefore, two individuals were assigned to Barry County to make the adjustments necessary to reconcile these differences. Unfortunately, these individuals were assigned to other OSCA projects before they completed their work in Barry County, and the accounting adjustments begun in 1998 were not completed until the summer of 2005, when the Justice Information System (JIS) was implemented in Barry County. The implementation of JIS included conversion to the JIS accounting system which now permits us to review open items and cash balances on a daily basis. Our financial records are compared and reconciled monthly with bank statement balances.*
- B. *As noted above, the accounting adjustments begun by OSCA in 1998 were completed as a part of the JIS conversion in 2005. As a result, we can now follow up on open items to ensure the timely disbursement of amounts held. Any unclaimed monies within the jurisdiction of the court are disposed of in accordance with state law.*
- C. *Manual receipts issued by the court are now pre-numbered and indicate the method of payment. These receipts are compared with amounts recorded in the JIS accounting system, and each manual receipt is attached to the receipt generated by the JIS accounting system.*
- D. *Prior to the implementation of the JIS accounting system, we utilized a manual supervisory review procedure approved and recommended by the State Auditor's Office to perform and document monthly reviews of accounting records and bank reconciliations in the criminal and traffic divisions. Since the implementation of JIS, we have followed the*

recommendations of OSCA to separate accounting duties to the maximum extent feasible in view of existing staff shortages.

9.

Public Administrator

Checks received on the behalf of wards are held and not deposited for extended periods of time to ensure wards remain eligible for Medicaid benefits. Additionally, Form 1099-MISC was not issued as required, and adequate supporting documentation was not always obtained for contract services.

The Public Administrator is the court appointed personal representative for wards of the Associate Circuit Court-Probate Division. Estates handled by the Public Administrator were worth approximately \$3.1 million at December 31, 2004. She is responsible for properly receiving, disbursing, and accounting for the assets of those individuals.

- A. Income tax refund checks received by the Public Administrator on behalf of wards are held for extended periods of time and not deposited timely. On October 6, 2005 we counted a total of \$17,748 in state and federal income tax checks held by the Public Administrator. These checks dated as far back as March 15, 2005, approximately 7 months earlier. According to the Public Administrator, checks are often held (for future expenses) so a ward's estate assets remain below Medicaid eligibility limits to ensure the ward remains eligible for Medicaid benefits.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100. In addition, Section 208.210(1), RSMo, requires recipients to notify county welfare offices if they possess property which affects their right to receive benefits. Further, Section 208.210(2), RSMo, provides, "...if during the life, or upon the death, of any person who is receiving or has received benefits, it is found that the recipient or his spouse was possessed of any property or income in excess of the amount reported that would affect his needs or right to receive benefits, or if it be shown such benefits were obtained through misrepresentation, nondisclosure of material facts, or through mistake of fact, the amount of benefits, without interest, may be recovered from him or his estate by the division of family services as a debt due the state".

- B. Forms 1099-MISC are not issued for payments in excess of \$600 and adequate supporting documentation is not always obtained prior to payment. The Public Administrator routinely hires an individual to clean and maintain various properties of her wards. Compensation paid to this individual exceeded \$600 from at least one estate, and was not reported on Form 1099-MISC. Further, adequate supporting documentation, indicating detail such as hours worked and costs incurred is not always obtained prior to payment.

Sections 6042 and 6051 of the Internal Revenue Code requires an IRS Form 1099-

MISC be completed for every payee other than corporations receiving \$600 or more in aggregate during a calendar year for services performed as a trade or business by non-employees. Further, to ensure the validity and propriety of expenditures, adequate supporting documentation should be obtained for all disbursements.

WE RECOMMEND the Public Administrator:

- A. Discontinue the practice of holding checks and contact the Department of Social Services, Family Support Division to determine whether any monies are due to the state. In addition, monies should be deposited intact daily or when accumulated receipts exceed \$100.
- B. Issue IRS Forms 1099-MISC as required by the Internal Revenue Code and obtain adequate supporting documentation for all disbursements.

AUDITEE'S RESPONSE

The Public Administrator provided the following responses:

- A. *The practice of holding tax refund checks has stopped. The Division of Family Services is informed of excess monies in clients' accounts that would make them ineligible for services. When we have a deceased client, the Attorney General's office in Springfield, Missouri, is notified and asked about claims against the deceased individual. Monies are deposited in a timely manner.*
- B. *Before paying for services, a statement showing time worked, miles traveled, date of service and a short memo of work performed are now received. This statement is filed in the client's file along with other bills. If services to any one individual client exceed \$600 there is a Form 1099-MISC filed.*

10. County Assessor Controls and Procedures

The County Assessor's office accepts cash, checks, and money orders, and issues rediform receipt slips for monies received. Receipts totaling approximately \$15,700 and \$12,900 were transmitted to the Treasurer during the years ending December 31, 2004 and 2003, respectively. Some weaknesses exist in the controls and procedures of the County Assessor's office.

- Receipt slips did not always indicate the method of payment, and the numerical sequence was not accounted for and reconciled to transmittals. Receipt slips were also written for amounts charged by individuals rather than maintaining an accounts receivable ledger, and writing the receipt when payment was made.

- Monies received were not transmitted to the Treasurer daily or when accumulated receipts exceeded \$100, and transmittal dates were not recorded in the accounting records.
- Overpayments and underpayments to the County Assessor's office are neither recorded as received or included in transmittals until corrective action was taken with the payer. For example, checks received for amounts more or less than the amount due are held and not recorded until the payer can issue a new check.

To properly account for all receipts and ensure they are handled properly, official prenumbered receipt slips should be issued for all monies received, the method of payment received should be recorded and reconciled to the composition of monies transmitted to the County Treasurer, and the numerical sequence of receipt slips should be accounted for properly. In addition, transmittals should be made daily or when accumulated receipts exceeded \$100 and the date of turnovers to the Treasurer should be recorded in the accounting records.

WE RECOMMEND the County Assessor issue official prenumbered receipt slips for all monies collected, ensure the method of payment received is recorded and reconciled to the composition of monies transmitted to the County Treasurer, and properly account for the numerical sequence of receipt slips. In addition, transmittals should be made daily or when accumulated receipts exceed \$100 and transmittal dates should be recorded in the accounting records.

AUDITEE'S RESPONSE

The County Assessor provided the following response:

Receipt slips are marked either cash or charge at the time we make them. The numerical sequence is not cost effective for our office, as we do not know how many receipts we will need for the year, and this is the only way to get them in sequence. I have checked on this before. We do account for all slips. When we make the deposit to the Treasurer we keep her deposit slip, which is marked with the amount of checks and cash that she received. It also has the receipts and the date we deposited with her office. If we have a charge that has to be written off, after several months of trying to collect, we keep it with all the other receipts for our records. Occasionally we have to go back and pull this

receipt if they decide to pay. We do not have the extra personnel it would take to keep a separate ledger for all charges. Plus, the customer wants a copy of their charges with the statement, and we copy the receipt, which is marked charged, and fax it with the statement.

It is not always possible for us to deposit money on a daily basis. The treasurer's office is sometimes closed for other business, as she is the purchasing agent for the county. The dates that we do make deposits are recorded as stated above (on her deposit slips that she gives us at the time of depositing money with her), and they are filed with our receipts.

Overpayments and underpayments are very few and they are kept in the money drawer and locked each night.

11. Ex-Officio Recorder of Deeds Accounting Controls and Procedures

Monies were not deposited timely, duties were not adequately segregated, and computer records were not password protected. The Ex-Officio Recorder of Deeds collected various fees for recording documents such as marriage licenses, deeds, etc. totaling approximately \$384,000 and \$393,000 for the years ended December 31, 2004 and 2003, respectively.

- Receipts were not deposited on a timely basis. Deposit slips were prepared for the daily receipts; however, deposits were only taken to the bank once or twice a week. As a result, deposits were often comprised of multiple days' receipts. During December 2004 daily deposit totals ranged from \$1,089 to \$6,634 with all but one days deposits totaling over \$3,800.
- The duties of receiving, recording, depositing and disbursing monies, and reconciling the bank accounts were not adequately segregated and the Ex-Officio Recorder did not periodically review the accounting records.
- Passwords are not in place to limit access to the various data files and programs used to record documents and cash transactions. Lack of such passwords and procedures provides the potential for personnel to make undetected and unauthorized changes to information.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100. In addition, internal controls could be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the Ex Officio Recorder of Deeds. A system of passwords and other procedures should be used to properly restrict access. A unique password should be assigned to each user of a system, and these passwords should be kept confidential and changed periodically to help limit the effect of unauthorized access to computer files.

WE RECOMMEND the Ex Officio Recorder of Deeds ensure that deposits are made at least daily or when accumulated receipts exceed \$100, and accounting and bookkeeping duties are adequately segregated or documented reviews of the accounting records are preformed. Further, establish passwords and ensure passwords are periodically changed and remain confidential.

AUDITEE'S RESPONSE

The Circuit Clerk and Ex Officio Recorder of Deeds provided the following response:

We shall implement the recommendation of daily deposits. As for the accounting, the Recorder's office has recently purchased cashiering software and receipt printers for the money that is received and it stamps the page and book numbers on documents that are received. As far as segregating accounting duties, this office does not have the resources to do such as there are only two employees in such office. With the acquisition of the cashiering software, password protection is in place in reference to receipting of money and documents.

12. Prosecuting Attorney's Controls and Procedures

Duties are not adequately segregated, and passwords are not used to limit access to the accounting system. Additionally, procedures have not been established to monitor court ordered restitution. The Prosecuting Attorney's office collected court-ordered restitution and bad check related restitution and fees in 2004 and 2003 of approximately \$382,000 and \$356,000, respectively.

- A. Accounting and bookkeeping duties are not adequately segregated, and access to the bad check accounting software system is not limited through the use of passwords. One individual is mainly responsible for receiving, recording, and transmitting monies. While the Prosecuting Attorney indicated that accounting records are periodically reviewed, this review is not documented. Additionally, the bad check accounting software does not have a password system or procedures to restrict access to the computer systems.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance all transactions are properly accounted for and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the accounting records should be performed and documented. Further, to establish individual responsibility as well as help preserve the integrity of computer programs and data files, access to computerized records should be limited to those persons who need to use the information. A system of unique IDs and passwords should be used to properly restrict access.

- B. The Prosecuting Attorney's office does not adequately monitor court ordered restitution due from defendants. We noted numerous instances where defendants who were on a court ordered restitution plan were delinquent in their payments and no follow up action had been taken by the Prosecuting Attorney's office such as the issuance of a warrant or the revocation of probation. For example, an \$8,371 balance remains on a case for which \$10,000 restitution was ordered in 1997 and for which the individual's probation ended in January 2000. There was no documentation in the case file to indicate any follow up procedures to attempt to collect the balance had been performed, and no warrant was issued. Adequate procedures are necessary to ensure proper and timely follow up action on amounts due.

WE RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible, or ensure periodic supervisory reviews are performed and documented. Further, establish improved procedures to restrict access to computer files, through the use of unique IDs and passwords.
- B. Establish procedures to properly monitor court ordered restitution, and ensure appropriate action is taken for individuals who are delinquent.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *Due to budgetary constraints, the Barry County Prosecuting Attorney's Office has limited resources for personnel. Because of these limited resources, appropriate segregation of duties without additional staff is not feasible. However, a periodic review of the money received and disbursed will be attempted. Beginning next month, the Prosecuting Attorney will conduct reviews quarterly and attempt to document said reviews. It is the Barry County Prosecuting Attorneys' understanding that the current bad check/restitution software being used by the Barry County Prosecuting Attorney does not have password protection available. The software provider will be contacted to determine if password protection can be installed.*
- B. *The Prosecuting Attorney's Office is unaware of said deficiencies in monitoring court ordered restitution due from defendants. The example cited is from a 1997 case that was filed and/or occurred before the current auditing period and the defendant was apparently discharged before the current auditing period. In addition, the example cited was filed before the current Prosecuting Attorney took office and was disposed and/or discharged before the current Prosecuting Attorney took office. If there are any concerns about more recent cases, the Prosecuting Attorney's Office will gladly address them.*

Currently defendants on felony probation are supervised by the Board of Probation and Parole, and any restitution payments or lack thereof are the responsibility of said officers. Typically, in felony probation cases the court will receive violation reports and then the

court will order that a violation hearing be set. In misdemeanor cases, if the defendant is supervised, the supervising agency is responsible for ensuring restitution is being paid as ordered. If the defendant is unsupervised then the Associate Court is responsible for ensuring all conditions have been met, including restitution. If a violation has occurred then the court will set a violation hearing.

The Prosecuting Attorney is aware of a recent legislation allowing the state to request revocation on its own motion. However, there have been occasions in which a defendant has been discharged by the Board of Probation and Parole at their discretion without consulting the court or the Prosecuting Attorney. This has been done in the past, and the Prosecuting Attorney is unaware of a general restriction on the Board of Probation and Parole from discharging defendants while restitution is still owed. There are not sufficient resources for the Prosecuting Attorney's Office to constantly monitor every defendant who owes restitution. That duty must fall to those agencies whose sole responsibility is to monitor defendants on probation. The Prosecuting Attorney's Office must rely on the Board of Probation and Parole or any other supervising agency to supervise defendant's on supervised probation and ensure that restitution is paid. Also, the Prosecuting Attorney's Office must rely on the Associate Circuit Court to ensure restitution has been paid before a defendant on unsupervised probation is discharged.

As of December 1, 2005, the Prosecuting Attorney's Office has established a procedure in which probation cases with restitution ordered are monitored monthly to ensure that cases with probation ending the next month have no restitution owed. If restitution is owed, the Prosecuting Attorney will ensure that the defendant's case is either suspended, set for hearing or a warrant issued.

13. Juvenile Division's Controls and Procedures

Restitution receipts are not deposited timely, the composition of deposits is not reconciled to the composition of receipts, a record of liabilities (open items) is not maintained for restitution monies being held, and adequate procedures are not in place to follow up on old outstanding checks. Additionally, the Juvenile Division paid individuals for providing various services without properly reporting the compensation for income tax purposes, and general capital asset records are inadequate.

The home base of the Juvenile Division of the Thirty-Ninth Judicial Circuit is located in Barry County. The Division maintains two bank accounts, one for the reimbursement of office expenses, and one for restitution received from juveniles. The Juvenile Division handled restitution receipts of approximately \$1,613 and \$6,330 during the years ended December 31, 2004 and 2003, respectively. The Division stopped collecting restitution in July 2004. The Division also handled receipts/disbursements in the office expense account of approximately \$283,000 and \$250,000 during the years ended December 31, 2004 and 2003, respectively.

A. We identified the following weaknesses regarding the handling of restitution:

1. Receipts are not always deposited timely, receipts are not written for all monies received, and receipt slips are not reconciled to amounts deposited. Examples included:

- Receipts totaling \$914 received between December 31, 2003 and July 26, 2004 (which were composed of \$20 in cash and \$894 in money orders) were not deposited until July 25, 2005. The Chief Juvenile Officer indicated that these monies, for which receipt slips had been issued on the date of receipt, had been misplaced until deposited in 2005. Further, \$319 in money orders from this deposit were subsequently returned by the bank because the Division had waited too long to deposit them.
- A spreadsheet prepared by the Chief Juvenile Officer detailing receipts deposited into the restitution account for the year ended December 31, 2004 included five receipts totaling \$180 for which no receipt slip had been issued. Further, there was no record to show that a \$58 cash receipt, for which a receipt slip dated March 2004 was issued, was deposited into the restitution account. The Chief Juvenile Officer stated that it may have been returned to the juvenile; however, no documentation was provided to support this.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100, a prenumbered receipt slip noting the method of payment should be issued for all monies received, and the composition of monies received should be reconciled to the composition of monies deposited.

2. Although the Division had ceased collecting restitution in July 2004, the balance in the restitution account on December 31, 2005 (over one year later) was \$3,063. The Division had no record of liabilities (open items) for these restitution monies being held. At our request, the Chief Juvenile Officer prepared an open items listing which was \$1,166 less than the reconciled bank balance in the restitution account. Additionally, the account had incurred bank fees of \$65 since 2003.

An accurate listing of open items should be maintained and reconciled to the related cash balance monthly to ensure records are in balance and sufficient funds are available for the payment of all liabilities. Further, the Juvenile Division should attempt to determine the reason for any unidentified liabilities that exist, and if proper disposition cannot be determined, dispose of them in accordance with state law.

3. At December 31, 2005, 10 checks totaling \$834 had been outstanding in the restitution account for more than one year. The Juvenile Division should adopt procedures to routinely follow up on old outstanding checks and reissue the check if the payee can be located. If the payee cannot be located, various statutory provisions provide for the disposition of unclaimed monies.
- B. The Juvenile Division paid individuals from the office expense account for transportation, counseling, and legal services without reporting the compensation for income tax purposes. The Division paid approximately \$177,000 for these services in 2004 including payments in excess of \$600 to numerous individuals.

Sections 6042 and 6051 of the Internal Revenue Code requires an IRS Form 1099-MISC be completed for every payee other than corporations receiving \$600 or more in aggregate during a calendar year for services performed as a trade or business by non-employees. In addition, the Internal Revenue Code requires employers to report all wages on W-2 forms.

- C. The Juvenile Office has not established formal policies and procedures to account for general capital assets, including procedures to update property records, and number, tag or otherwise identify property items. Also, annual physical inventories of property have not been performed. While a list of some assets is maintained, the listing is not complete and does not include an adequate description of each property item.

Adequate general capital assets records are necessary to secure better internal controls over property and provide a basis for determining proper insurance coverage. Inventories and proper tagging of property are necessary to ensure fixed asset records are accurate, identify any unrecorded additions and dispositions, detect theft of assets, and identify obsolete assets.

WE RECOMMEND the Juvenile Division:

- A. Take steps to immediately pay out all monies in the restitution account for which the victim can be identified and dispose of any remaining unidentified balance in accordance with unclaimed property statutes. Also, attempt to recover any bank fees and follow up on any recorded receipts which have not been deposited. Further, the Division should follow up on old outstanding checks and if payees cannot be located should dispose of the monies in accordance with state law.
- B. Issue IRS Forms 1099-MISC or report wages on W-2 forms as required by the Internal Revenue Code.

- C. Maintain property records for general capital assets that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition, if applicable. Actual physical inventory of the various property items should be performed periodically.

AUDITEE'S RESPONSE

The Circuit Judge and the Chief Juvenile Officer provided the following responses:

- A. *A letter has been sent to the bank in order to recover any bank fees. Letters have been sent to victims to follow up on outstanding checks. All outstanding checks will be cancelled by March 23, 2006. Steps are already being taken in regards to paying all victims who have been identified. We will have all located victims paid by no later than April 15, 2006. All monies that can not be identified will be divided and turned over to the Barry, Lawrence, and Stone County Treasurers by May 23, 2006. In regards to the \$58 cash which was receipted for court costs in the restitution receipt book, evidence that it was returned to the juvenile has been located. The cash was used to pay his court costs in Barry County and was receipted as cash by the Barry County Circuit Clerk. The restitution account will be closed as soon as all checks have been deposited; the exception date is June 23, 2006.*
- B. *Starting December 2006 the Juvenile Office will issue IRS Forms 1099-MISC or report wages on W-2 forms as required by the Internal Revenue Code. This is the first time in numerous audits that this issue has been raised.*
- C. *Inventory lists will be completed annually in compliance with 49.093 RSMo. An updated list will be kept on hand at the Juvenile Office as well as all County Clerks within our circuit.*

14. Developmentally Disabled Board

The Developmentally Disabled Board has accumulated a significant cash reserve, and does not have documentation of how these funds will be spent to benefit the developmentally disabled. Additionally, bank balances were not always sufficiently collateralized, and telephone votes were taken of board members without a quorum physically present.

- A. The Developmentally Disabled Board has accumulated a significant cash reserve without any specific plans for its use. Receipts have exceeded disbursements in five of the last six years ended December 31, 2004, resulting in the cash balance increasing from approximately \$350,000 at December 31, 1999 to approximately \$600,000 at December 31, 2004.

While the Board responded in our prior audit report that they anticipated using the cash reserves to fund requests from service providers for capital improvements, this has not occurred. As of November 30, 2005, the bank balance has accumulated to approximately \$630,000 and the Board does not have a documented plan of how the funds will be spent.

Additionally, the approved budget did not adequately reflect the anticipated financial condition of the Board. For example, expenditures were budgeted to use a substantial portion of the reserve funds resulting in a projected cash balance at December 31, 2004 of \$346,867; however, the Board's actual cash balance on this date was \$600,898. Further, accrued interest on certificates of deposits (CDs) was not properly reported in the Board's budget.

In an effort to use the property tax monies for the intended use, the Board should determine future needs, and consider such information when setting future property tax levies. Additionally, to be of maximum assistance to the Board, and to adequately inform the public, the budgets should accurately reflect the anticipated receipts, expenditures, and ending cash balance.

- B. The Developmentally Disabled Board has not solicited bids for banking services since 2001, and has not entered into a written agreement with its depository bank. Additionally, at January 31, 2005 and 2004, the amount of collateral securities pledged by the Board's depository bank for deposits in excess of the Federal Depository Insurance Corporation (FDIC) coverage was insufficient by approximately \$115,000 and \$97,000, respectively.

To ensure the quality of banking services and ensure interest earnings received are maximized, the Board should procure its banking services through a competitive bid process. Further, Section 110.020, RSMo, requires the value of securities pledged to be at all times not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave funds unsecured and subject to loss in the event of bank failure. Also, a written agreement should require that deposits in excess of FDIC limits be secured by bank assets pledged to the Developmentally Disabled Board. In addition, the bank service agreement provisions should include, but not be limited to, any bank fees for check printing, checking account services, and interest rate for invested funds. A written depository agreement helps the Board and bank understand and comply with the requirements of any banking arrangement.

- C. According to minutes of the Developmentally Disabled Board, two funding requests totaling \$19,767 were each approved by a telephone poll of board members taken by the Board Chairman on February 4, 2005. The Board did not have a meeting during February 2005. Section 610.015, RSMo, requires that a quorum of the members be physically present at the meeting location before any other members are allowed to participate by telephone.

Conditions similar to Parts A. and B. were noted in our prior report.

WE RECOMMEND the Developmentally Disabled Board:

- A. Review the cash balance and consider reducing the property tax levy. If plans have been made for expending the accumulated fund balance, such plans should be set forth publicly in the budget document. However, the budgets should provide a reasonable estimate of receipts and disbursements to the anticipated actual amounts so that the budget documents present a reasonable estimate of the Board's financial plan and ending balance.
- B. Seek competitive bids for banking services on a periodic basis, ensure all deposits are adequately secured, and enter into a written agreement with the depository bank.
- C. Ensure full compliance with all provisions of Chapter 610 of the state statutes regarding public votes and meetings.

AUDITEE'S RESPONSE

The Developmentally Disabled Board provided the following responses:

- A. *The Barry County Board for the Developmentally Disabled review the cash balances quarterly. Due to the uncertainty of future budgeting for the Department of Mental Health and the Developmentally Disabled programs and services from the state level, it would be unlikely that we would be able to maintain the level of services for the Developmentally Disabled from this county without the use of local funding. As a result, the maintenance of the present levy would safeguard the continued availability of services for the Developmentally Disabled in our county. We will review the budgeting process to improve the estimates for receipts and disbursements, and also the ending balance on the budget documents.*
- B. *We will be advertising for competitive bids for banking services to be provided to the Board for the Developmentally Disabled. We will enter into a written agreement with the selected depository bank at the time of its selection.*
- C. *The Board has and will continue to comply with the provisions of Chapter 610 of the state statutes regarding public votes and meetings.*

15.	Health Center Board Minutes
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The open meeting minutes of the Health Center Board did not always document the specific reasons for going into closed session. On 14 occasions from January 2003 thru November 2005, the Board went into closed session without citing the statute or the specific reason allowing the closed session. In addition, the board did not document how some items discussed in closed session complied with state law. Examples include discussing bank signature cards, the Administrator's health insurance, and lawn care and cleaning service contracts.

Section 610.022, RSMo, requires that before any meeting may be closed, the question of

holding the closed meeting and the reason for the closed meeting shall be voted on at an open session and entered into the minutes. Section 610.021, RSMo, allows the board to discuss certain subjects in closed meetings, including litigation, real estate transactions, bid specifications and sealed bids, personnel matters, and confidential or privileged communications with auditors. The board should restrict the discussion in closed sessions to the specific topics listed in state statutes.

WE RECOMMEND the Health Center Board ensure open meeting minutes document the reasons for going into closed session, and discuss only matters authorized by law in closed session meetings.

AUDITEE'S RESPONSE

The health Center Board provided the following response:

We will ensure that all closed meetings comply with the Sunshine Law, and open meeting minutes document the reason for going into closed session.

Follow-Up on Prior Audit Findings

BARRY COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Barry County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000 and the Barry County Health Department audit report issued January 15, 2003. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Expenditures

- A. Actual expenditures exceeded budgeted amounts, and officials did not amend the budget.
- B. Property acquired by the county from the State Agency for Surplus Property (SASP), which was supposed to be used by the county, was sold to private organizations and individuals, some of which did not fully reimburse the county.
- C. Vehicle expenses paid to a police officer based on county contracts to police several small cities were not reported to the IRS or on his W-2, and no procedures were in place to document the vehicle expenses incurred.

Recommendation:

The County Commission:

- A. Ensure expenditures are kept within the amounts budgeted. If additional disbursements are necessary, the circumstances should be fully documented and the budgets properly amended.
- B. Contact the SASP to resolve this matter, and ensure that future purchases from SASP be made in compliance with state and federal regulations.
- C. Obtain documentation to support payments for vehicle expenses, and report undocumented payments on W-2 forms. Amended W-2 forms should be prepared for undocumented expense payments made in prior years.

Status:

- A. Not implemented. See MAR No. 2.
- B. Implemented. According to the County Clerk, all the property was returned to the county and then returned to SASP. The county made no purchases from SASP during the two years ended December 31, 2004.

- C. Not implemented. Amended W-2 forms were not prepared for prior years. The county no longer contracts to provide city police services.

2. County Deposits and Controls

- A. The amount of collateral securities pledged by the county's depository bank was insufficient to cover monies in custody of the County Treasurer.
- B. Password security for the county's computerized property tax system was inadequate.

Recommendation:

The County Commission:

- A. Implement procedures to ensure collateral securities pledged by the depository banks are sufficient to protect monies at all times.
- B. Implement a password system which requires each user be assigned a unique password, and require passwords to be changed periodically.

Status:

- A. Implemented.
- B. Partially implemented. Password procedures have improved in the Assessor's office, however, unique passwords are still not assigned and periodically changed in the Collector's office. Although not repeated in the current MAR, our recommendation remains as stated above.

3. General Fixed Assets

Not all fixed assets were recorded on the county' asset listing. Also, reconciliations for new purchases were not performed and quarterly inspections of county owned land and buildings were not performed.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, quarterly inspections of all county land and buildings should be performed.

Status:

Partially implemented. The county has established a written policy related to the handling and accounting for general capital assets; however, records and procedures for the handling of general capital assets remain inadequate. See MAR No. 5.

4. County Collector

- A. The County Collector retained a five percent penalty for city taxes, which state law indicated should be distributed two-fifths to the county general fund and three-fifths to the county employee's retirement fund (CERF). Further, there was no city ordinance authorizing the five percent penalty collected on delinquent taxes.
- B. The method of payment was not recorded consistently on paid tax receipts, therefore the composition of monies deposited could not be reconciled.

Recommendation:

The County Collector:

- A. And the County Commission ensure penalty amounts prescribed in contracts are based upon applicable state laws or city ordinances.
- B. Indicate the method of payment on paid tax receipts, and reconcile the composition of receipts to the composition of monies deposited.

Status:

- A. Implemented. City ordinances now authorize a five percent penalty to be assessed on delinquent taxes and retained by the County Collector, rather than distributing a portion to the CERF as prescribed by state law. The additional two percent penalty allowed by state law to be collected and distributed to the Tax Maintenance Fund is not charged on city taxes.
- B. Implemented.

5. Circuit Clerk's Accounting Controls and Procedures

- A. Fee account receipts were not deposited timely.
- B. Checks issued from the fee account and the child support account were outstanding for more than one year.
- C. Accurate bank reconciliations were not prepared for the fee account.
- D. The Circuit Clerk maintained a computerized open items (liabilities) listing; however, the items listed did not always agree to the amounts indicated in the case file or other record. Further, the open items listing was not reconciled to the cash balances to ensure records were accurate. Unidentified open items remained on the listing and had not been disposed of in accordance with state law.
- E. A petty cash fund was established with copy receipts and criminal search receipts, for the purchase of small expenditures such as office supplies. No record of receipts, disbursements, or cash balance was maintained for the petty cash fund.

Recommendation:

The Circuit Clerk:

- A. Deposit fee account receipts daily or when accumulated receipts exceed \$100.
- B. Adopt procedures to routinely follow-up on old outstanding checks and reissue them if they payee can be located. If the payee cannot be located or identified, these monies should be disposed of in accordance with state law.
- C. Prepare complete and accurate monthly bank reconciliations, and ensure the book balance is accurate and reconciles to the bank balance.
- D. Conduct a case by case review to determine the accuracy of each entry on the open items listing. Once an accurate open items listing is established, reconcile it to the cash balance to ensure records are in balance, and sufficient funds are available for the payment of all liabilities. Any monies remaining unidentified should be disposed of in accordance with unclaimed property statutes.
- E. Deposit all monies intact into the Circuit Clerk's official bank account and disburse all fees to the county treasury monthly. If a petty cash fund is determined to be necessary, it should be funded by the county and a log of petty cash fund transactions, including invoices for expenditures, should be maintained to properly document the financial activity of the fund.

Status:

A&C. Implemented.

B&E. Not implemented. See MAR No. 7.

D. Partially implemented. A review of open items was performed but unidentified amounts have not been disposed of in accordance with unclaimed property statutes. See MAR No. 7.

6. Prosecuting Attorney's Controls and Procedures

A. Accounting and bookkeeping duties were not adequately segregated.

B.1. Receipt slips were not issued for monies received.

2. Administrative fees were not always transmitted to the County Treasurer timely.

3. Daily collection reports were not reconciled to fees transmitted to the County Treasurer.

4. Money orders and cashier's checks for administrative fees were not always restrictively endorsed immediately upon receipt and were often kept in an unsecured location.

C. A bad check log was not maintained to account for the bad check complaints filed with the Prosecuting Attorney and their ultimate disposition.

D.1. Backup copies of the computerized bad check information was not kept off-site.

2. The bad check accounting software did not have a password system to restrict access to the computer systems.

E. A monthly report of bad check fees turned over to the County Treasurer was not filed with the County Commission.

F. The Prosecuting Attorney did not compare delinquent sales tax payments transmitted to the state to collection fees received and an instance was noted where collection fees dating back to 1999 had not been received.

G. The Prosecuting Attorney's employees responsible for collecting monies were not bonded.

Recommendation:

The Prosecuting Attorney:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible, or ensure periodic supervisory reviews are performed and documented.
- B.1. Issue pre-numbered receipt slips for all monies received and account for the numerical sequence of receipt slips.
 - 2. Transmit administrative fees to the County Treasurer daily or when accumulated receipts exceed \$100.
 - 3. Reconcile money orders transmitted to the County Treasurer to daily collection reports.
 - 4. Ensure money orders are restrictively endorsed immediately upon receipt and kept in a secure location until transmitted to the County Treasurer.
- C. Maintain a log to account for all bad check complaints filed with the Prosecuting Attorney's office and their ultimate disposition.
- D.1. Ensure computerized bad check records are stored in a secure, off-site location.
 - 2. Establish improved procedures to restrict access to computer files, through the use of unique IDs and passwords, to only those individuals who need to use the information.
- E. File a monthly report of bad check fees in accordance with state law.
- F. Compare taxes transmitted to DOR to collection fees received.
- G. Obtain bond coverage for all employees responsible for handling monies.

Status:

- A. Partially implemented. While accounting duties are now shared between two individuals, segregation of duties could still be improved. See MAR No. 12.
- B.1. Partially implemented. Procedures have improved for bad check receipts; however, money orders for delinquent tax collections are not receipted. Although not repeated in the current MAR, our recommendation remains as stated above.
- B.2&3,
C,D.1,
E&G. Implemented.
- B.4 Partially implemented. Monies received are now adequately secured until transmittal; however, money orders are not always restrictively endorsed

immediately upon receipt. Although not repeated in the current MAR, our recommendation remains as stated above.

D.2 Not implemented. See MAR No. 12.

F. Not implemented. A comparison is still not performed, however, no instances were noted in the current audit of a failure to receive collection fees due. Although not repeated in the current MAR, our recommendation remains as stated above.

7. Associate Circuit Court's Controls and Procedures

A. Accounting and bookkeeping duties were not adequately segregated, and there was no documented independent review of the accounting records and reconciliations.

B. Checks were outstanding for at least one year.

C. The monthly listings of liabilities were not compared to the reconciled bank and book balances in the criminal and criminal/traffic divisions. The cash balance did not match the liabilities for both divisions and several items on the liabilities list for the criminal division had already been paid.

Recommendation:

The Associate Division:

A. Segregate accounting duties to the extent possible or ensure periodic independent reviews are performed and documented.

B. Adopt procedures to routinely follow up on old outstanding checks, and disburse the unidentified funds as required by state law.

C. Reconcile the open items listing to the cash balance monthly. The Division should determine reasons for the differences that exist between the open items listing and the cash balance, and make adjustments to the accounting records for identified differences.

Status:

A. Partially implemented. Periodic independent reviews were performed and documented for all divisions of the Associate Court except the civil division. See MAR No. 8.

B. Implemented.

C. Not implemented. See MAR No. 8.

8. Juvenile Division's Controls and Procedures

- A. The listing of open restitution cases for which monies was received, but not yet disbursed to the victims was inaccurate and the listing was not reconciled to the cash balance monthly.
- B. The Juvenile Division did not routinely follow up on old outstanding checks.
- C. The Chief Juvenile Officer deposited and maintained personal funds in the office account to provide an operating balance.

Recommendation:

The Juvenile Division:

- A. Prepare complete and accurate listing of open items and compare the listing to the cash balance monthly. Investigate any differences, and any monies remaining unidentified should be disbursed in accordance with state law.
- B. Adopt procedures to routinely follow up on old outstanding checks. Any remaining unclaimed amounts should be disbursed in accordance with state law.
- C. Withdraw any personal funds that can be adequately documented from the office account upon the approval of the Circuit Judge. Establish a balance of operating funds that has been provided by the counties in the Circuit, and monitor the changes in the account balance monthly.

Status:

A&B. Not implemented. See MAR No. 13.

- C. The Chief Juvenile Officer referred to in the recommendation retired in December 2001. Our review of the office account did not identify any personal funds in the account.

9. Developmentally Disabled Board

- A. The Developmentally Disabled Board had accumulated a significant cash reserve without any specific plans for its use.
- B. Collateral securities were not pledged by the Developmentally Disabled Board's depository bank for deposits in excess of the FDIC coverage.

Recommendation:

The Developmentally Disabled Board:

- A. Review the cash balance and consider reducing the property tax levy. If plans have been made for expending the accumulated fund balance, such plans should be set forth publicly in the budget document.
- B. Ensure collateral securities are pledged for all deposits in excess of FDIC coverage.

Status:

A&B. Not implemented. See MAR No. 14.

Barry County Health Department

1. Expenditures

- A.1. Bids were not solicited or advertised for material or labor to purchase the Cassville facility and to purchase and remodel the Monett facility.
- 2. Invoices submitted by the independent contractors performing the labor related to the remodeling were inadequate, providing no detail of time worked, jobs performed, or labor costs incurred.
- 3. The Board did not request or obtain an independent appraisal prior to purchasing the land and building in Monett. In addition, board minutes did not adequately document the actions taken by the board to obtain the property and to ensure the amount paid was reasonable.
- B. Approximately \$1,200 was spent for food and drinks for a "Hamburger Fry" and a "community outreach event" and \$2,600 was incurred for staff time for these two events. Further, t-shirts were purchased to wear at the "Hamburger Fry". In December 2001, \$1,166 was spent on hams given as Christmas gifts to employees, board members, a local doctor, and five contractors working on remodeling the facility.
- C. The Board of Trustees did not document approval of invoices for payment.

Recommendation:

The Health Department Board of Trustees:

- A.1. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official board minutes should reflect the necessitating circumstances.
- 2. Ensure adequate supporting documentation is submitted to substantiate amounts claimed by the independent contractors.
- 3. Obtain independent appraisals for any property being considered for purchase, and ensure decisions and discussions by the board are adequately documented in the minutes.
- B. Ensure all expenditures of the Health Department monies are a necessary and prudent use of public monies.
- C. Review and approve all expenditures of Health Department funds. In addition, the approval of disbursements should be adequately documented by including a listing of all approved disbursement in the board minutes.

Status:

A.1,2,
B&C. Implemented.

A.3. The Health Department has not purchased property.

2. Personnel and Payroll Procedures

- A. Expense reimbursements such as mileage and a personal cellular phone bill were not adequately documented.
- B.1. The Administrator did not prepare a time sheet, or submit a leave record for vacation or sick leave taken, and the board minutes do not document approval of absences.
- 2. Employee time sheets were not approved and signed by the supervisor and compensatory time earned and taken is not adequately tracked and documented.

Recommendation:

The Health Department Board of Trustees:

- A. Obtain documentation to support payments for expense reimbursements and report undocumented payments on W-2 forms. Amended W-2 forms should be prepared for undocumented expense payments made in prior years.
- B.1. Require the Administrator to submit time sheets and document leave activity. Any variation from Health Department personnel policies should be adequately documented in the board minutes.
- 2. Ensure employee time sheets are approved by the applicable supervisor and filed in a central location with the Health Department's payroll records. In addition, compensatory leave records should be maintained for all employees.

Status:

A&B. Implemented.

3. Budgetary and Accounting Procedures

- A. The Board of Trustees did not ensure the beginning and ending cash balance reported in the budget agreed with accounting records, and as a result, the Health Department was carrying the wrong cash balance forward on the budgets for many years.
- B. Accounting duties were not adequately segregated.
- C. Client fee sheets serving as a receipt were not prenumbered.

Recommendation:

The Health Department Board of Trustees:

- A. Ensure the budget document contains accurate financial information.
- B. Adequately segregate accounting duties or ensure periodic supervisory review are performed and documented.
- C. Ensure client summary sheets are prenumbered, or issue separate prenumbered receipt slips to each client for fees received.

Status:

A-C. Implemented.

4. Board Minutes

The Health Department Board of Trustees did not document how a discussion concerning the hours of operation complied with statutory guidelines on closed meetings.

Recommendation:

The Health Department Board of Trustees ensure only topics pursuant to state law are discussed in closed session meetings.

Status:

Not implemented. See MAR No. 15.

5. Written Agreements

Written contracts were not obtained for rental agreements with a not-for-profit organization using Health Department office space or the Health Departments rental of office space for the environmental department.

Recommendation:

The Health Department Board of Trustees formalize and obtain a written agreement for these rental arrangements.

Status:

The not-for-profit organization no longer occupies the Health Department's office space and the Health Department no longer rents office.

6. General Fixed Assets

Formal policies and procedures for general fixed assets were not established, physical inventories were not performed, and the asset listing was not completed. Further, assets were disposed of; however, there were no written procedures regarding the disposition of assets.

Recommendation:

The Health Department Board of Trustees maintain property records for general fixed assets that include all pertinent information for each asset, such as tag number, description, cost acquisition date, location, and subsequent disposition, if applicable. Actual physical inventory of the various property item should be performed periodically. In addition, formal procedures should be established related to the handling and approval of fixed asset dispositions.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

BARRY COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1835, the county of Barry was named after William T. Barry, a U.S. postmaster general. Barry County is a county-organized, third-class county and is part of the Thirty-ninth Judicial Circuit. The county seat is Cassville.

Barry County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 1,043 miles of county roads and 83 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 24,408 in 1980 and 34,010 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2004	2003	2002	2001	1985*	1980**
		(in millions)					
Real estate	\$	229.3	222.2	207.5	198.7	100.9	28.9
Personal property		95.0	93.1	94.3	88.2	22.0	10.4
Railroad and utilities		17.6	17.6	19.0	18.2	6.6	6.6
Total	\$	341.9	332.9	320.8	305.1	129.5	45.9

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Barry County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
Special Road and Bridge Fund *	\$	N/A	N/A	N/A	N/A
Health Center Fund		.0705	.0705	.0700	.0700
Developmentally Disabled Board Fund		.0700	.0700	.0700	.0700

* All areas of the county are located in one of the county's twenty-five special road districts or the common road district. The road and bridge levies vary in each road district, and 20 percent is distributed to the Special Road and Bridge Fund and 80 percent is distributed to the various road districts.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),			
		2005	2004	2003	2002
State of Missouri	\$	104,063	100,218	96,422	92,478
General Revenue Fund		26,355	27,620	25,099	31,894
Road Funds		771,315	744,026	708,018	664,996
Assessment Fund		180,948	136,914	131,269	125,853
Health Center Fund		241,233	232,793	222,530	213,438
Senate Bill 40 Board Fund		239,609	231,333	222,530	213,438
School districts		11,429,057	10,748,233	10,339,576	9,929,855
Library district		608,252	586,982	560,829	537,301
Hospital		176,162	171,199	165,255	155,300
Ambulance district		308,703	295,680	265,723	256,144
Fire protection district		232,105	220,835	212,788	207,365
Neighborhood improvement distri		28,048	0	0	0
Tax sale surplus		29,639	69,755	31,854	29,496
Tax increment financing		175,588	143,764	146,291	107,855
Cities		102,112	109,130	125,295	129,638
County Clerk		3,537	3,510	3,378	3,396
Tax Maintenance		38,472	38,147	18,193	0
County Employees' Retirement		108,165	108,781	99,478	80,032
Commissions and fees:					
General Revenue Fund		251,621	237,083	228,683	214,532
County Collector		5,907	5,191	6,319	6,388
Total	\$	15,060,891	14,211,194	13,609,530	12,999,399

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2005	2004	2003	2002	
Real estate	92.2	91.3	91.0	91.8	%
Personal property	88.0	87.8	87.1	87.2	
Railroad and utilities	100.0	100.0	95.7	100	

Barry County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	100	%
Capital improvements	.0050	2005	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:					
Cherry Warren, Presiding Commissioner		31,700	31,700	29,164	27,950
Frank Washburn, Associate Commissioner		28,512	28,512	28,512	27,245
Eddie Davison, Associate Commissioner		28,512	28,512	28,512	27,245
Gary Youngblood, County Clerk		45,000	45,000	41,400	39,560
Johnnie E. Cox, Prosecuting Attorney		96,000	96,000	N/A	N/A
Stephen Hemphill, Prosecuting Attorney		N/A	N/A	50,600	48,760
Mick Epperly, Sheriff		48,000	48,000	48,000	46,080
Lois Lowe, County Treasurer		45,000	45,000	30,636	29,274
Donald White, County Coroner (1)		15,360	15,360	16,482	14,440
Barbara White, Public Administrator (2)		46,395	33,445	38,140	16,588
Janice Varner, County Collector (3), year ended February 28 (29),	49,399	50,192	N/A	N/A	N/A
Misha Hull, County Collector year ended February 28 (29), (3)	N/A	N/A	47,719	45,831	N/A
June Smith, County Assessor (4), year ended August 31,		43,927	44,066	44,100	N/A
Glen D. Nicoll, County Assessor (4), year ended August 32,		N/A	N/A	N/A	41,100
Sam Goodman, County Surveyor (5)		N/A	N/A	N/A	N/A

(1) Includes \$1,122 reimbursement from the County Employees' Retirement Fund for 2002.

(2) Includes fees received from probate cases.

(3) Includes \$4,399, \$5,192, \$6,319, and \$6,272 in commission earned for collecting city property taxes for 2005, 2004, 2003, and 2002 respectively.

(4) Includes \$727, \$866, \$900, and \$900 in annual compensation received from the state in 2004, 2003, 2002, and 2001 respectively.

(5) Compensation on a fee basis.

State-Paid Officials:

Johnny Williams, Circuit Clerk and Ex Officio Recorder of Deeds		47,900	47,642	N/A	N/A
Dick Sanders, Circuit Clerk and Ex Officio Recorder of Deeds		N/A	N/A	47,300	47,300
Michael Garrett, Associate Circuit Judge		96,000	96,000	96,000	96,000
Carr Woods, Associate Circuit Judge		96,000	96,000	N/A	N/A
William Burke, Associate Circuit Judge		N/A	N/A	96,000	31,000



Claire McCaskill

Missouri State Auditor

April 2006

Twenty-First Judicial Circuit

City of Country Club Hills, Missouri Municipal Division



Office Of
Missouri State Auditor
Claire McCaskill

April 2006

The following findings were included in our audit report on the Twenty-First Judicial Circuit, City of Country Club Hills, Missouri – Municipal Division.

As of January 31, 2006, the bond escrow bank account of the court had a balance of \$43,482. At the auditors' request, the Court Clerk prepared an open items list as of January 31 from the court's bond log. When compared to the bond bank account balance, it was noted that the bank balance was \$20,352 more than the open items list. A portion of this excess is interest earned on the account that has not been paid over to the city; otherwise, the Court Clerk could not explain the reason for these excess monies. In addition, the bond log does not indicate the disposition of bonds, including date disposed, refunded, or transmitted to the city.

Court fines and costs are not transmitted to the city and deposited on a timely basis, and the court does not keep records of which receipt numbers make up the bank deposit. For the time periods reviewed, court transmittals totaled \$8,618, \$9,277, and \$2,808. Also, during our test of bond receipts, we noted at least \$2,850 in bonds held by the police department, waiting to be picked up by a court employee. Furthermore, the municipal division did not document a review of the numerical sequence of bond forms upon receipt from the police department and neither the court nor the police department account for the numerical sequence of tickets issued.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

TWENTY-FIRST JUDICIAL CIRCUIT
CITY OF COUNTRY CLUB HILLS, MISSOURI
MUNICIPAL DIVISION

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge
Twenty-First Judicial Circuit
and
Municipal Judge
Country Club Hills, Missouri

We have audited certain operations of the city of Country Club Hills Municipal Division of the Twenty-First Judicial Circuit. The scope of this audit included, but was not necessarily limited to, the year ended March 31, 2005. We were requested by the Municipal Judge to perform this audit upon the discovery of a theft involving the court bond account. The prior Mayor wrote himself two unauthorized checks totaling \$2,600 in December, 2004. This incident was discovered by the court, the amounts have been repaid, and charges have been filed. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.
3. Review the municipal division records and procedures for any other instances of fraud.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions.

However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the municipal division's management and was not subjected to the procedures applied in the audit of the division.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Country Club Hills Municipal Division of the Twenty-First Judicial Circuit.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

February 23, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Kenneth W. Kuster, CPA
Audit Manager: Alice M. Fast, CPA
In-Charge Auditor: Monique Williams, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

TWENTY-FIRST JUDICIAL CIRCUIT
CITY OF COUNTRY CLUB HILLS, MISSOURI
MUNICIPAL DIVISION
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Bond Open Items
-----------	------------------------

- A. Monthly listings of open items (liabilities) are not prepared and reconciled to the bond account bank balance. In addition, interest earned on the account has not been tracked and turned over to the city's general fund.

As of January 31, 2006, the bond escrow bank account had a balance of \$43,482. At our request, the Court Clerk prepared an open items list as of January 31 from the court's bond log. We compared this log to the bond bank account balance and noted that the bank balance was \$20,352 more than the open items list. A portion of this excess is interest earned on the account that has not been paid over to the city. The Court Clerk could not explain the reason for these excess monies. The clerk did indicate that past city employees had not prepared open items listings or tracked the interest earned on the account. Furthermore, we noted one of the older bonds tested could not be identified with an open case.

A monthly listing of open items is necessary to ensure proper accountability over open cases and to ensure monies held in trust are sufficient to meet liabilities. An attempt should be made to determine the proper disposition of monies held in the bond escrow account and to ensure that monies are properly distributed in a timely manner to the city, state, or other third parties. Any amounts which remain unclaimed or unidentified should be disposed of in accordance with state law.

- B. The court maintains a bond log of all the bonds received by the court which shows the defendant's name, date received, bond amount, the court receipt number issued, and the bond number issued by the police department. However, the bond log does not indicate the disposition of the bond, including the date the bond was disposed, refunded, or transmitted to the city.

To improve accountability over bonds received by the court and to help in the preparation of the bond open items list, the date the bond was disposed, refunded, or transmitted to the city should be documented on the court bond log.

WE RECOMMEND the Municipal Division:

- A. Prepare a monthly open items listing and reconcile this list to the amount in the bond escrow bank account. In addition, the Municipal Division should determine the disposition of the remaining unidentified amounts held in the account.

Interest earned on the account should be tracked and periodically paid to the city's general fund.

- B. Document the date and ultimate disposition of each bond on the court's bond log.

AUDITEE'S RESPONSE

The Municipal Judge provided the following responses:

- A. *Within the next year, the court will establish a list of monthly open items. The court will enter an order which will direct the disposition of the open items.*
- B. *Implemented.*

2. Accounting Controls and Procedures

- A. The municipal division did not document a review of the numerical sequence of bond forms upon receipt from the police department. A bond log is maintained by the police department of all the bond forms issued by police personnel. Each bond received has the initials in the log of the police officer accepting the bond. When bond forms and receipts are picked up by a court employee, there is no documentation that the numerical sequence of the bond forms is accounted for and reconciled with the bond monies received.

To ensure all bonds are properly receipted and deposited into the bond bank account, the municipal division should ensure the numerical sequence of bond forms is accounted for properly and agreed to the bond monies collected from the police department. To document this reconciliation, the municipal division should sign for the bond forms and monies received from the police department.

- B. 1. Court fines and costs are not transmitted to the city and deposited on a timely basis. Transmittals and deposits are made twice a month after each court date. For the time periods reviewed, court transmittals totaled \$8,618, \$9,277, and \$2,808. In addition, the court does not indicate which receipt numbers make up the deposit on the bank deposit tickets or any other such record.
2. Bond receipts are not deposited on a timely basis. Bond receipts are removed from the police department bond box and deposited once a week. During our test of bond receipts, we noted at least \$2,850 in the bond box waiting to be picked up by a court employee.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be deposited intact daily or when accumulated receipts

exceed \$100. In addition, deposit ticket information should be sufficiently detailed to indicate which receipts are included in the deposit.

WE RECOMMEND the Municipal Division:

- A. Ensure the numerical sequence of bond forms is accounted for properly and agreed with the bond monies received from the police department.
- B. Deposit receipts intact daily or when accumulated receipts exceed \$100 and ensure deposit tickets include complete and accurate information.

AUDITEE'S RESPONSE

The Municipal Judge provided the following responses:

- A. *Implemented.*
- B. *With the cooperation of the police department, deposits will be made more frequently than in the past.*

3. Ticket Accountability

The Municipal Division and Police Department do not account for the numerical sequence of tickets issued. The Police Department tracks the ticket numbers assigned to each officer, but keeps no record of tickets issued. As tickets are issued by the Police Department they are given to the court for processing. The court employees enter the issued and voided tickets into the computer system; however, they do not ensure that the numerical sequence of all tickets issued is accounted for properly.

Without a proper accounting for the numerical sequence and ultimate disposition of tickets issued, the court and the police department cannot be assured that all tickets issued were properly submitted for processing. A record should be maintained accounting for the ultimate disposition of each ticket issued to ensure all tickets have been accounted for properly.

WE RECOMMEND the Municipal Division work with the Police Department to ensure adequate records are maintained to account for the numerical sequence and ultimate disposition of all tickets issued.

AUDITEE'S RESPONSE

The Municipal Judge responded that both the police department and the court will maintain ticket logs to assure accountability.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

TWENTY-FIRST JUDICIAL CIRCUIT
CITY OF COUNTRY CLUB HILLS, MISSOURI
MUNICIPAL DIVISION
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Country Club Hills Municipal Division is one of eighty-six municipal divisions within the Twenty-First Judicial Circuit, which consists of St. Louis County. The Honorable Carolyn Whittington serves as Presiding Judge.

The municipal division is governed by Chapter 479, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau (VB) in which fines and costs are collected at times other than during court and transmitted to the city treasury.

Operating Costs

The operating costs and court salaries of the municipal division are paid by the municipality.

Organization

The court is responsible for recording transactions as well as handling collections and disbursements. The Country Club Hills Police Department collects bond monies for the city of Country Club Hills. Bond monies are picked up by a court employee from the police department and transmitted to the City Clerk weekly for deposit into a bond escrow account. Fines and costs are collected by the court and transmitted to the City Clerk twice a month for deposit into the city treasury. Court is held on the first and third Wednesday of each month. A traffic violations bureau has been established by court order to receive payment of fines and court costs at times other than during court.

Personnel

Municipal Judge	William Buchholz, II
Court Clerk	Rowena Hollins
Assistant Court Clerk	Rayette Wesley

Financial and Caseload Information

	<u>Year Ended March 31,</u>	
	<u>2005</u>	<u>2004</u>
Receipts	\$ 317,850	329,304
Number of cases filed	2,436	2,640



Claire McCaskill

Missouri State Auditor

April 2006

CORRECTIONS

St. Louis Community Release Center



Office Of The
State Auditor Of Missouri
Claire McCaskill

April 2006

The following findings were included in our audit of the Department of Corrections, St. Louis Community Release Center.

The St. Louis Community Release Center (SLCRC) became operational in 1978, as the St. Mary's Honor Center. In 1996, the facility moved to its present location. Originally the facility housed only men, but expanded to include women in 1984. The facility has a maximum capacity of 550 beds.

During the years ended June 30, 2005 and 2004, room and board fee collections totaled approximately \$380,000 and \$371,500, respectively. The business office contacts the Central Office instructing them to enter the offender in the room and board database and begin assessing those fees. Business office employees are also responsible for receipting these fees and transmitting them to the Central Office for deposit. There is no supervisory review of the documentation for the initiation of these fees. Additionally, the SLCRC does not have a formal written policy for credits given to offenders for room and board fees. During the fiscal years ended 2005 and 2004, credits totaled \$260,984 and \$271,140, respectively.

Furthermore, during this same period, several offenders were released with room and board balances over \$300 and without a judge's order for release on a specific date. There was no documentation, except the approval of the superintendent, to indicate why these offenders were released in violation of Department of Corrections (DOC) policy. Although the offender's probation officer is notified of any outstanding room and board fees upon release, the SLCRC does not perform any follow-up procedures on these unpaid fees.

Currently, the SLCRC also does not assess charges until offenders gain employment, contrary to DOC policy. As of November 17, 2005, there was approximately \$1.4 million in outstanding room and board fees.

No independent verification of physical inventory is performed after the custodial armory officer conducts a monthly physical inventory, which is a violation of DOC policy.

The audit also includes comments related to payroll and cash procedures which the center should consider and take appropriate corrective action.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

DEPARTMENT OF CORRECTIONS
ST. LOUIS COMMUNITY RELEASE CENTER

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Larry Crawford, Director
Department of Corrections
and
Janet Schneider, Superintendent
St. Louis Community Release Center
St. Louis, MO 63102

We have audited the Department of Corrections, St. Louis Community Release Center. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2005 and 2004. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the release center, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the release center's management and was not subjected to the procedures applied in the audit of the release center.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Corrections, St. Louis Community Release Center.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

December 1, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Carl Zilch, Jr.
Audit Staff:	Chris Vetter

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF CORRECTIONS
ST. LOUIS COMMUNITY RELEASE CENTER
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Room and Board Procedures

Duties are not adequately segregated and there is no formal written policy for granting credit to offenders for room and board fees. In addition, offenders are released while still owing room and board fees, and are not charged for room and board until they gain employment, which does not comply with Department of Correction (DOC) policy.

According to department policy, the St. Louis Community Release Center (SLCRC) charges offenders \$10 a day for room and board fees. Credits for these room and board fees are given under various circumstances. During years ended June 30, 2005 and 2004, room and board fee collections totaled approximately \$380,000 and \$371,500, respectively.

- A. The duties of receiving and transmitting receipts are not adequately segregated from that of initiating the assessment of room and board fees, and there is no indication that a supervisory review of the accounting records is conducted. The department's Central Office maintains a database for the assessment and collection of the room and board fees. Caseworkers complete a form when an offender has gained employment and is ready to start room and board fees, and submits it to the business office. The business office will then contact the Central Office instructing them to enter the offender in the room and board database and begin assessing these fees. The form completed by the caseworker is not submitted to the Central Office. In addition, there is no supervisory review of the documentation for the initiation of these room and board fees.

Business office employees are also responsible for receipting these fees and transmitting them to the Central Office for deposit. The Central Office posts the receipt of the room and board fees to their data system from the transmittals submitted by the business office.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and transmitting monies, from that of initiating the assessment of the room and board fees. The segregation of duties could also be achieved by requiring the caseworker to notify the Central Office when an offender has gained employment.

- B. The SLCRC does not have a formal written policy for credits given to offender's for room and board fees. During the fiscal years ended 2005 and 2004, credits totaled \$260,984 and \$271,140, respectively. Currently, SLCRC allows offenders credits for various circumstances (i.e., outside rent payments, counseling fees, court fees, child support; working in the facility, medical or mental health disability, or job search delays). Offenders submit documentation to their caseworker to receive a credit to their room and board fees. Once the proper documentation has been submitted by the offender, the caseworker completes a form and submits it to the business office. The business manager will then contact the Central Office to have the credit entered into the system. These procedures have not been formally documented in the SLCRC policy. In addition, as noted in part A, business office employees are also responsible for receipting these fees and transmitting them to Central Office for deposit.

Formal written policies should be developed to clearly establish when credits are to be given to avoid any misunderstandings. In addition, the policy should address the segregation of duties of the business office and require the initiation of the credits be performed directly by caseworkers to Central Office.

- C. Offenders are released from the SLCRC while still owing room and board fees, and no follow-up is performed on these outstanding fees. DOC policy P4-4.1 Section I.C.5., indicates successful completion at community release center includes being current on all required room and board fees. The informal policy at SLCRC is to release all offenders owing less than \$300 in room and board fees who have met the remaining release criteria; however, SLCRC personnel indicated an offender could be released owing more than \$300 if there was a judge's order mandating the release of the offender on a specific date. During the two years ended June 30, 2005, several offenders were released with room and board balances over \$300 and without a judge's order for release on a specific date. There was no documentation, except the approval of the superintendent, to indicate why these offenders were released in violation of policy.

In March of 2004, Central Office informally approved allowing the release of offenders with outstanding room and board fees; however, this informal policy change does not indicate under what circumstances this should be done or what approval is required. The approval of this change in procedures has not been formally documented in DOC policy.

As of November 17, 2005, there was approximately \$1.4 million in outstanding room and board fees. When an offender is released from the SLCRC, the probation officer is notified of any outstanding room and board fees, but the SLCRC does not perform any follow-up procedures on these outstanding fees.

Formal policies should be developed to clearly indicate under what circumstances offenders will be allowed to be released still owing room and board fees and what approval is required. In addition, the SLCRC should request the DOC policy be

updated to reflect changes in procedures for offenders being released while still owing room and board fees. Also, by not adequately following-up on outstanding room and board fees, these costs could remain uncollected and result in lost revenue.

- D. Room and board charges are not assessed in compliance with policy. Currently, the SLCRC does not assess charges until offenders gain employment. DOC policy P4-4.1, Section I.C.3. indicates billing for room and board fees will begin 15 days following an offender's assignment at the community release center. Starting in March 2004, the SLCRC, with approval from Central Office, changed their procedure to begin assessing the room and board charges when the offender gains employment in the community.

The SLCRC should request DOC policy be updated to reflect the informal SLCRC policy of room and board billing starting after an offender gains employment. By not updating DOC policy, there is potential for misunderstanding regarding the proper procedures for beginning room and board charges for offenders.

WE RECOMMEND the SLCRC:

- A. Require the caseworker to notify the Central Office when an offender has gained employment.
- B. Develop formal written policies to clearly establish when credits can be given for room and board fees. In addition, the policy should require the caseworker to inform Central Office of credits to be granted.
- C. Develop formal written policies to clearly indicate under what circumstances offenders will be allowed to be released still owing room and board fees and what approval is required. In addition, the SLCRC should request the DOC policy be updated to reflect the informal procedures of allowing offenders to be released with unpaid or outstanding room and board fees. Procedures should also be established and implemented for pursuing the collection of outstanding room and board fees.
- D. Request the DOC policy be updated to reflect the informal procedure of not accessing room and board charges until an offender gains employment.

AUDITEE'S RESPONSE

- A. *We agree. The case management staff (caseworker or officer) will directly advise the Inmate Finance Office via electronic communication to initiate the daily charges when the offender is employed. This change will segregate this function from the Business Office.*

B&D. Probation and Parole (P&P) Procedure P-4-4.1 was revised effective February 1, 2006, and provides specific guidance for these activities.

C. P&P Procedure P-4-4.1 was revised effective February 1, 2006, and provides specific guidance for this activity. The procedure provides the superintendent the authority to approve these exceptions. Follow-up on the outstanding balances owed by offenders still under supervision is conducted by the supervising parole officer in the district office where the offender is assigned following transfer from the release center.

2. Armory Inventory Procedures

No independent verification of physical inventory for the armory is performed after the custodial armory officer conducts the monthly physical inventory. DOC policy D4-5.1, Section III.B.3., states that the physical inventory must be verified by an institutional employee whose duties do not include the maintenance of that particular inventory.

An independent verification enhances controls of inventories and helps reduce the risk of misuse.

WE RECOMMEND the SLCRC require physical inventories of the armory to be verified by an employee independent of custodial and record-keeping duties.

AUDITEE'S RESPONSE

We agree. The Fire and Safety Officer has already been designated as the employee who will perform an independent verification of inventories. He is not in the chain of command of the Captain who performs the custodial and record keeping duties.

3. Payroll Procedures

The duties of hiring employees, entering leave information into the Statewide Advantage for Missouri (SAM II) system, and distributing payroll checks are not segregated. The personnel office performs all of these duties.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. To achieve this, the duties of hiring and entering leave information should be segregated from distributing the payroll checks.

WE RECOMMEND the SLCRC adequately segregate the duties of hiring and entering leave information into the computer from distributing the payroll checks.

AUDITEE'S RESPONSE

We agree. We have segregated the duties of hiring, timekeeping, and the distribution of payroll checks by using our business office to distribute the payroll checks. The business office was selected due to the security of the office.

4. Cash Procedures

Checks received are not restrictively endorsed immediately upon receipt. SLCRC receives money for offender's room and board fees and vending machine commissions, which are transmitted to the department's Central Office for deposit. The checks are not restrictively endorsed until after transmittal to the Central Office. To reduce the risk of loss, theft, or misuse of funds, checks should be restrictively endorsed when received.

WE RECOMMEND the SLCRC require all checks be restrictively endorsed immediately upon receipt.

AUDITEE'S RESPONSE

We agree. The Business Manager will have a stamp provided to use in restrictively endorsing checks.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF CORRECTIONS
ST. LOUIS COMMUNITY RELEASE CENTER
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

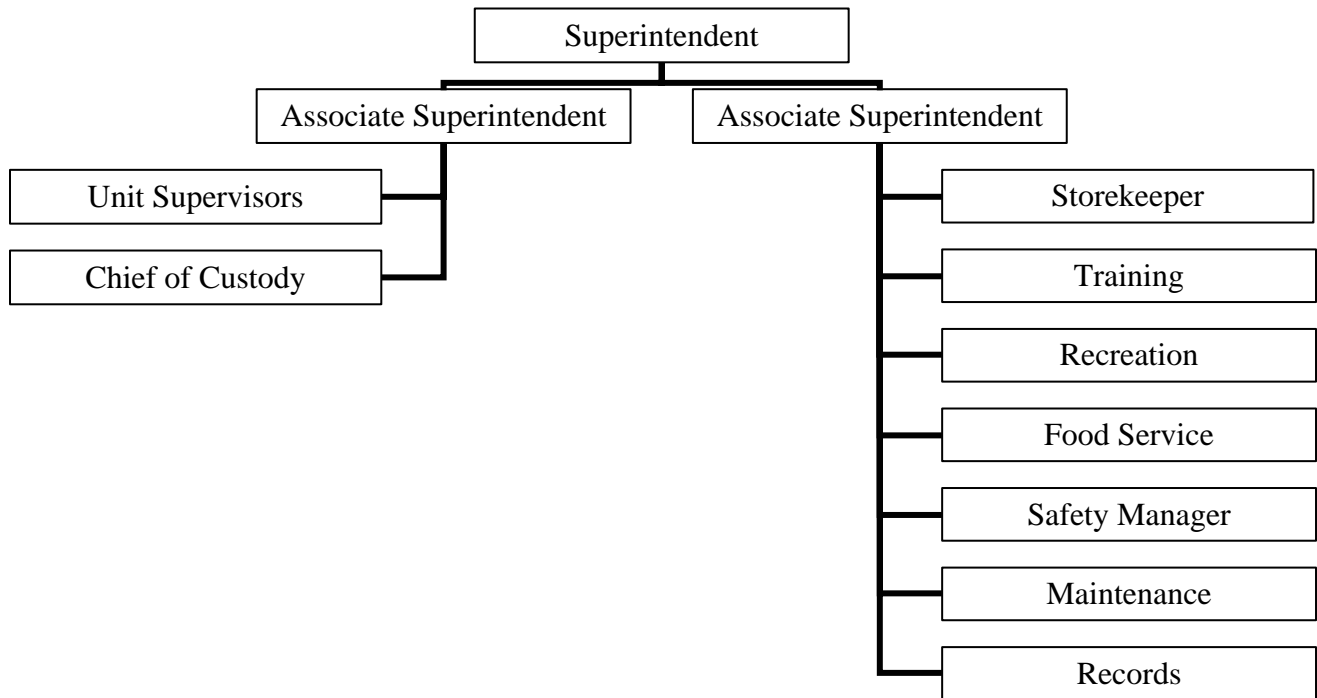
The St. Louis Community Release Center (SLCRC) originally opened as the St. Mary's Honor Center on April 1978 at 1548 Papin in St. Louis. In 1992, the name of the facility changed to the SLCRC. In March 1996, the facility moved to its present location at 1621 North 1st Street. The facility originally housed only men, but was expanded to include women in 1984. The current facility has a maximum capacity of 550 beds.

The facility's purpose is to facilitate the re-entry of adult offenders into the St. Louis area. The population of the facility consists mainly of offenders which have recently been paroled from an institution. Additionally, offenders under community supervision who are at risk for revocation are placed at the facility. The offenders are given a two-week orientation when they arrive at the facility. Case management personnel will assist the offenders with an assessment of their needs, referrals, and counseling. Offenders can gain employment in-house in such areas as maintenance, custody, or food service. Offenders can also work for various employers throughout the St. Louis area. Offenders are required to reimburse the state for their room and board at a rate of \$10 a day.

The administration of the SLCRC consists of one superintendent and two associate superintendents. As of June 30, 2005, the SLCRC staff included approximately 141 employees assigned to various administrative, service, and security functions. Janet Schneider has served as superintendent since February 1992.

An organization chart follows:

DEPARTMENT OF CORRECTIONS
ST. LOUIS COMMUNITY RELEASE CENTER
ORGANIZATION CHART
JUNE 30, 2005



Appendix A

DEPARTMENT OF CORRECTIONS
ST. LOUIS COMMUNITY RELEASE CENTER
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

		Years Ended June 30,					
		2005			2004		
		Appropriation Authority	Expenditures	Lapsed Balances *	Appropriation Authority	Expenditures	Lapsed Balances *
GENERAL REVENUE FUND							
Personal Service	\$	3,743,628	3,556,638	186,990	3,726,154	3,344,624	381,530
Total General Revenue Fund		3,743,628	3,556,638	186,990	3,726,154	3,344,624	381,530
INMATE REVOLVING FUND							
Personal Service		124,305	83,005	41,300	120,705	88,325	32,380
Total Inmate Revolving Fund		124,305	83,005	41,300	120,705	88,325	32,380
Total All Funds	\$	3,867,933	3,639,643	228,290	3,846,859	3,432,949	413,910

Note: The appropriations presented above are used to account for and control the facility's expenditures from amounts appropriated to the facility by the General Assembly. The facility administers transactions from the appropriations presented above. However, the state treasurer as fund custodian and the Office of Administration provide administrative control over the fund resources within the authority prescribed by the General Assembly. This does not represent all expenditures of the facility. Some expenditures relating to state facilities are charged to department-wide appropriations and not identified by facility. Expenditures charged to the department-wide appropriations that are identified to the St. Louis Community Release Center (SLCRC) are noted in Appendix B.

* The lapsed balances include the following Personal Service withholdings made at the Governor's request:

		Year Ended June 30,	
		2005	2004
GENERAL REVENUE FUND			
Personal Service	\$	182,309	299,047
Total General Revenue Fund	\$	182,309	299,047

Appendix B

DEPARTMENT OF CORRECTIONS
ST. LOUIS COMMUNITY RELEASE CENTER
COMPARATIVE STATEMENT OF EXPENDITURES (BY BUDGET OBJECT)

	Year Ended June 30,			
	2005		2004	
	Expenditures From		Expenditures From	
	Expenditures From Facility Appropriations *	Department-Wide Appropriations For SLCRC	Expenditures From Facility Appropriations *	Department-Wide Appropriations For SLCRC
Salaries & Wages	\$ 3,639,643	255,025	3,432,949	148,021
Travel, In-State	0	1,959	0	1,863
Fuel & Utilities	0	283,726	0	274,773
Supplies	0	243,365	0	283,978
Professional Development	0	2,413	0	804
Communication Service & Supplies	0	7,061	0	8,342
Professional Services	0	144,349	0	558,500
Housekeeping & Janitor Services	0	20,458	0	13,577
Maintenance & Repair (M&R) Services	0	77,230	0	67,716
Computer Equipment	0	10,136	0	7,391
Motorized Equipment	0	0	0	3,400
Office Equipment	0	0	0	3,336
Other Equipment	0	24,789	0	31,486
Property & Improvements	0	17,198	0	0
Equipment Rental & Leases	0	582	0	1,143
Miscellaneous Expenses	0	22,322	0	22,671
Total Expenditures	\$ 3,639,643	1,110,613	3,432,949	1,427,001

* For the years ended June 30, 2005 and 2004, these expenditure amounts include \$47,869 and \$26,928, respectively, which were spent on payroll cost for the department's central Probation and Parole Command Center instead of the St. Louis Community Release Center.



Claire McCaskill

Missouri State Auditor

April 2006

MENTAL HEALTH

Springfield Regional Center



Office Of
Missouri State Auditor
Claire McCaskill

April 2006

The following findings were included in our audit report on the Department of Mental Health, Springfield Regional Center.

The Springfield Regional Center (SRC) has not taken adequate steps to ensure clients receive the best care possible. Unsatisfactory living conditions were observed during a November 30, 2005, visit to one group home. We found it quite disturbing that service coordinators' case notes from visits to the home on November 10 and 16, 2005, contained very little mention of any concerns. The Auditor's Office notified the SRC of some of our concerns in a letter dated December 6, 2005. The SRC subsequently met with the provider to address these unsatisfactory conditions. We visited a second group home owned by this same provider and found steps had been taken the morning of our visit to ensure the appearance of the home was tidy and well maintained.

Our visits to various placement facilities also noted problems related to the facilities' management of client funds including: balances exceeding maximum limits, inadequate documentation, inaccurate reporting of fund balances, untimely deposits, commingling of clients' funds with facility operating funds, and accounts with negative balances.

Our review found that the regional center did not obtain the proper background checks for 10 of 20 personal assistants (50 percent) reviewed that had worked for regional center clients at some point between January 2003 and June 2005. Further, of the 10 files reviewed where background checks had been performed, we found that 4 were not performed on a timely basis. For example, one individual started providing personal assistant services to a regional center client on November 9, 2004, and the background check for this individual was not completed until May 17, 2005.

The SRC spent over \$20 million in fiscal year 2005 to care for its clients. The SRC could better manage costs by monitoring service providers' actual and past costs of operation and by reviewing rates for consistency. Regional center personnel do not periodically review documentation to support the amounts billed by approximately 70 service providers or vendors for client services, and contracts with various day habilitation service providers were unclear. Additionally, the SRC has not established adequate procedures to ensure client budgets prepared by service coordinators are accurate.

The SRC provided funding in excess of the maximum allowed by the community support waiver and did not obtain approval from the Division of Mental Retardation and Developmental Disabilities (MRDD) Director for the additional funding. For example, day habilitation services costing \$30,417 were provided to one client between May 2004 and April 2005 and approval for the additional funding was not obtained. These services

YELLOW SHEET

and April 2005 and approval for the additional funding was not obtained. These services are limited to \$17,000 based on Department of Mental Health (DMH) guidelines. We also noted two other instances where excess funding was provided and approval was not obtained.

The SRC has not taken adequate steps to ensure Medicaid reimbursements from TCM services are maximized. The DMH has established a standard that provides that service coordinators are to log 106 direct service hours to the TCM system monthly, or 1,272 hours each year. However, we found 12 service coordinators did not meet the 106 direct hour standard when we compared the total direct hours logged by service coordinators in fiscal year 2005, and this resulted in the SRC losing an estimated \$83,000 in potential reimbursements. Additionally, TCM billings are not adequately reviewed to ensure Medicaid billings include the correct number of units and are supported by adequate documentation in the case notes.

The SRC does not adequately monitor the Disabilities Advocacy and Support Network's (the Network) performance or contract compliance. The Network is a not-for-profit corporation located on the grounds of the SRC. The Network's performance is not evaluated or monitored annually as required by the contract, and documentation to support the specific clients served or the service provided is not maintained. Also, while contract terms indicated the SRC would pay the Network to provide a maximum of 1,300 hours at a cost of \$14,989 for development of natural supports during the year ended June 20, 2005, we found the Network billed the regional center for 1,880 hours for development of natural supports totaling \$21,676. Furthermore, the SRC subsidized some of the operating expenses of the Network, including utilities, trash service, office space, and phone service. This subsidizing practice does not appear to be appropriate and may violate provisions of the Missouri Constitution.

During our audit of the SRC, we became aware of serious weaknesses over the management and accountability of donations made to the regional center. A separate report issued by the State Auditor's Office in December 2005, Report No. 2005-102, disclosed that donations of property with an estimated value of at least \$222,313 were made to the SRC but not accounted for properly, and we noted numerous internal control weaknesses, lack of accountability over distributions of donated property, and ineffective management oversight.

The audit also includes some comments related to billing of matching funds to Senate Bill 40 Boards, Choices for Families, training services, and payroll documentation upon which the center should consider and take appropriate corrective action.

All reports are available on our website: www.auditor.mo.gov

DEPARTMENT OF MENTAL HEALTH
SPRINGFIELD REGIONAL CENTER

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Mental Health Commission
and
Dorn Schuffman, Director
Department of Mental Health
and
Linda Roebuck, Interim Division Director
Division of Mental Retardation and Developmental Disabilities
and
Sandra Wise, Acting Deputy Director for Community Services
Division of Mental Retardation and Developmental Disabilities
and
Diana Garber, Director
Springfield Regional Center
Springfield, MO 65801

We have audited the Department of Mental Health, Springfield Regional Center. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2005 and 2004. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions, regulations, and department policies.
3. Evaluate the efficiency and effectiveness of certain management practices and operations.
4. Review certain revenues and expenditures of the Springfield Regional Center.

Our methodology to accomplish these objectives included reviewing the facility's revenues, expenditures, contracts, meeting minutes, written policies and procedures, and other pertinent documents; interviewing various personnel of the facility and various other state and provider personnel; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract and other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the facility's management and was not subjected to the procedures applied in the audit of the facility.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Mental Health, Springfield Regional Center.



Claire McCaskill
State Auditor

January 10, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Pamela Allison Tillery, CPA
In-Charge Auditor:	April McHaffie Lathrom, CPA
Audit Staff:	Roberta Bledsoe

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF MENTAL HEALTH
SPRINGFIELD REGIONAL CENTER
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Improving Client Care
-----------	------------------------------

The Springfield Regional Center (SRC) has not taken adequate steps to ensure clients receive the best care possible. Unsatisfactory living conditions were observed during a visit to one group home.

The SRC contracts with approximately 30 placement facilities which house and provide services to clients. Regional center service coordinators are required to meet monthly with clients in these facilities. The main focus of these meetings is to review the client's personal habilitation plan to ensure the provided services are meeting their needs. Documentation of these visits indicate that service coordinators ensure the clients' basic safety needs are met and that the clients' rights are observed by allowing them to make personal choices while living in these homes.

The regional center also has a quality management team consisting of a quality management supervisor, three specialists, two nurses, and an accountant. The team spends time monitoring providers, but also spends a significant amount of time consulting with providers and handling conflicts between clients and their providers.

Despite these monitoring procedures, clients still may not be receiving the best care possible. For example, based on a visit to a group home on November 30, 2005, to review client records and other procedures, we noted unsatisfactory conditions for the seven clients living in this home. Some unsatisfactory conditions observed included:

- Clients using broken furniture, including broken dresser drawers and a broken bed.
- Client areas were very untidy. Three of four bedrooms had clothing and bedding on the floor. In one bedroom, we observed a broken electrical outlet.
- One client had lighted holiday display items at the foot of his bed which could pose a fire hazard.
- The mattress cover on one client's bed had several large tears in it. The bedspread on another bed had holes in it and stuffing was coming out.

- In one of the home's bathrooms, we observed soiled washcloths in the corner of the shower. There was also visible mildew in the shower. In addition, the toilet in this bathroom was not flushing properly.
- Unlabeled hygiene products (products that were not identified by client) were observed in a shared bathroom. In addition to not being labeled, these items were not properly secured from a client who has restricted access to these items. This client had been taken to the hospital four days prior to our visit for drinking a bottle of hair spray. Our follow up review of this situation found that the SRC was notified by the group home of the visit to the hospital (a day later than required by SRC policy). In response, the regional center immediately notified the group home that the hygiene items needed to be locked up after each use; however, regional center personnel did not visit the home to ensure the hygiene products were properly secured.
- In the home's kitchen, we observed unpackaged food (chips, cereal, and pasta) lying on shelves in the kitchen cabinets and other food items that were not properly sealed in containers and stored.
- None of the food items (that were not in its original packaging) in the cabinets or the refrigerator were labeled and dated, as required.
- In the unlocked refrigerator, which was designated as the healthy snack food refrigerator, we observed prescription drugs for a client that no longer lived at the group home.
- In the home's living room, we observed an exposed phone jack and a stain on the floor from where something had been spilled.
- Linen closets in the home were in disarray. Towels and sheets appeared to have been wadded up and thrown in the closets.
- A review of the accounting records for client funds held by the group home revealed concerns which may impact the security of client personal funds and the eligibility of clients for benefits (details discussed in MAR No. 2 below).

Given these conditions, we found it quite disturbing that service coordinators made visits to the home on November 10 and 16, 2005, and their case notes contained very little mention of any of these concerns. Also, we found it troubling that adequate steps were not taken by the provider or the SRC to ensure the clients' safety after one of the clients in the home visited the hospital for drinking a bottle of hairspray. In addition, we noted referrals were made by service coordinators to the regional center's quality management team in February and March 2005 related to concerns they observed during monthly service

monitoring visits to the group home; however, the regional center did not have documentation from the agency to ensure the concerns identified and addressed by the quality management team were corrected by the home.

We notified the SRC of some of our concerns described above in a letter dated December 6, 2005. The SRC subsequently met with the provider to address these unsatisfactory conditions.

We visited a second group home owned by this same provider and found steps had been taken the morning of our visit to ensure the appearance of the home was tidy and well maintained. For example, the provider's maintenance crew had repaired holes in the home's walls, applied fresh (still wet) paint, and installed new locks on the kitchen cabinets. During our visit, the home's staff were unable to unlock the kitchen cabinets because the maintenance crew had failed to leave the new keys with the staff after installing the locks. We had informed the provider during the morning of December 12, 2005, that we would be visiting this home later that afternoon. Regional center employees indicated this group home houses clients with behavior issues and routinely has maintenance repairs.

The regional center's mission is to connect clients with service providers that can offer the best services for the clients' specific needs. However, after clients are placed with providers, the regional center personnel cannot ignore issues that could affect the propriety and quality of the services provided. Therefore, it appears that regional center personnel should take a more pro-active approach to ensure that clients receive the best services possible.

WE RECOMMEND Regional Center management conduct a comprehensive review of monitoring activities performed by service coordinators and the quality management team to determine those areas where improvements are needed to identify and correct unsatisfactory living conditions. Further, the SRC should be pro-active in ensuring that clients receive the best services possible.

AUDITEE'S RESPONSE

The SRC and the DMH provided the following responses:

We agree. Regional center case managers visit each consumer at least monthly, or more frequently, if needed, to assure appropriate care is provided. As part of these visits, case managers monitor the condition of the home or facility. In addition, regional center staff from the Quality Management Team (QMT) conduct monitoring visits on a quarterly basis.

The problems cited in the report were identified by the supervisor of the SRC quality management team who was demonstrating how the QMT conducts monitoring site visits. These problems were discussed immediately with the responsible staff in the home for correction. Most findings cited in the report were corrected immediately. Case

managers conducted daily monitoring visits at this facility for thirty (30) days to assure all conditions were corrected and continued compliance. In addition, the QMT staff also conducted periodic site visits.

Improving monitoring and quality assurance activities is a continuous process. To enhance the processes already in place, the Springfield Regional Center has prepared additional training for case managers to review the service monitoring guidelines. The SRC quality management team will attend and participate in this training with input from the state quality management team representative to review the Action Plan Tracking System (APTS) process and monitoring.

2. Placement Facilities' Handling of Client Funds

Various problems were noted related to placement facilities' management of client funds. Problems noted included client fund balances exceeding maximum limits, inadequate documentation to support some disbursements, inaccurate reporting of client fund balances, client ledgers not being reconciled to checking account balances, untimely deposits, inadequate tracking of client activity, commingling of clients' funds with facility operating funds, and accounts with negative balances.

The SRC has entered into contracts with many private care providers whereby it purchases residential care in community-based placement facilities for clients who would otherwise require institutionalization. These placement facilities include group homes, foster homes, and individualized supported living (ISL) sites. Besides providing care and treatment for the clients, these placement facilities are responsible for maintaining adequate records of the clients' personal funds and complying with established guidelines pertaining to those monies.

The regional center has not established an adequate level of oversight over client funds maintained at placement facilities. During our audit, we visited six placement facilities and reviewed the records related to client fund accounts. A review of those client funds and related records disclosed the following concerns:

- A. Five of the facilities visited did not take steps to ensure client funds did not exceed \$200, with the largest balances noted exceeding \$600. These client balances sometimes exceeded the \$200 maximum for extended periods of time, and we saw no reasons documented for the excess.

A regional center policy indicates that a client's placement facility account balance cannot exceed \$200. The SRC should more closely monitor clients' ledger balances to ensure compliance with facility policy and to avoid jeopardizing the clients' eligibility for state and federal benefits.

- B. Five of the facilities visited did not maintain supporting documentation for various expenditures made from client funds. For example, two instances were noted at one facility where cash totaling \$20 was taken from the bank account of a client and the amounts were not recorded on cash ledger sheets or accounted for in any other way. In another example, a facility could not provide documentation, such as a supporting invoice, for a client expenditure totaling \$104. The facility indicated the funds were used to purchase furniture for the client.

Placement facilities should maintain adequate documentation to support the expenditure of all client monies and to ensure compliance with SRC policy which also requires such documentation.

- C. Five of the facilities visited did not require ledger sheets or a receipt to be signed by clients or initialed by two staff members when clients were given their personal allowance in the form of cash. Not only is this in violation of regional center policy, this practice increases the risk of misuse of client funds.
- D. Five of the facilities visited did not accurately report client fund balances on monthly reports submitted to the regional center. The regional center should ensure the monthly reports prepared by placement facilities accurately reflect the client account balances. This is required by regional center policy and is necessary to ensure account balances are kept within the established limits.
- E. One of the facilities visited did not reconcile the client ledgers to the checking account on a monthly basis. Further, another facility visited had over \$126 in the bank account which could not be identified to any particular clients.

Periodic reconciliations of the client ledgers to the bank account help provide assurance the client ledgers are being maintained accurately and help detect errors on a timely basis. Any differences between the client ledgers and the bank account should be investigated and resolved on a timely basis.

- F. Three of the facilities visited did not deposit client funds received in a timely manner. We noted several instances where client checks received by the provider were not deposited until nearly one month after being received. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
- G. Two of the facilities visited did not maintain spending ledgers to track all client spending activity. For example, one facility did not maintain

spending ledgers to account for cash spent by the client. Another facility, which provides ISL placement, did not track client expenditures for rental payments made to the client's ISL. We reviewed January 2005 rent payments for five clients at this facility and found the facility overbilled the regional center for rent on two clients. While the amounts overbilled were not significant, the regional center should thoroughly review amounts billed from the facility and correct the errors noted. Further, regional center policy requires facilities to maintain spending ledgers to account for client spending activity.

- H. One of the facilities visited issues checks to a staff person that cares for the client instead of issuing the check directly to the client. These checks are cashed by the staff person and then used to purchase items such as food or clothing for the client who resides in an ISL. The practice of issuing checks to placement facility staff is prohibited by regional center policy. The SRC should more closely monitor facility operations to ensure compliance with regional center policy.
- I. One of the facilities was holding \$1,084 for three clients that no longer resided at the facility, with one of the clients having moved from the facility over two and half years ago. The SRC should monitor client fund balances held by placement facilities, request these client funds be returned to the regional center, and take appropriate action to distribute the client funds.
- J. One of the facilities visited maintained client funds in the facility's operating account. Commingling the client's personal money with the facility's operating funds is a violation of the contract between the SRC and the placement facility. Furthermore, it increases the likelihood that client monies are not being adequately safeguarded or accounted for properly.
- K. One of the facilities visited had negative client fund balances at various times during 2005. Overspending occurred because client balances were not adequately monitored to ensure sufficient balances existed before expenditures were made.
- L. Two of the facilities visited did not maintain updated client inventory records which would list durable assets owned by the client. A regional center policy requires this inventory record to be maintained on a current basis. For example, one facility purchased a computer and other electronic equipment with the client's personal funds costing approximately \$800, and this equipment was not added to the client's inventory records. The SRC should more closely monitor inventory records to ensure compliance with regional center policy and to provide better controls over client assets.

WE RECOMMEND the Regional Center management:

- A. Monitor client fund account balances to ensure the accounts do not exceed the \$200 limit.
- B. Require placement facilities to maintain adequate documentation, such as original invoices, to support expenditures made from client funds.
- C. Ensure placement facilities require ledger sheets or a receipt to be signed by clients or initialed by two staff members when clients are given their personal allowance in the form of cash.
- D. Ensure the monthly reports prepared by placement facilities are accurate.
- E. Require placement facilities to periodically reconcile client book balances to the client's bank account and maintain documentation of such reconciliations. Any differences between the client book balances and the bank account should be investigated and resolved on a timely basis.
- F. Ensure placement facilities deposit client receipts in a timely manner.
- G. Require placement facilities maintain spending ledgers to track all client spending activity.
- H. Monitor placement facility operations to ensure the practice of issuing checks to staff is prohibited in accordance with regional center policy.
- I. Monitor client fund balances held by placement facilities. Also, request these client funds be returned to the regional center and take appropriate action to distribute these client funds.
- J. Ensure client personal funds are held in trust and are not commingled with operating funds.
- K. Ensure placement facilities do not make expenditures from client fund accounts in excess of available balances.
- L. Require placement facilities to maintain updated client inventory records in accordance with regional center policy.

AUDITEE'S RESPONSE

The SRC and the DMH provided the following responses:

We agree. Current regional center policies and procedures already require each of the recommended practices. Placement facilities are expected to comply with these requirements and regional centers monitor compliance with existing staff.

It is important to note that the division established the policy requiring residential providers to maintain less than \$200 in client accounts in order to keep overall consumer assets under the limits set by state and federal programs in order to maintain Medicaid eligibility and benefits. Residential service providers have been appropriately informed of their obligation to properly monitor these funds. It should be noted no consumer's Medicaid eligibility or benefits were lost in the cases cited in the audit.

Springfield Regional Center has reviewed the identified deficiencies with the appropriate placement providers as well as asked for corrective action, and has added outcomes to the quality management plans for those residential providers where issues have been identified. These will be tracked in the regular quarterly quality management plan reviews until resolved. The QMT accountant currently provides information on the above to all new providers in the new provider training and this can be accessed by established providers as well.

In order to continue to improve compliance with current policies and procedures and to continue to improve regional center monitoring of compliance, the regional center will discuss these requirements in the regular provider organization meetings and in each provider's quality management plan review.

The QMT has also begun reviews of consumer funds in accordance with division directive 5.070 section. "Client funds" which went into effect on December 1, 2005, and states that... "In addition to consumer balances being reviewed quarterly by the regional center a 5% sample of consumers or 5 consumers (whichever is more) receiving services from each contracted provider that handles consumer funds will be reviewed annually. All consumer funds will be reviewed if the provider serves less than 5 consumers." Training has been completed and this review is being conducted by assigned staff at the regional center.

3. Monitoring Services

The SRC spent over \$20 million in fiscal year 2005 to care for its clients. The regional center could better manage these costs by improving monitoring procedures and by reviewing established rates of payment for consistency.

- A. The SRC could better manage costs by monitoring service providers' actual and past costs of operation and by reviewing rates for consistency.

Regional center clients receive services such as residential placement, day habilitation, or personal assistant services from facilities that are operated and managed by private contractors. These facilities bill the regional center based on established daily rates or hourly units depending on the type of service being provided.

Currently, each provider prepares a budget of costs to provide service for its clients, and the regional center then uses the provider's budget to establish the rates it will pay the provider for specific services, such as residential placement. Regional center personnel do not verify the costs reported on the budget or review supporting documentation from the service provider to ensure the costs are accurate or represent a necessary cost to operate and provide the service to clients.

The regional center also does not review rates paid to various providers for consistency. For example, we noted daily rates for similar level group homes ranged from \$102 to \$179 per day. Regional center personnel indicated the difference in rates is due to the specific needs of the clients residing in the facility. However, the regional center did not have any formal documentation to justify these differences in rates. Further, when we reviewed the rate for a group home that houses clients with significant medical needs, we found the rate paid to this provider was lower than most other group homes that housed clients with less serious medical needs.

In another example, we noted one residential placement facility was given a rate increase in October 2004 of approximately \$3,500 per quarter for three clients residing in the home. The provider requested the rate increase because of the declining health conditions of the clients. Upon discussion with the owner of this facility, we found they did not track the cost of operating the home; thus, we were unable to determine the amount at which their costs had increased.

A careful analysis of budget and cost data provided from the contractors when establishing rates is important to ensure payments to the providers are appropriate and reasonable. This would include requiring providers to retain cost records and verifying that the cost data submitted by providers is accurate. In addition, a comprehensive review of the rate structure should be performed to determine if rates are consistent for providing similar services.

- B. Regional center personnel do not periodically review documentation to support the amounts billed by service providers for client services. During the year ended June 30, 2005, the regional center contracted with approximately 70 different service providers or vendors. Providers are set up to bill either the state's Medicaid Program or the regional center through the Department of Mental Health's (DMH) computer system for

services provided to clients. The computer system only allows a provider to bill up to a maximum authorized amount that is determined by regional center personnel based on the client's need.

When billing information is received by regional center accounting personnel, it is only scanned for unusual items before it is sent to the DMH for processing. While it does not appear feasible to obtain support from vendors for each amount billed on behalf of each client, periodic reviews of documentation could help ensure that amounts billed are only for actual services provided. This type of periodic review could include randomly selecting some individuals from several providers' billings and requesting supporting documentation for the billed services. For example, regional center personnel could request a detailed time sheet for a therapist which shows the number of hours spent with a specific client or an invoice for an item purchased for a client.

- C. The contracts with various day habilitation service providers were unclear as to whether incidental fees should have been charged to the clients or paid by the service provider. Clients at some facilities were required to use a portion of their \$30 monthly personal spending allowance for incidental fees related to day habilitation, such as fees for crafts or recreation. The SRC paid service providers over \$4.2 million to provide day habilitation to regional center clients.

Day habilitation is provided to clients of the regional center to enable those individuals to increase independent functioning, physical health and development, language and communication development, cognitive training, socialization, community integration, domestic and economic management, functional skills development, behavior management, responsibility, and self-direction.

The SRC should ensure all contract terms and clauses are clear and unambiguous. Specific contract terms should be developed to address whether incidental fees can be charged to clients by service providers.

- D. The SRC provided funding in excess of the maximum allowed by the community support waiver and did not obtain approval from the Division of Mental Retardation and Developmental Disabilities (MRDD) Director for the additional funding. For example, day habilitation services costing \$30,417 were provided to one client between May 2004 and April 2005 and approval for the additional funding was not obtained. These services are limited to \$17,000 based on DMH guidelines. We also noted two other instances where excess funding was provided and approval was not obtained.

Further, the SRC has not established adequate monitoring procedures to ensure budgeted services do not exceed the established limits. We noted five budgets (including the three noted above) were approved for clients where budgeted services exceed the established maximums and approval for the proposed additional funding was not obtained. Client budgets are prepared annually to summarize the cost of the services necessary to care for the client.

The Division of MRDD developed a new community support waiver in July 2003. This waiver program was established for mentally retarded and/or developmentally disabled individuals who are Medicaid eligible and who would otherwise, but for receipt of services through the waiver, require placement in an Intermediate Care Facility for the Mentally Retarded (ICF/MR).

Day habilitation services provided under the waiver are limited to \$17,000 annually for each client participating in the program unless approval from the MRDD Director for the additional funds is obtained. Further, any combination of day habilitation services with respite care, personal assistant care, crisis intervention, community specialist, community skills instruction, counseling, environmental accessibility, specialized medical equipment and supplies, therapies, transportation, and supported employment through the waiver shall be limited to \$20,000 annually for each client unless approval from the MRDD Director for the additional funds is obtained. The SRC should develop procedures to ensure compliance with program guidelines.

- E. The SRC has not established adequate procedures to ensure client budgets prepared by service coordinators are accurate. We found that client budgets were not always accurately prepared to summarize the total cost of caring for the client. For example, we noted one client budget had residential placement costs totaling \$6,273, when those estimated costs should have been \$13,308 based on current rates. The budget only included room and board and did not include the cost of habilitation. Further, the client budget was not amended to reflect a rate increase which increased costs by \$3,372. Client budgets are reviewed by a committee established to ensure resources are properly utilized and by accounting personnel; however, these inaccuracies were not identified.

An adequate review of budget documents is necessary to ensure budgets accurately reflect the total cost of caring for the client and to be of maximum assistance to the regional center in managing its resources.

WE RECOMMEND Regional Center management:

- A. Review budget and cost data provided from the contractors to ensure the contract rates paid to the providers are appropriate and reasonable. This would include requiring providers to retain cost records and verifying that the cost data submitted by providers is accurate. In addition, a comprehensive review of the rate structure should be performed to determine if rates are consistent for providing similar services.
- B. Perform periodic reviews of vendor invoices to ensure adequate documentation exists to support amounts billed on behalf of regional center clients.
- C. Ensure all contract terms and clauses are clear and unambiguous. Also, develop specific contract terms to address whether incidental fees are allowable.
- D. Ensure the assistance allowed for the waiver program does not exceed the established maximums. If this occurs, regional center personnel should ensure that the appropriate approvals are received and documented. Further, develop monitoring procedures to ensure budgeted services do not exceed the established maximums without obtaining the appropriate approvals.
- E. Establish procedures to ensure client budget documents are accurate and include the total cost of care.

AUDITEE'S RESPONSE

The SRC and the DMH provided the following responses:

We agree in part. Consumer budgets are reviewed by the case managers and accounting department prior to approval of services to help ensure the budget is correct and total cost of care is included. The budget format has been enhanced to further help identify limitations to specific services or programs. The QMT staff reviews all provider budgets for reasonableness for any new provider or new service. The budget is then submitted to central office for review.

SRC approves service rates based on existing cost of comparable services and taking into consideration the specialized supports offered by specific providers. It will be difficult to perform a uniform cost report analysis for every new service rate or rate adjustment or to verify all cost data submitted by providers. In certain situations, service rates may be sent to central office for review prior to final determination of a rate.

In addition the SRC quality management team now conducts a service review in accordance with the Division Directive 5.070, section "service review" effective

December 1, 2005. This will be completed for all agencies within a year and annually thereafter.

4. Background Check Procedures

The SRC has not ensured clients have been adequately protected from abuse or neglect by individual caregivers. We found that criminal background check procedures were not always followed and background checks were not always done on a timely basis.

The regional center allows clients and/or their families to self-direct services such as personal assistant services. As part of the program, the client or family will act as the employer who is responsible for hiring, training, and supervising personal assistants. The regional center serves as a bridge between the client and/or family and contracts with a fiscal intermediary who is responsible for handling payroll functions. Each personal assistant that is hired by a client and/or their family is required to sign a contract with the regional center and fiscal intermediary. The contract requires that the employee shall have undergone a criminal background check. The regional center conducts background checks on the personal assistants through the Family Care Safety Registry (FCSR).

The FCSR was established by Sections 210.900 through 210.936, RSMo to protect children, elderly, and disabled individuals in this state and to promote family and community safety by providing information concerning family caregivers. These sections require every child-care worker or elder-care worker hired on or after January 1, 2001, and every personal-care worker hired on or after January 1, 2002, to complete a registration form within fifteen days of the beginning of such person's employment. Registrants are screened against criminal records, sex offender records, child abuse/neglect information, employee disqualification lists, childcare license revocation information, and foster parent denials, revocations, and suspensions.

Our review found that the regional center did not obtain the proper background checks for 10 of 20 personal assistants (50 percent) reviewed that had worked for regional center clients at some point between January 2003 and June 2005. Further, of the 10 files reviewed where background checks had been performed, we found that 4 were not performed on a timely basis. For example, one individual started providing personal assistant services to a regional center client on November 9, 2004, and the background check for this individual was not completed until May 17, 2005.

Many clients of the regional center often do not have the capability to fully protect themselves from abuse and neglect. These weaknesses place clients at possible risk of being served by disqualified individuals.

WE RECOMMEND Regional Center management develop procedures to ensure background checks are obtained on a timely basis for all personal assistants.

AUDITEE'S RESPONSE

The SRC and the DMH provided the following response:

We agree. A procedure will be developed to ensure that background checks for personal assistants are completed in a timely manner.

5. Targeted Case Management

The SRC has not taken adequate steps to ensure Medicaid reimbursements from Targeted Case Management (TCM) services are maximized and as a result, has lost over \$83,000 in potential reimbursements. In addition, TCM billings are not adequately reviewed to ensure Medicaid billings are accurate and properly supported.

SRC service coordinators (case managers) provide TCM services for many of its clients. These clients must be eligible for the state's Medicaid program and must also meet the eligibility requirements for services from the Division of MRDD. TCM services are defined as activities that assist individuals in gaining access to care and services, and they may be provided in or out of the presence of the client. Examples of TCM services include making contacts with applicable parties, making client assessments, planning for the client, and documenting client information. According to the TCM operations manual, most of what service coordinators in the MRDD regional centers do as routine activity qualifies as TCM and is billable.

Each time a service coordinator provides TCM services they are required to log the duration and description (or case notes) of the services into the computer system. The number of TCM hours is converted to units and billed monthly to the state's Medicaid program by a computerized billing system. During the year ended June 30, 2005, the DMH billed the Medicaid program \$6.74 for every unit, or five minutes, spent on TCM services, with approximately 60 percent (the federal portion) of that amount being reimbursed. In that year, the SRC generated approximately \$1.8 million in reimbursements from the state's Medicaid program for TCM services.

- A. The SRC has not taken adequate steps to ensure Medicaid reimbursements from TCM services are maximized. As a result, the SRC lost over \$83,000 in potential reimbursements during fiscal year 2005.

The DMH has established a standard that provides that service coordinators are to log 106 direct service hours to the TCM system

monthly, or 1,272 hours each year. The Assistant Center Director of Habilitation indicated case supervisors monitor the direct hours logged by the service coordinators under their supervision, and develop a plan of action when service coordinators are not meeting the direct services requirement. However, we found 12 service coordinators did not meet the 106 direct hour standard when we compared the total direct hours logged by service coordinators in fiscal year 2005, and this resulted in the SRC losing an estimated \$83,000 in potential reimbursements.

This estimate is based on an average number of Medicaid eligible clients provided by the facility and information from a monthly report summary of direct service hours for each service coordinator. The report makes adjustments for service coordinators who worked part-time, or did not work for SRC the entire year, and we did not include one employee who had been on an extended medical leave in our review.

Procedures should be established to ensure TCM reimbursements are maximized.

- B. TCM billings are not adequately reviewed to ensure Medicaid billings include the correct number of units and are supported by adequate documentation in the case notes. Supervisors do not review the TCM billings sent to Medicaid to ensure the correct number of units are billed. Our review noted the computer billing system is billing Medicaid for a five minute unit of service when only two and three minutes of service have been provided. DMH employees indicate these units should not be billed based on Medicaid standards. The regional center could not estimate the total amount overbilled to Medicaid because of this error in the computer billing system. The regional center and the division should make programming changes to the computer billing system to ensure units of service are properly billed.

In addition, case notes reviewed did not always identify the parties involved, the service provided, indicate the topic and what was discussed at the meeting, and why the action occurred. Further, case notes are not always prepared in a timely manner. For example, case notes for services provided on March 28, 2005, were not prepared until May 3, 2005. Supervisors select two case notes to review quarterly which results in each service coordinator having one of their case notes reviewed at least once annually.

According to the TCM manual, case notes must adequately explain the service provided. The case note should tell what action occurred and why, and identify the parties involved. To support Medicaid billings and ensure billings have adequate supporting documentation and are made timely, SRC should require service coordinators to prepare detailed, timely case

notes, which should be reviewed more thoroughly by supervisors along with billings to Medicaid.

WE RECOMMEND Regional Center management:

- A. Establish adequate procedures to ensure TCM revenues are maximized. This should include ensuring that service coordinators are in compliance with the department's standard of providing and logging at least 106 direct services hours each month.
- B. Examine billings for overcharges and contact Medicaid officials to resolve any overbillings. Also, programming changes should be made to the computer billing system to ensure units of service are properly billed. Further, a policy should be established requiring a review of Medicaid billings by a supervisor to ensure adequate documentation exists to support TCM billings and case notes are prepared on a timely basis.

AUDITEE'S RESPONSE

The SRC and the DMH provided the following responses:

We agree in part. The 106 billable hours per month is a target. It was established in an effort to provide a guideline for maximizing billing opportunities. It is not expected to be achieved 100% of the time for all staff at all times due to illness, leave time and emergencies etc. Therefore it should not be assumed that potential revenue has been inappropriately lost when the target is not achieved. The SRC case manager supervisors track and address productivity problems as necessary where this is an issue including entries in performance logs when a plan of action is needed, to address the concerns.

A process was put in place in fiscal year 2005 which includes regular discussions with the case managers and monthly record checks by the case manager supervisors for hours logged, timeliness and content of case notes. In addition, the Assistant Director of Habilitation randomly reviews case notes as well. The Assistant Director of Habilitation will now review a percentage of all case notes on a quarterly basis as a check and balance to ensure they were documented in a timely manner, correctly and were billed appropriately. The accounting department will continue to review and examine to correct any TCM billing overages or issues.

The current computer billing process will be examined to determine how minutes of service are accumulated and billed. Changes to the system will be made, as necessary, to comply with Medicaid guidelines.

6. Billing of Matching Funds to Senate Bill 40 Boards

The regional center did not ensure amounts for the MRDD Waiver program were billed correctly to various Senate Bill (SB) 40 boards, and as a result, two SB 40 boards were under billed by \$6,431.

The DMH administers three waiver programs including the Comprehensive Waiver, Lopez Waiver, and Community Support Waiver for individuals with mental retardation or developmental disabilities. Various county SB 40 boards in SRC's service region have entered into cooperative funding agreements with the regional center, agreeing to pay all or a portion of the state match of certain waiver clients residing in their respective counties. Under these agreements, the regional center determines the amount of state match owed and bills the respective SB 40 boards on a monthly basis.

Several errors were noted for the billings prepared for one SB 40 board during the year ended December 31, 2004, resulting in underbillings totaling \$4,183, and another SB 40 board was underbilled by \$2,248 during the six months ending June 30, 2005. The regional center failed to bill for all services provided or for amounts allowed in contract amendments. The regional center's Director of Administration indicated he reviews the billings; however, the inaccuracies were not identified. As a result, the state paid for service costs which should have instead been paid by the SB 40 Boards.

Careful scrutiny of billing information is necessary to ensure SB 40 boards are billed the correct amount of waiver match to reduce the amount of care and treatment costs incurred by the state.

WE RECOMMEND Regional Center management ensure SB 40 boards are billed for the correct amount of waiver match in accordance with the cooperative funding agreements.

AUDITEE'S RESPONSE

The SRC and the DMH provided the following response:

We agree. Currently SRC bills each SB 40 board in accordance with their cooperative agreement. This is billed by the accounting department and reviewed by the Assistant Center Director of Administration. In addition, each SB 40 that has a cooperative agreement has a member of the SRC executive team assigned as a board contact to attend meetings on a quarterly basis or as needed, answer questions, etc. A minimum of a quarterly report on expenditures, services billed, funds remaining, services needed etc. is provided to each board as well. To further ensure correct billing the regional center Assistant of Administration/designee will review billing status quarterly.

The SRC does not adequately monitor the Disabilities Advocacy and Support Network's (the Network) performance or contract compliance. Also, the SRC subsidizes some of the Network's operating expenses, which may violate provisions of the Missouri Constitution. The SRC contracts with the Network to provide community outreach and the development of natural supports. Contract expenditures totaled approximately \$69,800 and \$46,700 for the years ended June 30, 2005, and 2004, respectively.

The Network is a not-for-profit corporation located on the grounds of the SRC. According to the articles of incorporation, the Network was established in 1976 to encourage the achievement of maximum potential for independence, productivity, integration and inclusion for persons with disabilities, and to provide unity and strength for parents and organizations dealing with persons with disabilities throughout southwest Missouri. The Network also operates a warehouse under the Recovering Wishes for Families (RWfF) program which is a program to supplement family resources by providing families with food, medical and cleaning supplies, equipment, paper products, and toys. The RWfF warehouse is not located on SRC grounds. We reviewed the contract terms, monthly billings, and supporting documentation and noted some concerns.

- A. The SRC does not evaluate or monitor the Network's performance annually as required by the contract. The contract with the Network indicates that the regional center will annually evaluate the Network's performance in meeting goals such as developing support groups, providing trainings, educating families, and developing awareness about disabilities.

Further, the regional center does not ensure the Network is in compliance with contract terms. Examples include:

- The Network does not maintain documentation to support the specific clients served or the service provided. Contract terms require the Network to maintain and submit client and service specific information. Instead, payments to the Network were based on invoices that included the total number of hours worked by its employees. Further, the regional center does not obtain timesheets to verify the accuracy of the hours billed. We obtained timesheets for select billings to the regional center and found the Network was billing the regional center for vacation time taken by Network employees. The contract states that only the time spent providing services to the client is billable.

- Contract terms indicated the SRC would pay the Network to provide a maximum of 1,300 hours for development of natural supports totaling \$14,989 for the year ended June 20, 2005. We found the Network billed the regional center for 1,880 hours of development of natural supports totaling \$21,676. The time spent picking up donated items and opening the RWfF program warehouse to clients was billed to the regional center as development of natural supports.

Annual reviews of the Network's performance are necessary to measure and track their progress toward achievement of goals. Close monitoring of contracts and detailed documentation of services provided is necessary to ensure compliance with contract terms and evaluate the reasonableness of payments for services rendered. The regional center should review the billings submitted by the Network and seek recoupment of amounts improperly billed.

- B. The SRC subsidizes some of the operating expenses of the Network. This practice does not appear to be appropriate and may violate provisions of the Missouri Constitution. The regional center provides the Network with office space at the regional center and in the past has paid for some utilities incurred at the RWfF warehouse operated by the Network. The regional center paid for trash service at the warehouse costing approximately \$132 per month until August 2004 and phone service costing approximately \$300 per quarter until June 2004. Article III, Sections 38 and 39 of the Missouri Constitution, prohibits state agencies from making donations to not-for-profit corporations.

WE RECOMMEND Regional Center management:

- A. Develop procedures to evaluate the Network's performance annually to measure and track their progress toward achievement of goals; require detailed documentation of the services provided to ensure payments are reasonable and in compliance with contract terms; and review the billings submitted by the Network and, where appropriate, seek recoupment of amounts improperly billed.
- B. Discontinue the practice of subsidizing the operations and activities of the Network and consider requesting reimbursement from Network funds for past subsidies.

AUDITEE'S RESPONSE

The SRC and the DMH provided the following response:

We agree. The SRC has, since the family organizations inception, housed the Network in the building to enhance family education and involvement and consumer/family driven

services. Reasonable charges are being researched based on the cost incurred for shared office space in other state settings. All other subsidies ceased some time ago. The SRC is in the process of revising the Network contract to better reflect the nature of services purchased by redefining service definitions and clarifying documentation requirements for billing. Recoupment of those funds billed inappropriately will be reviewed by the accounting department and discussed with the agency as to how to do so. The QMT will monitor billing and documentation monthly and provide support to the agency for the new processes.

8. Non-Appropriated Funds System Procedures

Monthly bank reconciliations for the Non-Appropriated Funds System (NAFS) account are not performed timely and were not accurate. In addition, regional center personnel do not verify that disbursements are properly recorded in client accounts, and numerous client accounts exceeded the maximum allowable balance. Further, the accounting duties related to a dedicated account are not adequately segregated.

Regional center client monies, such as income and benefits, are deposited into a fiduciary checking account. These monies are used to pay for such things as care, treatment, and personal items for clients. All client transactions and balances are recorded and maintained in the NAFS. Our review of these records noted the following concerns:

- A. Monthly bank reconciliations for the NAFS account are not performed timely. Upon our request, the June 30, 2005 bank reconciliation was completed in October 2005. The balance of this account was \$353,390 at June 30, 2005. The bank reconciliation contained numerous errors and adjustments. Concerns from our review of the reconciliation include:
 - Some monies received were not properly recorded in the accounting software program. For example, receipts totaling \$4,610 had been received but not yet recorded. Several of these receipts had been received several months prior to June 30, 2005.
 - Occasionally reversals and adjustments to receipts and disbursements are required in the accounting system to correct errors. We noted several reversals and adjustments posted to the system that did not have adequate documentation explaining why the entries were made. For example, one adjustment was apparently made to the bank reconciliation to account for a deposit of \$1,964 that had been entered into the accounting software program three times.
 - There were numerous errors in the calculation of outstanding checks. For example, the outstanding check listing had the amount of one

outstanding check as \$150 when the actual amount of the check was \$583. In other instances, some outstanding checks included on the listing were not valid outstanding checks.

- Numerous adjustments totaling \$2,715 were made to the bank reconciliation for voided checks.

The SRC was experiencing difficulties reconciling the bank statement due to the implementation of a new accounting software program; however, inadequate records and procedures inhibit the regional center's ability to effectively monitor and manage the clients' funds. Without maintaining accurate records of the bank account balance and preparing accurate monthly bank reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded or that bank or book errors will be detected and corrected in a timely manner.

- B. Regional center personnel do not verify that disbursements are properly recorded in client accounts. For example, we noted a check totaling \$105 was sent to a client yet the disbursement was recorded in another client's account. Verification of disbursements is necessary to ensure deductions from client accounts are accurate and valid.
- C. Numerous client accounts exceeded the maximum allowable balance. Regional center policy requires action to be taken when a client's balance exceeds \$750 so that client benefits are not jeopardized. A report of client balances indicated that 184 of the 319 reached or exceeded the maximum balance at June 30, 2005. Of these accounts, 100 clients had balances exceeding \$1,000. Some of these client balances also exceeded the maximum at other times during the year. In addition, there was no documentation to support that any actions were taken to reduce many of the client balances. Adequate monitoring of client balances is necessary to ensure client benefits are not jeopardized.
- D. The SRC opened an account in January 2005 called the Dedicated Account. This account is used to hold large lump sum payments made to clients from the Social Security Administration (SSA) and the payments that can be made from this account are restricted by the SSA. At June 30, 2005, the balance of this account totaled approximately \$17,400. During our review of the dedicated account, we noted the accounting duties related to this account are not adequately segregated. One clerk is primarily responsible for receiving monies, preparing checks and deposit slips, preparing bank reconciliations, and maintaining the accounting records.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal

controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

WE RECOMMEND Regional Center management:

- A. Prepare complete and accurate bank reconciliations monthly and investigate any differences on a timely basis. Also, management should ensure any unidentified differences are investigated and resolved on a timely basis, and ensure documentation is maintained to support any adjustments made to the accounting records.
- B. Implement oversight procedures to verify that disbursements are properly applied to client accounts.
- C. Develop procedures to monitor client account balances and ensure proper action is taken to reduce the balances when necessary.
- D. Ensure duties are adequately segregated, or perform and document periodic reviews of the accounting records maintained and reconciliations prepared.

AUDITEE'S RESPONSE

The SRC and the DMH provided the following response:

We agree. The SRC/Joplin Regional Center consolidated accounting department has limited staff and resources. We are currently in the process of replacing staff and reorganizing job duties to complete cross training and provide improved checks and balances to ensure adequate segregation of duties, complete and accurate bank reconciliations, investigation of any differences on a timely basis and to ensure timely documentation is maintained to support any adjustments made to the accounting records. The accounting department currently reviews requests for accuracy and funding. Each request is reviewed/signed by the staff supervisor and regional center administration to ensure the purchase is appropriate. Check signers also review completed checks with documentation to ensure checks are correct. The SRC accounting department and QMT have processes to review consumer accounts. A report is run once a month and distributed to staff showing every account over \$750.00. The staff has a designated time to inform accounting if the consumer has needs for the additional monies. If the accounting department does not receive any response to the listing, the extra monies are applied to the consumer's care costs. The QMT reviews a sample annually.

The SRC provided funding in excess of the maximum allowed by the Choices for Families (CFF) program and did not document the District Deputy Director's approval of the additional funding. In addition, monthly bank reconciliations for the Choices account are not performed timely.

The CFF program provides financial assistance to eligible families so they can better meet the special needs of any developmentally disabled individuals who reside within their home. The purpose of the program is to prevent or delay out-of-home placement of clients and to empower family members as the primary decision makers for obtaining the goods and services needed by the individual. During our review of the CFF program, we noted the following concerns:

- A. The SRC provided funding in excess of the maximum allowed by the CFF program and did not document the District Deputy Director's approval of the additional funding. For example, excess funding of \$2,595 was provided to an eligible family without any documented approval. Program guidelines clearly state that no family shall receive more than \$3,600 annually, unless approved by the District Deputy Director.
- B. Monthly bank reconciliations for the Choices account are not performed timely. We noted the bank statement for June 2005 had not been opened or reconciled upon our request in August 2005. The balance of this account was \$36,021 at June 30, 2005. Monthly bank reconciliations are necessary to ensure the bank account is in agreement with the accounting records and to detect and correct errors on a timely basis.

WE RECOMMEND Regional Center management:

- A. Ensure that the maximum assistance allowed for the CFF program does not exceed \$3,600 without the appropriate approvals.
- B. Perform monthly bank reconciliations on a timely basis.

AUDITEE'S RESPONSE

The SRC and the DMH provided the following response:

We agree.

10.**Training Services**

The SRC contracted with a former employee to provide training services without any consideration of other individuals or firms that might be able to provide this service. The regional center paid this individual approximately \$13,900 for training services during the year ended June 30, 2005. Further, the individual providing training services did not submit or maintain adequate documentation to support the training services provided. Thus, payments made to the individual were not supported by adequate documentation. Instead, payments to the individual were based on invoices that included only the total number of hours worked by the individual at the contracted rate of pay and did not include a description of the training services provided. Contract terms allowed the individual to bill SRC for a maximum of \$30,014 annually and required the individual to provide a description of the service provided.

Procurement and selection processes are necessary to ensure the regional center is receiving the best services and rates. The process should include soliciting proposals and evaluating these proposals for technical experience, capacity and capability of performing the work, and past record of performance. Also, close monitoring of contracts and requiring detailed documentation of services provided is necessary to ensure compliance with contract terms and evaluate the reasonableness of payments for services rendered.

WE RECOMMEND Regional Center management periodically solicit proposals for the selection of training service providers. Also, detailed documentation of the services provided should be required to ensure payments are reasonable and in compliance with contract terms.

AUDITEE'S RESPONSE

The SRC and the DMH provided the following response:

We agree. It should be noted, however, that we believe the job performance and documentation of such by the Training staff cited in the audit was sufficient for the purpose and was the only viable option at the time of hire. The contractor who provided training, tracking, and documentation for the Center retired December 2005. Should a contracted provider be sought in the future it will be for specific trainings and specific documentation will be done by the contractor and the responsible RC staff.

11.**Payroll Documentation**

The SRC employed approximately 72 employees as of June 30, 2005, assigned to various administrative, service, and support sections. The regional center does not always maintain written documentation authorizing an employee's current

position and pay rate. We reviewed six employee files and found there was not written authorization for any of the applicable employee's current position and pay rate. The payroll clerk indicated that normally supervisors advise her of any changes in an employee's position and pay rate by phone.

To ensure adequate documentation is maintained to support employee salaries, written documentation should be maintained to authorize an employee's current position and pay rate.

WE RECOMMEND Regional Center management ensure written authorization is maintained to support any changes in an employee's position and pay rate.

AUDITEE'S RESPONSE

The SRC and the DMH provided the following response:

We agree. SRC is developing a standard statement to be put in each person's record to support any such changes in position and pay rate.

12. Management of Donations

During our audit of the SRC, we became aware of serious weaknesses over the management and accountability of donations made to the regional center. A separate report issued by the State Auditor's Office in December 2005, Report No. 2005-102, disclosed that donations of property with an estimated value of at least \$222,313 were made to the SRC but not accounted for properly and noted numerous internal control weaknesses, lack of accountability over distributions of donated property, and ineffective management oversight. Recommendations concerning internal controls and accounting records related to the donations and the SRC's and the DMH's responses were included in that report and are not included in this report.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF MENTAL HEALTH
SPRINGFIELD REGIONAL CENTER
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Springfield Regional Center (SRC) is one of eleven regional centers established by the Department of Mental Health. The facility was established to provide, procure, or purchase comprehensive services for individuals with developmental disabilities such as mental retardation, cerebral palsy, head injuries, autism, epilepsy and certain learning disabilities. The facility serves eligible citizens in the Southwest Missouri counties of Christian, Dallas, Douglas, Greene, Hickory, Laclede, Ozark, Polk, Stone, Taney, Webster and Wright. The facility's operations began in June 1967.

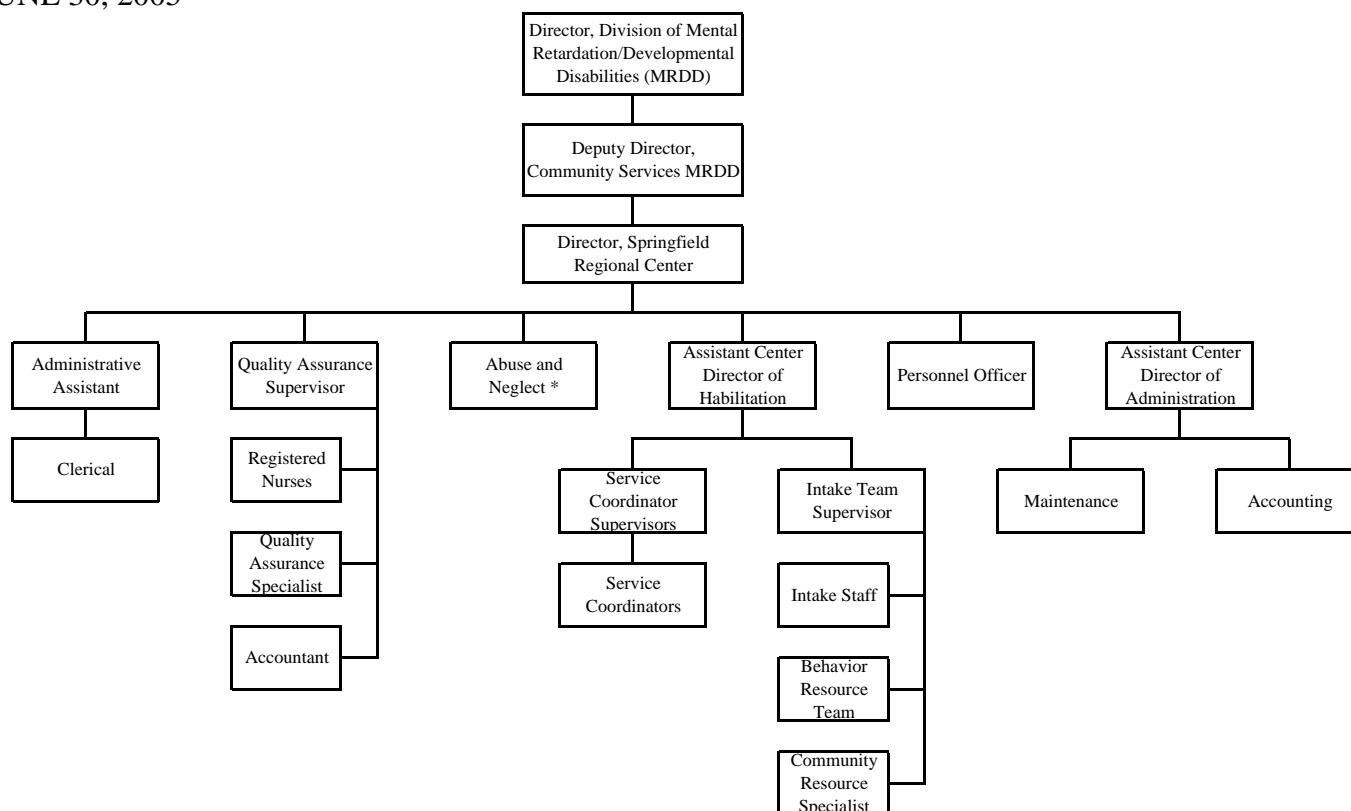
The facility serves as the entry and exit point for securing comprehensive mental retardation and developmentally disabled services for clients of the Department of Mental Health whose parents or guardians reside in the region identified above.

The facility is a focal point from which a developmentally disabled individual and family are directed to all essential services required to meet the needs of the client. The facility's staff, working in cooperation with the family, area organizations, state-operated habilitation centers, community placement facilities, and other service vendors, plans and provides for lifetime services to meet the needs of the clients. As of June 30, 2005, the facility had an active caseload of approximately 1,992 clients and employed approximately 72 personnel assigned to various administrative, service, and support sections.

At June 30, 2005, Anthony A. Casey Jr. served as Director of the Division of Mental Retardation and Developmental Disabilities. Mr. Casey resigned as Division Director effective August 31, 2005, and Kent Stalder served in the capacity of Acting Division Director until March 27, 2006. Mr. Stalder had previously served as the Deputy Division Director for Community Services and was responsible for supervising operations of the SRC and all other regional centers. Linda Roebuck is currently serving as the Interim Division Director. Sandra Wise is currently serving as Acting Deputy Division Director for Community Services. Diana Garber serves as Springfield Regional Center Director.

An organization chart and statistical data follow:

DEPARTMENT OF MENTAL HEALTH
 SPRINGFIELD REGIONAL CENTER
 ORGANIZATION CHART
 JUNE 30, 2005



* Supervision of the Abuse and Neglect employees transferred to the Director, Division of MRDD on September 16, 2005.

Appendix A

DEPARTMENT OF MENTAL HEALTH
SPRINGFIELD REGIONAL CENTER
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

		Year Ended June 30,					
		2005			2004		
		Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND							
Personal Service	\$	1,687,596	1,605,542	82,054	1,583,186	1,544,806	38,380
Expense and Equipment		333,407	260,324	73,083	572,121	567,410	4,711
Total General Revenue Fund	\$	2,021,003	1,865,866	155,137	2,155,307	2,112,216	43,091

Note: The appropriations presented above are used to account for and control the facility's expenditures from amounts appropriated to the facility by the General Assembly. The facility administers transactions from the appropriations presented above. However, the State Treasurer, as fund custodian, and the Office of Administration provide administrative control over the fund resources within the authority prescribed by the General Assembly. This schedule does not represent all expenditures of the facility. Some expenditures relating to state facilities are charged to department-wide appropriations and are not identified by facility. Expenditures charged to department-wide appropriations that are identified to Springfield Regional Center are noted in Appendix B.

The lapsed balances include the following withholdings made at the Governor's request:

		Year Ended June 30,	
		2005	2004
Administrative Hearing Commission -			
Personal Service	\$	82,054	38,379
Expense and Equipment		73,082	4,700
	\$	155,136	43,079

Appendix B

DEPARTMENT OF MENTAL HEALTH
 SPRINGFIELD REGIONAL CENTER
 COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,			
	2005		2004	
	Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For SRC	Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For SRC
Salaries and Wages	\$ 1,605,542	560,543	1,544,806	565,800
Travel, In-State	6,232	2,956	8,095	0
Travel, Out-Of-State	118	0	0	0
Fuel and Utilities	1,205	19,550	0	20,233
Supplies	37,963	4,334	52,273	191
Professional Development	503	65	208	0
Communication Service and Support	26,249	10,789	29,003	14,455
Professional Services	125,598	14,487	425,437	119,001
Housekeeping and Janitorial Services	3,309	765	4,365	0
Maintenance and Repair Services	16,559	2,990	19,175	0
Computer Equipment	2,874	52	4,396	0
Office Equipment	23,583	762	4,576	0
Other Equipment	5,488	59	9,181	0
Property and Improvements	9,781	15,787	8,945	29,348
Building Lease Payments	0	8,525	0	8,450
Equipment Rental and Leases	857	267	1,315	0
Miscellaneous Expenses	5	0	441	0
Program Distributions	0	20,436,358	0	19,440,860
Total Expenditures	\$ 1,865,866	21,078,289	2,112,216	20,198,338

Appendix C

DEPARTMENT OF MENTAL HEALTH
SPRINGFIELD REGIONAL CENTER
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH BALANCES - CLIENT FUNDS (FROM NON-APPROPRIATED FUNDS)

	Year Ended June 30,	
	2005	2004
Cash Balance, July 1	\$ 307,052	282,839
Receipts	2,414,604	2,201,833
Disbursements	2,361,096	2,177,620
Cash Balance, June 30	\$ <u>360,560</u>	<u>307,052</u>

Appendix D

DEPARTMENT OF MENTAL HEALTH
SPRINGFIELD REGIONAL CENTER
COMPARATIVE STATEMENT OF MENTAL HEALTH TRUST FUND RECEIPTS,
DISBURSEMENTS, AND CASH BALANCES (FROM SENATE BILL 40 TAX)

	Year Ended June 30,	
	2005	2004
Cash Balance, July 1	\$ 52,625	291,990
Receipts	628,251	530,068
Disbursements	648,953	769,433
Cash Balance, June 30	\$ <u>31,923</u>	<u>52,625</u>

Note: Vendors of the Springfield Regional Center provide services to numerous clients who are also affiliated with the surrounding counties' Senate Bill 40 Boards. The costs of these services are initially paid by the state's Medicaid program. The receipts in the schedule above represent reimbursements made by the various Senate Bill 40 Boards for a percentage of the cost. The disbursements represent the Springfield Regional Center's match, which is paid to the state's Medicaid program.



Claire McCaskill
Missouri State Auditor

April 2006

ELEMENTARY AND SECONDARY EDUCATION

High School Graduation Rates



High school graduation rates reported by some Missouri schools, as well as the statewide rates reported to the federal government by the Department of Elementary and Secondary Education (DESE), are unreliable and inaccurate

State and federal laws require Missouri schools to report high school graduation rates each year. Because this information is relied on by parents, educators and policy makers, this audit reviewed whether reported graduation rates were accurate and reliable.

DESE calculated high school graduation rates based on inaccurate data reported by schools

DESE used data reported by schools to calculate 2004 high school graduation rates for local and national reporting purposes. However, that information did not include data on approximately 19,000 of the 75,000 students who started ninth grade four years earlier. (See page 7)

Schools had incorrectly classified students as transfers or did not retain proper documentation

Our review of transfer records at 11 schools disclosed student departures had not been properly documented and/or classified. Our review of school records for the 2,653 students classified as transfers showed transcript request forms were on file for 57 percent of those students; however, these schools had no documentation available for 11 percent of the students. While school personnel had notations indicating the school where another 29 percent of the students had transferred, no transfer request forms had been received and/or retained. Documentation showed the remaining 3 percent of the students had dropped out instead of transferred. (See page 7)

Noncompliance with record retention requirements contributes to problem

Discussions with school personnel at the 11 schools disclosed personnel at only 1 school had been aware of record retention requirements. One school, due to decreased storage space, shredded all transfer records except for those from the 2004 school year. Another school stored all transfer records for each year in separate boxes, however boxes from school years 2000 through 2003 could not be located for our review. None of the schools could locate all transcript requests for students that exited the school prior to graduation. (See page 8)

New system under development could help schools track students

Missouri is currently developing the Missouri Student Information System (MOSIS) to help local schools and districts track individual students for testing purposes. Once installed in all of the Missouri public schools it will have the capability to track and identify students in pre-kindergarten to twelfth grade. This system should also allow DESE to verify high school graduation rates calculated by individual schools and to more accurately report statewide high school graduation rates in compliance with federal law. DESE has not developed a plan to fully implement the MOSIS and does not anticipate fully implementing the student tracking capabilities until 2008. (See page 8)

All reports are available on our website: www.auditor.mo.gov

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Abbreviations

NCLB	No Child Left Behind Act
RSMo	Missouri Revised Statutes
GED	General Educational Development
NGA	National Governor's Association
DESE	Department of Elementary and Secondary Education
MOSIS	Missouri Student Information System



CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the General Assembly
and
D. Kent King, Commissioner
Department of Elementary and Secondary Education
Jefferson City, MO 65102

State and federal laws require Missouri schools to report high school graduation rates each year. Because this information is relied on by parents, educators and policy makers, we focused review objectives on whether the high school graduation rates reported by Missouri schools, as well as statewide rates reported to the federal government, have been accurate and reliable.

The results of our work questions the accuracy of high school graduation rates reported by Missouri schools as well as the statewide rate reported to the federal government. We found the Department of Elementary and Secondary Education (DESE) used inaccurate data reported by schools to calculate the high school graduation rates used for local and national reporting purposes. We also found schools:

- classified students as transfers when they should have been recorded as dropouts,
- classified students as transfers without supporting documentation,
- are not required to receive documentation before classifying students as withdrawing to home school, and
- counted students who participated in a General Educational Development (GED) Option Program as graduates.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. This report was prepared under the direction of John Blattell. Key contributors to this report were John Luetkemeyer, Norma Payne, Kelly Davis, and Andria Hendricks.

Claire McCaskill
State Auditor

Introduction

On January 8, 2002, President George W. Bush signed the No Child Left Behind Act (NCLB). The calculation and reporting of high school graduation rates is a component of the public reporting and accountability provisions of the NCLB. The NCLB requires all states to choose a methodology to calculate their high school graduation rates.¹

According to state law,² a school accountability report card must be produced for each public school district and each public school building in a school district. The purpose of the report card is to provide educational statistics and accountability information in a standardized and easily accessible form. The information reported includes the high school dropout and graduation rates. In 2004, Missouri high schools graduated 56,119 students from the public school system, and Missouri reported a graduation rate of about 86 percent. Missouri schools reported high school graduation rates ranging from a low of 45 percent to a high of 100 percent.

The data needed to compile the annual report card is reported by schools via a web based Core Data Collection System. The data reported is supposed to account for the progression of students entering the ninth grade through graduation. The data collected includes the beginning enrollment, transfers in, transfers out, dropouts, retentions, and graduates. DESE uses the information to calculate each high school's dropout and graduation rates for local and national reporting requirements.

There are three primary methods currently being used in the United States to calculate high school graduation rates. Missouri is one of 30 states (including the District of Columbia) using the National Center for Education Statistics method. The National Center for Education Statistics method used by Missouri is similar to the state law which defines the graduation rate as: "The quotient of the number of graduates in the current year as of June thirtieth divided by the sum of the number of graduates in the current year as of June thirtieth plus the number of twelfth graders who dropped out in the current year plus the number of eleventh graders who dropped out in the preceding year plus the number of tenth graders who dropped out in the second preceding year plus the number of ninth graders who dropped out in the third preceding year."³

¹ NCLB Sec. 1111(b)(2).

² Section 160.522, RSMo.

³ Section 160.011, RSMo.

Inaccurate High School Graduation Rates Are a National Problem

In Missouri, school attendance is mandatory for children between the ages of 7 and 16. However state law also allows parents to educate their child at home.⁴ Home school students are not counted as dropouts.⁵

During 2003, Missouri began the GED Option Program. Participation in the program is voluntary for the schools and the students. DESE guidance allows Missouri schools with students receiving a passing score on the GED test and complying with the other requirements of the GED Option Program to award these students a diploma and count them as high school graduates.⁶

The GED Option Program has 25 requirements to successfully complete the program. These requirements include:

- Students must be at least 17 years old and at least one year behind their cohort.
- Students must attend a minimum of 15 hours of academic instruction per week.
- Students must take the Missouri Assessment Program tests appropriate for their age/grade level.
- Students must pass the United States and Missouri Constitution tests.
- Students must participate in appropriate counseling and life-skills training to assist them with job-readiness, financial management and independent living skills.

Various studies have concluded incorrect, unreliable, and overstated high school graduation rates have been a problem in schools across the nation.⁷ These studies cite various factors affecting the accuracy of high school graduation rates. These factors included unreliable student transfer and dropout records, lack of integrated information systems that can verify whether students that left one school attended another high school, student mobility, whether states audit or otherwise verified student data, and whether school staff have been adequately trained. Thirty-six states reported that 80 percent to 97 percent of their high school students graduated on

⁴ Section 167.031, RSMo.

⁵ Missouri Department of Elementary and Secondary Education, *CORE Data Collection System Manual*, Version 17, Revised July 2005, p. 172.

⁶ http://dese.mo.gov/divcareer/ged_option.htm

⁷ Daria Hall, *Getting Honest About Grad Rates: How States Play the Numbers and Students Lose*, The Education Trust, June 2005. Christopher B. Swanson, *The New Math on Graduation Rates*, The Urban Institute, July 2004. Christopher B. Swanson, *The Real Truth about Low Graduation Rates, An Evidence-Based Commentary*, The Urban Institute, August 2004. United States Government Accountability Office, *No Child Left Behind Act, Education Could Do More to Help States Better Define Graduation Rates and Improve Knowledge about Intervention Strategies*, September 2005.

time, while 11 reported rates less than 80 percent and four did not report. The Education Trust performed a series of analyses showing high school graduation rates are closer to 70 percent.⁸ The National Governor's Association (NGA) formed a task force to deal with issues related to high school graduation data.

Missouri's methodology to calculate high school graduation rates uses student dropout data as one of its key components. National studies have found dropout data is unreliable, as schools often do not know whether students transferred or dropped out.⁹ In these instances, many schools assume students transferred, resulting in inaccurate dropout reporting and high school graduation rates. One study¹⁰ notes there are other respected methods that do not rely on suspect student dropout data to analyze high school graduation rates. This study used a methodology known as the Cumulative Promotion Index. This methodology compares the number of tenth graders in one year to the number of ninth graders in the previous year to estimate the percentage of ninth graders promoted. The same calculation is performed for the other high school grades and the four ratios are multiplied to arrive at an estimated graduation rate.

In 2000, 75,355 Missouri students entered the ninth grade and in 2004 57,660 (77 percent) students graduated, a 9 percent difference from Missouri's reported statewide high school graduation rate of 86 percent.

Scope and Methodology

To determine whether high school graduation rates reported by Missouri schools and the statewide rate reported to the federal government were accurate and reliable, we examined the documentation used by DESE to calculate these rates. We also examined supporting documentation for students who exited the 2004 graduating class at 10 randomly selected schools throughout the state and from another school that had been identified as being a leader in accurately classifying student departures. We reviewed various national studies to learn more about issues associated with accurate reporting of high school graduation rates, and obtained further information on reporting systems currently being developed in the state of Washington to better track students. Finally, we examined departmental and local school policies and procedures to determine whether adequate documentation existed to verify student transfers, and students withdrawing

⁸ Daria Hall, *Getting Honest About Grad Rates: How States Play the Numbers and Students Lose*, The Education Trust, June 2005.

⁹ See footnote 7.

¹⁰ The National Governor's Association, *graduation counts*, July 2005.

to home school; and how schools reported students receiving a diploma through the GED Option Program.

In order to gain assurance to the accuracy of data in the Core Data Collection System used to calculate high school graduation rates, we performed data validation procedures. However, we found a significant percentage of students were not properly accounted for in this system. As a result, information in the Core Data Collection System was not sufficiently reliable for the purposes of this report. Therefore, we developed recommendations to better ensure high school graduations are accurately calculated and reported.

We requested comments on a draft of our report from the Commissioner of the Department of Elementary and Secondary Education. We conducted our work between December 2004 and October 2005.

High School Graduation Rates Reported by Schools Are Often Inaccurate

High school graduation rates reported by local schools, as well as statewide rates reported by the Department of Elementary and Secondary Education (DESE) to the federal government, are often unreliable and inaccurate. This situation occurs primarily because, (1) DESE report calculations are based on erroneous data provided by schools that failed to account for many students, and (2) schools often record students as transfers even though required documentation was not available and retained.

DESE Calculated High School Graduation Rates Based on Inaccurate Data

DESE used data reported by schools to calculate 2004 high school graduation rates for local and national reporting purposes. However, that information did not include data on approximately 19,000 students. Based on data submitted by 489¹¹ high schools, in 2000 approximately 74,471 students started the ninth grade in those high schools, with an additional 44,692 transferring in during the next 4 years of high school. Of these students, the schools reported 56,119 graduated, 8,923 dropped out, and 35,047 transferred, leaving 19,074 (16 percent) students unaccounted.

The NGA Task Force on State High School Graduation Data stated schools and districts must be held accountable for accurate data collection and reporting.

According to DESE officials, core data on student enrollment obtained at the beginning of the school year is an independent number and is not compared to the ending enrollment of the prior school year. In addition, the Core Data System does not contain an edit check to ensure information entered accounts for all students, and the information is not otherwise verified or audited by DESE. Currently, DESE has no penalty provisions for schools that submit inaccurate data.

Student Transfer Records Lacking or Inaccurate

Our review of transfer records at 11 schools disclosed student departures had not been properly documented and/or classified. Our review of school records for the 2,653 students classified as student transfers showed transcript request forms were on file for 1,510 (57 percent) of those students; however, these schools had no documentation available for 300 (11 percent) students. While school personnel had notations indicating the school where another 764 (29 percent) students had transferred to, no transfer request forms had been received and/or retained. Documentation

¹¹ Our analysis did not include schools that were classified as special education cooperatives, county juvenile detention centers, alternatives schools, gifted centers, residential treatment centers, area career centers, hospitals, special school districts, or schools for severely handicapped students. We also excluded two schools that converted to K-8 status and one school that started reporting in 2003.

showed the remaining 79 (3 percent) students had dropped out instead of transferred.

The Core Data Manual and DESE training materials define a transfer student as a student who leaves and whose records are transferred to any other educational setting. In addition, a NGA study¹² recommended transfers from one school to another be documented with a transcript request from a receiving school and any student without this information be recorded as a non-graduate or dropout. The task force felt this recommendation would give the schools an incentive to find the students and accurately determine their status which is important to ensure the graduation calculation is correct.

Noncompliance with record retention requirements contributes to problem

Discussions with school personnel at the 11 schools disclosed only 1 school had been aware of record retention requirements. One school, due to decreased storage space, shredded all transfer records except for those from the 2004 school year. Another school stored all transfer records for each year in separate boxes, however boxes from school years 2000 through 2003 could not be located for our review. None of the schools could locate all transcript requests for students that exited the school prior to graduation. Without adequate supporting documentation, the schools are unable to determine students were correctly classified.

Schools are required by the Secretary of State's records retention schedule to retain dropout, and student transfer documentation for ten years.¹³ Although the Secretary of State's records retention rule indicates what is required, DESE's Core Data Collection System Manual used by Missouri school districts does not refer to these record retention requirements.

New system could help schools track students

A recent national study identified the state of Washington as a leader in compiling accurate high school graduation rates. The state counts all students whose location is unknown as a dropout. Unless a formal transcript request is received from another school, or the student dies, any student who leaves school before completing with a regular diploma is a dropout.¹⁴ The state recently implemented the Core Student Record System, a statewide, student-level data system. The system assigns each student in the state a statewide unique student identification number. Regardless of how many times a student enters or exits the state school system the student will only

¹² The National Governor's Association, *graduation counts*, July 2005.

¹³ Secretary of State - Local Records Retention Schedule.

¹⁴ Daria Hall, *Getting Honest About Grad Rates: How States Play the Numbers and Students Lose*, The Education Trust, June 2005.

have one identifying number. This system allows schools to verify when students actually transfer to another school in the state, or exit the state school system.

Missouri is currently developing the Missouri Student Information System (MOSIS) to help local schools and districts track individual students for testing purposes. Once installed in all of Missouri public schools it will have the capability to track and identify students in pre-kindergarten to twelfth grade. This system should also allow DESE to verify high school graduation rates calculated by individual schools and to more accurately report statewide high school graduation rates in compliance with the NCLB. However, to date DESE has focused on using this system to better track student test scores, and has not considered the student tracking capabilities of this system to calculate high school graduation rates to be a high priority. DESE has not developed a plan to fully implement the MOSIS and does not anticipate fully implementing the student tracking capabilities due to funding issues until 2008.

Documentation Is Not Required for Home School Students

Some schools tested had no documentation for students withdrawing to home school because state law does not require such documentation. Four of nine schools that had students withdraw to home school did not maintain any documentation. The five remaining schools maintained written statements for some students from parents or guardians that they were withdrawing their children to home school.

The school with the largest population of students that were coded as withdrawing to home school mailed the parent or guardian a letter that stated, "we assume you have decided to home school your child...if this is not the case, please notify the guidance office" when students were absent for 10 or more days. The other ten schools we tested classified students who had been absent for periods ranging from 8 to 15 consecutive days as a dropout.

Without notification students are withdrawing to home school, schools are not able to accurately verify these students are not dropouts.

GED Students Are Counted as Graduates

DESE guidance as documented on its website allows Missouri schools with students receiving a passing score on the GED test and complying with the other requirements of the GED Option Program to award these students a diploma and count them as high school graduates. These students are being counted as graduates even though a recent NGA study concluded students earning credentials by passing a GED test should be not be counted as a

high school graduate per the NCLB regulations.¹⁵ In addition, these students are not required to obtain as many credit hours, or meet the requirements that other high school students must meet to be considered a high school graduate. Table 2.1 shows statistics we compiled from data provided by the DESE:

Table 2.1: GED Option Program Statistics

Category	2003	2004	2005
Districts Approved	130	204	204
Districts Reporting Program Results	58	66	59
Districts Issuing Regular Diploma	34	43	40
Districts Issuing Alternative Diploma	24	23	19
Students Enrolled	978	1,274	1,653
Students Passing GED	308	686	915

Source: DESE GED Option Program

The GED Option Program was designed to allow students who might not have otherwise stayed in school the opportunity to do so. DESE officials indicated the GED Option Program is not just a "GED" program because it has other requirements the student must satisfy to complete the program.

Conclusions

The results of our work question the accuracy of high school graduation rates reported by Missouri schools. These rates cannot be relied upon by parents, educators, and policy makers because DESE used inaccurate information reported by schools for calculation and reporting purposes. This information was erroneous primarily because schools did not account for many students transferring to the school system, and because students were classified as transfers even though required documentation was not available at the schools.

Missouri is currently implementing a new system that if used to its full potential, would allow DESE and schools to better track individual students and more accurately report the status of students exiting schools. However, DESE does not anticipate this system being fully implemented until at least 2008 due to current funding limitations.

We also found state law does not currently require parents and guardians who choose to home school their children to notify the local school. As a result, schools often are unable to obtain adequate supporting documentation students withdrew to home school.

¹⁵ The National Governor's Association, *graduation counts*, July 2005.

Missouri currently allows students who graduate through the GED Option Program to be counted as high school graduates. These students are not required to meet the requirement of other high school graduates and the NCLB regulations prohibit counting GED students as high school graduates.

Recommendations

We recommend the Commissioner of the Department of Elementary and Secondary Education:

- 2.1 Develop systems and procedures to ensure information submitted by schools accurately accounts for all students. In this regard, we recommend DESE ensure the timely implementation of the MOSIS.
- 2.2 Establish procedures to verify schools accurately classify students who depart prior to graduation. In addition, DESE should emphasize current policies and regulations that require transcript request forms to be received, filed, and retained before a student is classified as a transfer.
- 2.3 Revise policies that allow GED Option Program students to be classified as high school graduates.

We recommend the General Assembly:

- 2.4 Pass legislation requiring persons who home school students to file written documentation with the local school.

Agency Comments

The department will take these recommendations under advisement.



Claire McCaskill

Missouri State Auditor

April 2006

Randolph County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of The
State Auditor Of Missouri
Claire McCaskill

April 2006

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Randolph, that do not have a county auditor. In addition to a financial audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Randolph County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county's General Revenue Fund is in poor financial condition. The fund has ended each year since 1997 with a negative cash balance, which has grown to approximately (\$776,000) at December 31, 2005. Fund disbursements have exceeded receipts during all but two of the last nine years. During this time period significant increases were experienced in several disbursement categories including salaries, employee fringe benefits, Sheriff's department, and Jail operations.

The county's budget preparation and financial data monitoring activities have not resulted in effective management tools for controlling county disbursements. In addition to overspending the General Revenue Fund budget by approximately \$209,000 during 2004, various other county budgets were overspent during 2003 and 2004.

The County Commission has not adequately addressed the long term financial viability of the General Revenue Fund. Upon expiration of the voter approved earmarked 1/2 cent sales tax in 2020, the entire burden of funding the operational costs of the justice center will revert back to the General Revenue fund. Long term solutions for alternative funding sources and/or disbursement reductions need to be considered.

- The county did not always solicit bids and/or retain adequate bid documentation for various purchases. Contracts were not always entered into as needed and some contractual arrangements did not provide adequate details. In addition, some expenditures were approved without sufficient documentation or evidence of receipt of goods or services, and the allocation of some costs was not clearly documented.
- The county and health department do not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the years ended

YELLOW SHEET

December 31, 2004 and 2003, the county under-reported approximately \$164,000 and the health department under-reported approximately \$57,000, respectively, in federal grant monies.

- The county's capital asset records and physical inventory procedures are not adequate, and vehicle usage logs are not required for some county vehicles.
- The County Clerk does not prepare or verify the current and back tax books or maintain an account book with the County Collector. Neither the County Clerk nor the County Commission verify the County Collector's annual settlements or adequately review property tax additions and abatements.
- Access to computer data and programs in the County Clerk's, County Treasurer's, and County Assessor's offices is not adequately restricted. In addition, the County Treasurer does not perform periodic data backups.
- The health department improperly calculated the percentages used for allocating overhead costs to one federal grant program and allocated administrative costs to another federal grant program using a higher percentage rate than allowed by the grant award.

Also included in the report are recommendations related to personnel policies and procedures. The audit also suggested improvements in the procedures of the County Clerk, Prosecuting Attorney, and Sheriff.

All reports are available on our Web site: auditor.mo.gov

RANDOLPH COUNTY, MISSOURI

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RANDOLPH COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Randolph County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Randolph County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Randolph County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Randolph County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated October 11, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Randolph County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

October 11, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Gayle A. Garrison
Audit Staff:	Julie Tomlinson
	Zeb Tharp
	Ryan M. King



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Randolph County, Missouri

We have audited the financial statements of various funds of Randolph County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated October 11, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Randolph County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Randolph County, Missouri, are free of material misstatement, we performed tests of the

county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Randolph County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

October 11, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

RANDOLPH COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ (481,412)	2,848,024	3,042,282	(675,670)
Special Road and Bridge	845,722	1,343,977	1,708,488	481,211
Assessment	150,882	261,479	322,536	89,825
Prosecuting Attorney Training	727	1,473	912	1,288
Law Enforcement Training	18,482	8,930	6,347	21,065
Domestic Abuse	1,072	1,135	1,100	1,107
Recorder's User Fee	13,781	11,807	15,501	10,087
Sheriff	15,237	55,978	57,073	14,142
Local Emergency Planning Commission	16,475	3,419	1,543	18,351
Sheriff Donation	3,448	0	0	3,448
Election Service	8,737	6,596	3,986	11,347
911	45,622	97,392	97,318	45,696
Law Enforcement Block Grant	4,320	19	4,339	0
Recorder Technology	16,498	6,646	992	22,152
Justice Center	166	152,105	152,271	0
Collector Tax Maintenance	25,782	26,407	16,394	35,795
Cemetery Trust	28,457	649	2,065	27,041
Prosecuting Attorney Grant	0	78,803	104,540	(25,737)
Prosecuting Attorney Bad Check	697	116,590	85,562	31,725
Health Center	777,914	2,765,163	2,674,434	868,643
Parenting Class	5,765	3,920	3,145	6,540
Circuit Clerk Interest	946	1,515	0	2,461
Ferguson Scholarship	5,251	64	200	5,115
Law Library	22,883	12,296	6,711	28,468
Prosecuting Attorney Delinquent Tax	246	1,188	796	638
Total	\$ 1,527,698	7,805,575	8,308,535	1,024,738

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

RANDOLPH COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ (374,760)	2,763,027	2,869,679	(481,412)
Special Road and Bridge	746,264	1,730,466	1,631,008	845,722
Assessment	218,257	267,535	334,910	150,882
Prosecuting Attorney Training	934	1,291	1,498	727
Law Enforcement Training	17,398	7,925	6,841	18,482
Domestic Abuse	1,187	985	1,100	1,072
Recorder's User Fee	11,835	13,689	11,743	13,781
Sheriff	14,832	65,347	64,942	15,237
Local Emergency Planning Commission	12,692	6,225	2,442	16,475
Sheriff Donation	3,448	0	0	3,448
Election Service	8,403	1,054	720	8,737
911	33,103	102,261	89,742	45,622
Law Enforcement Block Grant	6,109	5,786	7,575	4,320
Recorder Technology	9,113	7,385	0	16,498
Justice Center	(393,769)	1,648,487	1,254,552	166
Collector Tax Maintenance	1,488	24,550	256	25,782
Cemetery Trust	29,341	736	1,620	28,457
Prosecuting Attorney Bad Check	16,913	70,762	86,978	697
Health Center	672,377	2,794,614	2,689,077	777,914
Parenting Class	4,540	4,655	3,430	5,765
Circuit Clerk Interest	4,878	845	4,777	946
Ferguson Scholarship	5,172	79	0	5,251
Law Library	17,669	13,112	7,898	22,883
Prosecuting Attorney Delinquent Tax	203	830	787	246
Total	\$ 1,067,627	9,531,646	9,071,575	1,527,698

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

RANDOLPH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 6,227,552	4,922,634	(1,304,918)	7,087,252	6,736,202	(351,050)
DISBURSEMENTS	5,887,149	5,547,743	339,406	6,709,754	6,381,711	328,043
RECEIPTS OVER (UNDER) DISBURSEMENTS	340,403	(625,109)	(965,512)	377,498	354,491	(23,007)
CASH, JANUARY 1	745,211	748,841	3,630	397,102	395,047	(2,055)
CASH, DECEMBER 31	1,085,614	123,732	(961,882)	774,600	749,538	(25,062)
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	487,800	493,201	5,401	441,800	415,161	(26,639)
Sales taxes	1,200,000	1,200,825	825	1,226,600	1,167,195	(59,405)
Intergovernmental	361,571	417,069	55,498	527,436	422,218	(105,218)
Charges for services	589,500	598,214	8,714	545,200	597,466	52,266
Interest	650	728	78	4,000	1,394	(2,606)
Other	53,100	67,501	14,401	42,500	43,721	1,221
Transfers in	167,000	70,486	(96,514)	99,200	115,872	16,672
Total Receipts	2,859,621	2,848,024	(11,597)	2,886,736	2,763,027	(123,709)
DISBURSEMENTS						
County Commissioner	96,540	95,107	1,433	96,540	94,845	1,695
County Clerk	103,400	99,176	4,224	98,670	98,683	(13)
Elections	46,200	105,508	(59,308)	5,000	3,998	1,002
Buildings and grounds	71,750	105,416	(33,666)	67,500	61,170	6,330
Employee fringe benefit	418,200	437,314	(19,114)	437,800	440,695	(2,895)
County Treasurer	34,220	33,580	640	34,220	33,741	479
County Collector	106,080	104,436	1,644	110,670	111,450	(780)
Recorder of Deeds	85,650	78,683	6,967	83,160	84,176	(1,016)
Circuit Clerk	75,630	53,327	22,303	50,000	34,075	15,925
Associate Circuit Court	21,410	6,050	15,360	16,710	5,367	11,343
Associate Circuit Court (Probate)	4,490	2,609	1,881	4,490	1,982	2,508
Court administration	3,150	397	2,753	1,150	505	645
Public Administrator	73,225	72,375	850	70,225	70,997	(772)
Sheriff	614,920	682,448	(67,528)	656,800	636,084	20,716
Jail	348,500	655,981	(307,481)	362,400	450,355	(87,955)
Prosecuting Attorney	211,280	184,823	26,457	300,650	313,074	(12,424)
Juvenile Offices	310,824	205,824	105,000	299,405	268,413	30,992
County Coroner	20,700	23,445	(2,745)	22,700	20,562	2,138
Other	80,200	78,893	1,307	99,100	123,551	(24,451)
Public Defender	6,800	6,197	603	6,300	6,440	(140)
Jury Commission	13,300	10,693	2,607	13,300	9,516	3,784
Emergency Fund	86,000	0	86,000	85,000	0	85,000
Total Disbursements	2,832,469	3,042,282	(209,813)	2,921,790	2,869,679	52,111
RECEIPTS OVER (UNDER) DISBURSEMENTS	27,152	(194,258)	(221,410)	(35,054)	(106,652)	(71,598)
CASH, JANUARY 1	(481,412)	(481,412)	0	(374,760)	(374,760)	0
CASH, DECEMBER 31	(454,260)	(675,670)	(221,410)	(409,814)	(481,412)	(71,598)

Exhibit B

RANDOLPH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	495,950	510,152	14,202	706,200	704,173	(2,027)
Intergovernmental	825,000	799,567	(25,433)	835,000	822,480	(12,520)
Charges for services	1,000	769	(231)	800	933	133
Interest	9,000	9,292	292	20,600	10,459	(10,141)
Other	216,080	24,197	(191,883)	51,100	192,421	141,321
Total Receipts	1,547,030	1,343,977	(203,053)	1,613,700	1,730,466	116,766
DISBURSEMENTS						
Salaries	462,000	433,399	28,601	386,600	383,290	3,310
Employee fringe benefit	163,800	149,662	14,138	136,600	132,576	4,024
Supplies	26,000	31,172	(5,172)	29,000	22,096	6,904
Insurance	38,000	34,124	3,876	60,000	33,833	26,167
Road and bridge materials	333,000	254,135	78,865	403,000	242,992	160,008
Equipment repairs	49,000	71,561	(22,561)	49,000	44,987	4,013
Rentals	11,000	0	11,000	10,000	10,172	(172)
Equipment purchases	250,000	256,605	(6,605)	400,000	294,337	105,663
Construction, repair, and maintenance	468,000	290,028	177,972	462,000	328,813	133,187
Other	100,250	136,802	(36,552)	109,250	89,912	19,338
Transfers out	60,000	51,000	9,000	62,000	48,000	14,000
Total Disbursements	1,961,050	1,708,488	252,562	2,107,450	1,631,008	476,442
RECEIPTS OVER (UNDER) DISBURSEMENTS	(414,020)	(364,511)	49,509	(493,750)	99,458	593,208
CASH, JANUARY 1	845,722	845,722	0	746,264	746,264	0
CASH, DECEMBER 31	431,702	481,211	49,509	252,514	845,722	593,208
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	263,430	253,478	(9,952)	276,500	262,644	(13,856)
Charges for services	1,700	2,398	698	2,000	1,681	(319)
Interest	2,000	2,212	212	6,000	3,015	(2,985)
Other	200	3,391	3,191	200	195	(5)
Total Receipts	267,330	261,479	(5,851)	284,700	267,535	(17,165)
DISBURSEMENTS						
Assessor	343,602	322,536	21,066	353,125	334,910	18,215
Total Disbursements	343,602	322,536	21,066	353,125	334,910	18,215
RECEIPTS OVER (UNDER) DISBURSEMENTS	(76,272)	(61,057)	15,215	(68,425)	(67,375)	1,050
CASH, JANUARY 1	150,882	150,882	0	218,257	218,257	0
CASH, DECEMBER 31	74,610	89,825	15,215	149,832	150,882	1,050

Exhibit B

RANDOLPH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,300	1,473	173	1,200	1,291	91
Total Receipts	1,300	1,473	173	1,200	1,291	91
DISBURSEMENTS						
Prosecuting Attorney training	2,000	912	1,088	2,000	1,498	502
Total Disbursements	2,000	912	1,088	2,000	1,498	502
RECEIPTS OVER (UNDER) DISBURSEMENTS	(700)	561	1,261	(800)	(207)	593
CASH, JANUARY 1	727	727	0	934	934	0
CASH, DECEMBER 31	27	1,288	1,261	134	727	593
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	8,000	8,930	930	8,000	7,925	(75)
Total Receipts	8,000	8,930	930	8,000	7,925	(75)
DISBURSEMENTS						
Sheriff training	7,000	6,347	653	13,000	6,841	6,159
Total Disbursements	7,000	6,347	653	13,000	6,841	6,159
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,000	2,583	1,583	(5,000)	1,084	6,084
CASH, JANUARY 1	18,353	18,482	129	17,269	17,398	129
CASH, DECEMBER 31	19,353	21,065	1,712	12,269	18,482	6,213
<u>DOMESTIC ABUSE FUND</u>						
RECEIPTS						
Charges for service:	900	1,135	235	1,000	985	(15)
Total Receipts	900	1,135	235	1,000	985	(15)
DISBURSEMENTS						
Shelter	1,500	1,100	400	1,100	1,100	0
Total Disbursements	1,500	1,100	400	1,100	1,100	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(600)	35	635	(100)	(115)	(15)
CASH, JANUARY 1	1,072	1,072	0	1,187	1,187	0
CASH, DECEMBER 31	472	1,107	635	1,087	1,072	(15)

Exhibit B

RANDOLPH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER'S USER FEE FUND</u>						
RECEIPTS						
Charges for services	12,900	11,670	(1,230)	14,000	13,560	(440)
Interest	100	137	37	200	129	(71)
Total Receipts	13,000	11,807	(1,193)	14,200	13,689	(511)
DISBURSEMENTS						
Equipment	5,000	7,084	(2,084)	5,000	864	4,136
Computer expense	5,000	1,875	3,125	3,000	1,750	1,250
Micro-filming	4,500	4,710	(210)	4,000	6,135	(2,135)
Training	0	980	(980)	0	0	0
Miscellaneous	10,000	852	9,148	11,500	2,994	8,506
Total Disbursements	24,500	15,501	8,999	23,500	11,743	11,757
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,500)	(3,694)	7,806	(9,300)	1,946	11,246
CASH, JANUARY 1	13,781	13,781	0	17,980	11,835	(6,145)
CASH, DECEMBER 31	2,281	10,087	7,806	8,680	13,781	5,101
<u>SHERIFF FUND</u>						
RECEIPTS						
Charges for services	65,174	55,563	(9,611)	65,000	65,147	147
Interest	199	415	216	250	200	(50)
Total Receipts	65,373	55,978	(9,395)	65,250	65,347	97
DISBURSEMENTS						
Equipment	45,000	37,855	7,145	45,000	37,359	7,641
Miscellaneous	5,000	4,071	929	5,000	5,211	(211)
Transfers out	15,147	15,147	0	16,182	22,372	(6,190)
Total Disbursements	65,147	57,073	8,074	66,182	64,942	1,240
RECEIPTS OVER (UNDER) DISBURSEMENTS	226	(1,095)	(1,321)	(932)	405	1,337
CASH, JANUARY 1	15,237	15,237	0	14,832	14,832	0
CASH, DECEMBER 31	15,463	14,142	(1,321)	13,900	15,237	1,337
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	6,000	3,243	(2,757)	5,000	6,096	1,096
Interest	150	176	26	100	129	29
Total Receipts	6,150	3,419	(2,731)	5,100	6,225	1,125
DISBURSEMENTS						
Training	4,000	1,133	2,867	3,000	1,571	1,429
Equipment	5,000	0	5,000	4,000	181	3,819
Preparedness	2,000	38	1,962	1,000	38	962
Miscellaneous	5,000	372	4,628	3,000	652	2,348
Total Disbursements	16,000	1,543	14,457	11,000	2,442	8,558
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,850)	1,876	11,726	(5,900)	3,783	9,683
CASH, JANUARY 1	16,475	16,475	0	12,692	12,692	0
CASH, DECEMBER 31	6,625	18,351	11,726	6,792	16,475	9,683

Exhibit B

RANDOLPH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF DONATION FUND</u>						
RECEIPTS						
Donations	0	0	0	0	0	0
Total Receipts	0	0	0	0	0	0
DISBURSEMENTS						
Equipment	3,448	0	3,448	3,448	0	3,448
Total Disbursements	3,448	0	3,448	3,448	0	3,448
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,448)	0	3,448	(3,448)	0	3,448
CASH, JANUARY 1	3,448	3,448	0	3,448	3,448	0
CASH, DECEMBER 31	0	3,448	3,448	0	3,448	3,448
<u>ELECTION SERVICE FUND</u>						
RECEIPTS						
Charges for services	4,000	6,502	2,502	1,000	966	(34)
Interest	50	94	44	100	88	(12)
Total Receipts	4,050	6,596	2,546	1,100	1,054	(46)
DISBURSEMENTS						
Equipment	4,000	3,490	510	4,000	170	3,830
Training	2,000	269	1,731	2,000	363	1,637
Miscellaneous	1,000	227	773	1,000	187	813
Total Disbursements	7,000	3,986	3,014	7,000	720	6,280
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,950)	2,610	5,560	(5,900)	334	6,234
CASH, JANUARY 1	8,737	8,737	0	8,403	8,403	0
CASH, DECEMBER 31	5,787	11,347	5,560	2,503	8,737	6,234
<u>911 FUND</u>						
RECEIPTS						
Charges for services	106,000	97,392	(8,608)	108,900	102,261	(6,639)
Total Receipts	106,000	97,392	(8,608)	108,900	102,261	(6,639)
DISBURSEMENTS						
Salaries	18,000	18,454	(454)	10,800	10,779	21
Employee fringe benefit	7,680	6,965	715	5,700	5,724	(24)
Mapping	0	0	0	1,000	21	979
Operations	90,000	71,899	18,101	90,000	73,218	16,782
Total Disbursements	115,680	97,318	18,362	107,500	89,742	17,758
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,680)	74	9,754	1,400	12,519	11,119
CASH, JANUARY 1	45,622	45,622	0	33,103	33,103	0
CASH, DECEMBER 31	35,942	45,696	9,754	34,503	45,622	11,119

Exhibit B

RANDOLPH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT BLOCK GRANT FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	5,000	5,759	759
Interest	0	19	19	25	27	2
Total Receipts	0	19	19	5,025	5,786	761
DISBURSEMENTS						
Salaries and benefits	0	4,339	(4,339)	11,134	7,575	3,559
Total Disbursements	0	4,339	(4,339)	11,134	7,575	3,559
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(4,320)	(4,320)	(6,109)	(1,789)	4,320
CASH, JANUARY 1	4,320	4,320	0	6,109	6,109	0
CASH, DECEMBER 31	4,320	0	(4,320)	0	4,320	4,320
<u>RECORDER TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for service	7,000	6,447	(553)	5,500	7,260	1,760
Interest	55	199	144	80	125	45
Total Receipts	7,055	6,646	(409)	5,580	7,385	1,805
DISBURSEMENTS						
Equipment	14,000	992	13,008	7,000	0	7,000
Total Disbursements	14,000	992	13,008	7,000	0	7,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,945)	5,654	12,599	(1,420)	7,385	8,805
CASH, JANUARY 1	16,498	16,498	0	9,113	9,113	0
CASH, DECEMBER 31	9,553	22,152	12,599	7,693	16,498	8,805
<u>JUSTICE CENTER FUND</u>						
RECEIPTS						
Sales taxes	1,200,000	152,105	(1,047,895)	1,200,000	1,153,094	(46,906)
Reimbursement of expense	0	0	0	800,000	0	(800,000)
Loan proceeds	0	0	0	0	495,000	495,000
Interest	0	0	0	0	393	393
Total Receipts	1,200,000	152,105	(1,047,895)	2,000,000	1,648,487	(351,513)
DISBURSEMENTS						
Legal fees	0	0	0	10,000	4,875	5,125
Architect fees	0	0	0	100,000	195,874	(95,874)
Pre-construction expense	0	0	0	90,000	48,856	41,144
Consulting fees	0	0	0	100,000	117,006	(17,006)
Bond payment	0	0	0	600,000	0	600,000
Construction expense	0	0	0	100,000	887,941	(787,941)
Rent payment	245,000	0	245,000	0	0	0
Operations and maintenance	107,000	0	107,000	0	0	0
Remit to bond trustee	0	152,271	(152,271)	0	0	0
Total Disbursements	352,000	152,271	199,729	1,000,000	1,254,552	(254,552)
RECEIPTS OVER (UNDER) DISBURSEMENTS	848,000	(166)	(848,166)	1,000,000	393,935	(606,065)
CASH, JANUARY 1	166	166	0	(393,769)	(393,769)	0
CASH, DECEMBER 31	848,166	0	(848,166)	606,231	166	(606,065)

Exhibit B

RANDOLPH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COLLECTOR TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	23,950	26,633	2,683	22,383	24,324	1,941
Other	0	(226)	(226)	0	226	226
Total Receipts	23,950	26,407	2,457	22,383	24,550	2,167
DISBURSEMENTS						
Office expense:	0	0	0	1,650	0	1,650
Mileage and training	0	0	0	175	0	175
Collector	20,225	16,394	3,831	0	256	(256)
Total Disbursements	20,225	16,394	3,831	1,825	256	1,569
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,725	10,013	6,288	20,558	24,294	3,736
CASH, JANUARY 1	25,556	25,782	226	1,488	1,488	0
CASH, DECEMBER 31	29,281	35,795	6,514	22,046	25,782	3,736
<u>CEMETERY TRUST FUND</u>						
RECEIPTS						
Interest	740	549	(191)	775	736	(39)
Miscellaneous	0	100	100	0	0	0
Total Receipts	740	649	(91)	775	736	(39)
DISBURSEMENTS						
Mowing	1,720	2,065	(345)	1,800	1,620	180
Total Disbursements	1,720	2,065	(345)	1,800	1,620	180
RECEIPTS OVER (UNDER) DISBURSEMENTS	(980)	(1,416)	(436)	(1,025)	(884)	141
CASH, JANUARY 1	28,457	28,457	0	29,341	29,341	0
CASH, DECEMBER 31	27,477	27,041	(436)	28,316	28,457	141
<u>PROSECUTING ATTORNEY GRANT FUND</u>						
RECEIPTS						
Transfers in	105,703	78,803	(26,900)			
Total Receipts	105,703	78,803	(26,900)			
DISBURSEMENTS						
Salaries	90,000	90,215	(215)			
Benefits	15,703	14,325	1,378			
Total Disbursements	105,703	104,540	1,163			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(25,737)	(25,737)			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	(25,737)	(25,737)			

Exhibit B

RANDOLPH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Intergovernmental				0	30,841	30,841
Charges for service:				53,000	39,350	(13,650)
Interest				200	138	(62)
Other				0	433	433
Total Receipts				53,200	70,762	17,562
DISBURSEMENTS						
Rent				15,000	13,320	1,680
Office expense:				19,000	18,224	776
Equipment				4,500	6,007	(1,507)
Task force dues				2,500	2,400	100
Transfer out				15,000	47,027	(32,027)
Total Disbursements				56,000	86,978	(30,978)
RECEIPTS OVER (UNDER) DISBURSEMENTS				(2,800)	(16,216)	(13,416)
CASH, JANUARY 1				16,913	16,913	0
CASH, DECEMBER 31				14,113	697	(13,416)
<u>PARENTING CLASS FUND</u>						
RECEIPTS						
Charges for service:	2,500	3,605	1,105	2,500	4,540	2,040
Other	0	315	315	0	115	115
Total Receipts	2,500	3,920	1,420	2,500	4,655	2,155
DISBURSEMENTS						
Parenting classes	4,000	3,145	855	3,000	3,000	0
Other	0	0	0	0	430	(430)
Total Disbursements	4,000	3,145	855	3,000	3,430	(430)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,500)	775	2,275	(500)	1,225	1,725
CASH, JANUARY 1	6,080	5,765	(315)	4,540	4,540	0
CASH, DECEMBER 31	4,580	6,540	1,960	4,040	5,765	1,725
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	800	1,515	715	800	722	(78)
Other	0	0	0	0	123	123
Total Receipts	800	1,515	715	800	845	45
DISBURSEMENTS						
Micro-filming	1,500	0	1,500	1,500	0	1,500
Equipment	205	0	205	4,000	4,449	(449)
Miscellaneous	0	0	0	0	328	(328)
Total Disbursements	1,705	0	1,705	5,500	4,777	723
RECEIPTS OVER (UNDER) DISBURSEMENTS	(905)	1,515	2,420	(4,700)	(3,932)	768
CASH, JANUARY 1	905	946	41	4,960	4,878	(82)
CASH, DECEMBER 31	0	2,461	2,461	260	946	686

Exhibit B

RANDOLPH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>FERGUSON SCHOLARSHIP FUND</u>						
RECEIPTS						
Interest	50	64	14	100	79	(21)
Total Receipts	50	64	14	100	79	(21)
DISBURSEMENTS						
Scholarships	400	200	200	400	0	400
Total Disbursements	400	200	200	400	0	400
RECEIPTS OVER (UNDER) DISBURSEMENTS	(350)	(136)	214	(300)	79	379
CASH, JANUARY 1	1,243	5,251	4,008	1,129	5,172	4,043
CASH, DECEMBER 31	893	5,115	4,222	829	5,251	4,422
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	8,000	12,296	4,296	7,000	13,105	6,105
Other	0	0	0	3	7	4
Total Receipts	8,000	12,296	4,296	7,003	13,112	6,109
DISBURSEMENTS						
Books and supplies	8,000	6,711	1,289	6,000	7,435	(1,435)
Other	0	0	0	0	463	(463)
Total Disbursements	8,000	6,711	1,289	6,000	7,898	(1,898)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	5,585	5,585	1,003	5,214	4,211
CASH, JANUARY 1	23,342	22,883	(459)	17,669	17,669	0
CASH, DECEMBER 31	\$ 23,342	28,468	5,126	18,672	22,883	4,211

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

RANDOLPH COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Randolph County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Bad Check Fund	2004
Prosecuting Attorney Delinquent Tax Fund	2004 and 2003

Because the Health Center prepares its budgets on the accrual basis of accounting, which recognizes revenues when earned and expenditures when the related liability is incurred, the comparison of budget and actual information for the Health Center Fund is not included in Exhibit B. This information is provided below:

Health Center Fund						
Year Ended December 31,						
2004			2003			
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes	\$ 430,007	430,002	(5)	420,100	420,100	0
Intergovernmental	926,508	924,122	(2,386)	891,840	873,479	(18,361)
Charges for services	1,395,591	1,377,389	(18,202)	1,455,575	1,472,675	17,100
Other	64,325	52,908	(11,417)	80,375	64,706	(15,669)
Total Revenues	2,816,431	2,784,421	(32,010)	2,847,890	2,830,960	(16,930)
EXPENDITURES						
Salaries	1,656,017	1,623,708	32,309	1,544,950	1,531,867	13,083
Office expenditures	232,302	222,093	10,209	230,787	235,306	(4,519)
Equipment	127,216	115,617	11,599	224,625	227,818	(3,193)
Mileage and training	77,422	75,361	2,061	93,390	85,867	7,523
Fringe benefits	392,320	378,933	13,387	393,500	385,915	7,585
Contract labor	281,335	272,447	8,888	214,000	213,245	755
Building improvements	0	26,579	(26,579)	0	0	0
Other	14,735	14,663	72	27,490	18,086	9,404
Total Expenditures	\$ 2,781,347	2,729,401	51,946	2,728,742	2,698,104	30,638

Exhibit A presents total receipts and disbursements of the Health Center Fund on the cash basis of accounting. Reconciliations of Exhibit A data to the actual revenues and expenditures recorded in the Health Center's financial records are presented below.

Reconciliation of Receipts to Revenues

Receipts on Exhibit A reconcile to revenues as follows:

Health Center Fund		
Year Ended December 31,		
	2004	2003
RECEIPTS PER EXHIBIT A	\$ 2,765,163	2,794,614
Increase (Decrease) in accounts receivable	(3,452)	25,969
(Increase) Decrease in unearned revenue	22,710	10,377
REVENUES PER BUDGET	\$ 2,784,421	2,830,960

		Health Center Fund	
		Year Ended December 31,	
		2004	2003
DISBURSEMENTS PER EXHIBIT A	\$	2,674,434	2,689,077
(Increase) Decrease in inventory and fixed assets		(2,466)	(3,487)
Increase (Decrease) in salaries and fringe benefits payable		33,432	32,353
Increase (Decrease) in accounts payable		30,367	(23,061)
Increase (Decrease) in bank debt		(6,366)	3,222
EXPENDITURES PER BUDGET	\$	2,729,401	2,698,104

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue Fund	2004
Law Enforcement Block Grant Fund	2004
Cemetery Trust Fund	2004
Justice Center Fund	2003
Prosecuting Attorney Bad Check Fund	2003
Parenting Class Fund	2003
Law Library Fund	2003

A deficit budget balance is presented for the General Revenue Fund for the years ended December 31, 2004 and 2003. However, the budgets of that fund also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balances presented.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Justice Center Fund	2004
Law Enforcement Block Grant Fund	2004 and 2003
Cemetery Trust Fund	2004 and 2003

Parenting Class Fund	2004 and 2003
Circuit Clerk Interest Fund	2004 and 2003
Law Library Fund	2004 and 2003
Prosecuting Attorney Delinquent Tax Fund	2004 and 2003

In addition, the receipts and beginning and ending cash balances were not presented for the Prosecuting Attorney Grant Fund for the year ended December 31, 2004 and the beginning and ending cash balances were not presented for the Health Center Fund for the years ended December 31, 2004 and 2003.

2. Cash

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

Cash includes both deposits and investments. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

The county's and Health Center Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's or the board's name.

Investments

The only investments of the various funds at December 31, 2004 and 2003, were repurchase agreements with reported amounts of \$300,000 and \$900,000, respectively (which approximated fair value).

These investments were held by the county's custodial bank in the county's name.

3. Prior Period Adjustments

The Law Enforcement Training Fund's cash balance at January 1, 2003, as previously stated has been increased by \$129 to reflect transactions which were not previously reported.

The Circuit Clerk Interest Fund's cash balance at January 1, 2003, as previously stated has been decreased by \$82 to deduct January 2004 transactions which were previously reported.

The Ferguson Scholarship Fund's cash balance at January 1, 2003, as previously stated has been increased by \$51 to reflect interest receipts that had been received but were not previously reported.

Supplementary Schedule

Schedule

RANDOLPH COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-4188	\$ 114,044	0
	Program Total	ERS045-3188W	0	117,260
			<u>114,044</u>	<u>117,260</u>
10.559	Summer Food Service Program for Children	ERS146-4188I	130	130
Office of Administration				
10.561	State Administrative Matching Grants for Food Stamp Program	AOC04380113	47,003	0
	Program Total	AOC03380104	0	67,699
			<u>47,003</u>	<u>67,699</u>
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety				
16.554	National Criminal History Improvement Program	N/A	5,596	0
16.575	Crime Victim Assistance	2003-VOCA-0050	5,067	0
		2002-VOCA-0061	17,065	5,045
	Program Total	2001-VOCA-0031	0	16,110
			<u>22,132</u>	<u>21,155</u>
16.588	Violence Against Women Formula Grant	2003-VAWA-0030	69,002	0
	Program Total	2002-VAWA-0039	0	70,733
			<u>69,002</u>	<u>70,733</u>
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Construction	BRO-088(20)	0	7,417
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	3,243	2,974
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	61	7,619
Passed through Secretary of State				
39.011	Election Reform Payments	N/A	64,231	0

Schedule

RANDOLPH COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct program:				
93.912	Rural Health Care Services Outreach and Rural Health Network Development Program	D04RH00776A0	102,864	29,083
Passed through state				
Department of Health and Senior Services -				
93.110	Maternal and Child Health Federal Consolidated Program	N/A	0	3,000
93.268	Immunization Grants	PGA064-4188A	41,279	0
		PGA064-3188A	0	7,467
		175001	0	26,081
	Program Total		<u>41,279</u>	<u>33,548</u>
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	DH040022046	7,505	6,814
Department of Social Services -				
93.563	Child Support Enforcement	N/A	2,985	1,316
Department of Health and Senior Services -				
93.575	Child Care and Development Block Grant	PGA067-4188C	7,234	0
		PGA067-4188S	2,030	0
		PGA067-3188C	0	5,478
		PGA067-3188S	0	2,475
	Program Total		<u>9,264</u>	<u>7,953</u>
Department of Health and Senior Services				
93.945	Assistance Programs for Chronic Disease Prevention and Control	AOC04380055	32,350	0
	Program Total	AOC03380101	<u>0</u>	<u>25,600</u>
			<u>32,350</u>	<u>25,600</u>
93.991	Preventive Health and Health Services Block Grant	AOC04380021	26,390	0
		DH0402P0003	3,446	0
		DH030015001	0	25,561
		DH0302P0002	0	2,597
		DH0302P0003	0	3,167
		DH0402P0002	0	234
		DH0402P0003	0	289
	Program Total		<u>29,836</u>	<u>31,848</u>
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-3188M	22,406	22,228
		ERS175-0188F	0	21,600
		AOC04380052	26,739	0
		AOC0138105	0	28,021
		N/A	0	272
	Program Total		<u>49,145</u>	<u>72,121</u>

Schedule

RANDOLPH COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U.S. DEPARTMENT OF HOMELAND SECURITY				
	Passed through state Department of Public Safety			
97.004	State Domestic Preparedness Equipment Support Program	n/a	29,018	0
97.042	Emergency Management Performance Grants	n/a	2,856	3,384
97.051	State and Local All Hazards Emergency Operations Planning *	n/a	2,700	3,300
	Total Expenditures of Federal Award:		\$ <u>635,244</u>	<u>512,954</u>

N/A - Not applicable

* These expenditures include awards made under CFDA number 83.552 and 97.042

** These expenditures include awards made under CFDA number 83.562 and 97.051

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

RANDOLPH COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Randolph County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2004 and 2003.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Randolph County, Missouri

Compliance

We have audited the compliance of Randolph County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Randolph County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

Internal Control Over Compliance

The management of Randolph County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Randolph County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

October 11, 2005 (fieldwork completion date)

Schedule

RANDOLPH COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2004 AND 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes x no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness identified? yes x no
- Reportable condition identified that is not considered to be material weaknesses? x yes none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
16.588	Violence Against Women Formula Grants
39.011	Election Reform Payments
93.912	Rural Health Care Services Outreach and Rural Health Network Development Program
93.994	Maternal and Child Health Services Block Grant to the States

Dollar threshold used to distinguish between Type A
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

04-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	State Department of Health and Senior Services
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity Identifying Number:	ERS045-4188 and ERS045-3188W
Award Years:	2004 and 2003
Questioned Costs:	Not applicable

Federal Grantor: U.S. Department of Justice
 Pass-Through Grantor: State Department of Public Safety
 Federal CFDA Number: 16.588
 Program Title: Violence Against Women Formula Grants
 Pass-Through Entity
 Identifying Number: 2003-VAWA-0030 and 2002-VAWA-0039
 Award Years: 2004 and 2003
 Questioned Costs: Not applicable

Federal Grantor: General Services Administration
 Pass-Through Grantor: Secretary of State
 Federal CFDA Number: 39.011
 Program Title: Election Reform Payments
 Pass-Through Entity
 Identifying Number: Not applicable
 Award Years: 2004
 Questioned Costs: Not applicable

Federal Grantor: U.S. Department of Health and Human Services
 Pass-Through Grantor: Not applicable
 Federal CFDA Number: 93.912
 Program Title: Rural Health Care Services Outreach and Rural Health Network Development Program
 Pass-Through Entity
 Identifying Number: N/A
 Award Years: 2004 and 2003
 Questioned Costs: Not applicable

Federal Grantor: U. S. Department of Health and Human Services
 Pass-Through Grantor: State Department of Health and Senior Services
 Federal CFDA Number: 93.994
 Program Title: Maternal and Child Health Services Block Grant to the States
 Pass-Through Entity
 Identifying Number: ERS146-3188M, ERS175-0188F, AOC04380052, and AOC0138105
 Award Years: 2004 and 2003
 Questioned Costs: Not applicable

Procedures to prepare schedules of expenditures of federal awards should be improved to ensure the accuracy of these schedules. Section .310(b) of Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The County Clerk and Health Center Administrator prepared SEFA schedules for the years ended December 31, 2004 and 2003; however, the county under-reported approximately \$164,000 and the Health Center under-reported approximately \$57,000, respectively, in federal grant monies expended during the two years. The County Clerk did not report criminal history funds, victim advocacy funds, bridge project funds, surplus property items, disaster planning and relief funds, hazardous material training and planning funds, or child support enforcement funds. The Health Center administrator did not report maternal and child health services block grant funds or rural health care funds. Compilation of the SEFA requires consulting county and health center financial records and requesting information from other departments and/or officials.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

Similar conditions were noted in two prior audit reports.

WE AGAIN RECOMMEND the County Clerk and Health Center Administrator adopt procedures to ensure complete and accurate schedules of expenditures of federal awards are prepared.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk indicated he will attempt to prepare a complete and accurate schedule of expenditures of federal awards within his ability and within the scope of information provided to him by various county entities.

The County Commission indicated they will work with the County Clerk and other officials to ensure accuracy and completeness of future SEFA schedules.

The Health Department administrator indicated they have already taken the steps to put all federal funding on a spread sheet that will allow them to track the funds to the appropriate categories.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

RANDOLPH COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

RANDOLPH COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

Findings - Two Years Ended December 31, 2002

02-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	State Department of Health and Senior Services
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Number:	ERS045-2188 and ERS045-3188
Award Years:	2002 and 2001
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Missouri Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-088(20)
Award Years:	2001
Questioned Costs:	Not applicable

Federal Grantor: U.S. Department of Health and Human Services
Pass-Through Grantor: State Department of Health and Senior Services
Federal CFDA Number: 93.994
Program Title: Maternal and Child Health Services Block Grant to the States
Pass-Through Entity
Identifying Number: DH020027062, ERS146-1188M, ERS146-3118M,
AOCO138105, ERS175-1188F, ERS175-2060F,
C100019001, PGA064-3188A, and PGA064-2188A
Award Years: 2002 and 2001
Questioned Costs: Not applicable

The county did not have adequate procedures in place to track federal assistance for the preparation of the schedule of expenditures of federal awards.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Not implemented. See finding number 04-1.

Findings - Two Years Ended December 31, 2000

00-1. Schedule of Expenditures of Federal Awards

Federal Grantor: U.S. Department of Agriculture
Pass-Through Grantor: Department of Health
Federal CFDA Number: 10.557
Program Title: Special Supplemental Nutrition Program for
Women, Infants, and Children
Pass-Through Entity
Identifying Number: ERS045-1188W, ERS045-0188W, and ERS045-9188
Award Years: 2000 and 1999
Questioned Costs: Not applicable

Federal Grantor: U.S. Department of Transportation
Pass-Through Grantor: Highway and Transportation Commission
Federal CFDA Number: 20.600
Program Title: State and Community Highway Safety
Pass-Through Entity
Identifying Number: 00-SA-09-4 and 99-SA-09-4
Award Years: 2000 and 1999
Questioned Costs: Not applicable

Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	93.994
Program Title:	Maternal and Child Health Services Block Grant to the States
Pass-Through Entity	
Identifying Number:	ERS146-1188M, ERS146-0188M, ERS146-9188, AOC00380169, AOC01380105, ERS175-1188F, ERS175-0188F, ER075-9188FP, and C1000190001
Award Years:	2000 and 1999
Questioned Costs:	Not applicable

The county did not have adequate procedures in place to track federal assistance for the preparation of the schedule of expenditures of federal awards (SEFA). The county's SEFA schedule contained numerous errors and omissions.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Not implemented. See finding number 04-1.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

RANDOLPH COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Randolph County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated October 11, 2005. We also have audited the compliance of Randolph County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003, and have issued our report thereon dated October 11, 2005.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Randolph County or of its compliance with the types of compliance requirements applicable to each of its major

federal programs but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Financial Condition, Budgetary Practices, and Planning

As noted in the last several audit reports, the General Revenue Fund is in poor financial condition. The fund has ended each year since 1997 with a negative cash balance, which has grown to approximately (\$776,000) at December 31, 2005. Fund disbursements have exceeded receipts during all but two of the last nine years.

Jail and judicial facility expenses have traditionally been paid from the General Revenue Fund. However, in April 2002, county voters approved a 1/2 cent sales tax for the purpose of constructing, equipping, maintaining, and operating new jail and judicial facilities. The county established a Justice Center Fund in May 2002, which accounted for the sales tax receipts and construction related expenses through February 2004. The justice center construction was started in 2003 using proceeds from the 1/2 cent sales tax and a tax anticipation note. In January 2004, a lease purchase agreement was entered into for the completion of the new justice center's construction. The Justice Center Fund was eliminated in February 2004, and the lease purchase agreement trustee began receiving and accounting for the sales tax proceeds and revenue from bonds issued on behalf of the county. The trustee also began processing payments for construction expenses which were certified and submitted by the County Commission. The justice center facility was completed in June 2005.

Through June 2005, jail and judicial facility operating expenses were paid from the General Revenue Fund. Upon occupancy of the justice center, the county began paying these operating expenses from a newly established Corrections Fund. This fund receives and accounts for revenues generated by the new justice center's operations, such as board of prisoner reimbursements, and also receives a portion of the 1/2 cent sales tax from the trustee which is not needed to fund the lease purchase payments.

The county's projections indicate that overall operating costs of the justice center will exceed Corrections Fund receipts by approximately \$400,000 per year through the expiration date of the sales tax in the year 2020. However, the county believes that the General Revenue Fund will have cash available to provide supplemental funding needed to meet these operating costs.

- A. The following table shows the General Revenue Fund receipts, disbursements, and cash balances for the five years ended December 31, 2005. It demonstrates the county's patterns for maintaining negative cash balances in the fund and for disbursements exceeding receipts which has resulted in significantly declining cash balances.

	Cash Balance			Cash Balance	Receipts
	January 1	Receipts	Disbursements	December 31	Over (Under)
					Disbursements
2001	\$ (144,636)	2,787,434	2,777,486	(134,688)	9,948
2002	(134,688)	2,811,457	3,051,529	(374,760)	(240,072)
2003	(374,760)	2,763,027	2,869,679	(481,412)	(106,652)
2004	(481,412)	2,848,024	3,042,282	(675,670)	(194,258)
2005	(675,670)	2,827,592	2,927,929	(776,007)	(100,337)

(Note: 2005 amounts are unaudited.)

The County Commission has not effectively controlled General Revenue Fund disbursements where possible and has not taken action to limit disbursements to the level of available resources. Actual disbursements significantly exceeded actual receipts since 1997 by approximately \$800,000, and there were no cash reserves to absorb the additional disbursements.

During the audit period, there was no significant evidence that the county actively pursued efforts to seek out significant new funding sources or to provide for reductions in disbursements sufficient to create long term positive cash flow for the General Revenue Fund. Currently, the County Commission appears to be pursuing efforts which may reduce the county's operating costs, including competitive procurement of services which have traditionally not been bid or obtained through a competitive process. In addition, the County Commission is seeking to reduce the cost of prisoner medical care contracts, and is working with the courts to determine if additional revenues can be recovered from the jail operations.

As noted above, disbursements have significantly exceeded receipts since 1997. During this time period disbursements experienced significant increases in salaries, employee fringe benefits, Sheriff's department, and Jail operations, and have remained higher primarily because of these budget categories. The County Commission should review disbursements and reduce discretionary spending where possible, evaluate controls and management practices to ensure efficient use of resources available to the county, and attempt to maximize receipts from all sources. Given the financial condition of the General Revenue Fund, it is imperative that the County Commission utilize competitive procurement of goods and services, evaluate the reasonableness of all expenditures, and revise their budgetary practices as discussed in other report findings.

- B. The County Commission's budget preparation and financial data monitoring activities do not ensure that the budget documents accurately reflect the county's anticipated financial activity and do not ensure the budgets are used as effective management tools for monitoring or controlling county disbursements. Budgeted disbursements have exceeded budgeted receipts since 1997 by approximately \$1.3 million even though cash reserves were not available to finance the deficit spending, and the County Commission continues to authorize disbursements in excess of budgeted amounts in several county funds. In addition, although the

County Commission is regularly provided with financial reports for county funds, there is no indication in the county's official minutes that the County Commission reviews or discusses budget to actual performance.

The county overspent the General Revenue Fund budget for the year ended December 31, 2004 by \$209,813. The Presiding Commissioner indicated he realized that the 2004 General Revenue Fund budget would probably be overspent when the budget was approved. He indicated that some of the General Revenue Fund budget line items were intentionally reduced below the expected actual costs to assist in balancing the General Revenue Fund budget for the year. In addition, various other county budgets were overspent during the two years ended December 31, 2004, including the 2004 Law Enforcement Block Grant Fund (\$4,339) and Cemetery Trust Fund (\$345) budgets, and the 2003 Justice Center Fund (\$254,552), Prosecuting Attorney Bad Check Fund (\$30,978), and Law Library Fund (\$1,898) budgets.

While the County Commission receives budget to actual comparison reports monthly, the county's procedures and reports have not resulted in effective monitoring of the various budgets. It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 S.W. 2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

In addition, county records indicate the General Revenue Fund and the Corrections Fund budgets were overspent in 2005 by approximately \$120,000 and \$124,000, respectively. At the time the 2005 budgets were prepared, the County Commission anticipated the justice center would be in use by April 2005 and the related operating costs would be shifted from the General Revenue Fund to the Corrections Fund. Completion of the Justice Center's construction was delayed and the county continued to pay operating costs from the General Revenue Fund through June 2005; however, the County Commission failed to amend the budget for the significant change from original expectations. In addition, at the time of budget preparation, the County Commission was aware that a transfer from General Revenue Fund to the Corrections Fund would likely be necessary to subsidize the operations of the Corrections Fund. However, the County Commission failed to budget for the transfer in either fund. As a result of these conditions, the 2005 General Revenue Fund and Corrections Fund budgets did not reflect realistic estimates for the funds' receipts, disbursements, or ending cash balances and have not been used as an effective management tool by the County Commission.

Realistic projections of the county's anticipated resources and uses of funds is an essential tool for the efficient management of county finances and for communicating accurate financial data to county residents. Misrepresentation of the county's anticipated disbursements is misleading to the public and prevents an accurate estimate of the county's anticipated financial condition.

- C. The County Commission has not adequately addressed the long term financial viability of the General Revenue Fund. It appears that the General Revenue Fund will not be able to provide adequate funding to cover the operating costs of the justice center upon expiration of the earmarked 1/2 cent sales tax in the year 2020. In addition, the long term financial viability of the General Revenue Fund is extremely dependent on the County Commission's ability to monitor and control financial activities of the county funds over the next 15 years. Failure to properly monitor and control county revenues and expenses over the next 15 years could have a significant detrimental effect on the county's financial viability.

The county retained a financial consultant in November 2003 to project the financial sources and uses of the justice center construction and operations through the year 2020 when the lease purchase payments will be completed. The following table summarizes information from that study and from other data provided by the County Commission.

Sources	Amount
Tax anticipation note proceeds	\$ 500,000
Bond proceeds	6,800,000
1/2 cent sales tax revenues	<u>23,188,800</u>
Total Sources	<u>30,488,800</u>
Uses	
Tax anticipation note and interest payments	519,833
Bond issuance costs	214,729
Bond reserve fund	400,000
Projected construction costs	8,532,967
Projected operating costs	17,307,606
Trustee fees	37,757
Lease purchase payments	<u>9,991,014</u>
Total Uses	<u>37,003,906</u>
Sources over (under) uses	\$ <u><u>(6,515,106)</u></u>

As shown by the table above, the projected costs of the justice center's construction and operations exceed the anticipated project funding sources through the year 2020. Based on the county's estimates it appears that the justice

center operations will require continued subsidy from the General Revenue Fund of at least \$400,000 annually while the justice center sales tax is still in effect. To provide for adequate funding for the subsidy and to allow for improvement in the General Revenue Fund cash balances, the County Commission must refrain from implementing new unfunded programs or projects using General Revenue Fund monies and must control operating costs of the jail and judicial facilities funded by the Corrections Fund as well as other offices and activities funded by the General Revenue Fund.

Beginning in the year 2021, the entire burden of funding the operational costs of the justice center will revert back to the General Revenue Fund. However the Justice Center sales tax expires in the year 2020 and the county will no longer have those receipts available to fund any of the operating costs. The County Commission estimated that operating costs of the justice center during calendar year 2021 will total approximately \$1,359,000.

The county should continue monitoring the county's long term financial projections and consider the long term financial viability of the county, particularly after the year 2020. The county should seek additional funding sources and/or significant cost savings to ensure that the county's General Revenue Fund does not continue to experience poor financial condition and that known future events do not have a negative impact on the fund's financial condition.

WE RECOMMEND the County Commission:

- A. Seek additional revenue sources and/or disbursement reductions in the next few fiscal years to ensure that the General Revenue Fund's financial condition improves and is able to maintain an adequate operating cash reserve.
- B. Ensure budgets reflect realistic projections and prepare budget amendments when financial activities are significantly different from expectations. In addition, the County Commission should not authorize disbursements in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's Office.
- C. Continue monitoring the General Revenue Fund's long term financial projections. Seek long term solutions for alternative funding sources and/or disbursement reductions to ensure that known future events, such as the expiration of the justice center sales tax in 2020, do not have a negative impact on the fund.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. The County Commission has made significant expenditure reductions in 2006 and will continue to do so which will help in the effort to return to a positive financial position.*
- B. The County Commission will take care in preparing realistic and accurate budgets. Whenever there are significant changes in either income or expenditures, budget amendments will be made according to the statutes.*
- C. The County Commission acknowledges that prior to the expiration of the ½ cent sales tax a revenue stream must be found to replace it.*

2. Expenditures

The county did not always solicit bids and/or retain adequate bid documentation for various purchases. Contracts were not always entered into as needed and some contract arrangements did not provide adequate details. In addition, some expenditures were approved without sufficient documentation to support the amount paid or allocated among various funds, or evidence that goods or services had been received.

- A. The county did not solicit bids for various purchases, including road rock, a paving project, and inmate meals. During 2004, the county spent approximately \$200,000 for road rock without soliciting bids. A 2003 road paving project, totaling approximately \$58,000, was undertaken without soliciting bids. Of this total, approximately \$15,000 pertained to a change order which was approved the same day the final billing was approved. In addition, the county had not bid inmate meal services for the jail since 1995. Meals were bid in September 2005, and the County Commission accepted a bid that they estimate will provide for significant cost savings over the previous contract.

For some purchases, although it appears bids were obtained, the bid documentation was lacking. For example, the county retained evidence of soliciting bids for justice center furniture costing approximately \$12,600, but indicated bids received and any documentation of the criteria and evaluation process were likely retained by the project architect. In addition, for two purchases (road grader costing approximately \$135,500, and bridge steel costing approximately \$44,500) the lowest bids were not accepted and the county did not adequately document the reasons why.

Section 50.660, RSMo, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of county resources and helps to assure the county

receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, and documentation of all discussions with vendors.

B. The County Commission did not enter into contracts for some services and contracts with several vendors did not adequately stipulate the terms of the agreements and rights and responsibilities of the parties. As a result, the County Commission did not have adequate criteria for determining if services were being provided in accordance with the county's expectations. Examples of these items include:

- Computer programming services for the Assessor's office totaled over \$10,300 for 2003 and 2004. There was no contract related to these services and the vendor's billing included only the number of hours of service provided. With no contract, there was no documentation of the product to be developed, percentage of completion stages upon which payments could be made, rate per hour, or a total contract amount anticipated.
- The county contracted with an attorney to provide legal consultation services for the Juvenile Office for a set monthly fee. However, the contract did not outline the county's expectations regarding anticipated hours, billing details, or other pertinent information. The attorney's billings only included the monthly contract amount without providing any summary information regarding the services provided or the amount of time spent on Juvenile Office representation and consultation. In addition, the county did not publicly solicit proposals from interested attorneys or provide for an analysis of interested attorneys' qualifications.
- Payments to the Prosecuting Attorney for office rental totaled approximately \$27,000 for 2003 and 2004. The Prosecuting Attorney's office is housed in a building the Prosecuting Attorney owns. However, the county does not have a written contract with the Prosecuting Attorney related to this arrangement. The Prosecuting Attorney submitted a draft contract to the County Commission for review prior to September 2001. In our prior audit report, the County Commission responded they had retained the services of outside legal counsel to review and suggest changes to the draft contract. However, there is still no formal lease agreement with the Prosecuting Attorney.

- Payments for diesel fuel totaled approximately \$77,000 during 2004. The County Commission entered into a contract with the vendor which established a fluctuating unit price to be paid by the county based on the vendor's cost of diesel on hand at the time of the purchase. However, the county has no procedure to verify that amounts billed were in agreement with the pricing terms stipulated in the contract.

Contracts which fully stipulate the terms of the agreements, rights, and responsibilities of the parties are necessary to ensure the County Commission is able to determine if services are being provided in accordance with the county's expectations. Contracts should be obtained and should include, at a minimum, the products or services to be provided, time limitations or expectations, rights of both parties, responsibilities of both parties, remedial actions agreed upon in the event that the parties do not comply with the terms of the contracts, criteria for detail to be included in billings, and the dates or events upon which billings may be submitted.

- C. Supporting documentation related to some expenditures was insufficient. For example, delivery tickets for bulk purchases of rock (\$22,200), concrete (\$19,000), and diesel fuel (\$7,300) had not been retained by the County Clerk. Delivery tickets are necessary to perform effective reviews of periodic billings for these type of purchases, which often consist of numerous deliveries and fluctuating prices. In addition, documentation related to purchases initiated by other officials but approved for payment by the County Commission from county funds, was sometimes lacking. Payment for a \$9,000 used SUV for the Sheriff's department was supported by a letter from the Sheriff requesting the payment, but no invoice. Payment for \$12,600 of computer equipment for the Sheriff's department was supported by a vendor estimate rather than an actual invoice. While it appeared these Sheriff's department purchases were bid, the documentation was not sufficient to show all bids obtained and reasons for the vendor or item selected. In addition, some invoices related to a \$4,800 purchase of computer equipment for the Prosecuting Attorney's office were not on file with the County Treasurer. However, the Prosecuting Attorney was able to locate all related invoice copies.

To ensure the validity and propriety of expenditures and compliance with statutory provisions, adequate supporting documentation should be obtained for all payments to vendors.

- D. The County Commission approved payment of a property and liability insurance policy totaling \$89,756. The payment was allocated among various line items in the General Revenue Fund (\$56,869), Road and Bridge Fund (\$32,236), and Assessment Fund (\$651). Although the County Clerk indicated the invoice was either allocated on the basis of supporting information submitted by the vendor with the billing or based on amounts budgeted in the various line items, there was no documentation to support the reasonableness of the allocation.

The Special Road and Bridge Fund and Assessment Fund have statutory restrictions on their allowable uses. To document the appropriate division of costs between funds and ensure compliance with statutory restrictions, the county needs to adequately document the basis for each fund's portion of shared expenses.

- E. The County Commission does not require acknowledgment of receipt of goods or services or always document approval of invoices for payment. Examples of these items include court appointed juvenile guardian services (\$2,285), plat books (\$9,000), law enforcement radio repair (\$7,200), road and bridge engineering services (\$8,500), and culverts (\$23,500).

The county should require acknowledgment of receipt of goods and/or services prior to payment. Such documentation is necessary to ensure the purchase is a proper disbursement of county funds. In addition, expenditures made from county funds should be reviewed and approved by the County Commission before payment is made to ensure all expenditures represent valid operating costs of the county. To adequately document the County Commission's review and approval of all expenditures, all invoices should be approved prior to payment.

Conditions similar to A, B, C and D were noted in prior reports.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law. Maintain adequate documentation of all bids obtained and the justification for selecting the winning bid. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the necessitating circumstances.
- B. Enter into written contracts when appropriate. Ensure contract terms clearly quantify services to be performed, compensation to be paid, and provide a means for the county to assess achievement of the contract objectives.
- C. Require adequate supporting documentation prior to approving expenditures for payment.
- D. Ensure the allocation of costs between funds is documented and is performed upon a reasonable basis.
- E. Require acknowledgment of receipt of goods and/or services and approval for payment by the elected official or department supervisor prior to payment.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. The County Commission will strictly adhere to bid statutes and ensure the proper processes are followed. Copies of bids and bid decisions will be retained with the County Commission's minutes and records.*
- B. The County Commission will require that contracts, from all elected officials and department heads, quantify service and compensation and measure performance.*
- C. The County Commission will ensure documentation is present to support expenditures.*
- D. The County Commission will ensure the allocation of costs between funds is documented and performed on a reasonable basis.*
- E. The County Commission will ensure receipt of goods is indicated on invoices submitted for payment.*

3. Capital Asset Controls and Procedures

The county's capital asset records and physical inventory procedures are not adequate. Vehicle usage logs are not required for some county vehicles.

- A. The County Clerk maintains capital asset records for all county departments. In order to update these records, the County Clerk's office sends a memo each year to all county departments requesting they perform inspections and physical inventories and provide inventory worksheets to the County Clerk's office to document these efforts. Problems were noted with this procedure. Results of physical inventories were not submitted to the County Clerk by all departments. For 2004, inventory reports for only seven of fourteen county departments were on file in the County Clerk's office. Our review identified numerous discrepancies between property items reported by various departments and the County Clerk's capital asset records. In addition, several property items disposed of according to department reports were not removed from the capital asset records. The County Clerk had not followed up on these discrepancies. Property items purchased for the newly opened justice center had not been added to the capital asset records as of September 2005, and property items moved from the old county jail to the new justice center in 2005 were not accounted for. In addition, the County Clerk could not locate any of the departments' physical inventory reports for 2003. As a result, it is not clear whether various departments completed the required inventories and changes to capital asset records are not supported.

Adequate capital asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Physical inventories of county property are necessary to ensure the capital asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. In addition, Section 49.093, RSMo, provides that the officer or their designee of each county department is responsible for performing periodic inspections and inventories of county property used by their department and submitting an inventory report to the County Clerk. Retention of records is necessary to demonstrate compliance with the law and provide support for additions and dispositions in the capital asset records.

- B. The County Commission does not require preparation of vehicle usage logs for county vehicles used by the County Clerk or Road and Bridge departments.

Without adequate vehicle logs, the county cannot effectively monitor that vehicles are used for official business only. These logs should identify the employee, the date used, beginning and ending mileage, destination, and purpose of the trip. Maintenance and fuel costs should also be recorded in the logs. These logs should be reviewed by a supervisor to ensure vehicles are used only for county business and evaluate operating costs.

WE RECOMMEND:

- A. The County Clerk work with other county departments to ensure physical inventories are conducted and reports submitted as required. In addition, the County Clerk should update the overall capital asset records for additions and deletions, and follow up on any discrepancies. Physical inventory records need to be retained to support the overall capital asset records.
- B. The County Commission require vehicle usage logs for all county vehicles.

AUDITEE'S RESPONSE

The County Clerk provided the following response:

- A. *The County Clerk will attempt to prepare a complete and accurate inventory within the scope of information provided by other elected officials.*

The County Commission provided the following response:

- B. *The County Commission will implement a policy to require usage logs for vehicles.*

Several control weaknesses exist over the property tax system. The County Clerk does not prepare or verify the current and back tax books or maintain an account book with the County Collector. Neither the County Clerk nor the County Commission verify the County Collector's annual settlements or adequately review property tax additions and abatements.

- A. The County Clerk does not prepare or verify the current or delinquent tax books. During the audit period personnel in the County Assessor's office printed the tax books and tax statements, and verified the accuracy of some tax statements. The 2005 property tax books were generated by the county's property tax system vendor and tax statements were tested by the County Collector prior to mailing. To ensure the tax books are accurate, the County Clerk should perform procedures such as footing the tax books or verifying individual entries.

Sections 137.290 and 140.050, RSMo, require the County Clerk to extend tax books and charge the County Collector with the amount of taxes to be collected. The procedures outlined in the statutes for the preparation of the tax books provide for the separation of duties and act as a form of checks and balances. Failure to perform adequate reviews could result in errors or irregularities going undetected.

- B. Neither the County Commission nor the County Clerk provide a review of the activities of the County Collector. The County Clerk does not maintain an account book with the County Collector and no evidence was provided to indicate procedures are performed by the County Clerk or the County Commission to verify the County Collector's monthly or annual settlements. As a result, neither the County Clerk nor the County Commission detected reporting errors in the County Collector's settlements. The settlements for the four years ended February 28(29), 2005 overstated both charges and credits by amounts ranging from approximately \$155,000 to \$215,000 each year. Actual distributions were properly reported, but the overall annual settlement was out of balance due to these overstatements. These undetected reporting errors occurred because the County Collector double counted some charges and credits in more than one reporting category.

An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. The account book totals could then be verified by the County Clerk against the collector's tax books, monthly and annual collection reports, and totals of all charges and credits.

Section 51.150(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A complete

account book would help the County Clerk ensure that the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the County Commission to verify the County Collector's annual settlement. Such procedures are intended to establish some checks and balances related to the collection of property taxes.

- C. Controls over property tax additions and abatements are not adequate. Addition and abatement requests are prepared by the Assessor and are submitted to the County Clerk and the County Collector. The County Collector posts the changes to the tax books. The County Clerk did not submit the addition and abatement requests to the County Commission for review and approval between March and December 2004, and did not maintain complete records of tax book changes. As a result, there is no independent and subsequent review of the changes made to the tax books.

Section 137.260, RSMo, requires the tax books only be changed by the County Clerk under order of the County Commission. Controls should be established so that the County Clerk periodically reconciles all additions and abatements to changes made to the property tax system.

WE RECOMMEND:

- A. The County Clerk prepare the current and back tax books or verify the totals and individual entries of tax books generated by other offices or the software vendor.
- B. The County Collector prepare and file accurate annual settlements. Also, the County Clerk should maintain an account book with the County Collector and the County Commission should utilize the account book to verify the annual settlements of the County Collector.
- C. The County Clerk ensure addition and abatement requests are submitted to the County Commission for review and approval. In addition, the County Clerk should maintain complete records of additions and abatements and reconcile these with related changes made to the tax records.

AUDITEE'S RESPONSE

The County Clerk provided the following responses:

- A&B. The County Clerk will provide the County Commission with a fiscal note for the calendar year 2007 budget to determine if funding can be allocated to allow the performance of this additional work.*
- C. The County Clerk currently receives from the Collector a printout of tax book changes which are recorded on a court order and provided to the County Commission for review and approval. However, these tax book changes are not verified with reports of assessment changes initiated by the County Assessor. The County Clerk will attempt to*

verify the County Collector's report of tax book changes with the County Assessor's reports of assessment changes.

The County Collector provided the following response:

- B. I have made corrections to the prior settlements and will ensure that future settlements are accurate.*

The County Commission provided the following responses:

- B. The County Commission will review the County Collector's settlements.*
- C. The County Commission is currently receiving and reviewing addition and abatement court order requests.*

5. Computer Controls

Access to computer programs including the County Clerk's capital assets, budgetary, and financial data; the Treasurer's financial data; and the Assessor's assessment and appraisal programs is not adequately restricted. In addition, the County Treasurer does not perform data backups.

- A. Passwords or other procedures are not used to limit access to the County Treasurer's financial data or the County Clerk's capital asset program. Passwords needed to access the County Clerk's budgetary and expenditure data are not changed periodically. In addition, Assessor's office employees share the same password to access the assessment and appraisal programs.

To establish individual responsibility, as well as help preserve the integrity of computer programs and data files, access to information should be limited to authorized individuals. A system of passwords and other procedures should be used to properly restrict access to only those data files and programs individuals need to accomplish their jobs. A unique user ID and password should be assigned to each user to log onto the network. Passwords should be kept confidential and changed periodically to help limit the effect of unauthorized access to computer files.

- B. The County Treasurer does not perform periodic data backups. Backup information could be used to provide a means of recreating destroyed master file information in the event of data loss. Because data backups are not performed it could be difficult to retrieve or recreate lost data.

Similar conditions were noted in prior reports.

WE RECOMMEND the County Commission:

- A. Work with the County Clerk, County Treasurer, and County Assessor to establish procedures to restrict access to computer files, including the use of unique passwords, to authorized individuals.
- B. Work with the County Treasurer to ensure data backups are performed and stored in a secure, off-site location.

AUDITEE'S RESPONSE

The County Commission provided the following response:

A&B. The County Commission will establish policies and work with the elected officials to implement data security and backup controls and procedures.

The County Clerk provided the following response:

A. The County Clerk will follow up on this suggestion.

The Assessor provided the following response:

A. The Assessor agrees. Upon completion of the data entry phase of programming currently in progress, data access levels will be restricted to individuals who have a need to view or change data. Individual passwords will provide for this capability.

The Treasurer provided the following responses:

A. The Treasurer has implemented the use of a password.

B. The Treasurer is working on developing a backup process and will store backups off site.

6. Personnel Policies and Procedures

Centralized time and leave records are not maintained for some county employees by the County Clerk. As a result, the County Clerk's office does not have sufficient records to ensure the validity of payroll disbursements and monitor leave and compensatory time balances.

Summary monthly time sheets are prepared by the Sheriff's office bookkeeper using the original 28-day cycle law enforcement timesheets which are prepared by the employee and approved by the employee's supervisor. However, the summary monthly timesheets are not reviewed for accuracy by the Sheriff's department before they are submitted to the County Clerk's office. As a result, errors could go undetected. In addition, the Road and Bridge supervisor maintains the records of Road and Bridge employees' overtime worked

and compensatory time accruals, usage, and balances. Finally, the assistant prosecuting attorney does not prepare time sheets, and, as a result, annual salary payments of approximately \$34,000 are unsupported.

Submission of time sheets, leave records, and compensatory time records to the County Clerk's office which are approved by supervisors would provide full support for payroll processed by the county. The county cannot adequately document the legitimacy of payroll payments and leave balances without adequate documentation.

A similar condition was noted in a prior report.

WE RECOMMEND the County Commission require time sheets, leave records, and compensatory time records which are approved by supervisors to be submitted to the County Clerk. In addition, the County Clerk should maintain centralized time, leave, and compensatory time records for all employees.

AUDITEE'S RESPONSE

The County Commission provided the following response:

The County Commission will require that all departments submit to the County Clerk complete time and leave sheets, approved with a signature.

The County Clerk provided the following response:

The County Clerk will attempt to obtain the records and maintain them on file.

7. County Clerk's Controls and Procedures

Receipt slips are not issued for some monies received and checks received are not restrictively endorsed immediately upon receipt. Monies received are not reconciled to monies transmitted and an unidentified fluctuating cash balance is maintained in the County Clerk's cash box.

The County Clerk's office collects money for various fees and licenses, including notary fees, plat books, liquor licenses, registered voter lists, and photocopies. Liquor license collections are transmitted immediately to the County Treasurer and other receipts are transmitted to the County Treasurer monthly for deposit. According to the County Clerk's transmittal reports and the General Revenue Fund budget, during the years ended December 31, 2004 and 2003, the County Clerk's office collected approximately \$6,200 and \$7,700, respectively, in fees and \$12,600 and \$12,800, respectively, in liquor licenses.

- A. Receipt slips are not issued for some monies received. The County Clerk indicated receipts slips are issued only upon request. Although a receipt log is

maintained listing all monies collected and for what purpose, it does not always document the payee and composition of payment. The County Clerk prepares the monthly transmittal report from this log and transmits those monies to the County Treasurer. A cash count conducted on April 25, 2005, showed that receipts on hand exceeded receipts recorded on the log by \$19. The County Clerk indicated that there is usually extra money in the cash box at the end of the month, but he does not document the unidentified balance or attempt to determine reasons for discrepancies. Because monies in the cash box are not maintained at a set amount, the County Clerk cannot perform effective reconciliations and ensure receipts are properly accounted for.

To help ensure receipts are properly recorded and transmitted, receipt slips should be issued for all monies received immediately upon receipt. The receipt slips should indicate the method of payment (i.e. cash, checks, or money orders) and the composition should be reconciled to the transmittal to ensure all receipts have been accounted for. If a change fund is determined to be necessary, it should be maintained at a constant amount.

- B. Checks received are not always restrictively endorsed immediately upon receipt. During a scan of checks on hand conducted April 11, 2005, we noted that three checks, totaling \$140 and which had been on hand for a few days, had not been endorsed. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

WE RECOMMEND the County Clerk:

- A. Issue receipt slips for all monies received and indicate the method of payment on the receipt slips, or fully document all payees and composition of payment is recorded on the receipt log. Finally, the County Clerk should reconcile receipts or the receipt log, in total and by composition, to transmittals made to the County Treasurer.
- B. Restrictively endorse checks immediately upon receipt.

AUDITEE'S RESPONSE

The County Clerk provided the following response:

A&B. The County Clerk will attempt to improve these records.

8. Prosecuting Attorney's Controls and Procedures

Receipts are not adequately secured prior to deposit or transmittal. Old outstanding checks are not routinely followed up on and disposed of appropriately. The Prosecuting Attorney's office receives monies for bad check restitution and fees, court-ordered

restitution, and delinquent sales taxes. The office processed collections in excess of \$300,000, during each of the two years ended December 31, 2003 and 2004.

- A. Receipts are not held in a secure location until the time of deposit or transmittal. Court ordered restitution, bad check fees, and income tax payments are held for up to one week in a file on an employee's desk pending deposit or transmittal and bad check restitution payments are held in an unlocked open file bin until vendors come to pick them up. In addition, the court ordered restitution payments are not endorsed until the deposit is prepared.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, receipts should be endorsed immediately upon receipt, when possible, and properly secured in a locked cabinet or location until they are deposited or transmitted.

- B. At July 31, 2005, the Prosecuting Attorney had thirty outstanding checks totaling \$2,001 that had been outstanding for at least one year. These old outstanding checks create additional and unnecessary recordkeeping responsibilities. The Prosecuting Attorney should adopt procedures to routinely follow up on outstanding checks and reissue them if the payees can be located. If the payees cannot be located or identified, these monies should be disposed of in accordance with state law.

WE RECOMMEND the Prosecuting Attorney:

- A. Endorse monies immediately upon receipt when possible and properly secure monies until deposit or transmittal.
- B. Process old outstanding checks according to the law and turn over to unclaimed fees if the owner of the funds cannot be located. For any amounts that remain unclaimed or unidentified the monies should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *The monies referred to are strictly money orders made out to the prosecutor's office and/or to merchants who are recovering fees or restitution through our office. Merchants come by to pick up their restitution and fees on a regular basis and so these money orders are maintained in alphabetical files for quick distribution when merchants come to the office. Money orders are not mailed to victims as per previous audit discussions, as this would not provide satisfactory evidence of receipt.*

Money orders received on restitution for all crimes other than bad check are to be immediately stamped/endorsed by office staff and promptly deposited to avoid risk of loss.

- B. *The outstanding checks referred to by the audit team are checks for restitution recovered on behalf of victims of crimes. These checks are prepared when payments of restitution by money order are made by defendants to the prosecutor's office. Occasionally, victims move before restitution is received and no forwarding address is available. On other occasions, businesses that were victimized are no longer operating and no contact information is available to attempt redistribution of the restitution checks.*

The office will void outstanding checks and send unclaimed monies and appropriate information to the Randolph County Treasurer every six months to be processed as unclaimed property in accordance with State Law.

9. Sheriff's Controls and Procedures

The Sheriff's Department has not segregated accounting duties or provided for independent oversight of accounting functions. Monies received by the jail are not recorded on pre-numbered receipt slips or bond control forms. During the years ended December 31, 2004 and 2003, the Sheriff's department handled receipts totaling approximately \$109,000 and 102,000, respectively. These receipts represent accountable fees, out-of-county cash bonds, and inmate funds. The amount of in-county cash bonds collected and remitted directly to the Circuit Court is not available.

- A. Accounting duties are not adequately segregated. One bookkeeper is primarily responsible for receiving monies, preparing checks and deposit slips, preparing bank reconciliations, and maintaining the accounting records for the Sheriff's fee and inmate funds bank accounts. The Sheriff does not perform detailed reviews of the various records prepared by the clerk. Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.
- B. Cash bonds and inmate personal funds are received by the jail staff; however, cash bonds are recorded on unnumbered bond forms and inmate funds are recorded on unnumbered booking inventory forms. In addition, in-county cash bonds are transmitted directly to the court and no documentation is retained by the Sheriff's office to provide a history of monies received and remitted to the court.

Receipts for cash bonds and inmate personal funds are placed in sealed envelopes by the jail staff and are transmitted daily to the Sheriff's bookkeeper. The bookkeeper records cash bonds for other counties' warrants and inmate funds on pre-numbered receipt slips. However, cash bonds ordered by the Randolph County Circuit Court are transmitted directly to the court by the bookkeeper and no documentation is retained to provide evidence that the bond monies were remitted to the court.

To ensure that monies received are properly accounted for and distributed to the appropriate entity or individual, the Sheriff should ensure that all monies received are immediately recorded on a pre-numbered control document and the disposition of all monies, including in-county cash bonds, should be fully documented.

WE RECOMMEND the Sheriff:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Issue pre-numbered receipt slips and bond forms in the jail immediately upon receipt of cash bond and inmate funds and obtain documentation of the transmittal of in-county cash bonds to the Circuit Court.

AUDITEE'S RESPONSE

The Sheriff provided the following response:

- A. *The Sheriff will document his reviews of the accounting records.*
- B. *The Sheriff will attempt to prepare a log at the jail to track cash bonds and inmate funds received. The Sheriff's office has implemented a log which documents the transmittal of in-county cash bonds to the Circuit Court.*

10. Health Department's Administrative Cost Allocation Procedures

The Health Department did not properly calculate the percentages used for allocating overhead costs to federal grants. Overhead costs were under or over charged to two different grants.

From January 2003 through October 2004, the Health Department calculated the overhead cost percentages for the Women, Infants, and Children (WIC) grant program on the basis of hours worked by the WIC program staff as compared to total hours worked by all employees. The resulting percentage was used for allocating total overhead costs to the WIC program. However, the report of total hours worked by employees included other data which did not represent hours worked. As a result, the total hours in the overhead cost calculation were overstated and the percentage of hours worked by WIC staff was understated. The Health Department re-calculated overhead costs for April 2004 and determined that the WIC program was under charged \$58. While the same procedures were used for the 22 months, reviews were not performed to determine the amounts WIC was under or over charged during this entire period.

During the two grant years ended April 30, 2005, the Health Department calculated administrative costs for the Rural Health Care Services program at 8 percent of direct

costs. However, the grant award allowed administrative costs of only 5 percent. As a result, the grant was overcharged by approximately \$4,850 during the two grant years.

The Health Department should ensure program costs are calculated in compliance with grant agreements and should establish controls, such as thorough reviews, to ensure accurate supporting data and approved percentages are used in the calculations.

WE RECOMMEND the Health Department calculate program costs in compliance with grant agreements and establish controls to ensure supporting data and approved percentages are used in the calculations. In addition, the Health Department should determine amounts over or under charged to the WIC program and should work with the grantor agencies to resolve the problems with both grants.

AUDITEE'S RESPONSE

The Health Department Administrator provided the following response:

We will take steps to make sure the appropriate amounts of overhead are charged to the various programs. We always find it is interesting that grantor agencies place limits on overhead charges that in many cases are not reflective of the actual costs to provide the services. If the overhead was allowed to be based on the actual cost and allowed to be allocated appropriately to all programs, then it would be much easier to comply with this recommendation. It would make sense to calculate an overhead percentage to charge equally to all contracts. This has never worked well since some agencies such as the Department of Health and Senior Services (DHSS) have put limits of 8 percent to be applied to each of their contracts regardless of the real costs. This means that if the actual overhead costs of providing the services in the contract are 15 percent, then the extra 7 percent must be paid by the taxpayers of Randolph County. We have always elected to continue the contracts despite the inequity of the overhead cost allocation because we felt it was a benefit to the citizens of Randolph County. With the various percentages allowed and the numerous contracts the health department administers, a small miscalculation could easily occur.

In the case of the Health Resources and Services Administration (HRSA) contract, we used the overhead percentage that was allowed by the DHSS and charged 8 percent as an overhead fee. We missed the fact that HRSA only allows 5 percent to be charged. We have since corrected this amount to the 5 percent and will make every effort to comply with the various overhead limits that the numerous contracts require.

Many grantor agencies either think that there are no actual costs to doing business for their particular programs or they think that they should not pay anything other than the actual program costs. While the WIC program may have been undercharged slightly for overhead costs, in reality it makes little difference. The WIC program has never paid for all of the direct costs associated with the program. This means that the health department charges every dollar it legitimately can to the program to pay for the direct costs and also adds local funding to support the program. While we appreciate the need for accuracy in the overhead billing, the taxpayers of Randolph County did not suffer one penny for the error in undercharging the WIC

program since it would not have resulted in additional payments to the health department. We have recalculated the invoices to reflect the correct amounts that WIC should have been invoiced.

Follow-Up on Prior Audit Findings

RANDOLPH COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Randolph County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000, and our report for the Randolph County Justice Center issued on August 6, 2003. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

RANDOLPH COUNTY
TWO YEARS ENDED DECEMBER 31, 2000

1. Financial Condition and County Sales Tax

- A. The county's General Revenue Fund was in poor financial condition. The fund's cash balance was negative since 1997 and the County Commission budgeted significant deficit ending cash balances every year since 1996.
- B. The county did not sufficiently reduce its property tax revenues by 50 percent of sales tax revenues. Excess property tax revenue collections were approximately \$78,011 at December 31, 2000.

Recommendation:

The County Commission:

- A. Consider various alternatives of increasing receipts and/or reducing disbursements to ensure that the General Revenue Fund's financial condition improves and is able to maintain an adequate operating cash reserve.
- B. Reduce the county property tax levy adequately to meet the sales tax reduction requirements, including reductions for excess property taxes collected in 2000 and prior years, and ensure that supporting documentation is maintained to support future calculations.

Status:

- A. Not implemented. See MAR finding number 1.
- B. Partially implemented. The excess property tax revenue collections have been significantly reduced and totaled approximately \$11,000 at December 31, 2004. However, the County Clerk did not always retain documentation of calculations and other information which support the decisions made by the County Commission in setting the property tax rate.

2. Budgetary Practices and Published Financial Statements

- A. Actual disbursements exceeded approved budgets in several county funds for the years ended December 31, 2000 and 1999.
- B. The annual published financial statements of the county did not include the financial activity of some county funds.

Recommendation:

The County Commission:

- A. And the Health Center Board not authorize disbursements in excess of budgeted amounts. If additional disbursements are necessary, the budgets should be amended and the circumstances adequately documented.
- B. Ensure financial information for all county funds is properly reported in the annual published financial statements.

Status:

- A. Partially implemented. Although the Health Center expenditures did not exceed budgeted amounts other county funds were overspent. See MAR finding number 1.
- B. Not implemented. Although we noted some improvement, the published financial statements did not present information for some funds for the two years ended December 30, 2004. In addition, several of these funds are relatively small and controlled by county officials other than the County Commission. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Personnel Policies and Procedures

- A. The county sick leave policy needed clarifying and was not uniformly applied to all county employees. The county paid employees for sick leave hours taken in excess of the employee's sick leave balance.
- B. Records of overtime worked and compensatory time balances were not centrally maintained.

Recommendation:

The County Commission:

- A. Clarify the sick leave policy. In addition, the County Commission should ensure the policy is uniformly applied to all county employees.
- B. Require the County Clerk to maintain centralized compensatory time records for all county employees.

Status:

- A. Partially implemented. We noted no instances of payment to employees for sick leave hours taken in excess of the employee's sick leave balance during the current audit. However, the county has not yet clarified the sick leave policy. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Partially implemented. The County Clerk now maintains compensatory time records for all county employees except those in the Road and Bridge and Sheriff's Departments. See MAR finding number 6.

4. County Officials' Salaries

Decisions of the salary commission were not always clear, amounts to be paid to each official were not always documented, salary actions were not consistently applied, and salaries paid to county officials were not always supported by salary commission actions.

Recommendation:

The County Commission further review past salary commission actions and legal opinions in order to re-evaluate the propriety of county officials' salaries. In addition, the County Commission should ensure salary commission minutes clearly document all decisions made and all future elected officials' salaries are supported by actions of the salary commission.

Status:

Partially implemented. The County Commission did not re-evaluate past decisions and although the salary commission did not meet in 2001 and 2003, there were no salary changes. The salary commission met in September 2005 and clearly documented all decisions made at that meeting and the amounts to be paid to the elected officials. Although not repeated in the current MAR, our recommendation remains as stated above.

5. Bond Fees and Federal Grant Reimbursements

- A. The Sheriff collected bond processing fees after the statute authorizing the fee was repealed.
- B. The county was reimbursed by the Missouri Sheriff's Association twice for the same expenses because the county billed for reimbursement of the expenses twice.

Recommendation:

The Sheriff:

- A. Discuss the collection of bond fees with the Circuit Judge and take appropriate action to resolve this issue.
- B. Contact the Missouri Sheriff's Association to resolve the overpayment of marijuana eradication expenses.

Status:

- A. Implemented. The Sheriff's department discontinued collecting the bond processing fees.
- B. Implemented. The county reimbursed the Missouri Sheriff's Association for the expenditures that were claimed twice.

6. Computer Controls

- A. Passwords were used, but not changed on a periodic basis to ensure confidentiality. In addition, each office had one password for each computer system and all employees of the office shared the password.
- B. The county did not have a formal emergency contingency plan for its computer systems.

Recommendation:

The County Commission:

- A. Ensure passwords are periodically changed and remain confidential.
- B. Develop a formal contingency plan for the county's computer systems.

Status:

- A. Not implemented. See MAR finding number 5.
- B. Partially implemented. The County Clerk, County Assessor, and County Collector maintain backups of data critical to the county's operations at offsite locations. However, there are no formal plans for such issues as alternate work locations and replacement hardware in the event of a disaster. Although not repeated in the current MAR, our recommendation remains as stated above.

7. Rental Agreement

The county did not have a signed written agreement for rental of the office space occupied by the Prosecuting Attorney's Office. The Prosecuting Attorney owned the building and paid himself rent from the Prosecuting Attorney Bad Check Fund. The Prosecuting Attorney drafted a written agreement but the County Commission did not sign the agreement.

Recommendation:

The County Commission work with the Prosecuting Attorney to formalize the agreement for this rental arrangement and document the allocation of resources between the county and Prosecuting Attorney's private practice.

Status:

Not implemented. See MAR finding number 2.

8. Prosecuting Attorney's Controls and Procedures

- A. Accounting duties were not adequately segregated and there were no documented reviews of the accounting records performed by the Prosecuting Attorney or other personnel independent of these processes.
- B. Prenumbered receipt slips were not issued for some monies received.
- C. Throughout much of the audit period, the Prosecuting Attorney's staff did not prepare bank reconciliations, maintain a check register balance, or prepare listings of open items (liabilities) for the official bank account. Some open items were held more than three years. The open items listing which was prepared by a CPA included \$230 that pertained to the Prosecuting Attorney's private practice.
- D. The Prosecuting Attorney did not establish an adequate system to account for all bad check complaints received and the subsequent disposition of the complaints. Documentation was not obtained from the merchants when restitution money orders were turned over to them.
- E. Bad check fees totaling \$3,141 collected in June 2000, appeared to be missing. The

Prosecuting Attorney's office did not reconcile receipt slips issued by the County Treasurer to their receipt records.

Recommendation:

The Prosecuting Attorney:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Issue prenumbered receipt slips for all monies received.
- C.1. Ensure open items listings and bank reconciliations are prepared and reconciled to the check register balance monthly.
 - 2. Establish procedures to routinely follow up on old open items and determine their proper disposition.
 - 3. Deposit the \$230 into the appropriate bank account.
- D. Assign sequential control numbers to bad check complaints and maintain a log to adequately account for bad check complaints as well as the ultimate disposition.
- E.1. Follow up on the June 2000 bad check fee transmittal.
 - 2. Obtain receipt slips for all monies transmitted to the County Treasurer and reconcile them to his receipt records.

Status:

- A,B,
C.2,
C.3
&E.2. Implemented.
- C.1. Partially implemented. Monthly bank reconciliations are performed; however, open items listings were not printed and reconciled to the check register until July 2005.
- D. Partially implemented. Although sequential control numbers are not assigned to bad check complaints, the bad check complaint information is recorded in the restitution database when received and sufficient information is provided to monitor the status of the bad check complaint. Collections for bad checks are also documented in the system and if the complaint results in formal charges, the system accounts for the subsequent actions and payments by the court and defendant. Although not repeated in the current MAR, our recommendation remains as stated above.

- E.1. Not implemented. The transmittal was never located. The Prosecuting Attorney believes that the monies were lost because the transporting deputy became unexpectedly involved in a pursuit after the transmittal was picked up from the Prosecuting Attorney's office. To avoid a similar problem in the future, the County Treasurer now personally picks the transmittal up once a week. It is unlikely that any additional efforts to follow up on the missing transmittal would be successful at this point and this recommendation is not repeated.

9. Juvenile Office Controls and Procedures

- A. The Juvenile Office did not have an adequate segregation of duties and the Chief Juvenile Officer did not review the work performed by the administrative assistant.
- B. The Juvenile Office did not prepare and reconcile the monthly listings of open items (liabilities) to the cash balance. An open items listing was prepared as of March 31, 2001, and indicated that \$360 was erroneously requisitioned from the county for class fees already reimbursed by juveniles, a \$200 restitution receipt was disbursed twice to the same individual, and \$125 of open items was unidentified.

Recommendation:

The Chief Juvenile Officer:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Prepare monthly listings of open items and reconcile the listings to the cash balance. Differences should be investigated and any monies remaining unidentified should be disposed of in accordance with state law. In addition, the \$200 overpayment should be resolved and future requisitions submitted to the county should be reduced by \$360 to correct the class fee requisition error.

Status:

- A. Partially implemented. One clerk is primarily responsible for receipting, depositing, preparing disbursements, and recording receipt and disbursement activities in the accounting system. In addition, this clerk also has signatory authority for the bank account and performs all bank reconciliations. The Chief Juvenile Officer indicated she signs all disbursement checks and performs reviews of the bank reconciliations but does not document this review. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented. Restitution payments are now distributed the same day received and, as a result, there are no open items. The discrepancies noted above have been resolved.

10. Health Center

- A. Fixed assets were not tagged and added to the inventory listing on a timely basis and annual inventories of all general fixed assets were not conducted.
- B. The Health Center Board used Health Center monies to finance purchases of computers for employees' personal use. The monies spent were considered interest-free loans to employees.

Recommendation:

The Health Center Board:

- A.1. Tag all fixed assets immediately upon receipt and record them on the inventory listing on a timely basis.
 - 2. Perform an annual physical inventory and reconcile it to the inventory listing.
- B. Discontinue the practice of financing purchases for employees' personal use.

Status:

- A.1. Partially implemented. Our review noted one asset which was not properly tagged or added to the asset listing. Although not repeated in the current MAR, our recommendation remains as stated above.
 - 2. Partially implemented. Periodic inventories of the assets held by the Health Center's departments are performed by the fixed asset records custodian; however, the documentation of the inventory results is not retained. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented. The department has eliminated this practice.

RANDOLPH COUNTY JUSTICE CENTER

1. Financial Planning and Monitoring

- A.1. The County Commission could not provide documentation showing how a ½ cent, 18-year sales tax was determined to be adequate to fund the justice center project.
 - 2. The County Commission could not provide documentation regarding significant changes to the conceptual drawings or show that the changes were sufficiently discussed and conveyed to the public. The County Commission meeting minutes did not provide adequate details to show whether these decisions were discussed during the meetings.

- B.1. The County Commission could not provide documentation supporting the operating cost projections used for the bond issue calculations.
- 2. The Justice Center Fund had a negative cash balance from its inception in May 2002. During 2002, actual disbursements exceeded budgeted disbursements by approximately \$354,000 and revenues were approximately \$60,000 below budgeted amounts, resulting in a negative cash balance of (\$267,307) at December 31, 2002. Monies from other funds were being borrowed to cover justice center project costs until other financing was secured. However, the County Commission did not develop procedures to authorize transfers between funds or report interfund debts in the county's financial records.
- 3. The anticipated project costs for the Justice Center were very close to the estimated funds available. Changes in interest rates, anticipated sales tax revenues, and the delay in issuing bonds could have caused the anticipated project costs to exceed available funds. Other county funds might have been required to supplement the project's costs. Given the county's overall poor financial condition, the County Commission needed to consider if this was even a potential option.
- 4. The county did not establish a record keeping procedure to account for justice center project expenditures by project budget categories.
- C. The County Commission delegated much of its authority on the project to the owner's representative and the County Commission was not aware of many aspects of the project. The County Commission referred us to the owner's representative to answer many of our questions. Additionally, many records associated with the project were not on file at the county courthouse, and had to be obtained from the owner's representative or others involved with the project.

Recommendation:

The County Commission:

- A. Ensure information regarding significant project decisions is thoroughly documented and made available to the public through the meeting minutes and other methods, as appropriate.
- B. Reevaluate the overall financial plans for the project, giving consideration to construction costs, anticipated ongoing operating costs of the justice center, and the county's overall financial condition. The county also needs to formalize its interfund borrowing process and establish a method to effectively monitor budget to actual project expenditures.
- C. Ensure it is actively involved in decisions made for the remainder of the justice center project, and that all pertinent documentation is retained by the county.

Status:

- A. Implemented. The County Commission now maintains detailed minutes of their meetings and the minutes are made available to the public on the county's web site. Detailed meeting agendas are posted and provided to the local media prior to each of the County Commissions sessions.
- B. Partially implemented. The County Commission retained an accountant to perform a feasibility study prior to the issuance of the revenue bonds. This study and updates of the study prepared by the County Commission, which project financial activities through 2020 when the bonds will be repaid and the sales tax will expire, appear to indicate that the project is feasible although the sales tax revenues will have to be supplemented by General Revenue Fund monies. It appears that the county will be able to supplement the Justice Center Project with approximately \$350,000 to \$400,000 in available General Revenue Fund monies through the year 2020. However, there is no documentation that the County Commission has considered the feasibility of financial operations of the General Revenue Fund after the year 2020 or the ability of the General Revenue Fund to maintain a positive financial condition after the year 2020. In addition, the County Commission has not discontinued the practice of interfund borrowing or developed a formal interfund borrowing process. While the County Commission did begin monitoring project costs more closely and was actively involved in the expenditure approval process, the overall justice center project costs exceeded the county's estimates by approximately \$500,000. See MAR finding number 1.
- C. Partially implemented. The County Commission began including significant details in their minutes of meetings and provided documentation indicating they were actively involved in monitoring the project and the subsequent decisions related to the project. However, the County Commission had to contact the project architect to obtain 2004 bidding information related to furniture purchased for the justice center offices and courtrooms. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Contracting and Related Expenditures

- A. The County Commission paid more than \$124,000 to a professional engineer to provide consulting services and serve as the owner's representative for the justice center project. Numerous problems were noted with this arrangement.
 - 1) The County Commission did not negotiate with or solicit requests for proposals from any other company or individual for owner's representative services, and could not provide a documented justification for choosing the owner's representative.
 - 2) The county entered into the owner's representative contract without adequately evaluating the potential time and cost involved and did not

document clear expectations of the owner's representative, and the County Commission did not adequately monitor the contract arrangement.

- 3) The owner's representative's billings did not include adequate supporting documentation for services rendered, mileage incurred, and reimbursable expenses.
 - 4) The owner's representative submitted billings with inconsistent time periods and the County Commission could not effectively review and evaluate the reasonableness of billings.
- B. Construction management services were not procured in accordance with state law. The county did not place advertisements in a local newspaper, document its selection procedures, or maintain adequate documentation regarding the firms considered. In addition, the scope of services were extended to include construction phase services without soliciting additional proposals or documenting the reasons.
- C. The County Commission did not always solicit and retain proposals for professional services (including legal, architectural, investment banking, survey, and mine remediation) or document the criteria used and basis for selection. In addition, the County Commission signed a contract prior to formal County Commission approval, did not have proposed contracts reviewed by legal counsel, and did not retain copies of some contracts.

Recommendation:

The County Commission ensure that 1) future professional services obtained by the county are subject to a competitive and well documented selection process; 2) contract terms clearly quantify services to be performed and compensation to be paid and provide a means for the county to assess achievement of contract objectives; and, 3) contractor billings are submitted timely, provide sufficient detail, and are reviewed for compliance with contract terms. The County Commission should also ensure contracts are not signed prior to County Commission approval, are reviewed by legal counsel for propriety, and are retained in the county's files. In addition, the County Commission should ensure these recommendations are considered for the remainder of the project.

Status:

Partially implemented. Additional professional services were not procured by the county for the justice center project subsequent to our review with the exception of accounting services. Our review of the procurement for financial consulting services and other county expenditures during the two years ended December 31, 2004, indicated that the County Commission did not procure professional services for other county projects using a competitive selection process, some purchasing decisions were not adequately documented, and the commission did not ensure that contracts were obtained for some expenditures when appropriate. We noted that one expenditure was not verified against contract terms and

several billings for professional services did not contain sufficient detail. See MAR finding number 2 for these and other related expenditure issues. However, minutes of the County Commission meetings during 2005 indicate that the County Commission has recently been competitively procuring some goods and services which previously were not competitively procured.

3. Meeting Minutes

Information provided in the County Commission minutes was generally very limited and often included only a reference to those in attendance and the topics discussed. The county did not have a written policy regarding meeting procedures and minutes.

Recommendation:

The County Commission ensure meeting minutes include the information necessary to provide a complete record of all significant matters discussed and actions taken. In addition, the County Commission should consider developing a written policy regarding meeting procedures and minutes.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

RANDOLPH COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1829, the county of Randolph was named after John Randolph, of Virginia. Randolph County is a county-organized, third-class county and is part of the Fourteenth Judicial Circuit. The county seat is Huntsville.

Randolph County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 450 miles of county roads and 88 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 25,379 in 1980 and 24,663 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2004	2003	2002	2001	1985*	1980**
		(in millions)					
Real estate	\$	188.4	185.3	184.8	181.9	284.6	48.2
Personal property		67.0	70.2	66.4	65.6	47.3	39.2
Railroad and utilities		33.7	32.9	35.0	31.3	25.1	14.8
Total	\$	289.1	288.4	286.2	278.8	357.0	102.2

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Randolph County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$	.1700	.1713	.1400	.1500
Special Road and Bridge Fund *		.3200	.2869	.2781	.2780
Common Road District **		N/A	N/A	.1400	.1400
Health Center Fund		.1500	.1500	.1500	.1500

* The county retains all tax proceeds from areas not within road districts. The county has one road district that receives four-fifths of the tax collections from property within this district, and the Special Road and Bridge Fund retains one-fifth. The road district also has an additional levy approved by the voters.

** The Common Road District levy was not renewed by voters after 2002.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2005	2004	2003	2002
State of Missouri	\$ 87,278	86,014	86,730	84,689
General Revenue Fund	519,814	511,803	435,052	448,683
Special Road and Bridge Fund	908,560	810,712	792,424	772,460
Assessment Fund	239,310	172,095	197,993	191,787
Health Center Fund	425,867	424,397	427,551	417,407
Schools Fund	11,886,191	11,596,704	11,493,339	11,064,851
Library Fund	488,743	492,112	680,087	833,567
Fire Districts Fund	37,522	36,705	36,518	34,980
Ambulance Districts Fund	542,556	537,160	540,082	501,043
Moniteau Watershed Fund	4,831	4,150	4,005	3,881
City of Moberly TIFs	63,796	63,254	64,834	84,563
Special Road District Fund	136,452	140,674	343,612	334,431
Tax Sale Surplus Fund	1,966	498	0	0
Collector Tax Maintenance Fund	28,923	23,968	11,997	0
Private Car Tax	10,022	10,441	10,881	11,742
Payments In Lieu of Tax	7,586	0	0	0
Cities	1,307,923	1,274,768	1,226,182	1,179,661
County Clerk	649	617	534	604
County Employees' Retirement	77,741	78,067	80,101	68,829
Other	627	2,856	420	348
Commissions and fees:				
General Revenue Fund	252,268	250,592	249,653	240,258
Total	\$ 17,028,625	16,517,587	16,681,995	16,273,784

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2005	2004	2003	2002
Real estate	96.6	96.6	96.9	96.5 %
Personal property	91.7	89.5	91.4	89.6
Railroad and utilities	100.0	100.0	100.0	100.0

Randolph County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	%
General	\$.0050	None	50	
Capital improvements	.0050	2020	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:	\$				
Jim Myles, Presiding Commissioner		30,930	30,930		
Frederick A. Ward, Presiding Commissioner				30,930	30,930
Jack Franklin, Associate Commissioner		28,930	28,930	28,930	28,930
Rick Thornburg, Associate Commissioner		28,930	28,930	28,930	28,930
Mark Price, Recorder of Deeds		43,550	43,550	43,550	43,550
Jim Sears, County Clerk		43,550	43,550	43,550	43,550
Michael Fusselman, Prosecuting Attorney		65,500	65,500	65,500	65,500
Don Ancell, Sheriff		48,550	48,550	48,550	48,550
Rebecca Brown, County Treasurer		32,370	32,370	32,370	32,370
David Haley, County Coroner		15,550	15,550	15,550	
John Gibbs, County Coroner					15,550
Martha Creed, Public Administrator		43,550	43,550	43,550	43,550
Shiela Miller, County Collector, year ended February 28 (29),	43,550	43,550	43,550	43,550	
Richard Tregnago, County Assessor (1), year ended August 31,		44,301	44,428	44,450	44,450

(1) Includes \$751, \$878, \$900, and \$900 annual compensation received from the state for year ended August 31, 2004, 2003, 2002, and 2001, respectively.

State-Paid Officials:

Norma Prange, Circuit Clerk	52,411	51,811	51,811	51,811
Scott Hayes, Associate Circuit Judge	96,000	92,280		
James Cooksey, Associate Circuit Judge		4,000	96,000	96,000

The county entered into a lease purchase agreement with the Randolph County, Missouri, Public Facilities Authority (the "Authority") on January 1, 2004. The terms of the agreement call for the Authority to provide funding for the construction of a justice center project and for the county to lease the justice center from the Authority for lease payments equal to the amount due to retire the Authority's indebtedness. Leasehold revenue bonds totaling \$6,800,000 were issued by the Authority, on January 7, 2004, on behalf of the county, and the proceeds of those bonds are being used to construct the justice center. Construction was essentially completed during June 2005 and the lease is scheduled to be paid off in 2020. The remaining principal and interest due at December 31, 2004, was \$6,800,000 and \$2,947,883, respectively. The bonds are anticipated to be paid with the revenue generated from the county's capital improvement sales tax

which was passed on April 2, 2002. The Authority also established a trustee, Commerce Bank, N.A., (the "Trustee"). The Trustee receives and oversees disbursement of the bond proceeds, lease payments, sales tax proceeds, and other project income. The Trustee releases monies to the county for purposes of operating and maintaining the justice center if such amounts are not required for the payment of construction activities or repayment of the bonds issued by the Authority.



Claire McCaskill
Missouri State Auditor

March 2006

State of Missouri

Single Audit

Year Ended
June 30, 2005



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2006

The United States Congress passed the Single Audit Act of 1996 to establish uniform requirements for audits of federal awards administered by states, local governments, and non-profit organizations. The Single Audit includes the federal awards expended by all state agencies, except for the public universities and various financing authorities which provide their financial information directly to the federal government. State agencies expended \$8.59 billion of federal grant funds during the year ended June 30, 2005. Expenditures of federal awards have increased significantly over the past five years. Although nineteen state departments and other state offices expended federal awards, six state departments expended the bulk of the federal awards (96 percent). These six departments are: Social Services, Transportation, Labor and Industrial Relations, Elementary and Secondary Education, Health and Senior Services, and Public Safety. Overall, the state expended federal awards in 316 different programs.

Unallowable costs were charged to the State Homeland Security Grant Program, including costs of \$33,320 for the 2004 Governor's Meth Summit. These costs were improperly charged to the Federal Fiscal Year 2003 State Homeland Security Grant Program (SHSGP) Part II – Critical Infrastructure Protection (CIP) allocation during the year ended June 30, 2005. These costs were questioned because the summit did not provide specific CIP training. Additionally, during the year ended June 30, 2005, cellular phone, wireless personal digital assistants, and satellite phone monthly service fees totaling \$38,684 were improperly charged to the same grant program by the city of St. Louis.

In addition, the State Emergency Management Agency (SEMA) has not established adequate procedures to minimize time elapsing between the transfer of funds from the U.S. Treasury and disbursement. In one instance, the SEMA mistakenly drew down \$517,400 twice resulting in a balance of over \$465,000 which took 90 days to completely disburse.

Several areas of concern were noted with the Office of the Secretary of State - Help America Vote Act grant funds including subrecipient monitoring, the amount of time elapsing between the transfer of funds from the state and subsequent disbursement by the subrecipients, recording of capital assets, and compliance with federal requirements over maintenance of effort, suspension and debarment, and federal reporting.

YELLOW SHEET

The Department of Mental Health – Office of Audit Services performed a review and questioned costs of \$18,731 of the Missouri Statewide Parent Advisory Network. Questioned costs included services not being properly documented, employee time being charged and billed to more than one funding agency, and payment of conference expenses that were not approved.

Eligibility and payment documentation could not be located for some Department of Social Services (DSS)-Children's Division (CD) Foster Care Title IV-E cases reviewed. We reviewed eligibility documentation for 62 Foster Care benefit recipients. Their Foster Care assistance totaled \$425,508 during the year ending June 30, 2005. We could not locate invoices or other adequate supporting documentation for some payments on 63 percent of cases reviewed. We questioned costs of \$23,748. A similar condition was also noted in our prior report.

Included in the single audit report are recommendations related to subrecipient monitoring in the Department of Elementary and Secondary Education, State Emergency Management Agency, and the Department of Social Services – Children's Division. Recommendations regarding cost allocation procedures and food stamp quality control review documentation at the Department of Social Services are also included.

Also included in the report are recommendations, and in some cases questioned costs, related to federal programs previously included in other reports issued by the Missouri State Auditor's Office.

These include Department of Social Services - Family Support Services undistributed child support collections (Report No. 2005-56), the Parents' Fair Share Program (Report No. 2004-90), and the Vocational Rehabilitation Program at the Department of Social Services - Family Support Division - Rehabilitation Services for the Blind (Report No. 2005-93).

All reports are available on our website: www.auditor.mo.gov

STATE OF MISSOURI
SINGLE AUDIT

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STATE OF MISSOURI
SINGLE AUDIT

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INTRODUCTION AND SUMMARY

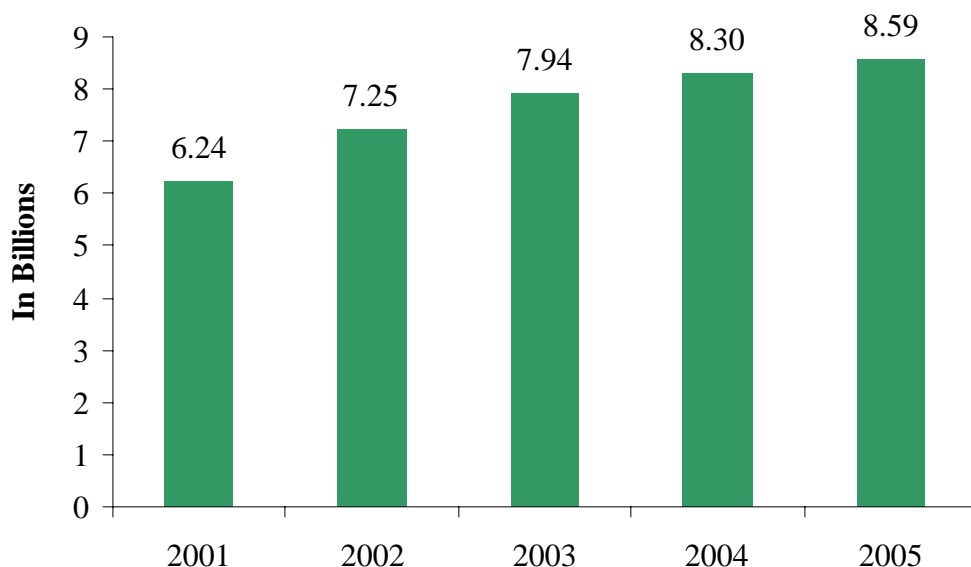
INTRODUCTION AND SUMMARY

The United States Congress passed the Single Audit Act of 1996 to establish uniform requirements for audits of federal awards administered by states, local governments, and non-profit organizations. The Office of Management and Budget (OMB) issued Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* to set forth standards for obtaining consistency and uniformity among federal agencies for the audit of non-federal entities expending federal awards. The single audit requires an audit of the state's financial statements and expenditures of federal awards. The audit is required to determine whether:

- The state's basic financial statements are presented fairly in all material respects in conformity with generally accepted accounting principles.
- The schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements taken as a whole.
- The state has adequate internal controls to ensure compliance with federal award requirements.
- The state has complied with the provisions of laws, regulations, and contracts or grants that could have a direct and material effect on federal awards.

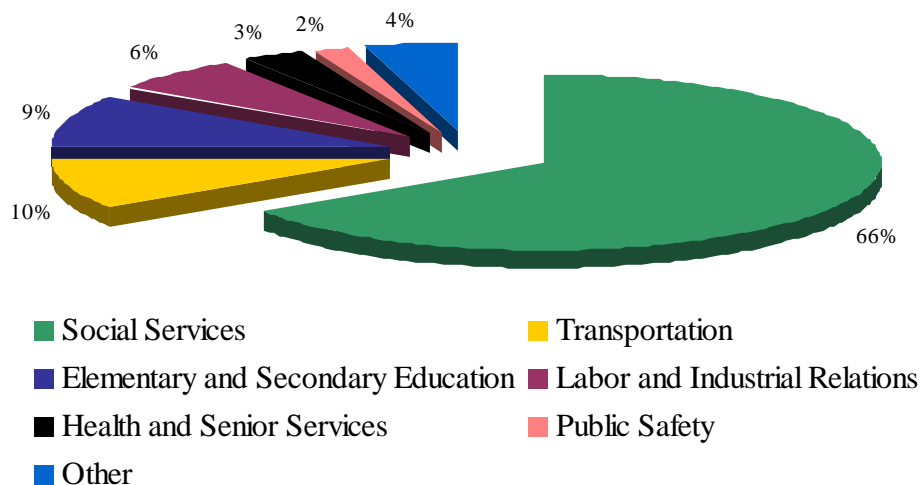
The Single Audit report includes the federal awards expended by all state agencies that are part of the primary government. The report does not include the component units of the state, which are the public universities and various financing authorities. These component units have their own separate OMB Circular A-133 audits conducted by other auditors. The state expended \$8.59 billion in federal awards during the year ended June 30, 2005. Expenditures of federal awards have increased significantly over the past five years.

**Total Expenditures of Federal Awards
Five Year Comparison**



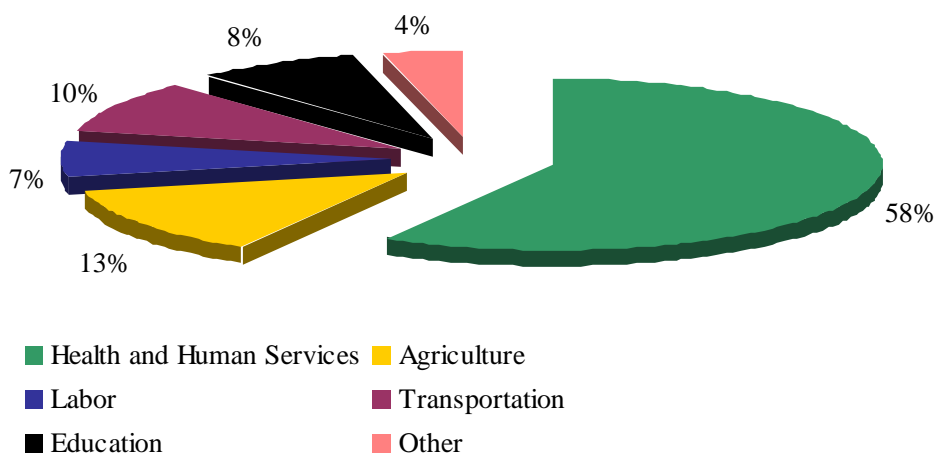
Although nineteen state departments and other state offices expended federal awards, six state departments expended the bulk of the federal awards (96 percent).

Expenditures of Federal Awards by State Department



The state received federal awards from 22 different federal agencies. Most of the federal awards (96 percent) came from five federal agencies.

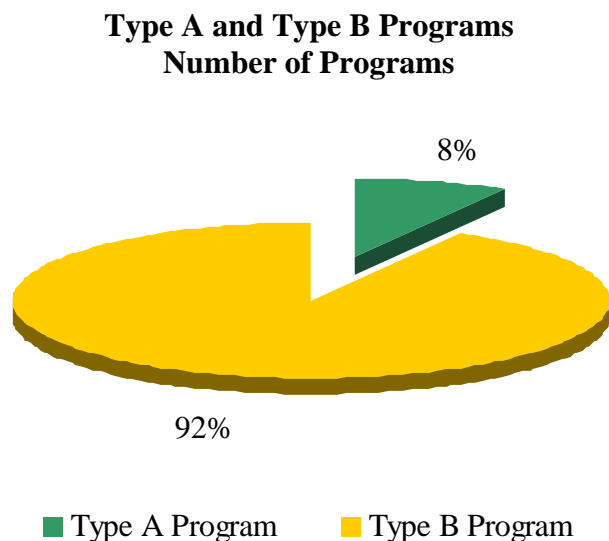
Expenditures of Federal Awards by Federal Department



Overall, the state expended federal awards in 316 different programs. Under the audit requirements of OMB Circular A-133, federal programs are divided into Type A and Type B programs based on a dollar threshold. For the state of Missouri, OMB Circular A-133 defines the dollar threshold to distinguish between Type A programs and Type B programs at three-tenths of one percent (.003) of total awards expended.

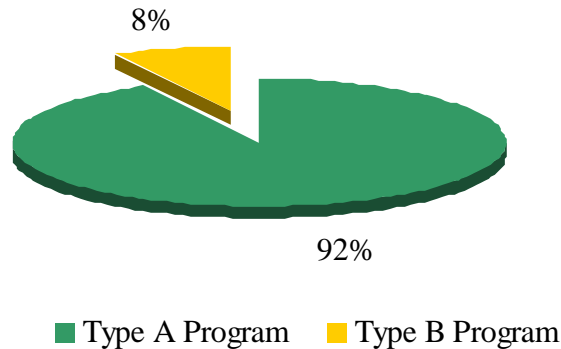
Determination of Type A Programs	
Total expenditures of federal awards	\$ 8,587,097,649
Three-tenths of one percent	.003
Dollar Threshold	\$ 25,761,293

We rounded the dollar threshold to \$25.7 million. Programs with federal expenditures over \$25.7 million are Type A programs and the programs under \$25.7 million are Type B programs. Of the 316 different federal award programs, 26 were Type A programs and 290 were Type B programs.



The 26 Type A programs had expenditures of federal awards totaling \$7.9 billion, which was 92 percent of the total expenditures for all programs. The 290 Type B programs had expenditures of federal awards totaling \$665 million, which was only 8 percent of the total expenditures for all programs.

Type A and Type B Programs Expenditures of Federal Awards



OMB Circular A-133 requires the auditor to use a risk-based approach to determine which federal award programs to audit as major programs. We performed a risk assessment on each Type A program and determined that 13 of the 26 Type A programs were low risk and did not need to be audited as major, based on the guidance in OMB Circular A-133.

OMB Circular A-133 requires the auditor to perform risk assessments on the larger Type B programs to determine which ones to audit as major in place of the Type A programs that are not audited as major. The dollar threshold to determine the larger Type B programs is three-hundredths of one percent (.0003) of total awards expended (\$8.59 billion times .0003 = \$2.57 million). We performed risk assessments on the 64 larger Type B programs that were over \$2.57 million and determined that 17 of them were high risk. In accordance with OMB Circular A-133, we audited 9 (greater than one-half) of these 17 high risk Type B programs as major. As a result of the risk-based approach required under OMB Circular A-133, we audited 13 Type A programs and 9 Type B programs as major.

Major and Non-major Programs

Audit Coverage by Type of Program	Number of Programs	Expenditures	Percentage of Expenditures
Type A major programs	13	\$ 5,927,790,421	
Type B major programs	9	<u>94,380,156</u>	
Total major programs	22	6,022,170,577	70%
Type A non-major programs	13	1,994,629,208	
Type B non-major programs	281	<u>570,297,864</u>	
Total non-major programs	294	2,564,927,072	30%
Total all programs	316	\$ 8,587,097,649	100%

STATE OF MISSOURI
SUMMARY OF TYPE A PROGRAMS AND TOTAL EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2005

CFDA Number	Federal Program Name	Federal Grantor Agency	Federal Awards Expended
	Food Stamp Cluster:		
10.551	Food Stamps	Agriculture	\$ 722,378,284
10.561	State Administrative Matching Grants for Food Stamp Program	Agriculture	40,193,948
	Child Nutrition Cluster:		
10.553	School Breakfast Program	Agriculture	35,694,015
10.555	National School Lunch Program	Agriculture	126,958,541
10.556	Special Milk Program for Children	Agriculture	458,965
10.559	Summer Food Service Program for Children	Agriculture	6,689,464
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Agriculture	71,559,022
10.558	Child and Adult Care Food Program	Agriculture	38,662,867
14.228	Community Development Block Grants/State's Program	Housing and Urban Development	34,645,407
17.225	Unemployment Insurance	Labor	537,176,916
	Workforce Investment Act Cluster:		
17.258	Workforce Investment Act - Adult Program	Labor	16,664,593
17.259	Workforce Investment Act - Youth Activities	Labor	19,677,884
17.260	Workforce Investment Act - Dislocated Workers	Labor	25,558,032
20.205	Highway Planning and Construction	Transportation	763,718,290
66.458	Capitalization Grants for Clean Water State Revolving Funds	Environmental Protection Agency	28,641,353
84.010	Title I Grants to Local Educational Agencies	Education	180,640,630
	Special Education Cluster:		
84.027	Special Education - Grants to States	Education	189,543,285
84.173	Special Education - Preschool Grants	Education	4,061,046
84.032	Federal Family Education Loans	Education	71,972,539
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Education	53,449,919
84.367	Improving Teacher Quality State Grants	Education	51,019,303
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	Health and Human Services	27,860,614
93.558	Temporary Assistance for Needy Families	Health and Human Services	174,711,929
93.563	Child Support Enforcement	Health and Human Services	46,499,360
93.568	Low-Income Home Energy Assistance	Health and Human Services	46,801,348
	Child Care and Development Fund Cluster:		
93.575	Child Care and Development Block Grant	Health and Human Services	67,211,016
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Health and Human Services	52,905,214
93.658	Foster Care - Title IV-E	Health and Human Services	57,154,991
93.659	Adoption Assistance	Health and Human Services	30,370,235
93.667	Social Services Block Grant	Health and Human Services	54,889,443
93.767	State's Children's Insurance Program	Health and Human Services	87,197,583
	Medicaid Cluster:		
93.775	State Medicaid Fraud Control Units	Health and Human Services	908,002
93.777	State Survey and Certification of Health Care Providers and Suppliers	Health and Human Services	13,253,418
93.778	Medical Assistance Program	Health and Human Services	4,179,620,228
96.001	Social Security - Disability Insurance	Social Security Administration	32,049,756
	Homeland Security Cluster:		
16.007	State Homeland Security Grant Program	Department of Justice	16,622,947
83.564	Citizen Corps	Federal Emergency Mangement Agency	206,542
97.004	State Domestic Preparedness Equipment Support Program	Department of Homeland Security	14,283,056
97.053	Citizen Corps	Department of Homeland Security	72,989
97.067	Homeland Security Grant Program	Department of Homeland Security	436,655
	Total Type A Programs (expenditures greater than \$25.7 million)		7,922,419,629
	Total Type B Programs (expenditures less than \$25.7 million)		664,678,020
	Total Expenditures of Federal Awards		\$ <u>8,587,097,649</u>

STATE AUDITOR'S REPORTS



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Matt Blunt, Governor
and
Members of the General Assembly

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of and for the year ended June 30, 2005, which collectively comprise the state's basic financial statements, and have issued our report thereon dated January 19, 2006. We did not audit the financial statements of the Missouri Department of Transportation, the Consolidated Health Care Plan, the State Employees' Insurance Plan, the Transportation Employees' and Highway Patrol Insurance Plan, and the Transportation Self-Insurance Plan which represent 79 percent and 12 percent of the assets and revenues, respectively, of the governmental activities. We did not audit the State Lottery and the Petroleum Storage Tank Insurance Fund, which represent 41 percent and 59 percent of the assets and revenues, respectively, of the business-type activities. We did not audit the component units. We did not audit the pension (and other employee benefit) trust funds and the Missouri Department of Transportation Local Fund, which represents 95 percent and 97 percent of the assets and additions, respectively, of the fiduciary funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to these amounts, are based on the reports of the other auditors. Our report expressed a qualified opinion on the basic financial statements because we were not allowed access to tax returns and related source documents for income taxes. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the state of Missouri's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over

financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the state of Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The State Auditor's office regularly issues management reports on the various programs, agencies, divisions, and departments of the state of Missouri. The conditions mentioned in those management reports were considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the basic financial statements. Our reports of these conditions do not modify our report dated January 19, 2006, on the basic financial statements.

This report is intended for the information and use of the management of the state of Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

January 19, 2006 (fieldwork completion date)



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE AND ON THE SUPPLEMENTARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Matt Blunt, Governor
and
Members of the General Assembly

Compliance

We have audited the compliance of the state of Missouri with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The state's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the state's management. Our responsibility is to express an opinion on the state's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the state's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the state's compliance with those requirements.

As described in item 2005-1 in the accompanying schedule of findings and questioned costs, the state of Missouri did not comply with requirements regarding equipment and real property management that are applicable to its Help America Vote Act grant programs. As described in item 2005-4 in the accompanying schedule of findings and questioned costs, the

state of Missouri did not comply with requirements regarding cash management that are applicable to its Homeland Security grant programs. Compliance with such requirements is necessary, in our opinion, for the state of Missouri to comply with the requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the state of Missouri complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2005-3 through 2005-7, 2005-10 and 2005-11.

Internal Control over Compliance

The management of the state of Missouri is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the state's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the state's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2005-1, 2005-2, and 2005-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2005-1, 2005-2, and 2005-4 to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the

aggregate remaining fund information of the state of Missouri, as of and for the year ended June 30, 2005, which collectively comprise the state's basic financial statements, and have issued our report thereon dated January 19, 2006. We did not audit the financial statements of the Missouri Department of Transportation, the Consolidated Health Care Plan, the State Employees' Insurance Plan, the Transportation Employees' and Highway Patrol Insurance Plan, and the Transportation Self-Insurance Plan which represent 79 percent and 12 percent of the assets and revenues, respectively, of the governmental activities. We did not audit the State Lottery and the Petroleum Storage Tank Insurance Fund, which represent 41 percent and 59 percent of the assets and revenues, respectively, of the business-type activities. We did not audit the component units. We did not audit the pension (and other employee benefit) trust funds and Missouri Department of Transportation Local Fund, which represents 95 percent and 97 percent of the assets and additions, respectively, of the fiduciary funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to these amounts, are based on the reports of the other auditors. Our report expressed a qualified opinion on the basic financial statements because we were not allowed access to tax returns and related source documents for income taxes. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the state of Missouri's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. The state of Missouri has excluded federal award expenditures of public universities from the accompanying schedule of expenditures of federal awards. The information in the schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the exclusion of federal award expenditures of public universities, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the management of the state of Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

February 3, 2006 (fieldwork completion date)

SUPPLEMENTARY SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2005

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Office of National Drug Control Policy			
07	HIDTA	3,017,581	1,627,647
Total Office of National Drug Control Policy		3,017,581	1,627,647
Department of Agriculture			
10	School Lunch Commodity Refund	5,428	5,428
10.025	Plant and Animal Disease, Pest Control, and Animal Care	837,657	0
10.069	Conservation Reserve Program	97,013	0
10.072	Wetland Reserve Program	400,000	0
10.153	Market News	5,936	0
10.156	Federal-State Marketing Improvement Program	38,262	6,150
10.163	Market Protection and Promotion	7,040	0
10.435	State Mediation Grants	18,020	0
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	395,995	0
10.477	Meat, Poultry, and Egg Products Inspection	17,910	0
10.550	Food Donation	20,647,868	19,981,463
10.551	Food Stamps	722,378,284	0
10.553	School Breakfast Program	35,694,015	35,694,015
10.555	National School Lunch Program	126,958,541	125,581,943
10.556	Special Milk Program for Children	458,965	458,965
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	71,559,022	14,187,998
10.558	Child and Adult Care Food Program	38,662,867	38,294,578
10.559	Summer Food Service Program for Children	6,689,464	6,544,405
10.560	State Administrative Expenses for Child Nutrition	2,746,878	1,052,651
10.561	State Administrative Matching Grants for Food Stamp Program	40,193,948	0
10.565	Commodity Supplemental Food Program	602,651	494,470
10.568	Emergency Food Assistance Program (Administrative Costs)	992,630	936,318
10.569	Emergency Food Assistance Program (Food Commodities)	7,236,100	7,236,100
10.572	WIC Farmers' Market Nutrition Program (FMNP)	183,461	167,960
10.574	Team Nutrition Grants	94,387	12,526
10.576	Senior Farmers' Market Nutrition Program	143,478	143,478
10.664	Cooperative Forestry Assistance	1,921,538	257,302
10.665	Schools and Roads - Grants to States	3,727,803	3,727,803
10.769	Rural Business Enterprise Grants	23,592	0
10.916	Watershed Rehabilitation Program	305,024	0
Total Department of Agriculture		1,083,043,776	254,783,552
Department of Defense			
12	Troops to Teachers	66,855	25,996
12.AAG	Drug Interdiction and Counter Drug Activities (Note 4)	54,166	54,166
12.104	Flood Plain Management	10,902	0
12.112	Payments to States in Lieu of Real Estate Taxes	1,013,248	1,013,248
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	983,109	0
12.401	National Guard Military Operations and Maintenance Projects	15,270,081	0
Total Department of Defense		17,398,361	1,093,410
Department of Housing and Urban Development			
14.228	Community Development Block Grants/State's Program	34,645,407	33,743,268
14.231	Emergency Shelter Grants Program	1,319,814	1,319,814
14.238	Shelter Plus Care	4,828,138	4,828,138
14.241	Housing Opportunities for Persons with AIDS	491,219	491,219
14.401	Fair Housing Assistance Program - State and Local	640,287	0
Total Department of Housing and Urban Development		41,924,865	40,382,439

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2005

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Department of the Interior			
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	84,056	0
15.252	Abandoned Mine Land Reclamation Program	873,601	98,884
15.605	Sport Fish Restoration	5,550,191	0
15.611	Wildlife Restoration	6,239,573	0
15.615	Cooperative Endangered Species Conservation Fund	78,801	0
15.616	Clean Vessel Act	26,127	26,127
15.617	Wildlife Conservation and Appreciation	9,471	0
15.622	Sportfishing and Boating Safety Act	102,645	102,645
15.633	Landowner Incentive	119,618	0
15.634	State Wildlife Grants	2,257,288	0
15.635	Neotropical Migratory Bird Conservation	86,250	0
15.807	Earthquake Hazards Reduction Program	56,803	0
15.808	U.S. Geological Survey - Research & Data Acquisition	178,748	0
15.810	National Cooperative Geologic Mapping Program	216,880	0
15.904	Historic Preservation Fund Grants-In-Aid	552,248	59,001
15.916	Outdoor Recreation - Acquisition, Development and Planning	1,674,002	1,568,970
15.978	Upper Mississippi River System Long Term Resource Monitoring Program	301,016	0
15.FFB	Webless Migratory Game Bird Research Program	119,309	0
15.FFC	Fish and Wildlife Coordination Act	23,000	0
Total Department of the Interior		18,549,627	1,855,627
Department of Justice			
16.007	State Homeland Security Grant Program	16,622,947	15,563,953
16.011	Urban Areas Security Initiative	4,881,979	4,881,979
16.202	Offender Reentry Program	507,456	0
16.523	Juvenile Accountability Incentive Block Grants	2,975,615	2,909,330
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	1,161,987	1,019,780
16.542	Part D - Research, Evaluation, and Technical Assistance and Training	713,582	0
16.543	Missing Children's Assistance	92,675	0
16.548	Title V - Delinquency Prevention Program	338,251	338,251
16.549	Part E-State Challenge Activities	138,113	130,393
16.550	State Justice Statistics Program For Statistical Analysis Centers	26,955	0
16.554	National Criminal History Improvement Program	1,111,814	459,424
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	96,090	96,090
16.564	Crime Laboratory Improvement-Combined Offender DNA Index System Backlog Reduction	91,449	87,890
16.575	Crime Victim Assistance	7,126,837	6,990,627
16.576	Crime Victim Compensation	1,573,927	0
16.579	Byrne Formula Grant Program	10,029,318	9,357,791
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	503,067	199,384
16.585	Drug Court Discretionary Grant Program	4,074	0
16.586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants	2,979,584	0
16.588	Violence Against Women Formula Grants	2,312,355	2,227,109
16.589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	111,458	111,458
16.592	Local Law Enforcement Block Grants Program	260,288	257,513
16.593	Residential Substance Abuse Treatment for State Prisoners	1,228,094	1,228,094
16.606	State Criminal Alien Assistance Program	442,862	0
16.607	Bulletproof Vest Partnership Program	3,307	3,307
16.610	Regional Information Sharing Systems	3,951,684	3,951,684
16.710	Public Safety Partnership and Community Policing Grants	1,639,023	0
16.727	Enforcing Underage Drinking Laws Program	475,571	421,143
Total Department of Justice		61,400,362	50,235,200

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2005

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Department of Labor			
17.002	Labor Force Statistics	1,946,776	0
17.005	Compensation and Working Conditions	204,866	0
17.203	Labor Certification for Alien Workers	104,430	0
17.207	Employment Service	16,808,521	235,685
17.225	Unemployment Insurance	537,176,916	0
17.235	Senior Community Service Employment Program	2,155,428	2,134,649
17.245	Trade Adjustment Assistance - Workers	10,641,678	0
17.258	Workforce Investment Act - Adult Program	16,664,593	14,845,052
17.259	Workforce Investment Act - Youth Activities	19,677,884	16,547,645
17.260	Workforce Investment Act - Dislocated Workers	25,558,032	23,112,008
17.264	Migrant & Seasonal Farm Workers	182,249	59,105
17.267	Workforce Investment Act - Incentive Grants - Section 503 Grants to States	44,029	44,029
17.504	Consultation Agreements	1,052,741	0
17.600	Mine Health and Safety Grants	314,190	0
17.801	Disabled Veterans' Outreach Program	1,116,724	0
17.804	Local Veterans' Employment Representative	1,766,247	0
Total Department of Labor		635,415,304	56,978,173
Department of Transportation			
20.106	Airport Improvement Program	13,505,974	13,327,881
20.205	Highway Planning and Construction	763,718,290	95,931,992
20.217	Motor Carrier Safety	572,698	0
20.218	National Motor Carrier Safety	2,773,964	956,044
20.219	Recreational Trails Program	911,616	860,928
20.500	Federal Transit - Capital Investment Grants	6,086,108	6,086,108
20.505	Federal Transit - Metropolitan Planning Grants	4,661,004	4,525,997
20.509	Formula Grants for Other Than Urbanized Areas	6,804,786	6,256,837
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	1,100,988	1,019,675
20.516	Job Access - Reverse Commute	2,044,292	2,044,292
20.600	State and Community Highway Safety	4,242,069	2,435,686
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	940,744	761,635
20.602	Occupant Protection	223,396	948
20.603	Federal Highway Safety Data Improvements Incentive Grants	10,017	1,176
20.604	Safety Incentive Grants for Use of Seatbelts	492,923	392,511
20.607	Alcohol Open Container Requirements	13,599,715	9,024,575
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	183,635	161,870
20.700	Pipeline Safety	264,982	0
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	288,788	250,311
Total Department of Transportation		822,425,989	144,038,466
Equal Employment Opportunity Commission			
30.002	Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	568,919	0
Total Equal Employment Opportunity Commission		568,919	0
General Services Administration			
39.003	Donation of Federal Surplus Personal Property (Note 4)	1,698,439	1,427,583
39.011	Election Reform Payments	5,594,289	5,311,909
Total General Services Administration		7,292,728	6,739,492
National Foundation of Arts and the Humanities			
45.025	Promotion of the Arts - Partnership Agreements	579,746	232,514
45.310	State Library Program	2,475,504	1,160,833
Total National Foundation of Arts and the Humanities		3,055,250	1,393,347

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2005

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Department of Veterans Affairs			
64.005	Grants to States for Construction of State Home Facilities	867,346	0
64.015	Veterans State Nursing Home Care	24,771,408	0
64.123	Vocational Training for Certain Veterans Receiving VA Pension	473,143	0
64.203	State Cemetery Grants	86,156	0
Total Department of Veterans Affairs		26,198,053	0
Environmental Protection Agency			
66.032	State Indoor Radon Grants	166,597	10,019
66.433	State Underground Water Source Protection	139,172	0
	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative		
66.436	Agreements - Section 104(b)(3) of the Clean Water Act	661,189	144,867
66.438	Construction Management Assistance	769	0
66.454	Water Quality Management Planning	169,550	22,961
66.458	Capitalization Grants for Clean Water State Revolving Funds	28,641,353	28,635,299
66.460	Nonpoint Source Implementation Grants	3,954,718	2,796,804
66.461	Regional Wetland Program Development Grants	140,773	52,049
66.463	Water Quality Cooperative Agreements	113,955	0
66.468	Capitalization Grants for Drinking Water State Revolving Funds	7,519,295	6,242,771
	State Grants to Reimburse Operators of Small Water Systems for Training and Certification		
66.471	Costs	287,528	19,307
66.474	Water Protection Grants to the States	86,597	0
66.500	Environmental Protection - Consolidated Research	380,270	338,229
66.605	Performance Partnership Grants	11,275,505	1,109,154
66.606	Surveys, Studies, Investigations and Special Purpose Grants	804,616	165,595
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	92,465	0
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	76,805	0
66.707	TSCA Title IV State Lead Grants - Certification of Lead-Based Paint Professionals	303,632	306
66.708	Pollution Prevention Grants Program	48,745	0
66.709	Multi-Media Capacity Building Grants for States and Tribes	111,052	0
66.714	Pesticide Environmental Stewardship Regional Grants	1,195	0
66.717	Source Reduction Assistance	5,628	0
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	2,366,239	96,333
66.805	Leaking Underground Storage Tank Trust Fund Program	1,543,757	0
	Alternative or Innovative Treatment Technology Research, Demonstration, Training, and		
66.813	Hazardous Substance Research Grants	58,072	0
66.817	State and Tribal Response Program Grants	1,364,812	0
66.951	Environmental Education Grants	2,055	0
Total Environmental Protection Agency		60,316,344	39,633,694
Department of Energy			
81.039	National Energy Information Center	7,002	0
81.041	State Energy Program	329,267	4,000
81.042	Weatherization Assistance for Low-Income Persons	6,038,024	5,699,440
81.092	Weldon Springs Site Remedial Action Project	310,258	0
81.104	Office of Environmental Cleanup and Acceleration	131,883	0
	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and		
81.117	Technical Analysis/Assistance	14,599	0
81.119	State Energy Program Special Projects	53,514	37,052
81.902	State Environmental Oversight & Monitoring	33,790	0
Total Department of Energy		6,918,337	5,740,492
Federal Emergency Management Agency			
83.012	Hazardous Materials Assistance Program	2,769	2,769
83.544	Public Assistance Grants	21,507,695	20,448,701
83.548	Hazard Mitigation Grant	6,767,176	5,413,714
83.557	Pre-Disaster Mitigation	289,416	289,286
83.563	Emergency Operations Center	440,447	0
83.564	Citizen Corps	206,542	189,151
Total Federal Emergency Management Agency		29,214,045	26,343,621

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2005

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Department of Education			
84	Cooperative System Grant	10,485	0
84.002	Adult Education - State Grant Program	10,023,103	9,526,513
84.010	Title I Grants to Local Educational Agencies	180,640,630	178,057,393
84.011	Migrant Education-State Grant Program	1,595,980	1,585,042
84.013	Title I Program for Neglected and Delinquent Children	1,222,953	1,222,953
84.027	Special Education - Grants to States	189,543,285	186,528,905
84.032	Federal Family Education Loans	71,972,539	0
84.048	Vocational Education - Basic Grants to States	23,762,407	22,672,758
84.069	State Student Incentive Grant Program (Gallagher)	1,353,822	1,339,400
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	53,449,919	91,682
84.169	Independent Living - State Grants	294,133	226,014
84.173	Special Education - Preschool Grants	4,061,046	4,061,046
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	616,197	0
84.181	Special Education - Grants for Infants and Families with Disabilities	7,584,721	7,584,721
84.184	Safe and Drug-Free Schools and Communities - National Programs	1,196,264	1,196,264
84.185	Byrd Honors Scholarships	795,250	0
84.186	Safe and Drug-Free Schools and Communities - State Grants	7,617,278	7,281,400
84.187	Supported Employment Services for Individuals with Severe Disabilities	584,675	0
84.196	Education for Homeless Children and Youth	950,019	948,383
84.213	Even Start - State Educational Agencies	3,695,278	3,695,278
84.215	Fund for the Improvement of Education	583,751	583,751
84.235	Rehabilitation Services Demonstration and Training Programs	449,960	0
84.243	Tech-Prep Education	2,158,201	2,118,905
84.265	Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	70,246	0
84.281	Eisenhower Professional Development State Grants	106	106
84.282	Charter Schools	142,072	139,078
84.287	Twenty-First Century Community Learning Centers	11,982,243	11,747,604
84.298	State Grants for Innovative Programs	5,034,222	4,961,630
84.318	Education Technology State Grants	8,366,966	8,366,966
84.323	Special Education-State Program Improvement Grants for Children With Disabilities	1,031,180	1,031,180
84.326	Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children With Disabilities	260,284	260,284
84.330	Advanced Placement Program	15,600	15,600
84.331	Grants to States for Incarcerated Youth Offenders	365,496	0
84.332	Comprehensive School Reform Demonstration	5,181,873	5,181,873
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	808,238	494,116
84.336	Teacher Quality Enhancement Grants	401,175	398,476
84.348	Title I Accountability Grants	158,918	158,918
84.357	Reading First State Grants	18,029,824	17,436,929
84.358	Rural Education	2,242,954	2,094,859
84.365	English Language Acquisition Grants	2,525,239	2,525,239
84.366	Mathematics and Science Partnerships	414,378	410,851
84.367	Improving Teacher Quality State Grants	51,019,303	50,739,721
84.369	Grants for State Assessments and Related Activities	7,139,925	1,062,868
Total Department of Education		679,352,138	535,746,707
National Archives and Records Administration			
89.003	National Historical Publications and Records Grants	123,367	105,170
Total National Archives and Records Administration		123,367	105,170
Elections Assistance Commission			
90.401	Help America Vote Act Requirements Payments	4,608,076	540,716
Total Elections Assistance Commission		4,608,076	540,716

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2005

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Department of Health and Human Services			
93.000	Mammography Inspections	191,741	0
93.003	Public Health and Social Services Emergency Fund	6,045,271	5,890,906
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	148,971	49,998
	Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	75,905	75,905
93.041	Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	307,719	49,044
93.042	Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	454,946	454,946
	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	7,287,032	6,382,281
93.044	Special Programs for the Aging - Title III, Part C - Nutrition Services	12,514,776	12,514,776
93.048	Special Programs for the Aging - Title IV and Title II Discretionary Projects	1,696	1,696
93.051	Alzheimer's Disease Demonstration Grants to States	228,282	225,865
93.052	National Family Caregiver Support	3,063,809	3,063,809
93.053	Nutrition Services Incentive Program	4,009,584	4,009,584
93.103	Food and Drug Administration Research	132,231	0
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	3,301,447	3,129,019
	Maternal and Child Health Federal Consolidated Programs	340,745	75,975
93.110	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	528,736	133,296
93.116	Emergency Medical Services for Children	78,108	0
93.127	Primary Care Services - Resource Coordination and Development	209,343	70,000
93.130	Centers for Research and Demonstration for Health Promotion and Disease Prevention	63,379	0
93.135	Injury Prevention and Control Research and State and Community Based Programs	1,302,855	1,068,360
93.136	Projects for Assistance in Transition from Homelessness (PATH)	724,799	708,644
93.150	Health Program for Toxic Substances and Disease Registry	24,019	0
93.161	National Health Service Corps Loan Repayment Program	100,000	100,000
93.162	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	763,736	397,684
93.197	Surveillance of Hazardous Substance Emergency Events	58,075	0
93.204	Human Health Studies - Applied Research and Development	36,787	20,870
93.206	Research on Healthcare Costs, Quality and Outcomes	211,418	91,728
93.226	Consolidated Knowledge Development and Application (KD&A) Program	753,022	617,722
93.230	Traumatic Brain Injury - State Demonstration Grant Program	22,006	0
93.234	Abstinence Education	1,346,977	1,346,977
93.235	Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	226,375	0
	State Capacity Building	603,873	91,365
93.238	State Rural Hospital Flexibility Program	275,376	162,350
93.240	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	3,202,659	2,214,144
93.241	Universal Newborn Hearing Screening	260,315	0
93.243	State Planning Grant - Health Care Access for the Uninsured	526,184	297,137
93.251	Rural Access to Emergency Devices Grant	211,422	135,688
93.256	Family Planning - Personnel Training	14,989	0
93.259	Immunization Grants (Note 4)	24,822,934	22,323,848
93.260	Centers for Disease Control and Prevention - Investigations and Technical Assistance	27,860,614	11,207,393
93.268	Uniform Alcohol and Drug Abuse Grants	56,751	56,751
93.283	Small Rural Hospital Improvement Grants	166,156	156,408
93.283-95-0026	Promoting Safe and Stable Families	8,944,241	0
93.301	Temporary Assistance for Needy Families	174,711,929	0
93.301	Child Support Enforcement	46,499,360	10,550,958
93.556	Refugee and Entrant Assistance - State Administered Programs	2,623,411	0
93.558	Low-Income Home Energy Assistance	46,801,348	21,565,149
93.563	Community Services Block Grant	17,716,700	17,585,082
93.566	Community Services Block Grant Discretionary Awards - Community Food and Nutrition	45,766	0
93.568	Child Care and Development Block Grant	67,211,016	1,002,354
93.569	Refugee and Entrant Assistance-Discretionary Grants	337,093	184,407
93.571	Refugee and Entrant Assistance - Targeted Assistance	1,548,690	0
93.575			
93.576			
93.584			

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2005

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
93.585	Empowerment Zones Program	224,600	224,600
93.586	State Court Improvement Program	253,493	0
93.590	Community-Based Family Resource and Support Grants	477,315	477,315
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	52,905,214	48,963
93.597	Grants to States for Access and Visitation Programs	171,130	0
93.599	Chafee Education and Training Vouchers Program (ETV)	275,285	0
93.600	Head Start	343,843	247,486
93.603	Adoption Incentive Payments	396,752	0
93.617	Voting Access for Individuals With Disabilities - Grants to States	232,185	0
93.630	Developmental Disabilities Basic Support and Advocacy Grants	1,369,841	828,780
93.643	Children's Justice Grants to States	193,216	0
93.645	Child Welfare Services - State Grants	5,871,699	0
93.652	Adoption Opportunities	91,018	0
93.658	Foster Care - Title IV-E	57,154,991	0
93.659	Adoption Assistance	30,370,235	0
93.667	Social Services Block Grant	54,889,443	0
93.669	Child Abuse and Neglect State Grants	320,453	0
	Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to		
93.671	States and Indian Tribes	1,658,865	0
93.674	Chafee Foster Care Independent Living	3,055,098	0
93.767	State Children's Insurance Program	87,197,583	0
	Medicaid Infrastructure Grants To Support the Competitive Employment of People with		
93.768	Disabilities	565,494	0
93.769	Demonstration to Maintain Independence and Employment	626,281	0
93.775	State Medicaid Fraud Control Units	908,002	0
93.777	State Survey and Certification of Health Care Providers and Suppliers	13,253,418	0
93.778	Medical Assistance Program	4,179,620,228	0
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	568,524	104,108
93.786	State Pharmaceutical Assistance Programs	61,096	0
93.865	Child Health and Human Development Extramural Research	237,577	229,334
93.889	National Bioterrorism Hospital Preparedness Program	2,643,110	2,090,509
93.913	Grants to States for Operation of Offices of Rural Health	138,364	0
93.917	HIV Care Formula Grants	10,879,050	9,627,141
	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the		
93.938	Spread of HIV and Other Important Health Problems	140,518	75,008
93.940	HIV Prevention Activities - Health Department Based	3,875,121	2,717,106
	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Syndrome (AIDS)		
93.944	Surveillance	895,532	275,564
93.945	Assistance Programs for Chronic Disease Prevention and Control	1,178,578	633,025
93.952	Improving EMS/Trauma Care in Rural Areas	75,331	0
93.958	Block Grants for Community Mental Health Services	7,167,152	6,865,494
93.959	Block Grants for Prevention and Treatment of Substance Abuse	24,024,958	21,165,484
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants	2,329,492	550,586
	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of		
93.988	Surveillance Systems	424,258	104,536
93.991	Preventive Health and Health Services Block Grant	2,862,734	756,026
93.994	Maternal and Child Health Services Block Grant to the States	13,959,497	6,531,679
Total Department of Health and Human Services		5,032,881,192	181,564,864
Corporation for National Service			
94.003	State Commissions	335,273	6,435
94.004	Learn and Serve America - School and Community Based Programs	241,177	174,094
94.006	AmeriCorps	1,998,285	1,998,285
94.007	Planning and Program Development Grants	48,805	48,805
94.009	Training and Technical Assistance	61,231	56,899
Total Corporation for National Service		2,684,771	2,284,518
Social Security Administration			
96.001	Social Security - Disability Insurance	32,049,756	0
96.008	Social Security - Benefits Planning, Assistance, and Outreach Program	305,097	0
Total Social Security Administration		32,354,853	0

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2005

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Department of Homeland Security			
97.004	State Domestic Preparedness Equipment Support Program	14,283,056	14,135,664
97.008	Urban Areas Security Initiative	1,375,098	1,375,098
97.017	Pre-Disaster Mitigation (PDM) Competitive Grants	62,090	62,090
97.021	Hazardous Materials Assistance Program	4,135	4,135
97.023	Community Assistance Program - State Support Services Element	128,475	0
97.034	Disaster Unemployment Assistance	15,090	0
97.041	National Dam Safety Program	52,137	0
97.042	Emergency Management Performance Grants	1,918,261	1,918,261
97.053	Citizen Corps	72,989	39,115
97.063	Pre-Disaster Mitigation Disaster Resistant Universities	264	264
97.067	Homeland Security Grant Program	436,655	436,655
97.070	Map Modernization Management Support	5,461	0
Total Department of Homeland Security		<u>18,353,711</u>	<u>17,971,282</u>
Total Expenditures of Federal Awards		\$ <u><u>8,587,097,649</u></u>	<u><u>1,369,058,416</u></u>

STATE OF MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards of the state of Missouri has been prepared to comply with U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The circular requires a schedule of expenditures of federal awards showing total expenditures for each federal financial assistance program as identified in the catalog of federal domestic assistance (CFDA), and identification of federal financial assistance programs which have not been assigned a CFDA number.

The accompanying schedule includes all federal financial assistance programs administered by the state of Missouri, except for those programs administered by public universities which are legally separate component units of the state of Missouri. Federal financial assistance provided to public universities has been excluded from this audit. The public universities were audited by other auditors under OMB Circular A-133.

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with OMB Circular A-133, which defines federal financial assistance as assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

The schedule presents both Type A and B federal assistance programs administered by the state of Missouri. OMB Circular A-133 establishes the formula for determining the level of expenditures or disbursements to be used in defining Type A and B federal financial assistance programs. For the state of Missouri, Type A programs are those which exceed \$25.7 million in disbursements, expenditures, or distributions. The determination of major and nonmajor programs is based on the risk-based approach outlined in OMB Circular A-133.

C. Basis of Accounting

The expenditures for each of the federal financial assistance programs are presented on the accounting basis as required by the federal agency which awarded the assistance. Most programs are presented on a cash basis, which recognizes expenditures of federal awards when disbursed in cash. However, some are presented on a modified accrual basis, which recognizes expenditures of federal awards when the related liability is incurred.

2. Special Supplemental Nutrition Program for Women, Infants and Children Program Rebates

The state received cash rebates from an infant formula manufacturer, totaling \$30,726,902 on sales of formula to participants in the Special Supplemental Nutrition Program for Women, Infants and Children Program (CFDA No. 10.557). Rebate contracts with infant formula manufacturers are authorized by 7 CFR 246.16(m) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. The state was able to extend program benefits to more persons than could have been served this fiscal year in the absence of the rebate contract.

3. Unemployment Insurance Expenditures

Expenditures of federal awards for the Unemployment Insurance program (CFDA No. 17.225) include unemployment benefit payments from the State Unemployment Compensation Fund totaling \$494,598,605 and \$42,218,311 funded by federal grants.

4. Nonmonetary Assistance

The Department of Health and Senior Services distributes vaccines to local health agencies and other health care professionals under the Immunization Grants program (CFDA No. 93.268). Distributions are valued at the cost of the vaccines paid by the federal government and totaled \$22,435,882.

The State Agency for Surplus Property distributes federal surplus property (CFDA No. 39.003) to eligible donees under the Donation of Federal Surplus Personal Property program. Property distributions totaled \$7,289,439 valued at the historical cost as assigned by the federal government, which is substantially in excess of the property's fair market value. The amount of expenditures presented on the Schedule of Expenditures of Federal Awards is 23.3 percent of the historical cost (\$1,698,439), which approximates the fair market value of the property at the time of distribution as determined by the General Services Administration.

The Department of Public Safety distributes excess Department of Defense equipment to state and local law enforcement agencies under the Department of Defense Surplus Property program (CFDA No. 12.AAG). Property distributions totaled \$232,470 valued at the historical cost as assigned by the federal government, which is substantially in excess of the property's fair market value. The amount of expenditures presented on the Schedule of Expenditures of Federal Awards is 23.3 percent of the historical cost (\$54,166), which approximates the fair market value of the property at the time of distribution.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

STATE OF MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2005

Section I - Summary of Auditor's Results

Financial Statements

The auditor's report on the financial statements was qualified.

The audit did not note any reportable conditions in the internal control over financial reporting.

The audit did not note any noncompliance material to the financial statements.

Federal Awards

The auditor's report on compliance on the major programs was qualified.

The audit identified reportable conditions in the internal controls over major programs.

Some of these reportable conditions were considered to be material weaknesses.

The audit identified findings related to compliance on major programs that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.

The state of Missouri did not qualify as a low-risk auditee under the provisions of OMB Circular A-133.

The dollar threshold to distinguish between Type A programs and Type B programs was **\$25,700,000.**

The following programs were audited as major programs:

CFDA

<u>Number</u>	<u>Name of Federal Program or Cluster</u>
	Food Stamp Cluster:
10.551	Food Stamps
10.561	State Administrative Matching Grants for Food Stamp Program
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.559	Summer Food Service Program for Children
10.558	Child and Adult Care Food Program

	Workforce Investment Act Cluster:
17.258	Workforce Investment Act - Adult Program
17.259	Workforce Investment Act - Youth Activities
17.260	Workforce Investment Act - Dislocated Workers
39.011	Election Reform Payments
84.010	Title I Grants to Local Education Agencies
	Special Education Cluster:
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
84.032	Federal Family Education Loans
84.048	Vocational Education - Basic Grants to the States
84.181	Special Education - Grants for Infants and Families with Disabilities
84.186	Safe and Drug-Free Schools and Communities - State Grants
84.287	Twenty-First Century Community Learning Centers
84.357	Reading First State Grants
84.367	Improving Teacher Quality State Grants
90.401	Help America Vote Act Requirements Payments
93.283	Centers for Disease Control and Prevention – Investigations and Technical Assistance
93.556	Promoting Safe and Stable Families
93.658	Foster Care – Title IV-E
93.767	State Children's Insurance Program
	Medicaid Cluster:
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers
93.778	Medical Assistance Program
	Homeland Security Cluster:
16.007	State Homeland Security Grant Program
97.004	State Domestic Preparedness Equipment Support Grant
97.053/83.564	Citizen Corp
97.067	Homeland Security Grant Program
97.008/16.011	Urban Areas Security Initiative

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* require to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

2005-1.	Help America Vote Act Grants
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Federal Agency: General Services Administration, Election Assistance Commission, and Department of Health and Human Services

Federal Program: 39.011 Election Reform Payments
39.011 Title I Section 101, Federal Fiscal Year 2003
39.011 Title I Section 102, Federal Fiscal Year 2003
90.401 Help America Vote Act Requirements Payments
90.401 Title II Section 251, Federal Fiscal Year 2004
93.617 Voting Access for Individual With Disabilities - Grants to States
G-0303MOVOTE, Federal Fiscal Year 2003

State Agency: Office of Secretary of State (SOS)

The SOS's oversight of subrecipients was not adequate. Also, the SOS did not complete a physical inventory of capital assets and failed to record in the capital asset records over \$800,000 of assets purchased. Finally, the SOS needs to improve its internal controls to ensure compliance with federal requirements for maintenance of effort, suspension and debarment, and reporting. During the year ended June 30, 2005, the SOS expended Help America Vote Act (HAVA) grant funds (CFDA No. 39.011, 90.401, and 93.617) totaling over \$10 million.

- A. The SOS did not adequately monitor subrecipients or advise them of applicable grant administration requirements. Grant awards totaling over \$5.8 million were advanced to subrecipients during the year ended June 30, 2005 (CFDA No. 39.011 and 90.401).

Formal written policies and procedures for monitoring subrecipients were not developed prior to distributing grant funds to subrecipients, and monitoring policies and procedures are still being developed. Thus, the SOS has not performed any significant monitoring activities, such as reviewing voting equipment purchases to ensure allowable equipment was obtained (CFDA No. 39.011) or requiring reports from subrecipients regarding the use of grant monies advanced to them for election related activities (CFDA No. 39.011 and 90.401). In addition, the SOS has not developed a system to ensure subrecipients obtain A-133 audits, when applicable, and submit these audit reports to the SOS for review.

Also, applicable compliance requirements, such as cash management, financial or performance reporting requirements, and equipment and property management requirements were not adequately communicated to subrecipients. Further, the SOS did not inform subrecipients about A-133 audit requirements.

Office of Management and Budget (OMB) Circular A-133, section .400(d) requires the SOS to inform subrecipients of all applicable compliance requirements. This section also provides that the SOS monitor subrecipient activities to ensure the subrecipients administer the grant awards in compliance with applicable laws, regulations, and provisions of the grant agreements and that the program performance goals are achieved.

- B. The SOS did not require subrecipients to implement procedures for minimizing the time elapsing between the transfer of funds from the state and subsequent disbursement by the subrecipients. Funds advanced to subrecipients by the SOS for election administration improvement activities (CFDA No. 39.011) were made available to the subrecipients without restrictions on timing of the related expenditures. Other funds were advanced to subrecipients with the restriction that funds should be disbursed within 30 days of receipt (CFDA No. 39.011 and 90.401). The restrictions, if any, established by the SOS do not appear to effectively minimize the time elapsing between the transfer and disbursement of HAVA funds.

Federal regulation 31 CFR 205.33a stipulates that states should exercise sound cash management in funds transfers to subgrantees in accordance with OMB Circular A-102. Also, 41 CFR 105-71.120(b)(7) requires procedures for minimizing the time elapsing between the transfer of funds and disbursement by grantees and subgrantees whenever advance payment procedures are used. In addition, grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.

- C. The SOS needs to improve its records and procedures for capital assets. According to the Statewide Advantage for Missouri (SAM II) System, the SOS had purchased capital assets totaling approximately \$899,000 from HAVA funds (CFDA No. 90.401) as of June 30, 2005.
 - 1. The SOS has not performed a physical inventory of its capital assets on an annual basis as required by state regulations. Physical inventories have not been performed for over two years.
 - 2. Capital assets, totaling over \$800,000 have not been recorded in the capital asset records. Only purchases of computers, servers, and related data processing equipment for the automated central voter registration, totaling \$71,000, are recorded in the capital asset records. In addition, the SOS reconciliation of the general ledger capital assets account to the capital asset subsystem for June 30, 2005, had not been completed as of December 31, 2005.

Federal regulation 34 CFR 80.32(b) indicates a state will use, manage, and dispose of equipment acquired under a grant by the state in accordance with state laws and procedures. The Code of State Regulations, at 15 CSR 40-2.031, requires an annual physical inventory of capital assets, and the reconciliation of this inventory with the capital asset records and with the prior annual physical inventory. The state regulation also requires state agencies to maintain adequate capital asset records.

D. The SOS needs to improve its internal controls to ensure compliance with federal program requirements.

1. Although the maintenance of effort base year calculation was prepared on the state fiscal year, the current calculation for maintenance of effort was prepared and reported on a calendar year basis. The requirements payments grant award (CFDA No. 90.401) requires the SOS to maintain expenditures for election activities at amounts expended during fiscal year 2000 (base calculation). The SOS reported maintenance of effort for the year ended December 31, 2004, on the annual financial status report.

According to SOS personnel, federal guidance does not specify if the state is to calculate the base year expenditures on the state fiscal year or the federal fiscal year or how and when to report maintenance of effort. The SOS has not clarified these issues with the federal program staff.

Requirements for calculating and reporting maintenance of effort should be clarified with the federal program staff and an amended financial status report should be submitted if necessary.

2. Although SOS personnel indicated they check vendors and subrecipients on the Excluded Parties List System (EPLS) maintained by the General Services Administration for suspension or debarment before payments are approved for federal grant programs, the review is not documented. Federal regulations 41 CFR 105-68 (CFDA No. 39.011 and 90.401) and 45 CFR 76 (CFDA No. 93.617) require recipients of federal awards to verify contractors paid more than \$25,000 are not suspended or debarred by reviewing the EPLS, collecting a certification from the entity, or adding a clause or condition to the contract with the entity. The SOS should document their reviews for suspension and debarment to demonstrate compliance with the federal regulation.
3. Federal reports were not always complete, and the supervisory review of the reports is not documented.

For example, grant disbursements totaling approximately \$582,000 were not included in the amounts reported on the December 31, 2004, annual financial status report for election reform payments (CFDA No 39.011).

Also, the annual financial status report for the requirements payments (CFDA No 90.401) was prepared as of December 31, 2004; however, the grant award document requires an annual financial status report as of September 30 of each year.

According to SOS personnel, although reviews are not documented, federal reports are prepared by the fiscal staff and reviewed by a supervisor before the reports are submitted to the federal program staff.

Reviews of reports should be thorough and should ensure the reports are complete and that reporting is performed in compliance with the terms of the grant awards.

WE RECOMMEND the SOS:

- A. Develop formal written policies and procedures to monitor subrecipient activities. Specific compliance requirements including cash management, reporting, and equipment/property management should be fully communicated to the subrecipients. In addition, the SOS needs to ensure subrecipient monitoring is performed and documented.
- B. Establish procedures to ensure subrecipients minimize the time elapsing between the transfer of funds from the state and disbursement by the subrecipients.
- C.1. Conduct an annual physical inventory of the capital assets, reconcile the physical inventory to the capital asset records, and resolve any discrepancies. Also, the documentation of the physical inventories should be retained to show compliance with state regulations.
 - 2. Ensure all capital assets are recorded in the capital asset records. Additionally, the annual reconciliation between the general ledger capital assets and the capital assets subsystem should be completed in a timely manner.
- D.1. Clarify procedures for calculating and reporting maintenance of effort with the federal program staff and submit amended financial status reports if necessary.
 - 2. Document the reviews of vendors and subrecipients for suspension and debarment.
 - 3. Document reviews of federal grant reports, ensure that reports are complete and accurate, and ensure that reporting is performed in compliance with the terms of the grant awards.

AUDITEE'S RESPONSE

A,B

&D. *We partially agree with the auditor's findings. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the findings.*

C. *We agree with the auditor's findings. Our Corrective Action Plan includes our planned actions to address the findings.*

2005-2.

Subrecipient Monitoring

Federal Agency:	Department of Agriculture Department of Education
Federal Program:	10.553 School Breakfast Program - 2005, 2004, 2003 -3MO300304 10.555 National School Lunch Program - 2005, 2004, 2003 -3MO300304 10.556 Special Milk Program for Children - 2005, 2004, 2003 -3MO300304 84.010 Title I-Grants to Local Educational Agencies - 2005-S010A0400225B, 2004-S010A0300225B, and 2003-S010A0200225B 84.027 Special Education-Grants to States - 2005-H027A040040A, 2004-H027A030040A, and 2003-H027A020040A 84.173 Special Education-Preschool Grants - 2005-H173A040103, 2004-H173A030103, and 2003-H173A020103 84.181 Special Education-Grants for Infants and Families with Disabilities - 2005-H181A040022 and 2004-H181A030022 84.048 Vocational Education-Basic Grants to States - 2005-V048A040025A and 2004-V048A030025A 84.186 Title IV-Safe and Drug-Free Schools and Communities 2005-S186A040026, 2004-S186A030026, and 2003-S186A020026 84.287 Twenty-First Century Community Learning Centers - 2005-S87C040025, 2004-S87C030025, and 2003-S87C020025 84.357 Reading First State Grants - 2005-S357A040026A, 2004-S357A030026A, and 2005-S357A020026A

84.367 Title II-Improving Teacher Quality -
2005-S358B040025, 2004-S3566B030026, 2003-
S35B020026

State Agency: Department of Elementary and Secondary Education (DESE)

The DESE has not established adequate controls over subrecipient monitoring. The DESE does not review supporting documents for expenditures of subrecipients to ensure all costs are allowable. In addition, the DESE does not ensure that subrecipient monitoring is adequately completed and documented and that subrecipients take corrective action on findings. The DESE does not review school district audit reports in a timely manner.

- A. The DESE does not adequately monitor the Twenty-First Century Community Learning Centers grant and the Reading First grant to ensure subrecipients are in compliance with federal guidelines nor have they established internal controls to ensure the subrecipients' expenditures for these two grants and the Special Education grant are allowable in accordance with federal guidelines.

Without adequate internal controls, such as reviewing invoices or supporting documentation for expenditures, any noncompliance with federal guidelines that might occur is likely to be undetected. In addition, to prevent a reduction in the future grant amount due to noncompliance with federal guidelines, the DESE should adequately monitor the subrecipients.

- B. The DESE does not adequately document the subrecipient monitoring visits for the Vocational Education grant. Backup documentation of subrecipient monitoring visits should be maintained to support any findings in the monitoring visit report.

In addition, the DESE does not require all Title grant subrecipients to submit action plans nor do they ensure Vocational Education grant subrecipients take corrective actions on the findings noted during the monitoring visits. Although the DESE follows-up by telephone on all findings noted during the Title grant monitoring visits, it is not adequately documented.

To ensure the subrecipients are in compliance with federal regulations, the DESE should require subrecipients to submit action plans, follow-up on the findings in the monitoring visit reports, and document all monitoring activities.

- C. The DESE is not reviewing independent CPA audit reports for subrecipients on a timely basis. DESE policy is to review one third of all 524 school district audit reports each year in detail to ensure the reports include necessary information and also to verify all financial data on the report with the agency data system. As of December 31, 2005, only 42 of 175 (24 percent) reports scheduled for review had been reviewed. These reports for the year ended June 30, 2004, were due to the DESE by October 31, 2004. To comply with agency policy, the DESE should

establish adequate procedures to ensure all audit reports are reviewed in a timely manner.

Section .400(d)(3) of the OMB Circular A-133 requires the DESE to monitor subrecipients "... to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts and grant agreements and that performance goals are achieved."

WE RECOMMEND the DESE:

- A. Implement procedures to obtain and review, on a test basis, the invoices of the subrecipients to ensure grants are spent in accordance with federal guidelines. In addition, the DESE should perform periodic monitoring for the Twenty-First Century Community Learning Centers grant and the Reading First grant subrecipients to ensure schools and community-based organizations are providing programs that are in compliance with federal guidelines.
- B. Ensure subrecipient monitoring is adequately documented and subrecipients take corrective action on the findings in the monitoring report.
- C. Establish procedures to ensure all CPA audit reports are reviewed in a timely manner in accordance with the DESE policy.

AUDITEE'S RESPONSE

A-C. *We agree with the auditor's findings. Our Corrective Action Plan includes our planned actions to address the findings.*

2005-3.	Costs Questioned by Internal Auditors
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Federal Agency:	Department of Health and Human Services
Federal Program:	93.104 Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) St. Louis Transitions Grant - #6 U79 SM56220-01-1, Contract periods - October 1, 2003 to September 30, 2004 and October 1, 2004 to September 30, 2005 Show-Me Kids Grant - #1 U79 SM54505-01, Contract periods - October 1, 2003 to September 30, 2004 and October 1, 2004 to September 30, 2005
State Agency:	Department of Mental Health (DMH) - Division of Comprehensive Psychiatric Services
Questioned Costs:	\$18,731

In September 2005, the DMH's Office of Audit Services issued a report (No. 06-005), related to a review it had conducted of the Missouri Statewide Parent Advisory Network (MO-SPAN), a service provider for the above referenced program. The review covered the period from January 1, 2004 to November 30, 2004. In December 2005, the Office of Audit Services issued a revised report which recommended the DMH recoup a total of \$23,370 in questioned costs from this service provider.

The questioned costs reported by the internal auditors related to various problems, including: services not being properly documented, employee time being charged and billed to more than one funding agency, the payment of conference expenses that were not approved as well as instances where such expenses were paid for individuals who did not attend the applicable conference, and instances where the person receiving the service was not identified. Although this service provider received funding from several grants/funding sources, it appears at least \$18,731 of the questioned costs pertained to this grant program. Therefore, we have questioned the applicable costs noted in the internal auditor's report.

The department has indicated it plans to review the controls and monitoring efforts at two subrecipient agencies which disbursed money to this service provider to help ensure this situation does not reoccur at this or other service providers.

WE RECOMMEND the DMH take steps to address the documentation and other problems identified by its internal auditors related to this program, and recoup the questioned costs from the applicable service provider.

AUDITEE'S RESPONSE

We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.

2005-4.

Homeland Security Grants

Federal Agency:	Department of Homeland Security
Federal Program:	16.007 State Homeland Security Grant Program - 2003-TE-CX-0159 and 2003-MU-T3-0003 16.011 Urban Areas Security Initiative - 2003-EU-T3-0030 97.004 Homeland Security Grant Program - 2004-GE-T4-0049 97.008 Urban Areas Security Initiative - 2004-TU-T4-0007
State Agency:	Department of Public Safety (DPS) - State Emergency Management Agency (SEMA)
Questioned Costs:	\$72,004

The SEMA has not established a tracking system to monitor and ensure program subrecipients obtain and submit audits to the SEMA when applicable. In addition, the SEMA has not established adequate procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. Further, we noted some unallowable costs were charged to the State Homeland Security Grant Program.

- A. The SEMA has not established a tracking system to monitor and ensure program subrecipients obtain and submit audits to the SEMA, when applicable. As a result, the SEMA did not obtain and review audits from applicable subrecipients, such as the city of Kansas City, the city of St. Louis, East-West Gateway Council, Mid-America Regional Council, and St. Louis County, all of which expended over \$500,000 in a one-year period.

OMB Circular A-133 requires grant recipients to ensure that subrecipients obtain an A-133 audit when grant expenditures exceed \$500,000 in a fiscal year.

- B. The SEMA has not established adequate procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. Adequate supervisory review of the SEMA's grant tracking spreadsheets could have ensured that the time elapsing between transfer and disbursement was minimized. The OMB Circular A-133 requires that when funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement.

We reviewed transfers of funds from the U.S. Treasury for the State Homeland Security Grant Program, the Homeland Security Grant Program, and the Urban Areas Security Initiative during the year ended June 30, 2005, and noted 18 instances in which the SEMA received transfers of funds from the U.S. Treasury and had not completely disbursed the balance of the transfers within a period of at least three days. These undisbursed balances ranged from \$325 to \$499,024 and took up to 90 days to completely disburse. These instances included one in which the SEMA mistakenly drew down \$517,400 twice. The second of these drawdowns resulted in an undisbursed balance of \$465,934 which took 90 days to completely disburse. The SEMA should implement adequate procedures, including supervisory review of grant tracking spreadsheets, to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement.

- C. Unallowable costs were charged to the State Homeland Security Grant Program.
 - 1) Costs totaling \$33,320 for the 2004 Governor's Meth Summit were improperly charged to the Federal Fiscal Year 2003 State Homeland Security Grant Program (SHSGP) Part II - Critical Infrastructure Protection (CIP) allocation during the year ended June 30, 2005. The stated goal of the summit was to provide valuable training for the fight against "meth." SEMA officials indicated the costs were charged to the grant program because portions of the seminar were related to homeland

security. Although the summit did provide some sessions that addressed homeland security in general, the summit did not provide specific CIP training.

DHS - Office of Domestic Preparedness (ODP) Information Bulletin No. 84 states that "CIP training must be designed to enhance the capabilities to protect and secure critical infrastructure."

We question the \$33,320 for 2004 Governor's Meth Summit costs improperly charged to the SHSGP - (CIP) allocation.

- 2) Cellular phone, wireless personal digital assistant, and satellite phone monthly service fees totaling \$38,684 were improperly charged to the Federal Fiscal Year 2003 SHSGP Part II during the year ended June 30, 2005, by the city of St. Louis. SEMA officials indicated they allowed these costs to be charged to the grant because they believed grant guidelines were not clear on this issue. The DHS - ODP program guidelines for the Federal Fiscal Year 2003 SHSGP Part II do not authorize expenditures for cellular phone, wireless personal digital assistant, and satellite phone monthly service fees.

We question the \$38,684 for monthly service fees improperly charged to the SHSGP Part II.

The Missouri State Auditor's Office is currently performing an audit of Missouri's Homeland Security Program. Additional recommendations relating to the federal Homeland Security Program will be made in that report and the report will be forwarded to the appropriate federal agencies upon completion.

WE RECOMMEND the Department of Public Safety, through the State Emergency Management Agency:

- A. Ensure all subrecipients submit an A-133 audit, when applicable.
- B. Implement adequate procedures, including supervisory review of grant tracking spreadsheets, to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement.
- C. Resolve the questioned costs with the grantor agency. In addition, the SEMA should comply with the DHS - ODP program guidelines.

AUDITEE'S RESPONSE

A-C. *We agree with the auditor's findings. Our Corrective Action Plan includes our planned actions to address the findings.*

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 Foster Care - Title IV-E
2005-G0501MO1401
2004-G0501MO1401
State Agency: Department of Social Services (DSS) -
Children's Division (CD)
Questioned Costs: \$23,748

Eligibility and payment documentation could not be located for some cases reviewed, and payments were made on behalf of ineligible individuals in four cases. During the year ending June 30, 2005, the CD provided Foster Care benefits totaling approximately \$35 million for 8,511 foster children. Benefits may include subsidies for maintenance, clothing, day care, respite care, legal expenses, and transportation.

To qualify for benefits, the child must be eligible for Aid to Families with Dependent Children (AFDC) benefits, and eligibility ceases at age 18, unless the child is expected to graduate from a secondary education institution before his or her nineteenth birthday, as required by 42 USC 672(a) and 45 CFR 233.90(b)(3), respectively. The DSS's policy is to perform eligibility re-determinations at least on an annual basis. Also, 45 CFR 1356.21(b)(2) provides that a judicial determination regarding reasonable efforts to finalize the permanency plan be made within 12 months of the date on which the child is considered to have entered Foster Care.

In addition, 45 CFR 1356.71(g)(1) requires that if the child is placed in a private home, the Foster Care provider must be licensed or certified by the proper state Foster Care licensing authority and 45 CFR 1356.30(a) and (b) requires that the provider be subjected to and satisfactorily meet criminal records checks (required for initial license and each renewal).

To test compliance with these requirements, we reviewed eligibility and expenditure documentation for 62 Foster Care benefit recipients. The 62 recipients received Foster Care assistance totaling \$425,508 during the year ending June 30, 2005. In eight cases selected, there was no placement of a child outside of the family, and, as a result, the family was the benefit recipient, and one case involved adoption. Thus, eligibility was not applicable for these nine cases and in four cases a permanency plan was not required. For the other 49 cases, documentation of efforts to finalize the permanency plan was not found for 1 (2 percent) case and efforts to finalize the permanency plan were completed after 12 months for 4 (8 percent) other cases. In addition, annual re-determinations were needed for 50 cases, but were not performed in 4 (8 percent) of these cases. Also, children were placed with private Foster Care providers in 39 of the cases tested. The current license documentation for the private providers was not located for 2 (5 percent) providers and there was no documentation of the proper background checks, including

fingerprinting, for 9 (23 percent) providers. However, the division's computer system indicated the providers were currently licensed.

In addition, we could not locate invoices or other supporting documentation for some payments on 29 of 46 (63 percent) cases where payment documentation was required. Also, in 9 of the 62 (15 percent) cases reviewed, a benefit payment was incorrectly calculated based on standard rates of care, placement information, and other supporting documentation, and benefit payments were made for ineligible children in 4 of 62 (6 percent) cases. Two of these cases related to clients who were determined to be ineligible for Foster Care benefits, and the other 2 cases related to paying for adoption and guardianship subsidies with Foster Care monies rather than other appropriate federal or state funding sources. The expenditures related to the abovementioned errors totaled \$38,931. We question the federal share of \$23,748 (61 percent).

Similar conditions were also noted in our prior report.

The CD should ensure efforts to finalize a permanency plan for Foster Care placements are performed within 12 months from when the child enters care, the documentation of the effort is retained, and re-determinations of eligibility are performed on an annual basis. Also, license and background check documentation should be retained in the proper files. In addition, the CD should ensure that all payments are correctly computed, paid from appropriate funding sources on behalf of eligible clients only, and supported by adequate documentation.

WE RECOMMEND the CD resolve the questioned costs with the grantor agency. The CD should ensure efforts to finalize a permanency plan are completed within 12 months from when the child enters care, documentation of the effort is retained, and eligibility re-determinations are performed on an annual basis. Also, documentation for licenses and background checks of Foster Care providers needs to be retained in appropriate files. Additionally, all payments should be properly calculated and funded, made on behalf of eligible clients, and supported by adequate documentation.

AUDITEE'S RESPONSE

We partially agree with the auditor's findings. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the findings.

Federal Agency: Department of Health and Human Services
Federal Program: 93.556 Promoting Safe and Stable Families -
2005-G0501MO00FP,
2004-G0501MO00FP
State Agency: Department of Social Services (DSS) -
Children's Division (CD)

The DSS does not identify local community partnerships, receiving funding from the Promoting Safe and Stable Families (PSSF) grant, as subrecipients. Thus, the Schedule of Expenditures of Federal Awards (SEFA) prepared by the DSS did not report any amounts provided to partnerships as funding to subrecipients. The DSS provides funding to local community partnerships, for the state's Caring Communities Program, through various federal grants (including the PSSF grant) in coordination with several other state agencies. Approximately \$9 million of PSSF funds were distributed to the partnerships for the year ended June 30, 2005.

The partnership contracts explicitly state the partnerships are not considered subrecipients within the meaning of the OMB Circular A-133. Thus, the partnerships are not furnished applicable federal regulations and are not required to obtain A-133 audits, when needed. The DSS believes the partnerships do not meet the definition of a subrecipient under OMB Circular A-133.

However, we believe, based upon the substance of the arrangements, the arrangements with the partnerships represent a subrecipient relationship. Based on guidance in OMB Circular A-133, section .210, it appears the partnerships should be considered subrecipients because: 1) the partnerships have their performance (core results) measured against contract objectives, and some of these objectives directly relate to the PSSF's objectives; 2) the partnerships make programmatic decisions related to their core results; 3) the allowable costs under the contracts are evaluated by the DSS based upon allowable costs under the PSSF grant; 4) the partnerships administer a large portion of the state's PSSF grant; and 5) the DSS establishes the expectations and terms and conditions of the arrangement with the partnerships. In addition, it appears the DSS monitors these partnerships as if they were subrecipients. The DSS has developed a written monitoring program to evaluate the partnerships activities and requires audits of the partnerships be submitted to the DSS, for their review. Section .210 also states that when evaluating whether a subrecipient relationship exists, the "substance of the relationship is more important than the form of the agreement."

To meet the DSS's responsibilities under OMB Circular A-133, section .400, the DSS should classify the partnerships as subrecipients and provide all required information to the partnerships including the requirement that subrecipients obtain A-133 audits, when applicable.

WE RECOMMEND the DSS classify the local community partnerships as subrecipients and report funds provided to subrecipients correctly on the SEFA. The subrecipients should be appropriately notified of grant funding sources and regulations and should be required to obtain A-133 audits, when applicable.

AUDITEE'S RESPONSE

We disagree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement.

2005-7.

Cost Allocation Procedures

Federal Agency:	Department of Agriculture (USDA) Department of Health and Human Services
Federal Program:	10.561 State Administrative Matching Grants for Food Stamp Program 2004 and 2005 - IS251443, 2004 and 2005 - IE251843, and 2004 and 2005 - IS252043 93.558 Temporary Assistance for Needy Families 2004 and 2005 - G0501MOTANF 93.575 Child Care and Development Block Grant 2004 and 2005 - G0501MOCCDF 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund 2004 and 2005 - G0501MOCCDF 93.778 Medical Assistance Program 2004 and 2005 - 05-0505 MO 5048
State Agency:	Department of Social Services (DSS) - Division of Budget and Finance (DBF) and Family Support Division (FSD)

Some costs were allocated to the various state and federal programs based on incomplete data and an improper methodology. The DBF allocates these costs through a cost allocation plan (CAP). Our review of the CAP and supporting documentation showed that time study data utilized to allocate joint costs of the Income Maintenance programs was incomplete because some caseworkers did not provide requested information. In addition, computer system operational costs were improperly allocated by using a methodology approved for allocating developmental costs. Also, some allowable Food Stamp administrative costs, totaling approximately \$230,000, were not claimed for federal reimbursement due to an error made by the DBF.

- A. Some employees failed to complete and submit the Income Maintenance time study information which is used by the DBF to allocate various costs among the Income Maintenance programs. These costs totaled approximately \$145 million during the year ended June 30, 2005.

The Income Maintenance program costs are allocated based upon the percentage of time a sample group of employees work on each program. A time study is conducted by the FSD on a monthly basis, with a sample of caseworkers selected each day to participate. During each month of fiscal year 2005, 350 of the division's approximately 2,300 caseworkers based in the 6 different regions throughout the state were selected to participate. Selected caseworkers receive an email from the division director requesting they track and record their time spent on various programs in 15-minute intervals during the day selected, and submit the information electronically on the DSS Intranet website. FSD personnel estimate it takes about 15 minutes to prepare and submit the time study information. Quarterly results are given to the DBF and used to allocate the costs among the various programs.

During the year ended June 30, 2005, the time study overall response rate was 97 percent. Our review of the time study process noted that the response rate for the St. Louis region employees was 91 percent, which is much lower than the statewide response rate. Of the 145 caseworkers who did not submit their time study information, 107 caseworkers (74 percent) were from the St. Louis region. The caseworkers in this region account for approximately 28 percent of the total caseworker population. FSD personnel indicated response rates for this region are generally lower and believe this is likely because they have a higher caseload. When a significant portion of the population has a high non-response rate, there is a potential that the time study results are not an accurate reflection of the time actually worked during the period.

The DSS's approved CAP states that the time study is to be based on a sample that is representative of the work done by all Income Maintenance workers. Without requiring that all employees selected complete the time study, FSD cannot ensure the results are representative of the time actually worked and that costs are properly allocated to the various Income Maintenance programs.

- B. The USDA - Food and Nutrition Service (USDA-FNS) conducted a post-implementation review of the DSS's Family Assistance Management Information System (FAMIS), and issued a report in December 2004. The USDA-FNS found that the DBF was incorrectly allocating FAMIS operational costs to various programs. We followed-up on the USDA-FNS report and found that the DBF had not addressed the recommendations related to FAMIS operational costs allocations. FAMIS operational costs totaled approximately \$3.7 million during the year ended June 30, 2005.

The DBF allocates all FAMIS costs (developmental and operational) to the various state and federal programs which utilize the system. The costs are allocated using the FAMIS development project cost allocation methodology outlined in the FAMIS Advanced Planning Document and approved by the USDA-FNS. This formula was developed in 1998 when the FAMIS project was initiated. It was approved by the USDA-FNS as a basis for allocating FAMIS

design, development, and implementation costs. It was not intended to be used for allocating operational costs.

The DBF continues to apply the FAMIS developmental cost allocation methodology to both FAMIS developmental and operational costs without federal approval. The DBF officials responsible for allocating the FAMIS costs on the CAP indicated they were not aware of the USDA-FNS findings.

OMB Circular A-87 requires that where employees work on multiple activities or cost objectives, a distribution of their salaries or wages has to be supported by personnel activity reports or equivalent documentation, or another substitute system approved by the cognizant Federal agency. Although the USDA-FNS had approved the allocation process for FAMIS developmental costs, they had not approved the formula to be applied to the FAMIS operational costs. The USDA-FNS recommended that FAMIS operational costs be reflective of a methodology approved by the Department of Health and Human Services' Division of Cost Allocation.

- C. The DBF failed to properly record allowable Food Stamp nutrition education program expenditures on the quarter ended September 30, 2004 CAP, resulting in expenditures totaling approximately \$230,000 not being claimed for federal reimbursement. The DSS contracted with the Department of Health and Senior Services (DHSS) for nutrition education program services through the Nutrition Network Service Agreement. The DSS paid the DHSS for services provided during January through June 2004; however, the DBF recorded an incorrect amount for these payments on the CAP which supported the claim for federal reimbursement. A similar error was not noted for the additional three quarterly reports for the year ended June 30, 2005.

WE RECOMMEND:

- A. The DSS-FSD require all caseworkers selected in the random sample process to prepare and submit the Income Maintenance time study information.
- B. The DSS-DBF comply with the provisions of OMB Circular A-87 and allocate costs based on the actual time spent on FAMIS operations for the various programs, or another substitute methodology approved by the cognizant Federal agency.
- C. The DSS-DBF pursue collection of the unreimbursed amount with the grantor agency.

AUDITEE'S RESPONSE

- A. *We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.*

- B. *We disagree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement.*
- C. *We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.*

2005-8.	Undistributed Child Support Collections
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Federal Agency: Department of Health and Human Services
Federal Program: 93.563 Child Support Enforcement
2004 and 2005 - G0504MO4004
State Agency: Department of Social Services – Family Support
Division (FSD)

In August 2005, the Missouri State Auditor's Office issued audit report No. 2005-56, ***Management of Undistributed Child Support Collections***. (A copy of the complete audit report can be obtained from: Missouri State Auditor's Office, P.O. Box 869, Jefferson City, MO 65102-0869, or on the internet at www.auditor.mo.gov.) The report discussed why state officials held child support money owed to custodial and non-custodial parents and did not distribute it as soon as possible. As of February 2005, the state was holding \$2.5 million in payments collected over a 7-year period ending in 2004. The report included the following findings which have been summarized:

- A. While the Missouri Automated Child Support System (MACSS) has been programmed to automatically initiate the computerized search function to find a non-custodial parent's new address, similar programming has not been done for custodial parents. Effective December 2004, the division's revised policy no longer allowed caseworkers to search for new custodial parent addresses using the computerized address search function. Instead, policy instructed caseworkers to close cases with missing or expired custodial parent addresses, once other criteria was met.

The division has not expanded MACSS data matches to other available databases. In addition, the division has not investigated the possibility of utilizing the U.S. Postal Service's automated "address change service" to forward mail, electronically update address changes, and remove undeliverable addresses.

- B. The division has not established a target goal for undistributed collections. Although the division has conducted two special projects, which resulted in some reduction in child support held, no sustained effort to resolve and release undistributed collections has occurred. The division has not permanently assigned employees to work exclusively on releasing held child support payments. Prior to revisions to division policy in December 2004 and the development of new reports in 2005, central office employees worked only 1 to 2 hours per day on held payments, had not prioritized which payments to work first,

and had no requirements or timeframes to follow. In addition, recommendations made in a 2001 report issued by the federal oversight agency have not been fully implemented. The recommendations were designed to more effectively assess and manage undistributed collections by setting target goals, organizing strategies, and monitoring and measuring progress.

- C. A review of 106 cases with child support on hold as of August 2004 disclosed that various errors were made in case management and appropriate action was not always taken, resulting in monies remaining in a hold status. Discussions with personnel in two field offices disclosed they did not know they should manually place a custodial parent in the computerized address search function, or how to initialize this function, as required by prior policy. Division personnel did not always review cases completely prior to closing them to further IV-D services. Payouts of intercepted tax refunds were delayed because caseworkers did not follow up to resolve issues, recalculate unpaid child support (arrear), and release payments to custodial parents or refund over-collections to non-custodial parents once it had been determined refunds should be made. Incorrect balances of arrear on some cases resulted in non-custodial parent tax refunds being inappropriately intercepted.
- D. In November 2004, the division's Program and Policy Deputy Director stated the division decided to start using an electronic payment card, on a voluntary basis, and expected the card would greatly reduce future payments held because of invalid addresses. However, as of April 2005, the division still had no timeline for implementing an electronic card process.
- E. Court clerk errors caused some records of undistributed collections to be overstated. Division personnel had not been aware of discrepancies between division records and clerk bank account records until our review. In addition, case testing disclosed two court clerks incorrectly recorded non-cash credits for IV-D cases on MACSS although state law requires only the division to record these credits.

Automated functions the division relies on to release payments to families have not always worked as intended. Although the division was aware since mid-2004 of a non-functioning program component affecting new addresses, personnel did not correct the malfunction until February 2005. As a result of our request to investigate non-working automated functions, computer personnel discovered an additional system glitch they believed had been corrected in 1999. This malfunction was also corrected in February 2005.

The Division of Budget and Finance (DBF) has not reconciled accounting records of undistributed child support with cash in the State Treasurer's account, despite a prior recommendation by our office to ensure bank reconciliations be done and discrepancies investigated. In addition, only two reconciliations of undistributed child support to cash in the trust account have been attempted in five years and

the discrepancies were not investigated. Although the division generates a summary report of undistributed collections in the State Treasurer's account, it is not used by the DBF to reconcile to the division's records. A summary report of undistributed collections for the trust account has not been generated.

Federal regulations require states to disburse child support payments within two days of receipt. For payments that cannot be processed within that time frame, due to missing or expired addresses or other specific issues, guidance from the federal oversight agency has included recommendations to states on ways to reduce and manage undistributed collections. As state and federal laws require most child support payments be processed through the division, the division has a fiduciary responsibility to safeguard, accurately account for, and timely distribute all payments received. To meet this responsibility, the division should maintain accurate balances of arrears, search for addresses as diligently as possible, and ensure other issues halting distribution are researched and resolved as quickly as possible.

WE RECOMMEND the FSD establish a higher priority and sustained efforts to disburse undistributed collections by:

- A. Maximizing existing resources by reprogramming MACSS to automatically search for custodial parent addresses and keeping all cases with payments on hold open longer so MACSS' computerized address search functions can be utilized. In addition, previous recommendations to expand MACSS ability to match with other available databases should be implemented to maximize the potential effectiveness of the computerized search function. The FSD should investigate services available from the U. S. Postal Service to automate the process of updating address changes.
- B. Setting goals and establishing and using additional management reports to focus staff efforts on cases needing timely follow-up and to monitor progress in reducing undistributed collections.
- C. Ensuring FSD personnel are adequately trained and knowledgeable of FSD policy for resolving undistributed collections and making refunds in a timely manner. This should include a clear understanding of the importance of making certain arrears balances are correct and inappropriate enforcement activity does not occur.
- D. Establishing a plan to implement a voluntary program to deliver child support payments using an electronic payment card, which could reduce future payments being held due to missing or invalid addresses.

- E. Ensuring records of undistributed collections are correct and accurately reflect the amount of child support payments in a hold status by:
- Limiting the circuit clerks' ability to alter financial records to those duties required by statute,
 - Promptly correcting computer system malfunctions when they are identified to ensure automated functions the FSD relies on work as intended, and
 - Working with the Division of Budget and Finance to develop summary reports of undistributed collections to be reconciled with cash balances at least periodically to ensure records are in balance and sufficient cash is available to pay all liabilities.

AUDITEE'S RESPONSE

A-E. We disagree with the auditor's findings. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement.

2005-9.	Food Stamps Quality Control Review
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Federal Agency: Department of Agriculture
Federal Program: 10.551 Food Stamps - 2004 and 2005
State Agency: Department of Social Services - Family Support Division (FSD)

The FSD Quality Control/Quality Assurance Unit performs reviews of food stamp cases to meet federal requirements for self-assessment. These reviews are performed by the case analysts located in the regional offices and reviewed by their supervisors. While not required to satisfy federal requirements, FSD procedures require that the case analyst supervisor in the Central Office also monitor certain quality control reviews of food stamp cases. However, no documentation is retained to document the Central Office supervisor's review. As a result, documentation of the reviews is not sufficient to demonstrate compliance with FSD procedures.

The Central Office supervisor sends an email to the applicable regional office when the quality control review has been reviewed and approved; however, copies of these emails are not retained. Although not required by FSD policy or federal requirements, the FSD considers the Central Office supervisory review a significant final step to ensure the accuracy of the quality control review results. Maintaining documentation of this review is necessary to demonstrate compliance with FSD procedures.

WE RECOMMEND the FSD ensure the Central Office supervisor's monitoring of quality control reviews of food stamp cases is documented.

AUDITEE'S RESPONSE

We disagree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement.

2005-10.	Parents' Fair Share Program
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Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families -
2004 and 2005 G0501MOTANF
State Agency: Department of Social Services - Family Support Division (FSD)
Department of Economic Development - Division of Workforce
Development (DWD)

On December 8, 2004, the Missouri State Auditor's Office issued audit report No. 2004-90, ***Parents' Fair Share Program***. (A copy of the complete audit report can be obtained from: Missouri State Auditor's Office, P.O. Box 869, Jefferson City, MO 65102-0869, or on the internet at www.auditor.mo.gov.) The report indicated the FSD and the DWD have expended Temporary Assistance for Needy Families funds on the Parents' Fair Share (PFS) Program to help non-custodial parents (NCPs) to obtain jobs and become involved in their children's lives, including paying child support. The report included the following findings:

- A. Impediments existed in referring eligible NCPs to the PFS Program resulting in a decrease in referrals and program participation. The Department of Social Services (DSS) staff said high caseloads prevented caseworkers from having time to identify and refer NCPs to the program and the DSS program coordinator said caseworkers may not refer NCPs to the program because of the low enrollment rate. In addition, DSS and DWD program staff said after a DSS policy change, child support caseworkers were no longer required to refer NCPs to the program before referring them to the Attorney General's office or prosecuting attorneys for prosecution. They also said child support caseworkers were less likely to refer NCPs to the program because PFS program workforce specialists were no longer in the same facility with them and were not reminded of the program.
- B. Software limitations in the DWD's computerized system resulted in DWD officials not adequately tracking or determining whether the program had improved NCPs ability to pay child support. Although DWD policy provided the criteria to use in determining success, DWD officials did not document whether participants successfully completed the program through much of fiscal year 2004. The DWD's computer software used for program management did not include a field to track the participant's success status when completing the program. Program staff were instructed to enter a comment in the computer system regarding the participant's status beginning February 2004; however, the system did not have the capability to compile this data for reporting purposes.

In addition, program officials lacked data on job-related training by participants because of software limitations. As a result, the officials could not easily (1) track or analyze what was spent on training per participant, (2) determine the reasonableness of those costs, and (3) analyze trends regarding which program workforce specialists had sent participants to job-related training.

- C. The DWD has not complied with key provisions of its cooperative agreement with DSS for management of the program resulting in (1) statistical data not being provided to DSS as part of program monitoring and reporting, and (2) access to program information not being restricted to program staff.

The cooperative agreement requires the division to provide DSS monthly statistical information analyzing the progress of program referrals and participants. However, the computer software used to manage all division training programs did not have the capability to provide the detailed information outlined in the cooperative agreement.

- D. The computer software used to manage the PFS program was missing critical data entry validation checks needed to prevent intentional or unintentional errors and ensure the program operates effectively. Missing validation checks include:

- Identification of payments being authorized for overlapping time periods.
- A limit to the number of days paid for transportation-related expenses to no more than the number of days in the pay period.
- Identification of payments being authorized for individuals no longer active in the program.
- The payment mailing address does not have to be the address on record for the program participant.

The DWD computer software program used to manage and store data for the DWD's various work and training programs was modified to accommodate the three DSS training programs that transferred to the DWD in 2003. DSS and DWD program coordinators said the PFS program was the smallest of the three programs transferred and received a lower priority for program updating and enhancements from information systems staff after its initial integration into the DWD computer software.

In addition, the computer software did not permit transportation-related expense payments to be entered accurately due to payment recording limitations. The software did not allow different payment amounts on different days during the same payment period.

- E. DWD program supervisors performed limited or no review of transportation-related expenses and work-related expenses during fiscal year 2004 because DWD procedures did not require it.

Our analysis of transportation-related expenses disclosed one program workforce specialist approved 25 percent of all transportation-related expenditures during fiscal year 2004. Our review of nine case files selected for this employee disclosed he approved transportation-related expenses that a program participant reported occurred on Thanksgiving and Christmas. DWD officials reviewed these approvals after we brought them to their attention. They said at least one of the payments had not been appropriate because the participant had submitted a resume through the mail or email on the reported date, but had incurred no travel costs.

The DWD program coordinator said a supervisory case file review process was used for other DWD training programs, but as of May 2004, it had not been used for the PFS program because of the program's limited size. He also said he trusted his staff to manage PFS cases appropriately.

- F. There existed no procedures allowing DWD fiscal staff to verify program coordinator approvals of work-related expenses before making the payment.

All work-related expense payments were to be approved by the DWD program coordinator usually by an email message to the program workforce specialist, but documentation of the approval was not required to be retained. Work-related expense purchases were made by the specialist through a procurement card or purchase voucher with payment being made directly to the vendor.

WE RECOMMEND:

- A. The Director of the DSS evaluate barriers to PFS program referrals and make any changes needed to improve the referral process.

The Director of the Department of Economic Development:

- B. Make software changes to the computerized system that would ensure the division had the capability to accumulate statistical information on the success of participants, as well as information on training received by participants.
- C. Ensure compliance with the cooperative agreement with DSS including:
- Preparing or compiling statistical data used as part of program monitoring and reporting, and
 - Limiting access to participant information to only those individuals with a legitimate need to know the information.

- D. Ensure the computer software used to manage the program meets program needs and limits data entry mistakes. Areas to be improved include:
- Reviewing the computer software to ensure all critical data entry validation checks are included, and
 - Improving the flexibility of data entry for transportation-related expenses payments.
- E. Establish case file review procedures for the PFS program. Those procedures should cover review of transportation- and work-related expenses authorized, and require program workforce specialists verify a sample of reported work searches and document the review.
- F. Create a system that allows fiscal staff to verify program coordinator approvals of work-related expenses before making the payment.

AUDITEE'S RESPONSE

The DSS provided the following response:

- A. *We disagree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement.*

The DWD provided the following response:

- B-F. *We agree with the auditor's findings. Our Corrective Action Plan includes our planned actions to address the findings.*

2005-11.

Vocational Rehabilitation Program

Federal Agency:	Department of Education
Federal Program:	84.126 Rehabilitation Services – Vocational Rehabilitation Grants to States 2004-H126A040037, 2003-H126A030037, 2002-H126A020037, 2001-H126A010037
State Agency:	Department of Social Services (DSS) – Family Support Division (FSD) – Rehabilitation Services for the Blind (RSB)
Questioned Costs:	\$125,852

In December 2005, the Missouri State Auditor's Office issued audit report No. 2005-93, ***Department of Social Services, Family Support Division, Blind Pension Fund and Rehabilitation Services for the Blind***. (A copy of the complete audit report can be obtained from: Missouri State Auditor's Office, P.O. Box 869, Jefferson City, MO)

65102-0869, or on the internet at www.auditor.mo.gov.) The report included the following findings:

- A.1. Supplemental Security Income (SSI) claims were not always filed on a timely basis, and some claims may not be paid because they were not filed during the allowable timeframe. Federal regulation 20 CFR 416.2216 requires SSI reimbursement claims be filed within one year after a nine month employment requirement is met.
2. The Vocational Rehabilitation (VR) financial records shows that SSI reimbursements were not always disbursed in the year they were received. However, the department's quarterly federal financial reports show that all SSI reimbursements were disbursed in the year the monies were received. In addition, the balance of unspent program income from SSI reimbursements is not known.

The SSI reimbursements are considered program income of the VR program. Federal regulation 34 CFR 361.63(c) indicates program income, whenever received, must be used, in the year received, for the provision of VR services and the administration of the VR State Plan.

3. A case file for a RSB district supervisor's case could not be located. As a result, we were unable to determine whether the employee was eligible for VR services, whether the services provided were reasonable and necessary to meet the case goals, and whether the case was reviewed annually. Federal regulation 34 CFR 80.42(b)(1) provides final programmatic records are to be retained for three years.
4. An unqualified RSB employee was appointed to serve as a VR counselor. Federal regulation 34 CFR 361.18(c)(1) indicates the VR state plan must include the state agency's policies and describe the procedures the state agency will undertake to establish and maintain standards to ensure that all professional and paraprofessional personnel needed are appropriately and adequately prepared and trained. The VR state plan requires all direct client-service positions have a Master's Degree in either rehabilitation or a related field and the counseling staff have a Master's Degree in rehabilitation, counseling, social work or a related discipline, or are working toward achieving this requirement.
5. Some inactive cases were not closed because annual reviews were not performed. Annual reviews were not performed for 2 of 52 VR cases reviewed that had been open for over a year. Federal regulation 34 CFR 361.45(d)(5) requires an annual review of an individualized plan for employment (IPE) to assess the individual's progress in achieving the identified employment outcome.
6. Equipment expenditures exceeding program limits were not always properly authorized. Additionally, although invoices for the equipment purchases are maintained in the case file, a cumulative total of equipment purchases is not prepared.

The program guidelines provide that cumulative equipment purchases in excess of \$10,000 per case must be approved by the applicable district supervisor and cumulative equipment purchases in excess of \$14,000 per case must be approved by the RSB deputy director or his/her designee. Proper authorization is necessary to ensure costs are reasonable and proper.

7. Policies regarding payment of dental services were not adequately documented and enforced. For 2 of 60 VR cases reviewed, the payments for dental services exceeded rates established by the Department of Elementary and Secondary Education, Division of Vocational Rehabilitation (DESE-DVR). The VR program guidelines provide that dental services are to be paid at Medicaid rates; however, office personnel indicated the policy was revised to pay dental services based on the DESE-DVR's rate schedule, if a dentist was willing to accept the rates.

Any change in program guidelines/policies regarding the payment of dental services should be formally documented and be consistently enforced to ensure all clients are treated equitably and costs are reasonable and necessary.

8. Some VR services and/or expenditures were not approved by appropriate personnel. To ensure services and expenditures are reasonable and necessary, the RSB should ensure all disbursements are approved by authorized personnel.
9. The RSB overpaid a client \$2,160 for personal incidental expenses. From September 2002 to April 2004, the client was paid \$500 per month for housing and meal expense plus up to \$120 per month for personal incidental expenses while attending college. However, state regulations at 13 CSR 40-91(14)(B)3 provide the total for housing, meals, and incidentals should not exceed \$500 per month.

The RSB should consistently enforce payment limits to ensure all clients are treated equitably and costs are reasonable and necessary. We question the federal share of \$1,700 (78.7 percent) for the overpayments.

10. Some information reported on quarterly cumulative caseload status reports was incorrect. The RSB was not using the status code assigned to identify cases for clients that had an approved IPE but had not started receiving services. Although the RSB identified the number of cases in this status and reported this information on the reports, these cases were already included in the totals reported for cases of eligible clients without an approved IPE or for cases of clients receiving services. Therefore, some cases were counted twice on the reports, under two different case status categories.

Section 4.17 of the VR state plan indicates the RSB will submit reports in the form and level of detail required by the grantor regarding applicants for and eligible individuals receiving services under the state plan, as required by 34 CFR 361.40.

11. Some expenditures reported on the quarterly federal financial reports for innovation and expansion activities did not appear to be used for these purposes. These amounts included travel costs for conducting on-site monitoring visits of personal vocational adjustment (PVA) facilities that provide services to RSB's VR clients.

Federal regulation 34 CFR 361.35(a)(1) provides that the RSB must use a portion of VR grant funding for the development and implementation of innovative approaches to expand and improve the provision of vocational rehabilitation services. Expenditures for routine PVA facility monitoring visits do not appear to meet this requirement and should not be included in the innovation and expansion expenditure totals listed on the quarterly federal financial report.

- B.1. We identified expenditures totaling \$45,826 that did not appear reasonable and necessary to prepare for, secure, retain, or regain employment.

- The RSB paid \$34,258 for dental restoration expenses for a client. The dental work did not appear necessary for the client to retain employment.
- The RSB paid \$703 for lodging less than 15 miles from an employee's home, for training funded through their VR case. However, department policy provides that lodging costs be reimbursed when the distance traveled is more than 50 miles from the employee's official domicile.
- The RSB reimbursed a client \$10,865 for 20 head of cattle purchased for an existing farm operation. It does not appear additional cattle were necessary for the client to sustain this self-employment.

Section 103(a) of the Rehabilitation Act of 1973 indicates allowable VR services are those necessary to prepare for, secure, retain, or regain employment. The expenditures listed above do not appear to meet this criteria and/or department policy. We question the federal share of \$36,065 (78.7 percent).

2. In April 2002, the RSB purchased a copier which was no longer being used by a client and placed the copier in storage. In February 2000, the RSB contributed \$12,000 toward the purchase of an \$18,245 color copier for a VR client. In January 2002, the RSB was notified that the copier had been repossessed, because the client stopped making the required payments in July 2000. The RSB purchased the copier for \$7,300, but did not put it into use. The RSB should ensure purchases are reasonable and necessary. In addition, 34 CFR 80.32(c) indicates that when equipment provided to a subgrantee is no longer needed for

the original project, it may be used in other activities currently or previously supported by a federal agency. The copier should be put into service or surplus.

3. Some costs for a staff meeting, held at a resort at the Lake of the Ozarks in November 2004, did not appear reasonable or necessary. Lodging costs for 26 staff members domiciled in Jefferson City were \$2,517, and \$676 was charged for 13 unused rooms that were not canceled on a timely basis. If this meeting had been held in Jefferson City, expenditures for lodging, mileage, and some, if not all meals would not have been incurred for Jefferson City staff.

OMB Circular A-87, Attachment A, Section C.1.a. indicates that to be allowable under federal awards, costs must be reasonable and necessary for proper and efficient performance and administration of federal awards. We question the federal share of \$2,513 (78.7 percent) for lodging of Jefferson City staff and unused rooms.

4. It is not clear that VR cases for RSB employees are appropriate. We identified 24 RSB employees that had cases open during the three years ended June 30, 2004. Equipment purchases for these cases totaled approximately \$132,000. As an employer, it appears that the RSB should provide its employees with the equipment necessary to perform their duties.

Additionally, some VR counselors and district supervisors are approving expenditures for employees in their district office and for members of the State Rehabilitation Advisory Council. To ensure services and expenditures for employees and council members cases are reasonable, necessary, and comparable to those provided for non-employee/non-council member cases, VR expenditures for employees and council members should be reviewed and approved by the assistant deputy director of the RSB.

- C.1. The onsite monitoring visits for out-of-state PVA facilities are not always performed during each annual contract period or within six months after the end of the contract period, as required by the RSB's policy. Also, to help reduce monitoring costs, the RSB should consider contracting with the VR agency in the home state of each PVA facility to perform the onsite monitoring.
2. The RSB does not ensure all deficiencies, including any unallowable costs, are properly resolved prior to approving new contracts or renewing contracts with the PVA facilities.
- D.1. The RSB used the VR grant to pay the salary and fringe benefits of an employee that worked for a state program. The salary and fringe benefits paid totaled \$99,971 for the three years ended June 30, 2004. In addition, the state used these payments to claim indirect costs totaling \$8,764 for the three years ended June 30, 2004.

OMB Circular A-87, Attachment A, Section E.2.a. indicates direct charges for compensation of employees must be for time devoted and identified specifically to the performance of the federal program. We question the federal share of \$85,574 (78.7 percent) for salary, fringe benefit, and indirect costs improperly charged to the VR grant.

2. The Deputy Director of RSB is not serving the RSB on a full-time basis. Federal regulation 34 CFR 361.13(b)(1)(ii) requires the director of the state RSB agency to be a full-time director.
- E.1. The RSB is not completing a physical inventory of its capital assets on an annual basis as required by state regulations.
2. Some purchases were not recorded in the capital asset records, and invoices were not always itemized to provide the cost of each item purchased.

Federal regulation 34 CFR 80.32(b) indicates a state will use, manage, and dispose of equipment acquired under a grant by the state in accordance with state laws and procedures. The Code of State Regulations at 15 CSR 40-2.031, requires an annual physical inventory of capital assets and the reconciliation of this inventory with the capital asset records and with the prior annual physical inventory. The state regulation also requires state agencies to maintain adequate capital asset records.

WE RECOMMEND the DSS-FSD, through the RSB:

- A.1. Ensure SSI reimbursement claims are filed within one year, as required by federal regulation.
2. Establish procedures to ensure receipts, disbursements, and the unspent balance of SSI reimbursement monies are properly accounted for and accurately reported on federal financial reports. Also, the RSB should work with the DBF to identify the unspent balance of SSI reimbursement monies and should ensure program income is disbursed prior to spending grant funds and state monies.
3. Ensure all case files are retained in accordance with federal regulation.
4. Ensure counseling duties are only assigned to individuals meeting the qualifications specified in the VR state plan.
5. Establish procedures to ensure all open cases are reviewed annually and cases are closed on a timely basis.

6. Require the cumulative equipment expenditures be documented in the client's case file. The RSB should also establish procedures to ensure proper authorization is received prior to exceeding cumulative equipment expenditure limits.
 7. The RSB should document all policy changes related to dental services and ensure these policies are consistently applied to all clients.
 8. Ensure disbursements for services and other expenditures are only approved by authorized personnel.
 9. Resolve the questioned costs with the grantor agency and ensure payments for maintenance and personal incidental expenses do not exceed the limit set by state regulation.
 10. Use case status codes to track all case status information necessary to prepare quarterly cumulative caseload status reports and ensure each case is only reported under one status category.
 11. Discontinue reporting routine PVA facility monitoring costs as innovation and expansion expenditures.
- B.1. Resolve the questioned costs with the grantor agency and ensure services provided to VR clients are appropriate. The services should enable clients to prepare for, secure, retain, or regain employment and meet applicable department policy.
2. Ensure purchases are reasonable and necessary. In addition, the used copier purchased in 2002 should be put into service or surplus.
 3. Resolve the questioned costs with the grantor agency and review expenditures for future staff meetings and ensure the costs are reasonable and necessary.
 4. Review the practice of allowing RSB employees to have VR cases. In addition, the RSB should require its assistant deputy director to review and approve all VR expenditures for its employees and council members.
- C.1. Establish procedures to ensure PVA facility onsite monitoring visits are conducted on a timely basis. Also, to help reduce costs, the RSB should consider contracting with the VR agency in the facility's home state to perform the monitoring visit.
2. Establish procedures to ensure all deficiencies cited in the PVA facility monitoring reports are adequately addressed. In addition, the RSB should ensure all concerns are resolved prior to approving or renewing contracts with the facilities.

- D.1. Resolve the questioned costs with the grantor agency and establish procedures to ensure funding for employees' salaries and benefits is appropriate, based on the employees' job duties.
- 2. Ensure the Deputy Director serves the RSB on a full-time basis, as required by federal regulation.
- E.1. Conduct an annual physical inventory of the capital assets, reconcile the physical inventory to the capital asset records, and resolve any discrepancies. Also, the documentation of the physical inventories should be retained to show compliance with state regulations.
- 2. Establish procedures to ensure all capital assets are tagged and recorded in the capital asset records. Additionally, disbursements for capital assets should be supported by itemized documentation.

AUDITEE'S RESPONSE

A.1-8,10-11,

B.2,4,C&E. We agree with the auditor's findings. Our Corrective Action Plan includes our planned actions to address the findings.

B.3&D.2. We disagree with the auditor's findings. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement.

A.9,B.1&

D.1. We partially agree with the auditor's findings. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the findings.

FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

STATE OF MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Our prior audit report issued for the year ended June 30, 2004, included no audit findings that *Government Auditing Standards* require to be reported for an audit of financial statements.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

STATE OF MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all audit findings in the prior audit for the year ended June 30, 2004, and the findings from the prior audits for the years ended June 30, 2003 and 2002, except those that were listed as corrected, no longer valid, or not warranting further action. This section includes the Summary Schedule of Prior Audit Findings, which is prepared by the state's management.

Circular A-133 requires the auditor to follow-up on these prior audit findings, perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings, and report, as a current year finding, when the auditor concludes that the Summary Schedule of Prior Audit Findings materially misrepresents the status of any prior audit findings.

The disposition of the findings from the year ended June 30, 2003, is as follows:

Findings numbered 1, 2, 3, 7A&B, and 8B were corrected.

Findings numbered 4, 5, 6, 7C-H, 8A,C&D, and 9 are included in the Summary Schedule of Prior Audit Findings.

For the year ended June 30, 2002, all of the findings were corrected, no longer valid, or did not warrant further action.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2003-4. Employee Cost Allocation

Federal Agency: Department of Health and Human Services
Federal Program: 93.566 - Refugee and Entrant Assistance - State Administered Programs
State Agency: Department of Social Services - Family Support Division (FSD)
Questioned Costs: \$30,418

Our review of the department's procedures for assigning employees to federal grants noted that charges for one employee had been in error for almost a year. We questioned the federal share of \$30,418 (100 percent) for salaries, benefits, and indirect costs improperly charged to the Refugee and Entrant Assistance - State Administered Programs grant from July 2002 through May 2003.

Recommendation:

The FSD resolve the questioned costs with the grantor agency.

Status of Finding:

Resolved at this time.

Status of Questioned Costs:

In a letter directed to Jacqueline White, and date-stamped "received" by (our) Office of Administration 07-25-2005 pertaining to (CIN): A-07-04-78861, the Director of the DHHS/ACF Office of Refugee Resettlement (Nguyen Van Hanh, Ph.D.) stated "The questioned cost is sustained. No collection will be made at this time. However, we reserve the right to review and act on this issue in the future."

Contact Person: D. Wayne Osgoode

Phone number: (573) 526-0967

2003-5. Eligibility for Adoption Assistance Payments

Federal Agency: Department of Health and Human Services
Federal Program: 93.659 - Adoption Assistance
State Agency: Department of Social Services - Children's Division (CD)
Questioned Costs: \$5,996

We reviewed eligibility documentation, subsidy contracts, and expenditure documentation for 60 Adoption Assistance recipients. The 60 recipients received Adoption Assistance totaling \$266,032 during the year ending June 30, 2003. Payments were made after contract authorization expired for two of sixty (3 percent) cases reviewed. Authorization for the payments expired in February and March 2002, respectively. In addition, we could not locate invoices or other supporting documentation for some payments on nine of thirty-one (29 percent) cases reviewed. Division personnel determined the payment for one case was a \$40 overpayment, and initiated corrective action to recoup the payment. The expenditures related to the remaining errors totaled

\$9,829 for March 2002 through June 2003. We questioned the federal share of \$5,996 (61 percent).

Recommendation:

The CD resolve the questioned costs with the grantor agency. In addition, the CD should ensure payments are not made after contract authorization expires and ensure all payments are supported by adequate documentation.

Status of Finding:

We were able to find the majority of the documentation that was missing on these cases.

This finding has been satisfactorily resolved according to Administration for Children and Families.

Status of Questioned Costs:

All corrections and deductions have been processed.

Contact Person: Patrick Luebbering

Phone number: (573) 522-2664

2003-6. Foster Care Matching and Activities Unallowed

Federal Agency: Department of Health and Human Services

Federal Program: 93.658 - Foster Care - Title IV-E

State Agency: Department of Social Services - Children's Division (CD)

Questioned Costs: \$469,713

- A. Indirect costs related to training expenses were charged to the Foster Care - Title IV-E grant at an incorrect rate. We questioned the overpayment of \$34,161 for indirect costs erroneously charged to the Foster Care Title IV-E grant at the FFP rate of 75 percent, instead of 50 percent, from July 2002 through March 2003.
- B. Residential treatment center training costs were improperly charged to the Foster Care - Title IV-E grant. We questioned the federal share of \$429,208 (75 percent) for residential treatment center training costs improperly charged to the Foster Care Title IV-E grant.
- C. During the year ending June 30, 2003, the CD provided Foster Care benefits totaling approximately \$37 million for 10,401 foster children. We could not locate invoices or other adequate supporting documentation for some payments on twenty-five of fifty (50 percent) cases reviewed. The expenditures related to these errors totaled \$10,400. We questioned the federal share of \$6,344 (61 percent).

Recommendation:

The CD resolve the questioned costs with the grantor agency and ensure all payments are supported by adequate documentation.

Status of Finding:

A&B. DSS does not agree with this finding. The current policy of the grantor agency was adopted July 1, 2003. We do not agree that any further corrective action beyond that is necessary.

C. DSS found appropriate documentation for all cases except 4. With regard to the 4 cases, the following issues were addressed in a memorandum to field staff: All county offices were instructed to attach receipts to payment authorizations and to store this information for 5 years. For those offices where space is a concern, staff were instructed to send payments to state archives.

Status of Questioned Costs:

A&B. Questioned costs have not been resolved with the grantor agency.

C. All questioned costs have been resolved with the grantor agency.

Contact Person: Patrick Luebbering and Roger Backes

Phone number: (573) 522-2664 and 751-2170

2003-7C. Foster Care Monitoring

Federal Agency: Department of Health and Human Services

Federal Program: 93.658 - Foster Care - Title IV-E

State Agency: Department of Social Services - Children's Division (CD)

Local division offices had no central tracking process to determine the number and location of foster children.

Recommendation:

The CD develop and establish a centralized tracking process for use at all local offices. The process should be designed to continuously identify and track the status and location of each child brought into state custody.

Status of Finding:

The division has for years utilized a central tracking system, the Alternative Care Tracking System (ACTS), to identify and track the status and locations of each child in the custody or under the supervision of the division. ACTS is a statewide system, but data entry and access are done at the local level and we recognize that the system is dependent upon timely and accurate data. The system now provides caseload listings for staff and supervisors, but we plan to enhance this tracking system as we develop the State Automated Child Welfare Information System (SACWIS).

The division has established a visitation work group, which among other charges, will look at how best to implement an ongoing inventory of children in care to assure that our children are where the system reports them to be. The work group will also look into how best to document, through SACWIS, that staff are visiting children in their caseloads. SACWIS is now under development and is expected to be completed in February 2007.

Additionally, we shall reiterate to agency staff and foster care contractors the importance of accurately identifying and tracking the status and locations of each child in the custody, or under the supervision of the division.

We believe no further action is necessary regarding this recommendation.

This finding has been resolved per Administration for Children and Families.

Contact Person: Jim Harrison
Phone number: (573) 751-2502

2003-7D. Foster Care Monitoring

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 - Foster Care - Title IV-E
State Agency: Department of Social Services - Children's Division (CD)

Several problems were noted with the inventory of foster children.

Recommendation:

The CD reassess the results of the division's statewide inventory to ensure all problems or inconsistencies identified are corrected, and take steps to improve the timeliness of system updates to accurately show the current status of each child.

Status of Finding:

The division notes the inventory referenced in the audit report showed no missing children. We recognize that tracking of the status and location of children is handled primarily through the Alternative Care Tracking System and staff are expected to keep the information system current and with accurate information. Since payment to the placement provider is dependent on an accurate tracking system, staff are diligent in updating the child's location. The division has established a visitation work group, which among other charges, will look at how best to implement an ongoing inventory of children in care to assure that our children are where the system reports them to be. The work group will also look into how best to document, through the State Automated Child Welfare Information System (SACWIS), that staff are visiting children in their caseloads. SACWIS is now under development and is expected to be completed in February 2007.

Additionally, we shall reiterate to agency staff and foster care contractors the importance of accurately identifying and tracking the status and locations of each child in the custody, or under the supervision of the division.

We believe no further action is necessary regarding this recommendation with the exception of improving our SACWIS database.

This finding has been resolved per Administration for Children and Families.

Contact Person: Jim Harrison
Phone number: (573) 751-2502

2003-7E. Foster Care Monitoring

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 - Foster Care - Title IV-E
State Agency: Department of Social Services - Children's Division (CD)

Family support team meetings did not occur as often as required and often did not include all required parties or the foster child.

Recommendation:

The CD improve the process of arranging and scheduling team meetings to achieve better attendance and documentation. One method could include establishing focus groups of the primary stakeholders to obtain appropriate input.

Status of Finding:

The division has implemented this recommendation.

The 2004 Foster Care Reform Bill (HB 1453) emphasized the importance of Family Support Team (FST) meetings and who should be invited to such meetings. New policy was implemented to specify who must be invited to the FST. The parents, legal counsel for the parents, foster parents, the legal guardian for the child, the Guardian ad Litem, and the CASA volunteer shall be provided notice of the meeting. Family members, (other than alleged perpetrator), or other community formal or informal service providers may be invited at the discretion of the family. The parents, legal counsel for the parent, legal guardian/custodian, and foster parents may request that other individuals, other than alleged perpetrators, be permitted to attend such meetings. Once a person is provided notice of a meeting, the Children's Division worker or the conveyor of the meeting shall provide notice of subsequent meetings. Families may determine whether individuals invited at their discretion shall continue to be invited.

Additionally, the new law and resulting policy requires the division to arrange for a FST meeting prior to, or within, 24 hours following the protective custody hearing. The division shall arrange additional FST meetings prior to taking any action relating to the placement of such child except in emergency and then the division may make a temporary

placement and shall schedule a FST meeting within 72 hours. In addition to being required before or immediately after an impending move, FST meetings are to occur within 30 days of a child coming into division custody, convened monthly until adjudication, and every 6 months thereafter.

We have revised the Case Plan, Form CS-1, to be used at the conclusion of any meeting held in relation to a child placed in the custody of the state for documenting the decisions rendered by the team. A completed CS-1 is now distributed to parents and any other party within five days of meeting.

In accordance to the Program Improvement Plan (PIP), we have enhanced our current information system to better track FST meetings and we have asked our circuit managers to recruit a pool of qualified volunteers (staff not assigned to a case and community stakeholders) to participate as third party reviewers for the FST meetings which are designated as the six month permanency planning reviews.

The PIP also calls for us to strengthen workers' family engagement skills through training and supervision to enhance the Family Support Team (FST) process and assist in assuring those at the table have a voice in planning. Focus groups composed of workers, supervisors and circuit managers were conducted in four circuits to identify clinical support needs. The Family Assessment and Service Planning training for workers and Supplemental Supervisory training are currently being utilized in the field to assist staff in engaging families and in case plan development. The overall outcome of this effort will be to improve the engagement of families in the treatment process and improve foster parent participation in this process.

In order to improve the quality of services, it is important to receive feedback from the children and families served by the division. Input from consumers is obtained through surveys which are system generated and mailed from the Department of Social Services' Research and Evaluation Unit. A self-addressed stamped envelope accompanies the survey to facilitate a higher response rate and assure confidentiality. Information from returned surveys is entered into a database, aggregated, and sent in report form to the county and regional offices for review through their Continuous Quality Improvement (CQI) process.

This finding has been resolved per the Administration for Children and Families.

Contact Person: Jim Harrison
Phone number: (573) 751-2502

2003-7F. Foster Care Monitoring

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 - Foster Care - Title IV-E
State Agency: Department of Social Services - Children's Division (CD)

Runaway foster children were not consistently managed by social workers. In addition, social workers did not always follow up with foster families to understand why the youth fled.

Recommendation:

The CD ensure local offices follow consistent policy when dealing with foster children who have run away from foster homes. The policy to be followed should include giving appropriate considerations to the child's continuing safety, reasons for leaving the assigned foster home, and reporting a runaway child for custody apprehension.

Status of Finding:

In September 2004, new policy through memorandum CD04-85, was disseminated to all staff to address issues with runaway youth, youth running to unapproved placements, and providing specific instructions for continual search efforts and case documentation. This memorandum and policy update also addressed child abduction.

Regional managers will be asked to monitor the success of this revised policy and report back on their findings.

The division has implemented this recommendation.

This finding has been resolved per Administration for Children and Families.

Contact Person: Jim Harrison
Phone number: (573) 751-2502

2003-7G. Foster Care Monitoring

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 - Foster Care - Title IV-E
State Agency: Department of Social Services - Children's Division (CD)

The division did not always initiate termination of parental rights action on a timely basis.

Recommendation:

Where appropriate, the CD should take steps to ensure local offices increase the timeliness for requesting termination of parental rights and where not appropriate, the CD should ensure the case records document the required compelling reason for not requesting termination. In addition, greater emphasis should be given to concurrent planning to ensure the stage is properly set for beginning the termination process in a timely fashion if it becomes necessary.

Status of Finding:

The division has implemented this recommendation.

The Child and Family Service Review findings indicated the most significant barrier to achieving adoptions was the failure to file for TPR in a timely manner, which is consistent with the audit findings. Filing issues and court docket management are best resolved when completed on a circuit-by-circuit basis. However, the first step to ensuring the timeliness for requesting TPR is for the division and the court to have a common understanding on the criteria a case must meet in order to pursue TPR. Pursuant to the Program Improvement Plan, the division will be developing policy outlining supervisor and staff responsibilities in filing TPR, including documentation of compelling reasons for not filing. Each division circuit will be meeting with their judiciary to establish a process for expeditious filing of TPR cases.

Concurrent planning will help expedite the achievement of the case goal in that equal efforts are occurring simultaneously for two different goals. In addition to the existing training provided to new and existing staff on concurrent planning, the division will be utilizing technical assistance through the National Resource Center for Family-Centered Practice and Permanency Planning.

Regional training conferences were held during the spring of 2005 which covered a variety of practice and procedural issues for juvenile court and the division, including training on concurrent planning. This joint training was provided to court staff (including judges) and division staff and emphasized the need for timely court hearings and TPR filing. The Supreme Court mandated the attendance of the juvenile and family court judges.

This finding has been resolved per Administration for Children and Families.

Contact Person: Jim Harrison
Phone number: (573) 751-2502

2003-7H. Foster Care Monitoring

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 - Foster Care - Title IV-E
State Agency: Department of Social Services - Children's Division (CD)

Foster parent background checks could be improved and expanded. A review of foster parent files noted 15 of 44 (34 percent) applicable tested foster parent files did not contain current (within the last two years) criminal and child abuse and neglect record checks.

Recommendation:

The CD augment the foster parent background checking process by adding a step to review circuit court records for indications of possible problems as identified by having orders of protection recorded against the foster parent.

Status of Finding:

The division has implemented this recommendation.

The division's current policy on background screening requires staff to check on Missouri Case.net and with the local circuit clerk in regard to orders of protection filed against prospective and current foster parents in addition to potential and current relative care providers.

This finding has been resolved per Administration for Children and Families.

Contact Person: Jim Harrison

Phone number: (573) 751-2502

2003-8A. Foster Care Monitoring

Federal Agency: Department of Health and Human Services

Federal Program: 93.658 - Foster Care - Title IV-E

State Agency: Department of Social Services - Children's Division (CD)

Division personnel overpaid residential facilities by over \$22,000 for 246 days of service for 27 children who had ran away from residential care facilities as of October 14, 2002.

Recommendation:

The CD discontinue reimbursing residential facilities for runaway children during their flight status. The CD should take action to amend current contracts if feasible, and delete the contract language in future contract bids.

Status of Finding:

Corrective action planned is as follows:

Effective with the renewal of residential contracts, we will strengthen contract language whereby payments made for runaways is specifically addressed.

Status of corrective action:

The original and current payment policy regarding the length of time for which a residential facility may receive payment for a child who is in runaway status is contained in the Residential Treatment contract. Based on the directive of the finding by Regional Office, the CD will revise contract language to comply with the Regional Administrator's decision (see below).

A contract amendment is in effect as of 2/1/06. This amendment addresses the number of days which a facility can be reimbursed in the event of a runaway. The facility can be reimbursed up to a maximum of 7 days for a child in runaway status, if the child returns to that facility.

Regional Administrator's Decision: The Regional Office sustains the auditor's findings and directs the grantee to comply with the National External Audit Review (NEAR) recommendation to develop and implement procedures to ensure payment is made only for services rendered and to repay the questioned costs of \$22,000. This finding is resolved.

Contact Person: Patrick Luebbering
Phone number: (573) 751-4206

2003-8C. Foster Care Monitoring

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 - Foster Care - Title IV-E
State Agency: Department of Social Services - Children's Division (CD)
Questioned Costs: \$2,175

Division workers disregarded criminal convictions documented in background checks and inappropriately licensed three foster parents. Background checks in the division's files disclosed one foster parent had assault and stealing charges and two foster parents had drug convictions within five years. Two of the foster parents received no federal funding and one received funding totaling \$3,565. Timely supervisory review of the three foster parent applications could have prevented these problem. We questioned the federal share of \$2,175 (61 percent).

Recommendation:

The CD resolve the questioned costs with the grantor agency and pursue reimbursement from the foster parent. In addition, the CD should ensure foster parents who fail to meet the applicable licensing criteria are not licensed and ensure worker licensing decisions are promptly reviewed by supervisors.

Status of Finding:

We have completed fund recoupments that will return FFP to the Federal agency; however, we will not pursue any reimbursement from the foster parent. This placement was court ordered by the juvenile court.

This finding has been resolved according to Administration for Children and Families.

Status of Questioned Costs:

Questioned costs have been resolved with the grantor agency.

Contact Person: Patrick Luebbering
Phone number: (573) 522-2664

2003-8D. Foster Care Monitoring

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 - Foster Care - Title IV-E
State Agency: Department of Social Services - Children's Division (CD)

Although the division conducted a series of background checks for prospective new social workers, staff did not use the Family Care Registry.

Recommendation:

The CD expand the background check of social workers to include a review of the Family Care Registry to identify workers who are not considered acceptable to work with children, the elderly or the mentally ill.

Status of Finding:

The agency does not agree with the audit finding nor believes that corrective action is required. Explanation and specific reasons for our disagreement are as follows: Background checks are performed by the Division of Legal Services (DLS) in accordance with DLS policies and procedures including an in-depth criminal justice agency employee check which is more extensive than a review of the Family Care Registry. These policies and procedures were reviewed and approved by the Regional Office of HHS/ACF.

This finding has been resolved according to HHS/Administration for Children and Families.

Contact Person: Patrick Luebbering
Phone number: (573) 522-2664

2003-9. Allowable Costs

Federal Agency: Department of Health and Human Services
Federal Program: 93.778 - Medical Assistance Program
State Agency: Department of Social Services - Division of Medical Services (DMS)
Questioned Costs: \$97,438

The total salary and fringe benefit costs for five employees were charged to the Medical Assistance Program even though these employees were primarily responsible for working with a state program called Missouri Senior Rx. During the year ended June 30, 2003, salary and fringe benefit costs of \$194,875 for these five employees were charged to the Medical Assistance Program. As a result, we questioned costs totaling \$97,438, which is the federal share of salary and fringe benefit costs.

Recommendation:

The DMS resolve the questioned costs with the grantor agency. In addition, the DMS should comply with the provisions of OMB Circular A-87 and allocate costs based on the actual time spent on the various federal and state programs.

Status of Finding:

The Department of Social Services/Division of Medical Services (DSS/DMS) disagrees with the State Auditor's Office (SAO) interpretation that the Office of Management and Budget (OMB) Circular A-87 requires personnel activity reports to be the only acceptable allocation method. Personnel activity reports are only one of the acceptable allocation methods. OMB Circular A-87 relies on a "benefits received" concept and provides that states enter into a cost allocation plan (CAP) that specifies how costs are allocated. Missouri's approved CAP includes a specific process whereby a portion of all Medicaid salaries is excluded from the claim for federal reimbursement based on the ratio of the cost of state-only services. DSS/DMS has documented 95% of the pharmacy rebates received directly benefit the federal Medicaid program as opposed to the state Senior RX program. DSS/DMS is confident the Centers for Medicare and Medicaid Services (CMS) will recognize any state-only costs are properly allocated through the CAP and the direct benefit the rebate unit provides to the federal Medicaid program.

Status of Questioned Costs:

DSS/DMS has resolved the questioned cost and this audit finding is closed with CMS.

Contact Person: Mike Rehagen

Phone number: (573) 526-4383

2004-1A. Vocational Rehabilitation

Federal Agency: Department of Education

Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States

State Agency: Department of Elementary and Secondary Education (DESE) - Division of Vocational Rehabilitation

Division guidance for closing cases was not followed.

Recommendation:

The DESE ensure division personnel adhere to division guidance in classifying case outcomes.

Status of Finding:

We agree with the auditor's finding. MDVR revised the Policy and Procedure Manual (PPM) to provide guidance on employment verification, documentation of employment outcomes, substantial services and closure statements. MDVR previously worked with the University of Missouri-Columbia (UMC) Department of Economics to match closure information with UI (Unemployment Insurance) wage records. These prior research

findings at UMC supported MDVR's employment outcome retention, as well as reflected a positive return on investment. MDVR will continue to match and verify UI records with employment outcomes.

Contact Person: C. Jeanne Loyd
Phone number: (573) 751-3251

2004-1B. Vocational Rehabilitation

Federal Agency: Department of Education
Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States
State Agency: Department of Elementary and Secondary Education (DESE) - Division of Vocational Rehabilitation

Employment information was not adequately supported on 22 successfully closed cases reviewed. Counselors did not adequately support closure information on the closure IPE and the closure statement. Division guidance did not require counselors to obtain adequate support for employment information or document the source of employment information. In addition, the closure statements on the 22 cases also disclosed counselors had not adequately supported decisions to close the cases successfully.

Recommendation:

The DESE require division personnel adequately justify and document employment information on the closure IPE and closure statement.

Status of Finding:

We partially agree with the auditor's finding. MDVR revised the PPM to provide guidance on proper employment verification and documentation of employment on the closure statement. The division conducted additional training on this issue. The closure statement (which contains a checklist of services) and employment verification process is in compliance with federal regulations and has previously been reviewed on numerous occasions by the Rehabilitation Services Administration (RSA). The division uses a variety of methods to verify employment information, including contacting the client, family members, job placement personnel, etc. to verify employment. In all cases, successfully employed individuals receive a copy of their closure IPE via mail and are given an opportunity to sign and/or revise any information on the IPE, including earnings, hours worked, dates of employment, etc.

Contact Person: C. Jeanne Loyd
Phone number: (573) 751-3251

2004-1C. Vocational Rehabilitation

Federal Agency: Department of Education
Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants
 to States
State Agency: Department of Elementary and Secondary Education (DESE) -
 Division of Vocational Rehabilitation

Cases were not closed in a timely manner. The audit disclosed 10 of 30 sampled cases had not been closed in a timely manner.

Recommendation:

The DESE develop guidance establishing timeframes for closing all cases, successful or not, and the frequency of contacts with participants.

Status of Finding:

We agree with the auditor's finding. MDVR revised the PPM to reflect proper timelines for contacting clients during all statuses as well as case closures. MDVR developed guidance and training for staff on closure timeframes and frequency of contacts. The comment from our employee stating that the division's interrupted status is growing large is not accurate. A review of the status for cases in "interrupted status" for three years prior to the implementation of the success rate calculation, finds the following: September 2000, 9.5%; September 1999, 9.2%; February 1998, 8.6%; while August 15, 2003, it was 9.2%. The division also believes that making an effort to "re-engage" individuals who are in interrupted status and/or hard to locate is important. A disproportionate percentage of individuals in this group are from minority groups that often encounter difficult barriers to completing services such as homelessness, child care, transportation, disability relapse, etc. As an example, the division has already started one pilot project focusing on this population, which has been successful in "re-engaging" individuals back into services that ultimately lead to employment.

Contact Person: C. Jeanne Loyd
Phone number: (573) 751-3251

2004-1D. Vocational Rehabilitation

Federal Agency: Department of Education
Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants
 to States
State Agency: Department of Elementary and Secondary Education (DESE) -
 Division of Vocational Rehabilitation

Financially ineligible individuals may have been admitted to the program because counselors did not properly verify income.

Recommendation:

The DESE require division personnel obtain proof of reported income and develop guidance requiring division personnel obtain proof of current income to determine eligibility of applicants.

Status of Finding:

We agree with the auditor's finding. MDVR revised the PPM to provide guidance on determining current income verification for clients (e.g. tax records, pay stubs, award letters for comparable services, bank statements, benefit statements, etc.). MDVR developed guidance and implemented training for staff on this topic. Without being able to review the individual examples listed in the report, we are unable to determine if the individuals participated in any costs of services, were classified as dependent or independent on their financial application or had out-of-pocket disability related expenses. These circumstances would be exceptions to our financial need guidelines, as specified in our administrative rules.

Contact Person: C. Jeanne Loyd
Phone number: (573) 751-3251

2004-1E. Vocational Rehabilitation

Federal Agency: Department of Education
Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States
State Agency: Department of Elementary and Secondary Education (DESE) - Division of Vocational Rehabilitation

Comparable services were not considered in all applicable cases. Case managers had not documented comparable services on 17 (65 percent) of the 26 cases requiring consideration of comparable services. The audit also noted that counselors had different explanations when defining comparable services.

Recommendation:

The DESE require division personnel document the consideration of comparable services for all applicable cases and clarify guidance pertaining to supported employment services.

Status of Finding:

We agree with the auditor's finding. MDVR revised the PPM to provide guidance on searching and documenting comparable services for clients, which will be summarized on the client's IPE. MDVR has revised its guidance on comparable services and proper documentation. MDVR would like to note, however, that not all services have available comparable services, e.g. supported employment services, maintenance and transportation. Federal regulations specifically list job-related services, including follow-along (supported employment) services, exempt from obtaining comparable services.

Contact Person: C. Jeanne Loyd
Phone number: (573) 751-3251

2004-1F. Vocational Rehabilitation

Federal Agency: Department of Education
Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States
State Agency: Department of Elementary and Secondary Education (DESE) - Division of Vocational Rehabilitation

Counselor's decisions to authorize services conflicted with division guidance. The audit disclosed 11 of 30 (37 percent) instances where counselors provided services based on decisions that conflicted with division guidance.

Recommendation:

The DESE require division personnel adhere to division guidance when authorizing services and assistance for participants.

Status of Finding:

We partially agree with the auditor's finding. MDVR revised guidance and administrative rules to reflect the RSA Policy Directive which outlines policy on establishing an employment goal. This is applicable to the examples listed in the report, in which a graduate degree was authorized. This RSA Policy Directive clarifies that services will be provided consistent with their strengths, resources, priorities, concerns, abilities and capabilities including informed choice. According to the federal directive, authorization of a graduate degree program may be indicated if the individual had not reached the level of employment that is consistent with their abilities, capabilities, etc., as mentioned above.

The audit infers that the division may in some way be wasteful in its utilization of college training. It should be noted at UMC, the persistence to graduation rate is 57% in six years. At SMSU, the rate is 56% in six years. The division believes its persistence to graduation rate with persons with disabilities is greater than these two examples. The division will work with the Department of Higher Education to determine persistence to graduation rate with VR supported students with disabilities.

Contact Person: C. Jeanne Loyd
Phone number: (573) 751-3251

2004-1G. Vocational Rehabilitation

Federal Agency: Department of Education
Federal Program: 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants
 to States
State Agency: Department of Elementary and Secondary Education (DESE) -
 Division of Vocational Rehabilitation

Quality control deficiencies contributed to problems regarding case management.

Recommendation:

The DESE establish detailed guidance specifying quality control procedures to ensure periodic reviews of counselor cases are documented and are monitored for timely movement, and data on the computer system is accurate.

Status of Finding:

We agree with the auditor's findings. MDVR developed detailed guidance on quality assurance reviews. It is now required that all district supervisors review a percentage of their counselor's files every year. This review is one of the criteria in the district supervisory performance appraisal and monitored by the Regional Managers. In addition, MDVR implemented a quarterly caseload review which addresses timely movement of cases as mentioned in the report. Supplemental reviews are also held in each district office every other year. In a supplemental review, approximately ten (10) files are evaluated for each counselor for compliance to program guidelines. Regarding the issue of data reliability mentioned in the report, a team of individuals has been assigned to work on the computer screen discrepancies.

Contact Person: C. Jeanne Loyd
Phone number: (573) 751-3251

2004-2A. Subrecipient Monitoring – CDC Grant

Federal Agency: Department of Health and Human Services
Federal Program: 93.283 - Centers for Disease Control and Prevention -
 Investigations and Technical Assistance
State Agency: Department of Health and Senior Services (DHSS)

The DHSS tracking system should be improved to ensure all applicable subrecipients obtain and submit A-133 audits to the DHSS.

Recommendation:

The DHSS improve its tracking system to ensure all applicable subrecipients submit an A-133 audit.

Status of Finding:

DHSS has implemented the corrective action plan. The department has developed a uniform reporting form that is used to identify all subrecipients having expenditures in excess of \$500,000 in financial assistance. This data, coupled with reports from the SAM II financial system, enable DHSS to identify subrecipients that are subject to A-133 audit requirements. The information from the subrecipients forms concerning whether they are subject to the A-133 audit requirement as well as other data (receipt date of audit report, findings, correction action plans, actions taken by the department, etc.) is maintained in the database. The database allows staff to readily access subrecipient information and identify those subrecipients that are required to submit an A-133 audit report, status of actions taken by the department to obtain the A-133 audit report, results of reviewing the A-133 audit report, etc.

Contact Person: Rebecca Mankin

Phone number: (573) 526-0722

2004-2B. Subrecipient Monitoring - CDC Grant

Federal Agency: Department of Health and Human Services

Federal Program: 93.283 - Centers for Disease Control and Prevention -
Investigations and Technical Assistance

State Agency: Department of Health and Senior Services (DHSS)

The DHSS did not provide subrecipients, under its Breast and Cervical Cancer Control Program, grant award information, such as Catalog of Federal Domestic Assistance (CFDA) title and number, award name and amount, and the name of the federal agency or applicable compliance requirements.

Recommendation:

The DHSS provide all subrecipients grant award information such as the CFDA title and number, award name and amount, name of federal agency, and applicable compliance requirements.

Status of Finding:

DHSS has implemented the corrective action plan. All new contracts/participation agreements issued by the department contain the award name, CFDA #, the percent of federal assistance, the A-133 audit requirement, as well as applicable compliance requirements.

Contact Person: Rebecca Mankin

Phone number: (573) 526-0722

2004-3A 1. Federal Family Education Loan Program

Federal Agency: Department of Education
Federal Program: 84.032 - Federal Family Education Loans
State Agency: Department of Higher Education (DHE)

The loan servicer had not developed a system to ensure all cash transactions had been posted to the computerized accounting system and reconciled to a cash balance. In addition, DHE had not developed a system to monitor the posting and reporting of all transaction.

Recommendation:

The DHE ensure the loan servicer develops a system to ensure all transactions are posted to the accounting system and reconciled to a cash balance. In addition, DHE should monitor the posting of transactions to ensure un-posted and unidentified transactions are resolved in a timely manner and accounted for fully.

Status of Finding:

In May 2005, the DHE performed an on-site observation of its loan servicer's reconciliation and payment posting process. The DHE noted that the servicer is successfully reconciling payment postings to cash received on a daily basis. However, the DHE noted several remaining areas of weakness and addressed these weaknesses in a report issued on June 30, 2005 and in a letter dated July 11, 2005. As a result, the servicer amended the cash reconciliation process. DHE is continuing to work closely with its servicer to enforce contractual requirements and ensure the procedures are improved as necessary.

The DHE continues to monitor unprocessed and unposted transactions and will continue to require the servicer to make procedural changes until the DHE can satisfactorily demonstrate that all unprocessed and unposted transactions can be validated. In addition, the DHE participates in weekly conference calls with its servicer during which the servicer must provide status reports regarding the unprocessed transactions.

Contact Person: Leanne Cardwell
Phone number: (573)751-2361

2004-3A 2. Federal Family Education Loan Program

Federal Agency: Department of Education
Federal Program: 84.032 - Federal Family Education Loans
State Agency: Department of Higher Education (DHE)

The loan servicer had not developed adequate written policies and procedures for processing cash receipts and issuing refunds.

Recommendation:

The DHE ensure the loan servicer develops adequate policies and procedures for processing cash receipts and issuing refunds.

Status of Finding:

As a result of the DHE's September 2004 on-site review, its loan servicer made significant improvements to its controls over the handling of cash receipts. The DHE observed the improved procedures in May 2005 and requested additional changes to the process. On August 1, 2005, the DHE loan servicer implemented a lockbox process that virtually eliminates cash handling. Through the lockbox process, payments are mailed directly to a bank. The bank then deposits the payments and provides the servicer with the related payment information. The DHE continues to work with the servicer to refine procedures for handling cash receipts falling outside of the lockbox process.

In addition, the DHE loan servicer has developed and implemented procedures for issuing refunds. The DHE continues to monitor the issuance of borrower refunds.

Contact Person: Leanne Cardwell

Phone number: (573)751-2361

2004-3B. Federal Family Education Loan Program

Federal Agency: Department of Education

Federal Program: 84.032 - Federal Family Education Loans

State Agency: Department of Higher Education (DHE)

DHE did not ensure the new loan servicer developed a quality control review process to verify that claims paid (such as for defaults, disability, bankruptcy, and death) were valid and met federal program requirements for reinsurance. In addition, DHE did not randomly test claims paid for validity, other than a limited sample performed during the September 2004 onsite review.

Recommendation:

The DHE ensure the loan servicer develops a quality control review process to verify the validity of claims paid. DHE should also monitor the process to ensure it is operating effectively.

Status of Finding:

The DHE partially disagreed with the Auditor's finding that the DHE did not ensure that the new loan servicer developed a quality control process to verify that claims paid were valid because the loan servicing system automatically performed the following edits on each claim to ensure that claim is valid and payable: 1) the claim was filed timely; 2) the claim was paid timely; 3) the lender exercised appropriate due diligence in servicing the loan; and 4) the claim paid amount equaled the amount requested. The DHE asserted that these system edits constitute a quality control process for claim reviews that is designed to ensure that all claims paid are valid and meet federal program requirements

for reinsurance. This process has been in place since the contract was implemented during April 2004. In addition, on September 1, 2004 the DHE loan servicer added to its claim review quality control process a secondary, independent review of each claim. The servicer began documenting this review on the loan servicing system in February 2005.

The DHE agreed with the recommendation that “DHE should also monitor the [quality control review] process to ensure it is operating effectively.” DHE will continue to monitor this process by testing random samples as part of its annual contract compliance review process. In addition, the DHE is developing procedures to monitor the timeliness and accuracy of claims processing on a routine basis.

Contact Person: Leanne Cardwell
Phone number: (573)751-2361

2004-3C. Federal Family Education Loan Program

Federal Agency: Department of Education
Federal Program: 84.032 - Federal Family Education Loans
State Agency: Department of Higher Education (DHE)

The new loan servicer did not develop written policies and procedures and adequate supporting documentation for the preparation and review of required federal reports (known as Form 2000 reports). Additionally, due to the lack of supporting information, DHE has not yet developed its own written policies and procedures for vouching the reasonableness and accuracy of the federal reports.

Recommendation:

The DHE continue working with the loan servicer to develop written policies and procedures and produce adequate supporting documentation for the preparation and vouching of the federal reports. In addition, DHE should develop written policies and procedures for verifying the reasonableness and accuracy of the federal reports.

Status of Finding:

The DHE loan servicer has developed written procedures for preparation of the Form 2000 and began providing detailed supporting documentation in October 2004. In May 2005, the DHE reported corrections relating to April through November 2004 to the U.S. Department of Education. Based on analysis of supporting data, the DHE requested additional changes in a report issued on June 30, 2005 and in a letter dated July 27, 2005. On September 19, 2005, U.S. Department of Education (USDE) auditors performed an on-site review of the DHE during which they reviewed the correction. The DHE expects to receive USDE's written review report in early 2006.

In addition, the DHE has developed written policies and procedures for verifying the reasonability and accuracy of the federal reports and continues to enforce contractual requirements and identify areas of the federal reporting process that need additional refinement.

Contact Person: Leanne Cardwell
Phone number: (573)751-2361

2004-4. Subrecipient Monitoring - SAPT Block Grant

Federal Agency: Department of Health and Human Services
Federal Program: 93.959 - Block Grants for Prevention and Treatment of Substance Abuse
State Agency: Department of Mental Health (DMH)

The DMH did not provide some subrecipients grant award information, such as the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and amount, and name of the federal agency or applicable compliance requirements.

Recommendation:

The DMH provide all subrecipients grant award information such as the CFDA title and number, award name and amount, name of federal agency, and applicable compliance requirements.

Status of Finding:

Corrective action was taken.

Contact Person: Janet Gordon
Phone number: (573)751-8050

2004-5A. Subrecipient Monitoring - Equipment Support Program

Federal Agency: Department of Homeland Security
Federal Program: 97.004 - State Domestic Preparedness Equipment Support Program
State Agency: Department of Public Safety - State Emergency Management Agency (SEMA)

The SEMA had not established a tracking system to monitor and ensure program subrecipients obtain and submit A-133 audits to the SEMA, when applicable. As a result, the SEMA did not obtain and review A-133 audits from applicable subrecipients.

Recommendation:

The SEMA ensure all subrecipients submit an A-133 audit, when applicable.

Status of Finding:

SEMA is now receiving A-133 audits from subgrantees, additionally staff members are working with other SEMA branches to track A-133 audits to ensure replication of A-133 audits don't occur,

Contact Person: Tom Mohr

Phone number: (573) 526-9245
2004-5B 1. Subrecipient Monitoring - Equipment Support Program

Federal Agency: Department of Homeland Security
Federal Program: 97.004 - State Domestic Preparedness Equipment Support Program
State Agency: Department of Public Safety - State Emergency Management Agency (SEMA)

A lack of clear, written minimum staffing level requirements had resulted in understaffing on some response teams.

Recommendation:

The SEMA establish and enforce clear, written minimum staffing level requirements for the teams. In addition, the SEMA should take the necessary steps to ensure existing teams meet minimum staffing level requirements.

Status of Finding:

Staffing levels of the teams is being reviewed based upon findings for each team in Progress Review (IPR). A committee was formed (one member from each team) to develop a Standard Operation guide for the teams, to include staffing levels.

Contact Person: Tom Mohr
Phone number: (573) 526-9245

2004-5B 2. Subrecipient Monitoring - Equipment Support Program

Federal Agency: Department of Homeland Security
Federal Program: 97.004 - State Domestic Preparedness Equipment Support Program
State Agency: Department of Public Safety - State Emergency Management Agency (SEMA)

SEMA had not established an adequate monitoring system for the State Domestic Preparedness Equipment Support Program. SEMA did not possess complete or accurate information regarding team equipment and personnel resources because some teams had not submitted their statistical information, some teams submitted incomplete reports, and some inaccuracies appeared to exist on other reports.

Recommendation:

The SEMA continue to work on establishing an adequate system to monitor the program, including the development of equipment and personnel resource listings and ensuring compliance with team contract provisions.

Status of Finding:

SEMA contracted Titan Corp. to do an In Progress Review (IPR) of all the teams, this was completed July 31, 2005. The IPR included the monitoring of training, inventory control and evaluation of capability. Additionally the SEMA Electronic Grants

Management System maintains a listing of all equipment purchased with grant funds

Contact Person: Tom Mohr
Phone number: (573) 526-9245

2004-6. Cash Management - Interest Calculation Errors

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 - Temporary Assistance for Needy Families
93.767 - State Children's Insurance Program
93.778 - Medical Assistance Program
State Agency: Department of Social Services (DSS) -
Division of Budget and Finance (DBF)

The DBF had not established adequate procedures to ensure interest earned on federal grants is calculated correctly.

Recommendation:

The DBF implement adequate procedures to ensure interest calculations are accurate. For example, the interest calculation methods should be reasonable and consistent, and the spreadsheets should be reviewed for completeness and accuracy.

Status of Finding:

Adequate internal control procedures as recommended are in place to ensure interest calculations are accurate. We do not agree that any further corrective action beyond that noted is necessary. There is no standard statewide method used to calculate CMIA interest and the Division of Budget and Finance found it necessary to eliminate the previous administratively burdensome methodology.

Contact Person: Roger Backes
Phone number: (573) 751-2170

2004-7. Eligibility for Adoption Assistance Payments

Federal Agency: Department of Health and Human Services
Federal Program: 93.659 - Adoption Assistance
State Agency: Department of Social Services - Children's Division (CD)
Questioned Costs: \$12,112

Subsidy contracts, adoption decrees, and supporting documentation for some payments could not be located and some payments exceeded contract limits. We reviewed eligibility documentation, subsidy contracts, and expenditure documentation for 60 Adoption Assistance recipients. We could not locate adoption decrees for 3 of 60 (5 percent) cases reviewed. In addition, for cases that an adoption decree was available, we could not locate subsidy contracts for 2 of 57 (3 percent) cases reviewed. We could not locate invoices or other supporting documentation for some payments on five of twenty-

eight (18 percent) cases reviewed. We did not question costs for the missing adoption decrees because the case files contained other information supporting the adoptions. The expenditures relating to the remaining errors totaled \$19,856 and we questioned the federal share of \$12,112 (61 percent).

Recommendation:

The CD resolve the questioned costs with the grantor agency. In addition, the CD should ensure subsidy contracts are signed prior to the adoption, all subsidy contracts and adoption decrees are retained, payments do not exceed contract limits, and all payments are supported by adequate documentation. In addition, the CD should pursue reimbursement of the over payment and ensure that duplicate payments do not occur.

Status of Finding:

Corrective action planned is as follows:

Documentation which could not be located during the initial SAO staff work period has been requested from local staff. Payment documentation for four additional cases has been found to date. A third follow-up contact with staff was made for the remaining documentation needed. This additional information has been provided to audit staff.

Status of Questioned Costs:

Some payment documentation could not be found, therefore these questioned costs will be resolved with the grantor agency.

Contact Person: Linda McCutchen
Phone number: (573) 751-8946

2004-8A. Foster Care Compliance

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 - Foster Care - Title IV-E
State Agency: Department of Social Services - Children's Division (CD)
Questioned Costs: \$6,857

Eligibility and payment documentation could not be located for some cases reviewed. We reviewed eligibility documentation and expenditure documentation for 60 Foster Care benefit recipients. In four cases selected, there was no placement of a child outside of the family and, as a result, the family was the benefit recipient. Judicial determinations or voluntary placements agreements were not located for 3 of 56 (5 percent) applicable cases reviewed. Efforts to pursue termination of parental rights or compelling reasons for not pursuing the termination were not documented for 2 of 22 (9 percent) cases reviewed. In addition, we could not locate invoices or other adequate supporting documentation for some payments on 37 of 60 (62 percent) cases reviewed. The expenditures relating to the above mentioned errors totaled \$11,241 and we questioned the federal share of \$6,857 (61 percent).

Recommendation:

The CD resolve the questioned costs with the grantor agency and ensure Foster Care placements are supported by a judicial determination or a voluntary placement agreement, petitions to terminate parental rights are filed for parents whose children are in custody for 15 of the most recent 22 months or compelling reasons for not filing the petition are documented, and all payments are supported by adequate documentation.

Status of Finding:

Corrective action planned is as follows:

Documentation which could not be located during the initial audit staff work period has been requested from local staff. Payment documentation for eleven additional cases has been found to date. A third follow-up contact with staff will be made for the remaining documentation needed. This information has been provided to audit staff.

Status of Questioned Costs:

Some payment documentation could not be located, therefore, these questioned costs will be resolved with the grantor agency.

Contact Person: Linda McCutchen

Phone number: (573) 751-8946

2004-8B. Foster Care Compliance

Federal Agency: Department of Health and Human Services

Federal Program: 93.658 - Foster Care - Title IV-E

State Agency: Department of Social Services - Children's Division (CD)

The CD did not verify residential facility and day care contractors paid more than \$25,000 are not suspended or debarred from participating in federal government programs.

Recommendation:

The CD implement procedures to ensure all Foster Care contractors paid more than \$25,000 are not suspended or debarred from participation in federal government programs.

Status of Finding:

Corrective action planned is as follows:

Debarment language has been added to all CD contracts including those agreements and IV-E contracts with universities for graduate and undergraduate training support. These agreements are being renegotiated at this time, and CD will have the contracted universities sign new agreements with debarment language effective no later than July 1, 2006. This language is also added to contracts/agreements with any governmental entity. The language reads:

The provider certifies, by signing this agreement, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

Contact Person: Linda McCutchen
Phone number: (573) 751-8946

2004-9. Managed Care Program - Complaint and Grievance Reports

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 - State Children's Insurance Program (SCHIP)
 93.778 - Medical Assistance Program
State Agency: Department of Social Services - Division of Medical Services (DMS)

The DMS did not review all quarterly complaint and grievance reports submitted by managed care health plans.

Recommendation:

The DMS review the quarterly complaint and grievance reports of each health plan in accordance with state and federal regulations.

Status of Finding:

This recommendation has been implemented.

Quality Services staff:

- *Input and code the MC+ Managed Care health plan's data;*
- *Perform evaluations of data from individual MC+ Managed Care health plans;*
- *Combine data from individual MC+ Managed Care health plans into regional data and evaluate regional and statewide performance; and*
- *Develop reports reflecting results from evaluation on an individual, regional and statewide basis.*

Contact Person: Judith Muck
Phone number: (573) 526-2886

2004-10A. Managed Care Program

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 - State Children's Insurance Program (SCHIP)
 93.778 - Medical Assistance Program
State Agency: Department of Social Services - Division of Medical Services (DMS)

Officials with the DMS could not measure the utilization of covered services provided to managed care recipients and did not know if the state's total cost truly measured healthcare costs. The audit also disclosed additional concerns with the lack of controls over encounter claims data.

Recommendation:

The Division of Medical Services evaluate and establish "best practice" procedures to improve the quality and reliability of encounter data. Such procedures could include performing annual encounter data validation studies, working with health plans to improve the acceptance rate of submitted claims, and implementing financial penalties for rejected encounter data.

Status of Finding:

We disagree with this finding. DMS measures utilization of services using data sources other than encounter data. DMS uses data from MC+ Managed Care health plans, Department of Health and Senior Services, and Department of Insurance. Use of these types of aggregate data sources to set capitation rates is a widely acceptable method that has been certified by the actuarial firm used by the DSS/DMS and approved by the Centers for Medicare and Medicaid Services (CMS).

DSS/DMS began an encounter data improvement project in July 2003. This project was approved by CMS and was used as a model for other States to follow. This project identified critical fields for rate setting and quality purposes as well as identified necessary system modifications. Health plans began submitting encounter data complying with the new system requirements in October 2004. Encounter acceptance rates as of the end of August 2005 stand at over 97%, an improvement of approximately 27 percent prior to the system changes. Annual encounter validation studies are also being performed through an external quality review.

Contact Person: Judith Muck
Phone number: (573) 526-2886

2004-10B. Managed Care Program

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 - State Children's Insurance Program (SCHIP)
 93.778 - Medical Assistance Program
State Agency: Department of Social Services - Division of Medical Services (DMS)

The DMS did not profile the managed care population to determine if capitation payments were made for potentially ineligible recipients, or if the absence of encounter claim records was an indication of problems with access to medical services.

Recommendation:

The Division of Medical Services work with the Family Support Division to identify managed care recipients with missing or invalid social security numbers in the state's computer systems at least annually so eligibility can be re-determined, since current eligibility re-determination procedures will most likely miss these recipients.

Status of Finding:

Eligibility Specialists were instructed to ensure all youth in the Children's Division custody have Social Security numbers and to apply if a child does not have one. In addition, we continue to work with the Department of Health and Senior Services (DHSS) to interface and provide Social Security numbers to the Department of Social Services.

Contact Person: Patrick Luebbering
Phone number: (573) 751-4206

2004-10C. Managed Care Program

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 - State Children's Insurance Program (SCHIP)
 93.778 - Medical Assistance Program
State Agency: Department of Social Services - Division of Medical Services (DMS)

Fraud detection activities were not performed in the managed care program even though required by federal Medicaid rules.

Recommendation:

The Division of Medical Services develop and implement fraud detection activities in the managed care program, as required by law, and implement procedures to improve evaluations of suspected fraud activity reported by health plans.

Status of Finding:

An MC+ Managed Care Fraud and Abuse Policy Statement was developed and issued to MC+ Managed Care health plans. The Fraud and Abuse detection report, completed by the MC+ Managed Care health plans, assists in obtaining information concerning the effectiveness and impact of their MC+ Managed Care quality assessment and improvement strategy that has been approved by the Centers for Medicare and Medicaid Services (CMS). The fraud and abuse reports provide information that indicates that data is collected, analyzed and reported, and health operations are in compliance with federal and contractual requirements. In addition, changes made as a result of the encounter data improvement project and EQR encounter data validations will assist DMS in monitoring the managed care program for potential fraud and abuse by managed care providers.

Contact Person: Judith Muck
Phone number: (573) 526-2886

2004-11A. Medicaid Eligibility

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 - State Children's Insurance Program (SCHIP)
93.778 - Medical Assistance Program
State Agency: Department of Social Services - Family
Support Division (FSD)
Children's Division (CD)
Division of Medical Services (DMS)

FSD caseworkers were not performing annual eligibility re-determinations as required by federal and state regulations.

Recommendation:

The Department of Social Services ensure case re-determinations are performed in accordance with federal regulation. If staffing limits compliance with these requirements, procedures should be established to ensure cases with the most risk for potential ineligibility are reviewed timely.

Status of Finding:

Governor Blunt has directed the Department of Social Services to make annual Medicaid redeterminations a priority. Additionally, in SB 539, the legislature added this requirement in state statute. Further, the Department of Social Services' SFY 2006 budget calls for the reclassification of 520 Self Sufficiency Case Managers to Income Maintenance Caseworkers, with the intent that additional caseworkers will focus on redeterminations. At this time, work plans are being developed to ensure that all overdue redeterminations are completed by the end of SFY 06. As of December 31, 2005, redetermination currency had increased to 95.1%.

Contact Person: Patrick Luebbering
Phone number: (573) 751-4206

2004-11B. Medicaid Eligibility

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 - State Children's Insurance Program (SCHIP)
93.778 - Medical Assistance Program
State Agency: Department of Social Services - Family
Support Division (FSD)
Children's Division (CD)
Division of Medical Services (DMS)
Questioned Costs: \$11,767

Audit tests on food stamp cases closed during the year ended June 30, 2003, indicated 9 of 35 recipients (26 percent) had active Medicaid cases which should have closed at the time the food stamp cases closed. These recipients received medical care and had claims of approximately \$19,000 after they should have lost their eligibility. We questioned costs of \$11,767 which was the federal share of Medicaid payments.

Recommendation:

The Department of Social Services resolve the questioned costs with the grantor agency. In addition, the DSS should ensure policies established for caseworkers to use relevant information obtained during other assistance eligibility re-determinations to evaluate a recipient's continued Medicaid eligibility are complete. The DSS should establish monitoring procedures to ensure those policies are complied with.

Status of Finding:

SB 539 contains language that annual Medicaid redeterminations may be met by completion of a Food Stamps recertification. The FSD implemented an automated method to update Medicaid eligibility (in Legacy) based on interfacing with the Food Stamps case through FAMIS earlier this year (2005).

Status of Questioned Costs:

Questioned costs have not been resolved with the grantor agency.

Contact Person: Patrick Luebbering
Phone number: (573) 751-4206

2004-11C. Medicaid Eligibility

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 - State Children's Insurance Program (SCHIP)
 93.778 - Medical Assistance Program
State Agency: Department of Social Services - Family
 Support Division (FSD)
 Children's Division (CD)
 Division of Medical Services (DMS)

Caseworkers were not obtaining valid social security numbers on all applicable recipients. In addition, as of June 30, 2003, the FSD's computer system indicated 10,236 recipients' social security numbers were not verified by the Social Security Administration as required by federal regulations.

Recommendation:

The Department of Social Services review the available options to obtain recipient social security numbers from the Social Security Administration. Procedures should be established to obtain social security numbers for all recipients and to submit those social security numbers to the Social Security Administration for verification as federally

required. In addition, the DSS should resume receiving the monthly social security number exception report.

Status of Finding:

As the Family Support Division does redeterminations, Social Security numbers are updated. As of December 31, 2005, the Division is 95.1% current with redeterminations in working toward the goal of 100%. This should go a long way to addressing this issue. In addition, we continue to work with the Department of Health and Senior Services (DHSS) to interface and provide Social Security numbers to the Department of Social Services. We are unable to provide an estimate of a completion date at this time, as this is dependent on the priorities of DHSS. In addition, Eligibility Specialists were instructed to ensure all youth in Family Support Division (FSD) custody have Social Security numbers and to apply if a child does not have one.

Contact Person: Patrick Luebbering
Phone number: (573) 751-4206

2004-11D. Medicaid Eligibility

Federal Agency: Department of Health and Human Services

Federal Program: 93.767 - State Children's Insurance Program (SCHIP)
 93.778 - Medical Assistance Program

State Agency: Department of Social Services - Family
 Support Division (FSD)
 Children's Division (CD)
 Division of Medical Services (DMS)

Questioned Cost: 93.767- \$173,236, 93.778 - \$644,639

Procedures to close cases with age ineligible children were not effective. Audit tests identified that as of July 2003, \$1,040,915 in Medicaid payments and \$237,864 in SCHIP payments were made for 950 recipients and 263 recipients, respectively, age 19 or older after the recipients became ineligible. We questioned costs of \$644,639 and \$173,236, which was the federal share of Medicaid payments and SCHIP payments, respectively.

Recommendation:

The Department of Social Services resolve the questioned costs with the grantor agency. In addition, the DSS should establish procedures to ensure recipients reaching age eligibility limits are reviewed for potential ineligibility and age exception reports are being received by caseworkers in a timely manner.

Status of Finding:

Although we agree with the statement in the finding, we still disagree with the Auditor's analysis of questioned costs. The questioned costs as shown in the Single Audit are for children who have reached the age of 19 but are not removed from Medicaid coverage. Federal rules require the Division to review the eligibility of children at the point at which the child ages out of the MC+ or SCHIP program to see if they are eligible under

any other category. At the point these cases were reviewed by the auditor, they were still categorized as children. However, the Division was still reviewing their eligibility for other categories as required by the federal government. A limited review of recipients with the highest questioned costs in this category showed that they were indeed eligible for Medicaid coverage in another category, yet the audit shows them as ineligible.

Status of Questioned Costs:

Questioned costs have not been resolved with the grantor agency.

Contact Person: Patrick Luebbering
Phone number: (573) 751-4206

2004-11E. Medicaid Eligibility

Federal Agency: Department of Health and Human Services

Federal Program: 93.767 - State Children's Insurance Program (SCHIP)
 93.778 - Medical Assistance Program

State Agency: Department of Social Services - Family
 Support Division (FSD)
 Children's Division (CD)
 Division of Medical Services (DMS)

Questioned Cost: 93.767 - \$1,457, 93.778 - \$87,941

Procedures to identify recipients who have died were not as effective as possible. Medicaid payments totaling at least \$142,000 and SCHIP payments totaling at least \$2,000 were made for 64 recipients and 2 recipients, respectively, after their death. We questioned costs of \$87,941 and \$1,457, which was the federal share of Medicaid payments and SCHIP payments, respectively.

Recommendation:

The Department of Social Services resolve the questioned costs with the grantor agency. In addition, the DSS should revise procedures used to match Medicaid recipients to DHSS records to include a history of prior and current month death records and allow the match criteria to be more flexible to identify more possible matches of deceased recipients. Also, the DSS should ensure caseworkers are aware of and use all available inquiries which provide death information to assist in determining an applicant's initial and continued eligibility.

Status of Finding:

The FSD currently matches DHSS records and other pertinent information, such as county records, obituaries, etc. We continue to explore various options to improve the matching of Medicaid recipients to DHSS records. The Children's Division, in conjunction with the Division of Medical Services, has in place a monthly review to recover costs on applicable cases.

Status of Questioned Costs:

Questioned costs have not been resolved with the grantor agency.

Contact Person: Patrick Luebbering

Phone number: (573) 751-4206

2004-11F. Medicaid Eligibility

Federal Agency: Department of Health and Human Services

Federal Program: 93.767 - State Children's Insurance Program (SCHIP)

93.778 - Medical Assistance Program

State Agency: Department of Social Services - Family

Support Division (FSD)

Children's Division (CD)

Division of Medical Services (DMS)

Questioned Cost: \$1,247

Cases where children were active on Medicaid simultaneously in the FSD and the CD were not being appropriately monitored. The CD removed children from a home and the only adult on the case was kept active on Medicaid. The adult on this case should have lost her Medicaid eligibility but did not. The state paid \$2,014 in claims during the time the adult was ineligible. We questioned costs of \$1,247, which was the federal share of Medicaid payments.

Recommendation:

The Department of Social Services resolve the questioned costs with the grantor agency. In addition, the DSS should establish procedures to ensure recipients who are dually eligible under a separate CD case are reviewed for potential ineligibility. The children taken from the home report should be adjusted so the output is cumulative with cases from previous periods continuing to be reported until closed or resolved. Also, the DSS should establish policies to ensure costs are recovered on applicable cases when a CD recipient is determined to be ineligible.

Status of Finding:

A report is generated monthly, with a cumulative output, to the FSD/Income Maintenance caseworker alerting of a child opened in Alternative Care or Division of Youth Services and also open in the IM Medicaid system - this is triggered by an in-common identifier cross (Departmental Client Number or "DCN") match. In addition, the worker gets a daily alert when the child is opened in the Children's Division (Alternative Care) or the Division of Youth Services.

Status of Questioned Costs:

Questioned costs have not been resolved with the grantor agency.

Contact Person: Patrick Luebbering

Phone number: (573) 751-4206

2004-11G. Medicaid Eligibility

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 - State Children's Insurance Program (SCHIP)
93.778 - Medical Assistance Program
State Agency: Department of Social Services - Family
Support Division (FSD)
Children's Division (CD)
Division of Medical Services (DMS)

Matches with the Department of Labor and Industrial Relations - Division of Employment Security to verify wages and unemployment compensation on active Medicaid recipients were stopped in July 2000.

Recommendation:

The Department of Social Services resume receiving the wage and unemployment matches with the Division of Employment Security and establish procedures to ensure interagency matches are functioning as intended.

Status of Finding:

All actions have been completed.

Contact Person: Patrick Luebbering
Phone number: (573) 751-4206

2004-11H. Medicaid Eligibility

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 - State Children's Insurance Program (SCHIP)
93.778 - Medical Assistance Program
State Agency: Department of Social Services - Family
Support Division (FSD)
Children's Division (CD)
Division of Medical Services (DMS)
Questioned Cost: \$21,676

Audit tests identified 111 recipients who were active on Medicaid as of June 30, 2003, whose Medicaid eligibility start date preceded their birth date. Of these 111 recipients, unnecessary costs totaling at least \$35,000 were noted for seven of these recipients. We questioned costs of \$21,676, which was the federal share of Medicaid payments.

Recommendation:

The Department of Social Services resolve the questioned costs with the grantor agency.

In addition, the DSS should correct the edit which ensures a Medicaid recipient's eligibility cannot precede his or her birth date.

Status of Finding:

An edit was put in 1/26/2004 to keep caseworkers from entering a Title XIX Medicaid date prior to the date of birth.

Status of Questioned Costs:

Questioned costs have not been resolved with the grantor agency.

Contact Person: Patrick Luebbering

Phone number: (573) 751-4206



Claire McCaskill
Missouri State Auditor

March 2006

Sixteenth Judicial Circuit
City of Kansas City,
Missouri

Municipal Division



Office Of
Missouri State Auditor
Claire McCaskill

March 2006

During our audit of the Sixteenth Judicial Circuit, city of Kansas City, Missouri, Municipal Division, we identified the following problems.

During our audit of the Sixteenth Judicial Circuit, city of Kansas City, Missouri, Municipal Division we found some offenders are released from probation without paying restitution. Auditors reviewed 25 restitution cases and noted 11 offenders whose probation expired without full restitution being made on their cases. The unpaid restitution for just these 11 cases totaled approximately \$13,800.

The division's restitution receivable balance at July 5, 2005, was \$1,590,685, but it appears this total is not accurate. During our audit, we identified cases where the amount paid exceeded the amount due, but because of a computer formula error, the cases still show a balance due. These errors could have been detected if the division reconciled the ending restitution receivable balance to the beginning balance, plus new judgments, minus restitution paid.

The restitution report for July 5, 2005, included 9,393 cases, and totaled approximately \$189,000. The city's restitution account balance at this same date was approximately \$38,450, indicating a potential shortage of approximately \$150,550. The difference between the monthly restitution reports and the cash balance has significantly increased since our prior audit. Our audit tests noted significant inaccuracies in the open items balance, indicating the restitution report cannot be relied upon. Additionally, the restitution report includes cases dating back to 1989 that have amounts still due. While this same condition was noted in our prior audit report, the municipal division took no action to resolve this problem.

The court administrator does not prepare a monthly listing of open items (liabilities) for the bond account. At April 30, 2005, the city held bonds totaling \$790,842. This recommendation was made to the court during our last two audits and the municipal division indicated an open items listing would be prepared and reconciled quarterly, but no action has been taken to implement this recommendation.

Court costs were waived on 9 of 110 cases reviewed, although the charges were not dismissed by the court, which violates state law. For several of these nine cases, we noted restitution or fines being assessed and for at least two cases where costs were waived, but fines were still collected by the court.

The audit also includes recommendations related to accounting controls, traffic tickets and summonses, and non-monetary transactions.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge
Sixteenth Judicial Circuit
and
Municipal Judges
Kansas City, Missouri

We have audited certain operations of the city of Kansas City Municipal Division of the Sixteenth Judicial Circuit. The scope of this audit included, but was not necessarily limited to, the two years ended April 30, 2005. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the municipal division's management and was not subjected to the procedures applied in the audit of the division.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Kansas City Municipal Division of the Sixteenth Judicial Circuit.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

September 2, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Tania Williams
Audit Staff:	Chris Holder
	Alvin Cochren
	Eric Lopata

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

SIXTEENTH JUDICIAL CIRCUIT
CITY OF KANSAS CITY, MISSOURI
MUNICIPAL DIVISION
MANAGEMENT ADVISORY REPORT –
STATE AUDITOR'S FINDINGS

1.	Restitution
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The municipal division does not enforce payment of restitution before releasing an offender from probation, does not reconcile the ending restitution receivable balance to the beginning balance, plus new judgments, minus the amounts paid, and does not reconcile the open items listings to the cash balance of the restitution account. In addition, monies are being held for victims the court cannot locate and monies are due from cases dating back to 1989.

- A. Some offenders are released from probation without paying restitution. We reviewed 25 restitution cases and noted 11 offenders whose probation expired without full restitution being made on their cases. The unpaid restitution for these 11 cases totaled approximately \$13,800. The municipal division does not revoke or extend an offender's probation for failure to pay all restitution owed, even though payment of restitution is a condition of the probation.

Section 559.021, RSMo states restitution to the victim may be included as a condition of an offender's probation. Section 559.036 (3), RSMo states probation may be extended or revoked if the offender violates a condition of probation.

- B. The municipal division does not reconcile the ending restitution receivable balance to the beginning balance, plus new judgments, minus restitution paid. The division's restitution receivable balance at July 5, 2005, was \$1,590,685, but it appears this total is not accurate. During our audit, we identified cases where the amount paid exceeded the amount due, but because of a computer formula error, the cases still indicated a balance due. For example, one defendant owed restitution to two people, \$800 on the first case and \$1,300 on the second case. The defendant paid \$2,100 for both cases; however, the full amount was applied to one case. The system still shows this offender with a balance due of \$1,300, which is overstated. For the cases we tested, the balance due was overstated by approximately \$12,600. Had the reconciliation described above been done, it is likely these types of errors would have been detected.

Monthly reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. Complete documentation of the reconciliation should be retained to support conclusions and any corrections made and to facilitate independent reviews.

- C. Monthly listings of open items are prepared for the restitution account; however, the listings are not reconciled with the cash balance and are discarded when the next month's report is generated. In addition, the open items listings contain cases where the amount due cannot be distributed because the victims cannot be located. The restitution report for July 5, 2005, included 9,393 cases and totaled approximately \$189,000. The city's restitution account balance at this same date was approximately \$38,450, indicating a potential shortage of approximately \$150,550. The amount of difference between the monthly restitution reports and the cash balance has significantly increased since 2000. Our test work identified inaccuracies in the open items balance for two cases totaling \$12,300, caused by input or computer formula errors. These errors accounted for at least a portion of the apparent shortage noted above. In addition, we noted approximately \$3,900 being held for 11 cases that cannot be distributed because the court cannot locate the victim. These monies should be distributed in accordance with state law.

To ensure that receipts and disbursements are properly handled and accurately posted to the case files, and that there is sufficient cash to cover all liabilities for open cases, a complete and accurate open-items listing should be prepared monthly and reconciled to the cash balance. Such reconciliations would allow for prompt detection of errors and allow the Court Administrator to determine disposition of any unidentified monies remaining over a period of time. Any amounts remaining that cannot be distributed should be turned over to the state's Unclaimed Property Section in accordance with state law.

- D. The restitution report includes cases dating back to 1989 that have amounts still due. While this same condition was noted in our prior audit report, the municipal division took no action to resolve this problem. Proper follow-up action could include writing off those accounts which are deemed to be uncollectible, after review and approval by the Municipal Judge.

Conditions similar to parts C and D were also noted in our prior report.

WE RECOMMEND the city of Kansas City Municipal Division:

- A. Establish enforcement measures to ensure restitution is fully collected to allow victims to be compensated as order by the court.
- B. Review each case on the restitution report to ensure the information is accurate and reconcile monthly the ending accounts receivable balance to the beginning balance plus new judgments, minus amounts paid.
- C. Reconcile monthly listings of open items to the cash balance, ensure proper follow-up action is taken to disburse monies to the appropriate party, and determine the cause of the potential shortage in this account. If the victims cannot be located, these amounts should be disposed of in accordance with state law.

- D. Review any available collection options remaining for these past due accounts, and, if determined uncollectible, consider writing off those accounts.

AUDITEE'S RESPONSE

The Court Administrator provided the following response:

We concur with the recommendations. We will investigate collection efforts other than the ones we currently employ and document the efforts made to contact persons who are owed restitution. We will investigate redevelopment of our restitution programs to include accounting processes not currently in the program. We will create manual processes to balance receipts and disbursements on a monthly basis. We will begin to document the undeliverable restitution payments and process them according to state law. We have begun discussion with municipal judges to resolve old accounts that are currently in warrant status.

2. Accounting Controls and Procedures

Cash drawer overages and shortages are not investigated and/or documented by the head cashier's office, and monthly account reconciliations are not performed by the court to ensure the receipts, disbursements, and cash balances for the court accounts held by the city are accurate.

- A. While a daily reconciliation of the composition of receipt slips to amounts transmitted to the head cashier's office is performed for each cashier, overages and shortages are not always investigated and/or documented.

To ensure all receipts are properly accounted for, differences between the amount transmitted to the head cashier and itemized receipt slips issued should be investigated and the resolution should be documented.

- B. Monthly reconciliations of the activity for the circuit court cost, bond, and restitution accounts have not been performed since April 2004. All municipal court receipts are deposited into a city bank account and posted to one of these three accounts. To ensure the amounts received are posted to the proper city account, a monthly reconciliation of the receipts, disbursements, and cash balances for each account is to be performed by the court's internal audit section. These reconciliations were performed until April 2004, when the city changed computer systems, at which time the internal audit section indicated they lacked the passwords to access the data to perform the reconciliations.

Complete and accurate account reconciliations are necessary to ensure accounting records are in agreement with the city, and errors or discrepancies are detected and corrected timely.

WE RECOMMEND the city of Kansas City Municipal Division:

- A. Investigate and resolve overages and shortages and document the reason for these discrepancies in the cashier's daily reports.
- B. Prepare monthly account reconciliations for the municipal division's accounts held by the city.

AUDITEE'S RESPONSE

The Court Administrator provided the following response:

We concur with these recommendations and will begin documenting the overages and shortages more completely than we do at present. We are now performing the monthly reconciliations to the municipal division accounts held by the city.

3. Bond Account Open Items

The court administrator does not prepare a monthly listing of open items (liabilities) for the bond account. At April 30, 2005, the city held bonds totaling \$790,842. Monthly listings of open items are necessary to ensure proper accountability over open cases and to ensure monies held in trust by the city are sufficient to meet liabilities. While this recommendation was made to the court during our last two audits and the municipal division indicated a open items listings would be prepared and reconciled quarterly with the cash balance held by the city, no action has been taken to implement this recommendation.

WE AGAIN RECOMMEND the city of Kansas City Municipal Division prepare monthly listings of open items for the bond account and reconcile these listings to the cash balance.

AUDITEE'S RESPONSE

The Court Administrator provided the following response:

We concur with the recommendation and will prepare the recommended reports.

4. Traffic Tickets and General Ordinance Summonses

Court costs were waived on some cases in violation of state law, traffic tickets and summonses are not always signed by the Prosecuting Attorney, and approval for amended or nolle pros tickets was not always documented. In addition, neither the police department nor the court accounts for the numerical sequence and ultimate disposition of

all traffic tickets and summonses issued, and some court records, including tickets selected for testing, could not be located by court personnel.

- A. Court costs, such as Crime Victim's Compensation (CVC), Law Enforcement Training (LET), and Peace Officer Standards and Training Commission (POSTC) were waived on some cases where the charges were not dismissed by the court, which violates state law. Costs were waived by the judge on nine of 110 cases reviewed, although the charges were not dismissed as required by state law. The Presiding Municipal Judge stated that if the court is convinced that a person cannot pay a fine or court costs, the imposition of such fine or court costs followed by a work-off confinement to enforce the order is unconstitutional. We saw no documentation for these nine cases where a means test was performed to determine a defendants' ability to pay, and nothing was documented to indicate the judge hearing these cases determined the defendant was indigent. In fact, on one case, the costs were waived but restitution was ordered, and for another, costs were waived, but a fine of \$150 was assessed and later a \$30 collection fee was added. For two other cases, costs were waived, but fines totaling \$350 were assessed and collected.

Section 595.045 and 590.140, RSMo, requires these fees be charged on all court cases for violations of municipal ordinances, except for cases dismissed by the court.

- B. Traffic tickets and summonses paid at the violation bureau (VB) are not signed by the Prosecuting Attorney and several tickets we tested which were heard in court were also not signed. In addition, the Prosecuting Attorney did not initial or sign several tickets which were amended or were nolle pros (not prosecuted).

Rule 23.01 (a) of the Missouri Rules of Criminal Procedure states the indictment or information for misdemeanors or felonies shall be in writing, signed by the prosecuting attorney, and filed in the court having jurisdiction of the offense. Rule 19.08 of these same rules requires infractions to be subject to the same procedures as the prosecution of misdemeanors. To ensure the proper disposition of all cases has been entered in the court records, the Prosecuting Attorney should sign or initial all tickets and summonses paid at the VB or heard in court and all amended or nolle pros tickets, indicating his approval.

- C. Neither the police department nor the municipal division has adequate procedures to account for traffic tickets or summonses issued and their ultimate disposition. Approximately 341,000 and 343,000 tickets (traffic and summonses) were issued and processed by the court during the fiscal years ended April 30, 2005 and 2004, respectively. Both the municipal division and the police department had a system to maintain a numerical record and final disposition of tickets and summonses assigned to the police department and other city departments until March 2004. Apparently, due to errors and the wrong sequence of tickets being entered into the system when tickets were ordered, the reports now generated are not accurate.

Prior to March 2004, although a system was in place to track the numerical sequence of tickets and summonses, no one adequately accounted for the numerical sequence of traffic tickets and summonses issued.

Without a proper accounting for the numerical sequence and ultimate disposition of all traffic tickets and summonses, the police department, other city departments, and the court cannot be assured all traffic tickets and summonses issued are properly submitted to the court for processing, properly voided, or nolle pros.

- D. Procedures for maintaining municipal division records need improvement. Municipal division personnel had difficulty locating some records and never did locate some ticket copies, ticket assignment records, and receipt slips. The records were stored in multiple locations, and often lengthy searches were required to locate the information needed. During the audit, 7 tickets selected for review could not be located. Since the tickets and supporting documentation could not be reviewed, we could not determine if the disposition of these tickets was properly reflected in the court's records.

Supreme Court Rule No. 8 requires that all financial records be maintained for five years or upon completion of an audit. Retention of applicable records are necessary to properly account for the municipal division's financial activity.

A condition similar to part B was also noted in our prior report.

WE RECOMMEND the city of Kansas City Municipal Division:

- A. Assess court costs in accordance with state law.
- B. Require the Prosecuting Attorney to sign all applicable tickets and summonses, including tickets which have been amended or nolle pros.
- C. Work with the police department and other city departments to ensure records are maintained to account for the numerical sequence and ultimate disposition of all traffic tickets and summonses issued.
- D. Ensure that division records are organized more efficiently and appropriately retained as required by court rules.

AUDITEE'S RESPONSE

The Court Administrator provided the following response:

- A. *The judge who waived costs on cases where he had levied a fine has retired. This is not a regular practice of the current judges of the Municipal Division.*

B. *The City Prosecutor does not agree with this recommendation and will prepare a response that will be forwarded to your office.*

C&D. *We agree with these recommendations and will work on solutions that will improve our compliance with same.*

AUDITOR'S COMMENT

B. The City Prosecutor did not provide a response to our office related to this recommendation.

5. Non-Monetary Transactions

Duties related to non-monetary transactions are not segregated, some non-monetary transactions were not approved by the judge, and some transactions posted to the system lacked supporting documentation.

A. Duties related to non-monetary transactions are not segregated. The court cashiers are authorized to post non-monetary transactions as well as receive payments. In addition, audit department personnel receive and post mail-in payments and are authorized to post non-monetary transactions. Non-monetary transactions are basically any transaction where money is not received but credit for payment is given, such as community service, time served in jail, or a waiver of fines and/or costs by the judge. There is no oversight of these non-monetary transactions to ensure these transactions are properly authorized. Controls over these type transactions would be improved if someone independent of receiving and posting monetary transactions would post non-monetary transactions approved by the judge.

Internal controls should provide a reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of posting non-monetary transactions from receipting and recording monetary transactions. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented supervisory review of non-monetary transactions.

B. Non-monetary transactions were not always authorized by a judge and supporting documentation for some non-monetary transactions was not available. We tested 25 non-monetary transactions and found three instances where non-monetary transactions were entered into the system without documented authorization from the judge, and five instances where supporting documentation for the non-monetary transaction was not attached to the ticket and could not be located by the court.

Due to the risk of fraud associated with non-monetary transactions and the lack of segregation of duties noted in part A above, documented approval by the judge hearing the case should be obtained before any non-monetary transactions are posted to the system. In addition, all non-monetary transactions posted to the system should be supported by adequate documentation to ensure the transaction occurred and is properly reflected in the case files.

WE RECOMMEND the city of Kansas City Municipal Division:

- A. Adequately segregate the duties of posting non-monetary transactions and receiving and posting monetary payments to the court. If segregating duties is not possible, at a minimum, there should be a documented supervisory review of all non-monetary transactions posted.
- B. Ensure the Municipal Judge documents his approval for non-monetary transactions and require that adequate supporting documentation be provided before the transaction is applied.

AUDITEE'S RESPONSE

The Court Administrator provided the following response:

A&B. We concur with the recommendations. These will be accomplished through the implementation of the new Case Management System.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

SIXTEENTH JUDICIAL CIRCUIT
CITY OF KANSAS CITY, MISSOURI
MUNICIPAL DIVISION
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the city of Kansas City Municipal Division on the applicable findings in the Management Advisory Report (MAR) of our prior audit report issued for the three fiscal years ended April 30, 2000. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the municipal division should consider implementing those recommendations.

1. Restitution

- A. A monthly listing of open items (liabilities) was not reconciled to the cash balance in the city's restitution account. The city's restitution account balance at October 31, 2000, was approximately \$34,650, indicating a shortage of approximately \$58,350. Nine cases totaling \$4,619 out of the 25 cases reviewed had not been disbursed according to the restitution report, with some amounts held as long as nine years. The municipal division had taken no follow up action to determine which cases were affected or to make the necessary corrections.
- B. The restitution report included cases dating back to 1989 that had amounts still due.
- C. Four cases on the restitution report showed the amount received was more than the amount ordered to be paid and there was still an amount due. As a result, the balance due on the restitution report was overstated.

Recommendation:

The city of Kansas City Municipal Division:

- A. Reconcile monthly listings of open items to the cash balance and ensure proper follow-up action is taken to disburse monies to the appropriate party.
- B. Consider writing off those accounts which are deemed to be uncollectible.
- C. Ensure the restitution report listing is accurate.

Status:

Not implemented. See MAR finding number 1.

2. Bond Account Open Items

The court administrator did not prepare a monthly listing of open items (liabilities) for the bond account.

Recommendation:

The city of Kansas City Municipal Division prepare monthly listings of open items for the bond account and reconcile it to the cash balance.

Status:

Not implemented. See MAR finding number 2.

3. Warrants

The court issued bench warrants to defendants who missed their first court appearance or did not pay their fine. The municipal division did not provide documentation that these warrants were specifically authorized by a municipal judge as required.

Recommendation:

The city of Kansas City Municipal Division ensure warrants are signed by the judge or by the court administrator, only when directed by the judge for a specific warrant.

Status:

Implemented.

4. General Ordinance Summonses

Both the municipal division and police department maintained a numerical record of summonses assigned to the police department and other departments; however, no record was kept to account for the numerical sequence of summonses issued and their ultimate disposition.

Recommendation:

The city of Kansas City Municipal Division work with the police department and other city departments to ensure records are maintained to account for the numerical sequence and ultimate disposition of all summonses.

Status:

Not implemented. See MAR finding number 4.

5. Accounting Controls

The court collected fines and court costs through the violation bureau (VB), during court, and through the mail and lockboxes. The method of payment was not consistently noted on the receipt slips. In addition, there was no independent comparison of the composition of receipt slips issued to the composition of bank deposits.

Recommendation:

The city of Kansas City Municipal Division properly indicate the method of payment on the receipt slips, and reconcile total cash, checks, and money orders received to bank deposits.

Status:

Implemented.

6. Traffic Tickets

Traffic tickets and summonses paid at the VB were not signed by the Prosecuting Attorney.

Recommendation:

The city of Kansas City Municipal Division require the Prosecuting Attorney to sign all applicable tickets and summonses.

Status:

Not implemented. See MAR finding number 4.

7. Monthly Reports

The municipal division did not file a monthly report of all cases heard in court with the city.

Recommendation:

The city of Kansas City Municipal Division prepare monthly reports of court actions and file these reports with the city in accordance with state law.

Status:

Partially implemented. The court submits a monthly report to the City Clerk's office that indicates how many total tickets were issued, how many tickets were paid at the VB, how many tickets were docketed, how many tickets had dispositions, how many were dismissed, and how many warrants were issued. Section 479.080.3, RSMo, states that

the report should include defendant's names, fine imposed, and the amount of court costs. Although not repeated in the current MAR, our recommendation remains as stated above.

8. Computer Controls

- A. Employees were given passwords to allow them to access the municipal division's computer system. We noted the municipal division did not periodically review employee access to computerized data and computer programs.
- B. On-line changes, such as changes to traffic ticket information and payment histories, can be made to the case records on the computer system. A report was generated showing changes made by only one of the programs used to change case records. A report showing all changes to case records was not prepared.

Recommendation:

The city of Kansas City Municipal Division:

- A. Periodically review employee access to computer systems.
- B. Generate reports of all on-line changes to case records. These changes should be reviewed for propriety by supervisory personnel and the review should be adequately documented.

Status:

- A. Implemented.
- B. Partially implemented. While a report of all on-line changes is still not generated, the court has improved internal controls over payment changes that can be made to the system. Currently, only supervisors have password access to make payment changes to the system. Although not repeated, we recommend the court continue to limit access to case payment histories to those who have access to cash.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

SIXTEENTH JUDICIAL CIRCUIT
CITY OF KANSAS CITY, MISSOURI
MUNICIPAL DIVISION
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Kansas City Municipal Division is one of the sixteen municipal divisions within the Sixteenth Judicial Circuit, which consists of Jackson County. The Honorable Joseph H. Locascio serves as Presiding Judge.

The municipal division is governed by Chapter 479, RSMo and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau (VB) in which fines and costs are collected at times other than during court and transmitted to the city treasury.

Operating Costs

The operating costs and court salaries of the municipal division are paid by the municipality.

Organization

The city of Kansas City Municipal Division includes eight municipal judges. Seven of the judges hear cases on a full-time basis which include traffic violations and general ordinance violations. One judge is assigned to the Housing Court and hears cases on a part-time basis which arise under ordinances concerning residential and nonresidential property.

The municipal judges are appointed by the City Council from candidates selected by a bi-partisan judicial commission. Each judge is initially appointed to a four-year term and is retained in office every four years on a "yes" or "no" public vote by the registered voters of the city. Each year the judges "En Banc" select one of their members to serve as presiding judge.

The Court Administrator is responsible for the general record-keeping and accounting functions of the municipal division. Fines, court costs, bonds and restitution are deposited directly to the city treasury daily. Court is held Monday through Thursday and on Friday mornings, except for the Housing Court which is held each Thursday and Friday. In addition, judges can schedule special sessions on Friday afternoons. A VB has been established to receive payment of fines and court costs at times other than during court.

Personnel

Municipal Judge, Division 201	Michael R. McAdam
Municipal Judge, Division 202	Joseph H. Locasio
Municipal Judge, Division 203	Leonard S. Hughes III
Municipal Judge, Division 204	John B. Williams
Municipal Judge, Division 205	Marcia K. Walsh
Municipal Judge, Division 206	James M. Reed

Municipal Judge, Division 208
Municipal Judge, Division 209
Court Administrator

Elena M. Franco
A. Wayne Cagle, Jr.
Bernard E. Schneider

As of April 30, 2005, the division employed approximately 78 individuals.

Financial and Caseload Information

	Year Ended April 30,	
	2004	2005
Receipts	\$ 20,239,448	17,883,097
Number of Tickets		
Traffic	314,873	313,093
General	28,816	27,912
Total	343,689	341,005



Claire McCaskill

Missouri State Auditor

March 2006

Tobacco Settlement Funds



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2006

The following findings were included in our audit report on the Tobacco Settlement Funds.

The state has not adequately accounted for the use of tobacco settlement funds. Through June 30, 2005, the state received tobacco settlement payments totaling over \$965 million. These tobacco payments represent discrete funding streams which will continue in perpetuity. For the first 25 years, Missouri's share of base payments (prior to adjustments, most reductions, or offsets) is almost \$4.6 billion.

Instead of funding a comprehensive tobacco prevention program, approximately 69 percent of Missouri's tobacco payments received were transferred to the state's General Fund and used to cover state budget shortfalls. The remaining funds were spent on various state programs, with a majority of these monies used to replace funds cut from the state's Medicaid Program. Only a small portion of Missouri's tobacco payments were used to enhance other state programs, and most of these programs were later discontinued due to budget constraints. During the five years ended June 30, 2005, only about \$1.8 million of the tobacco payments were spent on tobacco-related programs.

All tobacco funds transferred to the state's General Fund were ultimately spent without being designated for a specific purpose or without any other method of tracking how the funds were spent. In addition, a formal report regarding the use of tobacco monies is not prepared for public review.

During the five years ended June 30, 2005, tobacco payments were distributed to nine different funds and often redistributed again, with some monies held in three different funds before ultimately being spent. This practice of making numerous transfers of the tobacco monies to various funds has made it difficult to determine the ultimate disposition of the funds and has resulted in multiple, and some excessive, cost allocation charges totaling over \$13 million.

Furthermore, the state has not passed additional legislation that would amend the model statute as recommended by the National Association of Attorneys General and pursued by the Missouri Attorney General. This legislation is needed to make state enforcement of the model statute more effective and to safeguard the current annual tobacco payments to the state.

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YELLOW SHEET

TOBACCO SETTLEMENT FUNDS

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the General Assembly
and
Honorable Jeremiah W. (Jay) Nixon, Attorney General
and
Michael Keathley, Commissioner
Office of Administration
Jefferson City, MO 65102

We have audited the Tobacco Settlement Funds received by the state of Missouri. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2005, 2004, 2003, 2002, and 2001. The objectives of this audit were to:

1. Determine if the state is receiving all applicable tobacco settlement funds in accordance with the provisions of the Master Settlement Agreement.
2. Determine how the tobacco settlement funds have been spent and the nature of those expenditures, and if the state has a reasonable plan for spending the tobacco settlement funds.
3. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing the tobacco settlement agreements and amendments, financial records, and other pertinent documents; interviewing various personnel of state agencies, as well as certain external parties; analyzing comparative data obtained from internal and external sources; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, or other legal provisions could occur. Based on that risk assessment, we designed and performed

procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying Statistical Information is presented for informational purposes. This information was obtained from the Statewide Advantage for Missouri (SAM II) System and from discussions with various state agency officials and was not subjected to the procedures applied in the audit of the Tobacco Settlement Funds.

The accompanying Management Advisory Report presents our finding arising from our audit of the Tobacco Settlement Funds.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 2, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Kim Spraggs, CPA
Audit Staff:	Mark Golden
	Amber Dolan

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDING

TOBACCO SETTLEMENT FUNDS
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDING

Tobacco Settlement Funds

Through June 30, 2005, the state received tobacco settlement payments totaling over \$965 million. These tobacco payments represent discrete funding streams which will continue in perpetuity. However, the state has not adequately accounted for the use of these funds. A significant portion of the tobacco payments has been used to cover state budget shortfalls.

Background Information

The Master Settlement Agreement (MSA) was entered into in November 1998, by the attorneys general of 46 states (including Missouri)¹, the District of Columbia, and five U.S. territories (collectively the Settling States) and the four largest U.S. tobacco manufacturers: Philip Morris, USA;² R.J. Reynolds Tobacco Company; Brown & Williamson Tobacco Corporation; and Lorillard Tobacco Company (collectively the Original Participating Manufacturers or OPMs). The MSA resolved cigarette smoking-related litigation among the Settling States and the OPMs, released the OPMs from past and present smoking-related claims by the Settling States, and provided for a continuing release of future smoking-related claims in exchange for certain payments to be made to the Settling States.

The MSA commits the tobacco companies to make annual payments to the Settling States in perpetuity as reimbursement for healthcare costs. The tobacco payments to the Settling States are based upon national cigarette consumption, and the payments are allocated to the states using a fixed percentage (allocation percentage) identified in the MSA. The allocation percentages were based on smoking-related Medicaid and smoking-related non-Medicaid health care costs of each state. The smoking-related costs considered each state's population and smoking prevalence. In addition, these percentages were adjusted due to negotiations between the states. Pursuant to the MSA, Missouri receives approximately 2.3 percent of the total national payments.

For the first 25 years, base payments due to the Settling States (prior to any adjustments, reductions, or offsets, except the previously settled states reduction) total more than \$200 billion. Missouri's share of these base payments is almost \$4.6 billion. However, Missouri's actual tobacco payments may be more or less than this amount because, as discussed below, the amount of future tobacco payments is uncertain.

¹ Four states — Florida, Minnesota, Texas and Mississippi settled their lawsuits with the tobacco industry by negotiating independent agreements.

² This company was previously known as Philip Morris Incorporated.

The MSA also provides for the imposition of certain tobacco advertising, marketing, and lobbying restrictions; and for payments to other entities, including a National Foundation and National Public Education Fund for educational programs, and the States Antitrust/Consumer Protection Tobacco Enforcement Fund and the National Association of Attorneys General (NAAG) for administration and enforcement activities. Although the MSA imposed no requirements on how the Settling States can spend their payments, the MSA expressly states that both the Settling States and tobacco manufacturers are "committed to reducing underage tobacco use by discouraging such use and by preventing Youth access to Tobacco Products."

A number of additional tobacco manufacturers (collectively the Subsequent Participating Manufacturers or SPMs) have joined the MSA since the original agreement was signed. The 4 OPMs together with approximately 40 SPMs are referred to as the Participating Manufacturers (PMs). The Missouri Office of Attorney General (AG), with the assistance of the NAAG, is responsible for the implementation and enforcement of the MSA for the state of Missouri.

After the MSA was signed and to receive payments under the MSA, each state had to receive formal approval of both the MSA and a consent decree from the relevant state court, called state-specific finality. Missouri received state-specific finality in April 2001.

Pursuant to the Governor's Executive Order 01-05, issued in February 2001, the following funds (collectively referred to as the Healthy Families Trust Funds) were created to account for the tobacco settlement funds received by the state of Missouri:

- Healthy Families Trust Fund (HFTF) (Fund 625)
- HFTF - Health Care Treatment and Access Account (Fund 640)
- HFTF - Early Childhood Care and Education Account (Fund 641)
- HFTF - Life Sciences Research Account (Fund 642)
- HFTF - Tobacco Prevention, Education and Cessation Account (Fund 643)
- HFTF - Seniors Catastrophic Prescription Drug Account (Fund 665)

Revenues

Future actual payments from the PMs are not known or easy to estimate because the payments are dependant on a number of factors which are difficult to predict, one being nationwide cigarette sales. However, the state has a reasonable level of assurance that the tobacco payments received to-date are appropriate and correct.

The state of Missouri received the following tobacco payments for fiscal year 2001 through fiscal year 2005:

Tobacco Payments to Missouri	
Year Ended June 30,	Amount
2001 (1)	\$ 338,230,653
2002	172,679,543
2003	166,895,179
2004	142,829,966
2005	144,964,644
Total Payments	\$ 965,599,985

Source: Statewide Advantage for Missouri System (SAM II)

(1) Missouri received payments for 2001 and previous years in April 2001 after achieving state-specific finality.

During the five years ended June 30, 2005, the tobacco payments averaged about one percent of state revenues (per the state Comprehensive Annual Financial Report).

The MSA provides for three types of payments: initial payments, annual payments, and strategic contribution payments. Initial payments were made in five installments. These payments were made around the first of the year and ceased in 2004. Annual payments are made once a year (around April 15th) and continue in perpetuity. Strategic contribution payments will be made from 2008 to 2017 and are meant to reimburse the Settling States for litigation costs incurred prior to the settlement. Missouri's share of the strategic contribution payments is estimated to total over \$134 million before any adjustments. The initial and annual payments are distributed based on the allocation percentages for each state as established in the MSA. Strategic contribution payments will be allocated to the Settling States based on a separate formula intended to reflect the level of the contribution each state made toward final resolution of the state lawsuit against the tobacco companies.

Although the MSA specifies base payment amounts, the annual payments are not easy to estimate because the base payment amounts are subject to numerous adjustments, reductions, and offsets, some of which are material. In addition, as new manufacturers join the MSA, prior and future payments to the Settling States are affected. The amount each tobacco company has to pay is based on their relative market share as defined in the MSA. The annual base payment amounts are:

- \$4.5 billion in 2000;
- \$5 billion in 2001;
- \$6.5 billion in each of 2002 and 2003;
- \$8 billion in each year 2004-2007;
- \$8.139 billion in each year 2008-2017;
- \$9 billion in 2018 and thereafter.

The adjustments, reductions, and offsets include the inflation adjustment, volume adjustment, previously settled states reduction, non-participating manufacturers adjustment, and offsets for miscalculated or disputed payments. Currently, the two most significant and material adjustments are the volume and inflation adjustments. The volume adjustment is based on the increases or decreases in the number of cigarettes shipped nationwide by the PMs compared to a 1997 benchmark, and the inflation adjustment is set at the actual percentage increase in the Consumer Price Index Percentage or three percent, whichever is greater.

The annual payments to the Settling States through 2005 have been less than the applicable base amount. For example, in 2005, after the adjustments, reductions, and offsets were applied to the base amount of \$8 billion, the adjusted base amount was approximately \$6.5 billion. This occurred primarily because the downward volume adjustment was greater than the upward inflation adjustment. Although the inflation adjustment is on a compounding basis, the decline in PMs' nationwide sales has been significant enough to offset the inflationary increases thus far.

Even though the amount of the future tobacco payments is uncertain, the state of Missouri has a reasonable level of assurance the annual payments received to date are properly calculated. Pursuant to the MSA, the NAAG contracts with an independent auditor (PricewaterhouseCoopers) to make all calculations. The auditor calculates and determines the amount of all payments owed by the PMs, plus the applicable adjustments, reductions, and offsets or carry forwards, and the allocations to the Settling States. The auditor collects all information necessary to make the calculations and determinations from the PMs, the Settling States, and other sources, such as federal excise tax information.

According to NAAG personnel, the NAAG reviews the various calculations to ensure the calculations are correct and supported by accurate source documents. In addition, the AG receives preliminary payment calculations for their review before the payment calculation is final. According to AG personnel, they review these calculations to ensure they appear reasonable.

The MSA provides that the PMs make all payments into an escrow account. The funds are then credited to the proper state-specific account after the final calculation is made and held until they are paid to the individual state treasury. When received, the tobacco payments are initially deposited in the state's HFTF.

Expenditures

The MSA does not impose restrictions on how the payments are to be spent. However, the MSA states that the tobacco payments provide significant funding for the advancement of public health as well as the implementation of important tobacco-related public health measures, including the enforcement and restrictions related to such measures, such as preventing and reducing the use of tobacco products by youth.

During the five years ended June 30, 2005, only a small amount of Missouri tobacco payments were spent on tobacco-related programs. The state spent approximately \$466,000 for the Department of Public Safety's (DPS) enforcement of youth access to tobacco, \$976,000 on the Department of Mental Health's (DMH) tobacco retailer education program, and \$350,000 on Department of Health and Senior Services' (DHSS) tobacco prevention programs.³ In 1999, the U.S. Centers for Disease Control and Prevention (CDC) published guidelines for tobacco prevention efforts and recommended funding levels that states should spend on smoking prevention. The CDC recommended that Missouri spend between \$32.8 million and \$91.4 million a year to have an effective, comprehensive tobacco prevention program. The Tobacco Quitline, which started in June 2005, is the state's most significant tobacco prevention program to-date. However, this program is funded directly by CDC and not by any of the tobacco funds received by the state.

Instead of funding a comprehensive tobacco prevention program, a significant portion of the tobacco payments received through June 30, 2005, have been used to cover state budget shortfalls. Over 99 percent of the payments received have been expended with approximately 68 percent⁴ of these funds transferred to the state's General Revenue Fund (GRF), to be used for any purpose⁵. According to the Office of Administration (OA), all tobacco payments transferred to the GRF were used to offset state budget shortfalls⁶. The remaining funds were appropriated to various state agencies to be spent for specific programs, with a majority of these monies used to replace funds cut from the Medicaid Program.

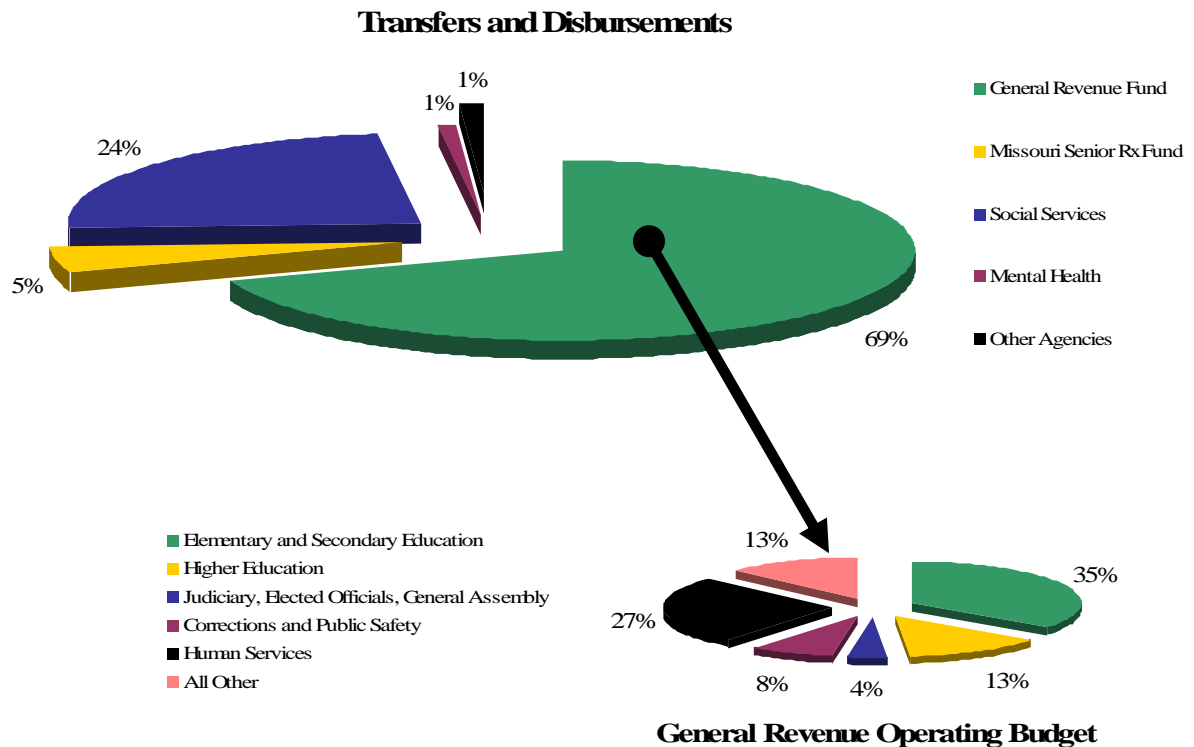
³ Details of these various programs are summarized at Appendix E.

⁴ Another one percent was transferred to the General Revenue Fund for the cost allocation plan.

⁵ According to the Missouri Budget, General Revenue Fund expenditures are primarily spent for Education and Human Services.

⁶ According to OA, transfers totaling approximately \$89.3 million and \$126.9 million in fiscal years 2002 and 2001, respectively, were used for the Senior Prescription Drug Tax Credit program. The Senior Rx program replaced the tax credit program in 2002.

The chart below outlines the expenditures of the tobacco payments for the five years ended June 30, 2005:



Only a small portion of the tobacco payments were used to enhance state programs, and most of these programs were later discontinued due to budget constraints. For example, during fiscal year 2002, the Department of Elementary and Secondary Education (DESE) spent approximately \$4.1 million in tobacco payments to provide additional contacts to families served by the Parents as Teachers Program. Due to budget constraints, DESE did not receive this funding in subsequent years, causing a reduction in services to these families. A few programs established with tobacco payments continue, but with other funding sources, such as grants to federally qualified health centers to expand their services to Medicaid recipients and low income individuals.

However, some programs established as a result of the receipt of the tobacco payments have continued, including the Missouri Senior Rx program, which assists senior citizens with prescription drug purchases (expenditures were approximately \$18 million in fiscal year 2005); the DPS's enforcement of youth access to tobacco laws; and the DMH's tobacco retailer education program. Beginning in fiscal year 2007, the state will have less tobacco payments available to cover budget shortfalls. Legislation passed in 2003⁷ has earmarked 25 percent of the tobacco payments received during and after fiscal year 2007 for life sciences research.

⁷ Section 196.1100 RSMo

Non-Participating Manufacturers

Tobacco manufacturing companies that are not part of the MSA (collectively the Non-Participating Manufacturers or NPMs) make no payments and have not agreed to any limitations on advertising, marketing, and promotion of their cigarettes. However, the NPMs are not released from potential state claims. To ensure that Settling States that are successful in a future lawsuit against a NPM would have monies against which they can recover any judgment/settlement money, the MSA recommended the adoption of a model statute requiring the establishment of qualified escrow accounts.

States which do not enact and diligently enforce statutes similar to the model statute may be subject to an NPM adjustment to their tobacco payments. The NPM adjustment is triggered by at least a two percent decrease in the combined market share of PMs below what their combined share was in 1997. If the loss of market share is caused in significant part by provisions of the MSA, the tobacco payments to the Settling States may be reduced based on a formula that corrects for this market share loss. However, the MSA also provided that an individual state can avoid this downward adjustment to their payments by enacting and enforcing a model statute that is intended to prevent a competitive disadvantage for the PMs. Missouri adopted the model statute⁸, effective July 1, 1999.

A significant requirement of the model statute is that NPMs annually deposit money in a qualified state-specific escrow account based on the number of cigarettes they sell in each state. The deposits must remain in the account for 25 years. After 25 years, the NPMs can withdraw one year of deposits each year, leaving the most recent 25 years of deposits in the account. The NPMs must certify annually to the AG that they are in compliance with the model statute. According to the AG's records, over \$15 million had been deposited in escrow accounts by NPMs for the years 2000 through 2005.

The AG is responsible for ensuring the NPMs comply with the model statute and receives an annual report of cigarette sales by manufacturer (stick count) from the Department of Revenue (DOR). The stick count report is based upon the number of cigarettes purchased from manufacturers and stamped for sale in Missouri as reported by the wholesalers. The AG compares the stick count information to the NPMs' annual certification information and investigates any discrepancies. As of April 2005, the AG had certified that nine NPMs had met all the NPM requirements. According to AG personnel, as of December 31, 2004, 19 NPMs were operating in the state, and for those not in compliance, the AG is either working with them to become fully compliant or has started litigation against them for not being in compliance. AG personnel also indicated a total of 38 NPMs operated in the state between 2000 and 2004.

National Tobacco Grower Settlement Trust Agreement

Tobacco growers and producers in states that grow cigarette tobacco (14 states, including Missouri) also receive payments through a separate agreement, the National Tobacco

⁸ Section 196.1000 RSMo

Grower Settlement Trust Agreement, known as “Phase II.” The MSA required the PMs to meet with the political leadership of states with grower communities to address the economic concerns of these communities. The Phase II agreement resulted from that requirement.

The Phase II agreement requires PMs to make payments to the National Tobacco Grower Settlement Trust each year for a period of 12 years beginning in 1999 and continuing through 2010. Similar to the tobacco payments, Phase II payments are subject to a number of adjustments including adjustments for volume of cigarettes shipped and inflation. These payments are sent directly to the tobacco growers/quota owners, not the state. Missouri growers/quota owners receive .42 percent of the total national payments. For crop years 1998 through 2002, Missouri growers/quota owners received approximately \$7.6 million. The Department of Agriculture (DOA) oversees this agreement and through June 2005 has received over \$390,000 for its administrative expenses.

However, this agreement was eliminated by the passage of federal buyout legislation, the Fair and Equitable Tobacco Reform Act of 2004. Under this Act, the tobacco companies will make annual payments to the tobacco growers/quota owners from 2005 to 2014 and the U.S. Department of Agriculture will administer the new program. The tobacco companies did not make payments for the 2003 crop year due to a clause in the Phase II agreement pertaining to federal buyout legislation. According to DOA personnel, a lawsuit filed by the Settling States against the tobacco companies has been resolved and the 2003 payments will be received in the near future.

Problems Identified

- All expenditures of tobacco funds cannot be readily identified, and the state does not adequately track or report the expenditures/activities funded with the tobacco monies. The state should discontinue the transfers to the GRF and all expenditures of tobacco monies should be appropriated from one fund, such as the HFTF.

During the five years ended June 30, 2005, tobacco payments were distributed to nine different funds and often redistributed again; with some monies held in three different funds before ultimately being spent.⁹ This practice makes it difficult to determine the ultimate disposition of the funds. In addition, approximately 68 percent of the funds were ultimately spent from the GRF without being designated for a specific purpose or without any other method of tracking what the funds were spent for. Furthermore, a formal report regarding the use of tobacco monies is not prepared for public review.

If all expenditures of tobacco monies were appropriated from one fund, the state could easily track the use of tobacco monies through SAM II and readily prepare

⁹ See Appendix B.

a report on the use of tobacco monies. A formal report regarding the use of tobacco monies would allow the public to determine how the monies were spent. It also appears this information would be helpful to the general assembly during the annual budget process.

- For the five years ended June 30, 2005, the practice of making multiple transfers of the tobacco monies to various funds has resulted in cost allocation charges, totaling over \$13 million (22 percent of the total state cost allocation charges).

During fiscal years 2002 through 2005, the OA calculated the state's costs of services provided by the Governor, Lieutenant Governor, Secretary of State, AG, State Auditor, State Treasurer, General Assembly, OA, DOR, and retiree health care to be allocated to the various state funds based on how the various funds created work for the agencies in the pools. For the tobacco monies, these cost allocation charges were based on the funds' expenditure and transfer-out amounts. Since the tobacco monies were held in multiple funds, cost allocation charges were applied to the tobacco monies multiple times.

For example, tobacco monies designated for the Missouri Senior Rx program were initially deposited in the HFTF, then transferred to the HFTF–Seniors Catastrophic Prescription Drug Account, and transferred again to the Missouri Senior Rx Fund before being ultimately spent. Thus, a cost allocation charge was applied to these monies three times: as transfers out of the HFTF, as transfers out of the HFTF–Seniors Catastrophic Prescription Drug Account, and again as expenditures from the Missouri Senior Rx Fund.

If, as noted above, the tobacco payments were deposited and appropriated from one fund, the cost allocation charges would only be applied once to the tobacco monies.

- The state has not passed additional legislation that would amend the model statute passed in 1999. The NAAG has recommended the model statute be amended to include two components, referred to as complimentary legislation and the allocable-share amendment.

According to the NAAG, many NPMs have devised various schemes to evade compliance, and the purpose of the complimentary legislation is to make enforcement of the model statute more effective. Additionally, the allocable-share amendment would close a loophole in the model statute which allows the release of certain funds placed in the NPMs' escrow accounts. The NAAG recommends these amendments to make sure that NPMs are meeting their escrow payment obligations, to make state enforcement of the model statutes more effective, and to safeguard annual MSA payments.

Although legislation similar to the recommended complimentary legislation and allocable-share amendment was introduced in the 2005, 2004, and 2003 sessions,

these legislative proposals have not been approved by the General Assembly. AG personnel indicated all states but Missouri and North Dakota, and Missouri and New Jersey have passed some form of the model complimentary legislation and model allocable share amendment, respectively.

In April 2005, the AG received letters from most PMs indicating their intention to seek an NPM adjustment to their payment in connection with their market share loss in calendar year 2003. It appears that the general assembly should consider passing the additional legislation to help ensure the state does not incur a NPM adjustment to their annual payments.

Summary and Conclusion

The state is accountable for the effective, efficient, and economical use of the tobacco payments used to carry out its programs and accomplish its goals. Accountability allows the citizens to identify not only how much the state has spent and what the state spent the funds on, but also what the citizens received for the use of the funds and how effectively and efficiently those funds were used. Accountability is an important factor in securing good governance.

An effective system for tracking and reporting on the use of the tobacco monies would help establish accountability. Also, eliminating multiple transfers of tobacco monies and establishing appropriations from only one fund for the use of the monies would contribute to accountability.

Additionally, the state needs to consider passing additional legislation to amend the model statute as recommended by the NAAG to close loopholes in the model statute and enhance the enforcement process.

WE RECOMMEND the OA in conjunction with the Governor and Members of the General Assembly record and track tobacco revenues and expenditures in one fund through the state's accounting system, and report the use of these monies. Eliminating multiple transfers of the tobacco monies between funds and establishing the appropriation of tobacco monies from one fund would help ensure greater accountability regarding the use of these monies. Additionally, the state needs to consider passing additional legislation to amend the model statute.

OFFICE OF ADMINISTRATION'S RESPONSE

We agree with the recommendation. The multiplicity of funds created by the prior administration's executive order caused unnecessary transfers of money which resulted in cost allocation charges against the money in the funds. The multiple funds also caused excessive work in our accounting division. We at the Office of Administration were concerned with the way the prior administration handled these funds because we believed it led to a waste of resources.

Thus, in an effort to maximize efficiency, the Office of Administration will recommend the Governor eliminate funds created by Executive Order 01-05, except the Healthy Family Trust Fund ("HFTF"). Should the Governor eliminate these unnecessary funds all future appropriations of Tobacco Settlement Funds will simply come from the HFTF.

OFFICE OF THE ATTORNEY GENERAL'S RESPONSE

The Attorney General's Office believes that the State should pass the complimentary legislation and the allocable share amendment in order to increase its available tools in enforcing the model statute. As a result, it has supported passage of these two pieces of legislation since 2003, when this legislation was first developed, and continues to do so. This support was expressed through letters to and other communications with members of the General Assembly including testimony before legislative committees.

STATISTICAL INFORMATION

Appendix A

TOBACCO SETTLEMENT FUNDS

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - HEALTHY FAMILIES TRUST FUNDS (1)

	Year Ended June 30,					Total (Memorandum Only)
	2005	2004	2003	2002	2001	
RECEIPTS						
Tobacco settlement payments	\$ 144,964,644	142,829,966	166,895,179	172,679,543	338,230,653	965,599,985
Total Receipts	<u>144,964,644</u>	<u>142,829,966</u>	<u>166,895,179</u>	<u>172,679,543</u>	<u>338,230,653</u>	<u>965,599,985</u>
DISBURSEMENTS (by agency)						
Social Services	50,959,100	50,959,100	51,463,296	74,046,289	0	227,427,785
Higher Education	848,525	687,587	667,253	149,079	0	2,352,444
Elementary and Secondary Education	0	0	0	4,092,500	0	4,092,500
Mental Health	2,377,681	2,377,681	3,127,681	2,329,837	0	10,212,880
Office of Administration	203	948	0	388,270	0	389,421
Public Safety	113,983	121,914	122,247	432,175	0	790,319
Health and Senior Services (2)	0	0	1,281,476	742,766	0	2,024,242
Total Disbursements	<u>54,299,492</u>	<u>54,147,230</u>	<u>56,661,953</u>	<u>82,180,916</u>	<u>0</u>	<u>247,289,591</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>90,665,152</u>	<u>88,682,736</u>	<u>110,233,226</u>	<u>90,498,627</u>	<u>338,230,653</u>	<u>718,310,394</u>
TRANSFERS						
Transfers from other funds	0	0	10,000	0	0	10,000
Transfers to:						
General Revenue Fund	(74,955,327)	(75,817,149)	(160,625,727)	(230,897,264)	(126,900,000)	(669,195,467)
Missouri Senior Rx Fund	(16,856,817)	(16,478,288)	(10,150,932)	(2,352,773)	0	(45,838,810)
Other funds	(90,097)	(27,987)	(53,823)	(39,155)	0	(211,062)
Total Transfers	<u>(91,902,241)</u>	<u>(92,323,424)</u>	<u>(170,820,482)</u>	<u>(233,289,192)</u>	<u>(126,900,000)</u>	<u>(715,235,339)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	<u>(1,237,089)</u>	<u>(3,640,688)</u>	<u>(60,587,256)</u>	<u>(142,790,565)</u>	<u>211,330,653</u>	<u>3,075,055</u>
CASH, JULY 1	<u>4,312,144</u>	<u>7,952,832</u>	<u>68,540,088</u>	<u>211,330,653</u>	<u>0</u>	<u>0</u>
CASH, JUNE 30	<u>\$ 3,075,055</u>	<u>4,312,144</u>	<u>7,952,832</u>	<u>68,540,088</u>	<u>211,330,653</u>	<u>3,075,055</u>

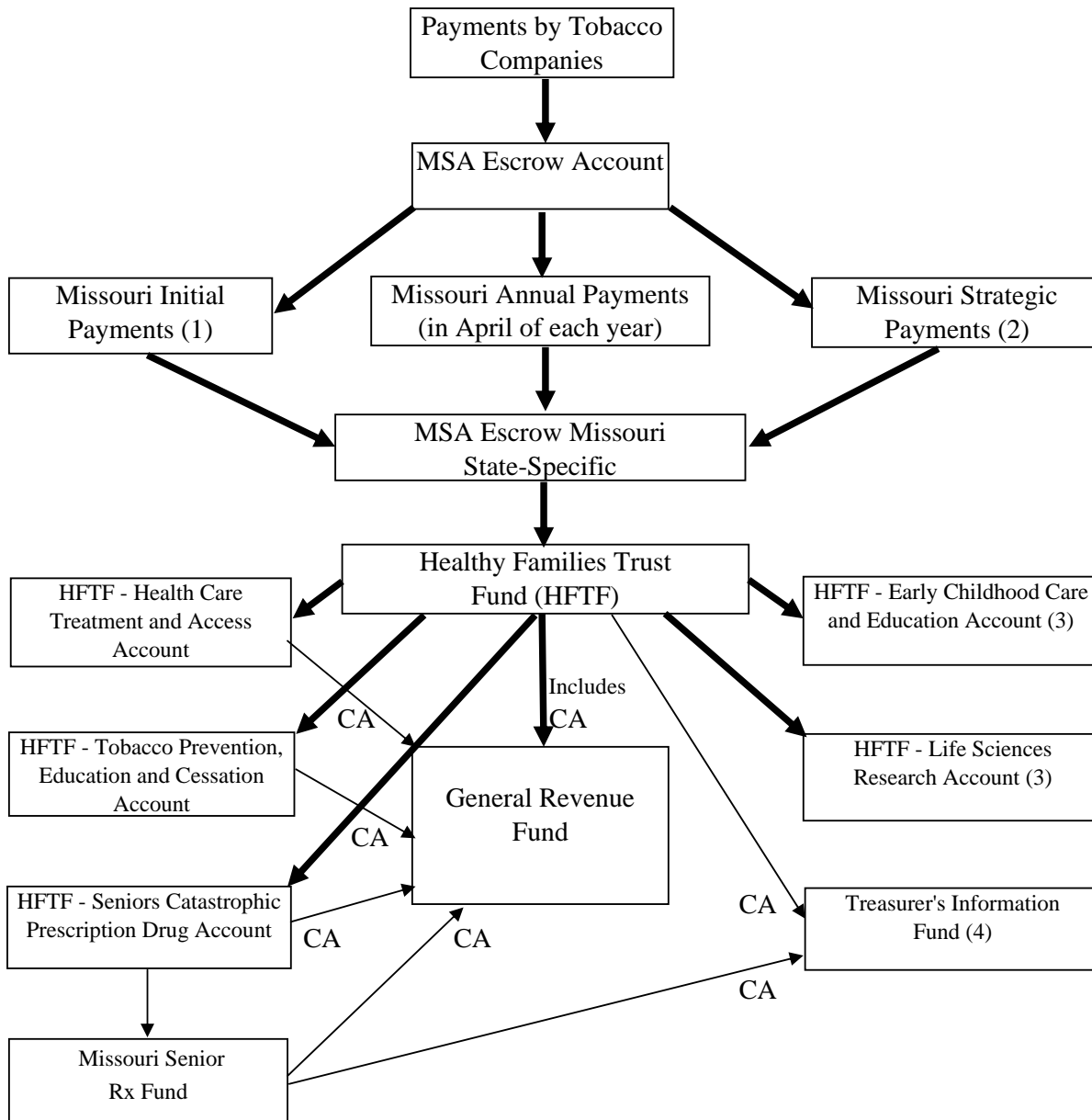
(1) Receipts, disbursements, and transfers were recorded in the following funds: Healthy Families Trust Fund (HFTF), HFTF- Health Care Treatment and Access Account, HFTF-Early Childhood Care and Education Account, HFTF- Life Sciences Research Account, HFTF-Tobacco Prevention, Education and Cessation Account, and HFTF-Seniors Catastrophic Prescription Drug Account.

(2) A portion of the Department of Health and Senior Services fiscal year 2002 appropriations was spent by the Department of Mental Health and the Department of Public Safety.

Appendix B

TOBACCO SETTLEMENT FUNDS

FLOW OF TRANSFERS AND DISBURSEMENTS - TOBACCO SETTLEMENT FUNDS



CA Cost allocation transfer.

- (1) Initial payments were made in five installments from 1998 to 2003.
- (2) Strategic contribution payments will be made from 2008 to 2017.
- (3) Transfers from the HFTF to these funds were only made in FY02.
- (4) Cost allocation transfers to the Treasurer's Information Fund were only made in 2005.

Appendix C

TOBACCO SETTLEMENT FUNDS
STATEMENT OF APPROPRIATIONS - HEALTHY FAMILIES TRUST FUNDS
YEAR ENDED JUNE 30, 2006

	<u>Appropriation *</u>
HEALTHY FAMILIES TRUST FUND	
Appropriated transfers to General Revenue Fund	\$ 86,193,663
Appropriated transfers to Missouri Senior Rx Fund	13,820,394
Appropriated transfers to other funds	41,442
Total Transfers	<u>100,055,499</u>
Total Healthy Families Trust Fund	<u>100,055,499</u>
HEALTHY FAMILIES TRUST FUND -	
HEALTH CARE TREATMENT AND ACCESS ACCOUNT	
Department of Social Services	
For the purpose of funding the Safety Net Program to include provider-	
sponsored and community-based clinics and grants to social	
welfare boards	30,365,444
For the purpose of funding pharmaceutical payments under the Medicaid	
fee-for-service and managed care programs and for the purpose of funding	
professional fees for pharmacists	1,041,034
For the purpose of funding physician services and related services, including, but	
not limited to, clinic and podiatry services, physician-sponsored services and	
fees, laboratory and x-ray services, and family planning services under the	
Medicaid fee-for-service and managed care programs	1,041,034
For the purpose of funding dental services under the Medicaid fee-for-service	
and managed care programs	848,773
For the purpose of funding care in nursing facilities, program for All-Inclusive	
Care for the Elderly, or other long-term care services under the Medicaid fee-for-	
service and managed care programs	17,973
For the purpose of funding all other non-institutional services	831,745
For the purpose of funding the payment to comprehensive prepaid health care	
plans or for payments to providers of health care services for persons eligible	
for medical assistance under the Medicaid fee-for-service programs or State	
Medical program	4,447,110
For the purpose of funding hospital care under the Medicaid fee-for-service and	
managed care programs, and funding for hospital-employed, Medicaid-enrolled	
physicians in the emergency departments of Level I, II, III Trauma Centers	2,365,987
For Graduate Medical Education	10,000,000
Total Department of Social Services	<u>50,959,100</u>
Department of Higher Education	
For the purpose of funding the telemedicine program	628,200
Total Department of Higher Education	<u>628,200</u>
Department of Mental Health	
For treatment of alcohol and drug abuse	2,040,168
Total Department of Mental Health	<u>2,040,168</u>
Appropriated transfers to General Revenue Fund	462,819
Total Healthy Families Trust Fund -	
Health Care Treatment and Access Account	<u>54,090,287</u>

Appendix C

TOBACCO SETTLEMENT FUNDS
STATEMENT OF APPROPRIATIONS - HEALTHY FAMILIES TRUST FUNDS
YEAR ENDED JUNE 30, 2006

	<u>Appropriation *</u>
HEALTHY FAMILIES TRUST FUND -	
TOBACCO PREVENTION, EDUCATION AND CESSATION ACCOUNT	
Department of Mental Health	
For the purpose of funding prevention and education services	300,000
Total Department of Mental Health	<u>300,000</u>
Department of Public Safety	
For the Division of Alcohol and Tobacco Control - Expense and Equipment	36,960
For the Division of Alcohol and Tobacco Control - Personal Services	97,704
Total Department of Public Safety	<u>134,664</u>
Appropriated transfers to General Revenue Fund	13,165
Appropriated transfers to other funds	41,049
Total Transfers	<u>54,214</u>
Total Healthy Families Trust Fund -	
Tobacco Prevention, Education and Cessation Account	<u>488,878</u>
HEALTHY FAMILIES TRUST FUND -	
SENIORS CATASTROPHIC PRESCRIPTION DRUG ACCOUNT	
Appropriated transfers to General Revenue Fund	140,446
Total Healthy Families Trust Fund -	
Seniors Catastrophic Prescription Drug Account	140,446
Total All Funds	<u>\$ 154,775,110</u>

* Appropriation amounts as of September 1, 2005 (appropriation amounts are subject to change).

Appendix D

TOBACCO SETTLEMENT FUNDS

COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES - HEALTHY FAMILIES TRUST FUNDS

	Year Ended June 30,							
	2005				2004			
	Appropriation	Expenditures	Lapsed Balances	Governor's Withholdings *	Appropriation	Expenditures	Lapsed Balances	Governor's Withholdings *
HEALTHY FAMILIES TRUST FUND								
Appropriated transfers to General Revenue Fund	\$ 74,474,356	74,474,355	1	0	75,142,706	75,142,706	0	0
Appropriated transfers to other funds	51,525	51,525	0	0	0	0	0	0
Total Transfers	74,525,881	74,525,880	1	0	75,142,706	75,142,706	0	0
Total Healthy Families Trust Fund	74,525,881	74,525,880	1	0	75,142,706	75,142,706	0	0
HEALTHY FAMILIES TRUST FUND -								
HEALTH CARE TREATMENT AND ACCESS ACCOUNT								
Department of Social Services								
For the purpose of funding the Safety Net Program to include provider-sponsored and community-based clinics and grants to social welfare boards	\$ 30,365,444	30,365,444	0	0	30,365,444	30,365,444	0	0
For the purpose of funding pharmaceutical payments under the Medicaid fee-for-service and managed care programs and for the purpose of funding professional fees for pharmacists	1,041,034	1,041,034	0	0	1,041,034	1,041,034	0	0
For the purpose of funding physician services and related services, including, but not limited to, clinic and podiatry services, physician-sponsored services and fees, laboratory and x-ray services, and family planning services under the Medicaid fee-for-service and managed care programs	1,041,034	1,041,034	0	0	1,041,034	1,041,034	0	0
For the purpose of funding dental services under the Medicaid fee-for-service and managed care programs	848,773	848,773	0	0	848,773	848,773	0	0
For the purpose of funding care in nursing facilities, program for All-Inclusive Care for the Elderly, or other long-term care services under the Medicaid fee-for-service and managed care programs	17,973	17,973	0	0	17,973	17,973	0	0
For the purpose of funding all other non-institutional services	831,745	831,745	0	0	831,745	831,745	0	0
For the purpose of funding the payment to comprehensive prepaid health care plans or for payments to providers of health care services for persons eligible for medical assistance under the Medicaid fee-for-service programs or State Medical program	4,447,110	4,447,110	0	0	4,447,110	4,447,110	0	0
For the purpose of funding hospital care under the Medicaid fee-for-service and managed care programs, and funding for hospital-employed, Medicaid-enrolled physicians in the emergency departments of Level I, II, III Trauma Centers	2,365,987	2,365,987	0	0	2,365,987	2,365,987	0	0
For Graduate Medical Education	10,000,000	10,000,000	0	0	10,000,000	10,000,000	0	0
Total Department of Social Services	50,959,100	50,959,100	0	0	50,959,100	50,959,100	0	0
Department of Higher Education								
For the purpose of funding the telemedicine program	1,896,080	848,525	1,047,555	0	2,583,667	687,586	1,896,081	0
Total Department of Higher Education	1,896,080	848,525	1,047,555	0	2,583,667	687,586	1,896,081	0

Appendix D

TOBACCO SETTLEMENT FUNDS

COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES - HEALTHY FAMILIES TRUST FUNDS

Year Ended June 30,							
2005				2004			
Appropriation	Expenditures	Lapsed Balances	Governor's Withholdings *	Appropriation	Expenditures	Lapsed Balances	Governor's Withholdings *
Department of Mental Health							
For treatment of alcohol and drug abuse	2,077,681	2,077,681	0	2,077,681	2,077,681	0	0
Total Department of Mental Health	2,077,681	2,077,681	0	2,077,681	2,077,681	0	0
Appropriated transfers to General Revenue Fund	475,028	475,028	0	646,264	646,264	0	0
Appropriated transfers to other funds	0	0	0	14,232	0	14,232	0
Total Transfers	475,028	475,028	0	660,496	646,264	14,232	0
Total Healthy Families Trust Fund - Health Care Treatment and Access Account	55,407,889	54,360,334	1,047,555	56,280,944	54,370,631	1,910,313	0
HEALTHY FAMILIES TRUST FUND - TOBACCO PREVENTION, EDUCATION AND CESSATION ACCOUNT							
Department of Mental Health							
For the purpose of funding prevention and education services	300,000	300,000	0	300,000	300,000	0	0
Total Department of Mental Health	300,000	300,000	0	300,000	300,000	0	0
Office of Administration							
For reimbursing the Division of Employment Security benefit account for claims paid to former state employees for unemployment insurance coverage and for related professional services	203	203	0	1,000	948	52	0
Total Office of Administration	203	203	0	1,000	948	52	0
Department of Public Safety							
For the Division of Liquor Control - Personal Service	97,704	77,023	20,681	79,989	70,839	9,150	0
For the Division of Liquor Control - Expense and Equipment	36,960	36,960	0	51,075	51,075	0	0
Total Department of Public Safety	134,664	113,983	20,681	131,064	121,914	9,150	0
Appropriated transfers to General Revenue Fund	3,999	3,999	0	7,175	7,175	0	0
Appropriated transfers to other funds	42,692	38,572	4,120	130,999	27,988	103,011	0
Total Transfers	46,691	42,571	4,120	138,174	35,163	103,011	0
Total Healthy Families Trust Fund - Tobacco Prevention, Education and Cessation Account	481,558	456,757	24,801	570,238	458,025	112,213	0

Appendix D

TOBACCO SETTLEMENT FUNDS

COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES - HEALTHY FAMILIES TRUST FUNDS

Year Ended June 30,								
2005				2004				
Appropriation	Expenditures	Lapsed Balances	Governor's Withholdings *	Appropriation	Expenditures	Lapsed Balances	Governor's Withholdings *	
HEALTHY FAMILIES TRUST FUND -								
SENIORS CATASTROPHIC PRESCRIPTION DRUG ACCOUNT								
Appropriated transfers to General Revenue Fund	527,638	1,945	525,693	0	21,004	21,004	0	0
Appropriated transfers to Missouri Senior Rx Fund	16,856,817	16,856,817	0	0	16,478,288	16,478,288	0	0
Total Transfers	17,384,455	16,858,762	525,693	0	16,499,292	16,499,292	0	0
Total Healthy Families Trust Fund -								
Seniors Catastrophic Prescription Drug Account	17,384,455	16,858,762	525,693	0	16,499,292	16,499,292	0	0
Total All Funds	\$ 147,799,783	146,201,733	1,598,050	0	148,493,180	146,470,654	2,022,526	0

* The lapsed balances include these withholdings, made at the Governor's request.

Appendix D

TOBACCO SETTLEMENT FUNDS

COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES - HEALTHY FAMILIES TRUST FUNDS

	Year Ended June 30,							
	2003				2002			
	Appropriation	Expenditures	Lapsed Balances	Governor's Withholdings *	Appropriation	Expenditures	Lapsed Balances	Governor's Withholdings *
HEALTHY FAMILIES TRUST FUND								
Appropriated transfers to General Revenue Fund	\$ 110,925,727	110,925,727	0	0	230,897,264	230,897,264	0	0
Total Healthy Families Trust Fund	110,925,727	110,925,727	0	0	230,897,264	230,897,264	0	0
HEALTHY FAMILIES TRUST FUND -								
HEALTH CARE TREATMENT AND ACCESS ACCOUNT								
Department of Social Services								
For the purpose of funding one-time costs of the Safety Net Program	0	0	0	0	20,000,000	18,668,400	1,331,600	0
For the purpose of funding the Safety Net Program to include provider-sponsored and community-based clinics and grants to social welfare boards	30,365,444	30,360,334	5,110	0	50,959,100	45,587,108	5,371,992	4,410,000
For the purpose of funding grants to Federally Qualified Health Centers	0	0	0	0	5,000,000	5,000,000	0	0
For the purpose of funding pharmaceutical payments under the Medicaid fee-for-service and managed care programs and for the purpose of funding professional fees for pharmacists	1,041,034	1,041,034	0	0	0	0	0	0
For the purpose of funding physician services and related services, including, but not limited to, clinic and podiatry services, physician-sponsored services and fees, laboratory and x-ray services, and family planning services under the Medicaid fee-for-service and managed care programs	1,041,034	1,041,034	0	0	0	0	0	0
For the purpose of funding dental services under the Medicaid fee-for-service and managed care programs	848,773	848,773	0	0	0	0	0	0
For the purpose of funding care in nursing facilities, program for All-Inclusive Care for the Elderly, or other long-term care services under the Medicaid fee-for-service and managed care programs	17,973	17,973	0	0	0	0	0	0
For the purpose of funding all other non-institutional services	831,745	831,731	14	0	0	0	0	0
For the purpose of funding the payment to comprehensive prepaid health care plans or for payments to providers of health care services for persons eligible for medical assistance under the Medicaid fee-for-service programs or State Medical program	4,447,110	4,447,110	0	0	0	0	0	0
For the purpose of funding hospital care under the Medicaid fee-for-service and managed care programs, and funding for hospital-employed, Medicaid-enrolled physicians in the emergency departments of Level I, II, III Trauma Centers	2,365,987	2,365,987	0	0	0	0	0	0
For Graduate Medical Education	10,000,000	10,000,000	0	0	0	0	0	0
Total Department of Social Services	50,959,100	50,953,976	5,124	0	75,959,100	69,255,508	6,703,592	4,410,000
Department of Higher Education								
For the purpose of funding the telemedicine program	667,254	667,253	1	0	0	0	0	0
For the purpose of funding the telemedicine program	0	0	0	0	149,079	149,079	0	0
Total Department of Higher Education	667,254	667,253	1	0	149,079	149,079	0	0

Appendix D

TOBACCO SETTLEMENT FUNDS

COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES - HEALTHY FAMILIES TRUST FUNDS

	Year Ended June 30,							
	2003				2002			
	Appropriation	Expenditures	Lapsed Balances	Governor's Withholdings *	Appropriation	Expenditures	Lapsed Balances	Governor's Withholdings *
Department of Mental Health								
For the purpose of funding the Safety Net Program	0	0	0	0	5,091,900	2,329,837	2,762,063	2,730,849
For treatment of alcohol and drug abuse	2,077,681	2,077,681	0	0	0	0	0	0
For adult community programs	750,000	750,000	0	0	0	0	0	0
Total Department of Mental Health	2,827,681	2,827,681	0	0	5,091,900	2,329,837	2,762,063	2,730,849
Department of Public Safety								
For firefighter training contracted services	0	0	0	0	600,000	432,175	167,825	159,255
Total Department of Public Safety	0	0	0	0	600,000	432,175	167,825	159,255
Department of Health and Senior Services								
For the Childhood Lead Screening Program - Expense and Equipment	782,631	254,572	528,059	0	1,340,350	206,525	1,133,825	0
For design and construction of a state health lab	0	0	0	0	25,000,000	0	25,000,000	25,000,000
For the Childhood Lead Screening Program - Personal Services	52,362	25,097	27,265	0	0	0	0	0
For the purpose of funding the State Public Health Laboratory - Personal Services	115,212	21,807	93,405	0	0	0	0	0
For the purpose of funding the State Public Health Laboratory - Expense and Equipment	238,491	0	238,491	0	0	0	0	0
For the Division of Administration for the purpose of funding program operations and support-Expense and Equipment	89,652	0	89,652	0	0	0	0	0
For the purpose of funding the Healthy Communities Program	0	0	0	0	1,713,676	0	1,713,676	1,713,676
For the purpose of funding the Healthy Communities Program - Personal Service	0	0	0	0	65,508	0	65,508	65,508
For the purpose of funding the Healthy Communities Program - Expense and Equipment	0	0	0	0	48,566	0	48,566	48,566
For the purpose of funding the Healthy Community Workforce Program and related expenses	0	0	0	0	243,700	0	243,700	243,700
Total Department of Health and Senior Services	1,278,348	301,476	976,872	0	28,411,800	206,525	28,205,275	27,071,450
Appropriated transfers to other funds	37,000	15,121	21,879	0	203,000	2,524	200,476	0
Total Healthy Families Trust Fund - Health Care Treatment and Access Account	55,769,383	54,765,507	1,003,876	0	110,414,879	72,375,648	38,039,231	34,371,554

Appendix D

TOBACCO SETTLEMENT FUNDS

COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES - HEALTHY FAMILIES TRUST FUNDS

	Year Ended June 30,							
	2003				2002			
	Appropriation	Expenditures	Lapsed Balances	Governor's Withholdings *	Appropriation	Expenditures	Lapsed Balances	Governor's Withholdings *
HEALTHY FAMILIES TRUST FUND -								
EARLY CHILDHOOD CARE AND EDUCATION ACCOUNT								
Department of Social Services								
For community grants to improve early child care opportunities	0	0	0	0	844,868	844,868	0	0
For payments to child care providers	0	0	0	0	3,533,650	2,700,000	833,650	833,650
For program and related expenses to coordinate early childhood programs	0	0	0	0	243,700	137,576	106,124	93,700
For the Early Head Start Program	0	0	0	0	1,108,338	1,108,337	1	0
For community grants to improve early child care opportunities	56,822	33,608	23,214	0	0	0	0	0
For funding improvement to the quality of early childhood and youth development care and education. It is designed to bridge the gap and calls for coordination with Head Start, Parents As Teachers, and Early Head Start and other such programs. These grants will be awarded to communities to target "at-risk" and minorities populations. A contracting relationship shall be established with a community based not-for-profit organization to help identify families in the six-county area that have children ages three to five that need more intensive support. Said community based not-for-profit shall be exempt from taxation pursuant to Section 501 (c)(3) of the Internal Revenue Code, chartered by a national body, certified as an MBE corporation, and based in the target area served. Funding shall accurately reflect additional transportation costs involved in identifying targeted families for recruitment who live in sparsely populated rural communities in the six-county area being served	243,700	0	243,700	0	0	0	0	0
For the Early Head Start Program	475,712	475,712	0	0	0	0	0	0
Total Department of Social Services	776,234	509,320	266,914	0	5,730,556	4,790,781	939,775	927,350
Department of Elementary and Secondary Education								
For the purpose of funding additional home visits for three- to five-year-olds and at-risk services in the Parents as Teachers Program	0	0	0	0	6,092,500	4,092,500	2,000,000	2,000,000
For the purpose of improving accreditation resources	0	0	0	0	365,550	0	365,550	365,550
Total Department of Elementary and Secondary Education	0	0	0	0	6,458,050	4,092,500	2,365,550	2,365,550
Department of Health and Senior Services								
For home-visitation programs	0	0	0	0	852,950	0	852,950	852,950
For programs to improve the quality of child care	0	0	0	0	487,400	0	487,400	487,400
Total Department of Health and Senior Services	0	0	0	0	1,340,350	0	1,340,350	1,340,350
Total Healthy Families Trust Fund - Early Childhood Care and Education Account	776,234	509,320	266,914	0	13,528,956	8,883,281	4,645,675	4,633,250

Appendix D

TOBACCO SETTLEMENT FUNDS

COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES - HEALTHY FAMILIES TRUST FUNDS

	Year Ended June 30,							
	2003				2002			
	Appropriation	Expenditures	Lapsed Balances	Governor's Withholdings *	Appropriation	Expenditures	Lapsed Balances	Governor's Withholdings *
HEALTHY FAMILIES TRUST FUND - LIFE SCIENCES RESEARCH ACCOUNT								
Department of Elementary and Secondary Education								
For the High School Science, Mathematics, and Technology Institute, offered through the University of Missouri at Kansas City College of Arts and Sciences, and that 25 percent of the appropriated funds be expended for minority children	100,000	0	100,000	100,000	0	0	0	0
Total Department of Elementary and Secondary Education	100,000	0	100,000	100,000	0	0	0	0
Office of Administration								
For the purpose of funding life sciences grants and related expenses	0	0	0	0	21,567,450	388,270	21,179,180	21,179,165
Total Office of Administration	0	0	0	0	21,567,450	388,270	21,179,180	21,179,165
Total Healthy Families Trust Fund - Life Sciences Research Account	100,000	0	100,000	100,000	21,567,450	388,270	21,179,180	21,179,165
HEALTHY FAMILIES TRUST FUND -								
TOBACCO PREVENTION, EDUCATION AND CESSATION ACCOUNT								
Department of Mental Health								
For the purpose of funding prevention and education services	300,000	300,000	0	0	0	0	0	0
Total Department of Mental Health	300,000	300,000	0	0	0	0	0	0
Department of Public Safety								
For the Division of Liquor Control - Personal Service	94,104	85,288	8,816	0	0	0	0	0
For the Division of Liquor Control - Expense and Equipment	36,960	36,959	1	0	0	0	0	0
Total Department of Public Safety	131,064	122,247	8,817	0	0	0	0	0
Department of Health and Senior Services								
For the purpose of funding a comprehensive tobacco use prevention program - Expense and Equipment **	0	0	0	0	1,714,619	419,870	1,294,749	1,284,529
For the purpose of funding a comprehensive tobacco use prevention program - grants and other program expenditures	0	0	0	0	17,310,989	0	17,310,989	17,310,989
For the purpose of funding community based programs	0	0	0	0	2,636,700	0	2,636,700	2,636,700
For the purpose of funding a comprehensive tobacco use prevention program - Personal Service ***	0	0	0	0	514,392	116,371	398,021	385,000
Total Department of Health and Senior Services	0	0	0	0	22,176,700	536,241	21,640,459	21,617,218
Appropriated transfers to other funds	183,834	38,702	145,132	0	40,000	36,631	3,369	0
Total Healthy Families Trust Fund - Tobacco Prevention, Education and Cessation Account	614,898	460,949	153,949	0	22,216,700	572,872	21,643,828	21,617,218

Appendix D

TOBACCO SETTLEMENT FUNDS

COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES - HEALTHY FAMILIES TRUST FUNDS

	Year Ended June 30,							
	2003				2002			
	Appropriation	Expenditures	Lapsed Balances	Governor's Withholdings *	Appropriation	Expenditures	Lapsed Balances	Governor's Withholdings *
HEALTHY FAMILIES TRUST FUND -								
SENIORS CATASTROPHIC PRESCRIPTION DRUG ACCOUNT								
Department of Health and Senior Services								
For the purpose of funding Home and Community Services grants	980,000	980,000	0	0	0	0	0	0
Total Department of Health and Senior Services	980,000	980,000	0	0	0	0	0	0
Appropriated transfers to General Revenue Fund	49,700,000	49,700,000	0		0	0	0	
Appropriated transfers to Missouri Senior Rx Fund	65,879,367	10,150,932	55,728,435	55,728,435	2,352,773	2,352,773	0	
Total Transfers	115,579,367	59,850,932	55,728,435	55,728,435	2,352,773	2,352,773	0	0
Total Healthy Families Trust Fund -								
Seniors Catastrophic Prescription Drug Account	116,559,367	60,830,932	55,728,435	55,728,435	2,352,773	2,352,773	0	0
Total All Funds	\$ 284,745,609	227,492,435	57,253,174	55,828,435	400,978,022	315,470,108	85,507,914	81,801,187

* The lapsed balances include these withholdings, made at the Governor's request.

** A portion of the Department of Health and Senior Services' appropriation was spent by the Department of Mental Health and the Department of Public Safety for tobacco education and enforcement, respectively.

*** A portion of this appropriation was spent by the Department of Public Safety for tobacco enforcement.

Appendix E

TOBACCO SETTLEMENT FUNDS SPENDING OVERVIEW

During the five years ended June 30, 2005, almost 70 percent of the tobacco settlement funds were transferred to the state's General Revenue Fund and were not designated to a specific purpose. The remaining funds were appropriated to various state agencies to be spent for specific programs. Personnel of the various state agencies provided the following explanation of those specific programs/uses:

Department of Social Services (DSS)

The DSS spent the majority of its tobacco funds, totaling approximately \$227 million, for various Medicaid programs. Other funding included:

Tobacco funds, totaling \$5 million, were used in fiscal year 2002 to fund a new contract with the Missouri Primary Care Association to award grants to federally qualified health centers to expand their services to Medicaid recipients and low income individuals. The DSS has continued to contract with the Missouri Primary Care Association for these services each year, but the contract has been funded with other sources.

In addition, in fiscal years 2003 and 2002, tobacco funds, totaling approximately \$2.6 million, were used to fund enhancements for the early childhood education start-up/expansion and early headstart programs. The start-up/expansion program provides competitive grants to community-based agencies, organizations, or individuals wishing to establish quality child care programs or expand existing programs, for the purpose of increasing the capacity of infant and toddler child care in the state. The early headstart program provides child care, parent education and support, screenings, and other services to promote quality childhood services for Missouri's families. Also, approximately \$2.7 million in tobacco funds were used in fiscal year 2002 as a state match for a federal grant which provides child care subsidy payments for eligible families.

The fiscal year 2006 appropriations were for various Medicaid programs.

Department of Higher Education (DHE)

The University of Missouri–Columbia, from DHE appropriations, received tobacco funds, totaling almost \$2.4 million, to expand the number of healthcare delivery sites provided by its Missouri Telehealth Network (MTN). The MTN exists to enhance access to care to underserved areas of Missouri, to provide educational opportunities for healthcare providers, to further homeland security efforts related to disaster preparedness, to be available in the event of a disaster, and to provide research opportunities to clinicians wanting to study Telehealth. The MTN uses a semi-private network using the Internet Protocol to deliver two-way interactive audio and video for clinical encounters, and data transfer for Teleradiology and other services.

Over \$600,000 was appropriated for this program in fiscal year 2006.

Department of Elementary and Secondary Education (DESE)

During fiscal year 2002, tobacco funds, totaling approximately \$4.1 million, were used to enhance the Parents as Teachers program by providing additional contacts to families. DESE did not receive this funding in subsequent years.

Department of Mental Health (DMH)

The DMH used the majority of its appropriations of tobacco funds to offset Medicaid budget reductions. Over \$8.5 million was used to pay for substance abuse treatment services for Medicaid eligible individuals. These services include drug and alcohol abuse treatment, individual counseling, and day treatments, but not tobacco-related treatments.

The DMH spent \$73,000 in fiscal year 2002 and \$300,000 in each subsequent year for its program to educate tobacco retailers of the laws against selling tobacco to minors. These funds were used to contract with regional support centers across the state to provide the vendor education. Other DMH vendor education activities, such as conducting “near buy” visits and compliance checks, are funded by other sources. The DMH’s retailer education program started because of the high rate of retailer noncompliance and the availability of the tobacco funds.

In addition, in fiscal year 2003, the DMH spent tobacco funds, totaling \$750,000, to provide community-based psychiatric services for Medicaid eligible individuals. These funds were used to offset Medicaid budget reductions and were only available one year.

The fiscal year 2006 appropriations are for the substance abuse treatment services for Medicaid eligible individuals and for the DMH’s tobacco retailers’ education program.

Office of Administration (OA)

Tobacco funds, totaling approximately \$21.6 million, were appropriated in fiscal year 2002 for the purpose of establishing a life sciences program; but, most of the appropriation was withheld by the Governor. However, the OA paid a consultant approximately \$388,000 for program design and coordination of the life sciences research solicitation process and travel expenses.

Department of Public Safety (DPS)

The DPS is responsible for the enforcement of state law regarding youth access to tobacco products. Since fiscal year 2002, the DPS spent tobacco funds, totaling approximately \$466,000, to pay a portion of personal service and expense and equipment costs of its tobacco enforcement program. In addition, in fiscal 2002, tobacco funds, totaling over \$430,000, were used for annual firefighter training.

Almost \$135,000 was appropriated for the enforcement program in fiscal year 2006.

Department of Health and Senior Services (DHSS)

Tobacco funds are the primary funding source (approximately 96 percent of total program revenues for the four years ended June 30, 2005) of the Missouri Senior Rx program which was established in fiscal year 2002.

In addition, in fiscal year 2003 and 2002, tobacco funds, totaling approximately \$500,000, were used to enhance the childhood lead screening and prevention program, through lead education and outreach as well as the development of a childhood lead software application.

Also, in fiscal year 2002, tobacco funds, totaling approximately \$350,000, were used for tobacco programs/activities. The department contracted with the University of Missouri to conduct a county-level adult tobacco survey, paid existing contracts with local health agencies for community tobacco control programs, and paid a portion of personal service and expense/equipments costs of department personnel who worked on tobacco-related issues and programs. In addition, the department allowed the DMH and DPS to spend a portion of its appropriations for tobacco-related education and enforcement, respectively. Finally, in fiscal year 2003, tobacco funds, totaling \$980,000, were appropriated by the General Assembly to pay for senior citizen home-delivered meals. The meals are generally paid from the General Revenue Fund.

The fiscal year 2006 appropriations totaled approximately \$24.5 million for the Senior Rx program.



Claire McCaskill

Missouri State Auditor

March 2006

Recorder of Deeds
Johnson County, Missouri



Office Of
Missouri State Auditor
Claire McCaskill

March 2006

We identified the following problems with the Johnson County Recorder's office.

Weaknesses in the internal control and record keeping systems of the Johnson County Recorder's office allowed misappropriations of at least \$23,187 to occur during the period January 1, 2003 through July 31, 2005. Receipts totaling at least \$5,372 were collected during 2004 by the Recorder's office and were not recorded on a daily abstract or transmitted to the County Treasurer for deposit. Additionally, a State of Missouri check for \$17,815 was erroneously received by the Recorder's office, and included in a 2005 transmittal apparently to conceal a shortage. Furthermore, during 2003 and 2004, numerous personal checks written by the former Recorder were included with deposits or transmittals and were returned for insufficient funds.

Due to other missing records, additional monies may be missing but not identified. These misappropriations may have been detected on a more timely basis if recommendations made by the county's independent auditor related to internal controls in the Recorder's office had been established. Information regarding these misappropriations has been shared with law enforcement authorities.

The sale of copies of recorded documents to one company, as well as the purchase of computer software necessary to read the images, was not handled consistent with sales to other title companies. Similar to the system the county purchased in 2003, additional software and equipment was purchased in May 2005, at a cost of over \$3,000 but was delivered to a local title company and apparently installed on their computers. This title company reimbursed the county, but not until September 2005, almost four months later and no sales tax was paid. The former Recorder apparently authorized the transfer of recorded documents that were indexed by the county from 1991 to May 2005 onto the computer of this title company. The current Recorder determined this download consisted of approximately 503,000 pages. Based on charges for copies to other companies, this represented approximately \$75,000 in potential revenue, but there was no evidence that any payment was made to the county for these downloaded documents.

The former Recorder did not deposit/transmit receipts intact on a timely basis and did not reconcile receipts to deposits. Numerous personal checks or loan checks of the former Recorder were included with deposits/transmittals. Accounts receivable records were not adequate, and numerous daily abstracts and receipt slips were not available from 2005 and 2004. Recommendations related to controls over cash in the Recorder's office have been made by the county's independent auditor the past several years, but most of these recommendations were not implemented, allowing missing money to go undetected.

Questionable expenditures have been made from the Recorder User Fee Fund. During 2005 and 2004, the former Recorder authorized payments for attorney fees totaling \$18,236 and \$4,088, respectively related to a lawsuit filed by the former Recorder and County Auditor against the

YELLOW SHEET

county related to employees salaries. In addition, supporting documentation was not available for some purchases made from the Recorder User Fee Fund and contracts were either not entered into for some services obtained or were not retained.

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RECORDER OF DEEDS
JOHNSON COUNTY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Recorder of Deeds of Johnson County
Warrensburg, MO 64093

Under Section 50.055 RSMo, the County Commission of Johnson County, Missouri, requested the State Auditor to audit the Office of Recorder of Deeds of Johnson County, Missouri. The scope of this audit included, but was not necessarily limited to, the period January 1, 2003 to July 31, 2005. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.
3. Determine the extent of any missing monies from the Recorder of Deeds office.

To accomplish these objectives, we reviewed bank statements, receipt records, daily and monthly abstract reports, and other pertinent documents, and interviewed various personnel of the Recorder of Deeds' office as well as certain external parties. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
2. We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying Management Advisory Report presents our findings arising from our audit of the Office of Recorder of Deeds of Johnson County, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

November 7, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Jay Ross

EXECUTIVE SUMMARY

OFFICE OF RECORDER OF DEEDS
JOHNSON COUNTY, MISSOURI
EXECUTIVE SUMMARY

Weaknesses in the internal control and record keeping systems of the Recorder's office allowed misappropriations of at least \$23,187 to occur during the period January 1, 2003 through July 31, 2005. In addition, numerous personal checks written by the former Recorder during 2003 and 2004 were included with deposits or transmittals and were returned for insufficient funds.

These misappropriations may have been detected on a more timely basis if recommendations made by the county's independent auditor related to internal controls in the Recorder's office had been established.

Laurie Mifflin served as the Johnson County Recorder of Deeds and was responsible for office procedures. In September 2004, a special prosecutor was appointed and charges were subsequently filed against Ms. Mifflin in May 2005. Ms. Mifflin plead guilty to the offense of Official Misconduct, a class "A" misdemeanor, and as part of the plea agreement, resigned her position on July 28, 2005. Information regarding these misappropriations has been shared with law enforcement authorities. Jan Jones was appointed Recorder of Deeds on August 17, 2005.

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDING

OFFICE OF RECORDER OF DEEDS
JOHNSON COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Missing Money
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Receipts totaling at least \$5,372 were collected during 2004 by the Recorder of Deeds (Recorder's) office and were not recorded on a daily abstract or transmitted to the County Treasurer for deposit. Additionally, a State of Missouri check for \$17,815 was erroneously received by the Recorder's office, and included in a June 2005 transmittal apparently to conceal a shortage.

Prior to September 2003, the former Recorder maintained a bank account for depositing monies and making monthly disbursements. The Recorder's office issued receipt slips for monies received, posted transactions to a daily abstract, and deposited the monies. In July 2003, the county's independent auditor and County Auditor questioned why daily receipts had not been deposited for weeks. During the period July 15 to July 17, 2003, approximately \$58,000 was deposited by the former Recorder into her official bank account. This deposit agreed to the amounts reported on daily abstracts for that period. Procedures were subsequently changed in September 2003 to have the recorder monies transmitted to the County Treasurer for depositing of daily receipts.

In the summer of 2004, upon performing the 2003 county audit, the independent auditor determined there had been a negative adjustment of \$6,746 made on the July 2003 monthly summary of disbursements. It was further determined that a total of \$10,442 in checks from the former Recorder's personal accounts or a check payable to her had been included in the deposits made July 15 to 17, 2003. Several of these personal checks, totaling \$6,746, were returned for insufficient funds. The negative adjustment had apparently been made to conceal these returned checks, and recorder fees due the county for July were reduced by this amount. In August 2004, after these insufficient funds checks were discovered, the former Recorder wrote a personal check for \$2,329 and used a Credit Union check for \$4,417 to repay the insufficient funds checks. This personal check was also returned as a result of insufficient funds in September 2004, and was subsequently repaid with another personal check for \$1,075 and cash totaling \$1,254.

During December 2003 and January 2004, the County Treasurer had three additional personal checks from the former Recorder, totaling \$370, returned by the bank for insufficient funds. The County Treasurer indicated that after she began depositing recorder monies, she noticed several personal checks from the former Recorder included with various transmittals. In January 2004, the County Treasurer indicated she told the former Recorder not to include personal checks with Recorder transmittals in the future.

During 2004, we tested receipts slips issued for particular days to amounts transmitted, and identified five days during April, May and June of 2004 where the total amount receipted exceeded the amount transmitted.

<u>Date</u>	<u>Amount Receipted</u>	<u>Amount Transmitted</u>	<u>Shortage</u>
April 7, 2004	\$2,791	\$1,634	\$1,157
April 27, 2004	2,021	1,327	694
May 6, 2004	9,380	7,031	2,349
June 7, 2004	5,118	4,551	567
June 21, 2004	2,294	1,689	605
		Total	<u>\$5,372</u>

We compared receipt slips to amounts transmitted for various other days in 2005 and 2004 with no problems noted. Daily abstracts for the days listed and for 38 other days during 2004 were missing. Additionally, receipt slips were missing for more than 60 days during 2004 and several days during 2005. As a result, it is possible that additional monies were receipted but not abstracted and transmitted.

During September 2004, at the request of the independent auditor, the County Treasurer began tracking the amount of cash included with transmittals from the former Recorder. As the following schedule shows, the amount of cash received with transmittals continued to decline throughout the end of 2004 and into 2005. A review of receipt slips available for September 2004 through June 2005 shows the approximate amount of cash that was recorded as received during this period.

<u>Month/Year</u>	<u>Cash transmitted</u>	<u>Cash Received</u>
September 2004	\$3,579	\$3,252
October 2004	939	2,410
November 2004	1,192	1,978
December 2004	1,201	2,426
January 2005	378	1,684
February 2005	752	1,903
March 2005	663	2,159
April 2005	200	2,692
May 2005	53	2,083
June 2005	4,447	2,632

Our review of transmittals during 2005 and 2004 indicated at least a week, and sometimes several weeks, existed between monies received and abstracted and actual transmittals (See MAR finding number 3). Additionally, deposits were not made intact. Had the composition of receipts slips issued been reconciled to the composition of transmittals, the cash shortages noted above may have been detected. The former Recorder was apparently responsible for preparing transmittals during this period and the County Treasurer indicated the transmittals were always delivered by the former Recorder.

The transmittal made on June 10, 2005, covering the periods May 5, 12-31 and June 2, totaled \$22,900 and included \$4,156 cash. Detail of this transmittal revealed several older checks, dating back to November 2004, as well as checks received subsequent to June 2, included with this transmittal. The final transmittal actually made by the former Recorder was processed June 24, 2005 and included daily abstracts from June 3 through June 24. The \$33,515 amount was transmitted by a cashier's check purchased with over 290 individual checks and money orders and \$117 in cash. One of the individual checks for \$17,815 was from the State of Missouri for a grant reimbursement due to the Homeland Security Fund. This check, erroneously paid to the Recorder by the state, appears to have been substituted into this transmittal to conceal the removal of cash from the current, as well as prior, transmittals. The receipt slips available for the days in June 2005 included with this transmittal (June 9 to June 24 were available) indicated that over \$2,200 in cash was received.

It appears at least \$5,372 in fees were receipted but not posted to the daily abstracts and transmitted, and a \$17,815 state check was substituted into a transmittal resulting in a shortage of at least \$23,187. Additionally, due to the other missing records, additional monies may be missing but not identified. While similar internal control weaknesses in this office have been commented on and recommendations made by the county's independent auditor for some time, such recommendations have largely been ignored. Recommendations in the remainder of the report, if implemented, should allow the office to prevent or detect such shortages in the future.

WE RECOMMEND the County Commission and Recorder take necessary action to recover the missing funds and work with law enforcement officials regarding any criminal prosecution.

AUDITTEE'S RESPONSE

The County Commission responded:

The Johnson County Commission has cooperated fully with all law enforcement investigations, the work of the county's outside auditor and the audit by the State Auditor. It is the intent of the County Commission as the managing authority of the County to pursue all remedies available to it to recover county funds: wrongfully spent, by theft, or otherwise. It is the understanding of the Commission that the Attorney General's Office will assist in this effort. Prior to Mrs. Mifflin's forfeiture of office, a special prosecuting attorney was appointed due to the appearance of conflict and an independent investigation was conducted by the Missouri State Highway Patrol. The prosecutorial result by the special prosecutor was disappointing. The Commission, as representatives of the taxpayers, was not consulted on any resulting plea bargain in that criminal prosecution. We are confident that the Attorney General's Office will be more professional and effective in this effort.

The current Recorder responded:

The current Recorder will cooperate and assist the county to investigate and recover missing funds.

The Prosecuting Attorney responded:

I have the following comments to your draft report.

1. *On page twelve, the recommendation for finding number 2 states that: "...the County Commission should review this situation with the Prosecuting Attorney and determine any action to be taken."*

The Prosecutor's Office requested on September 8, 2005 that the Attorney General's Office provide assistance in this matter. The Governor appointed the Attorney General's Office on September 9, 2005 pursuant to 27.030 RSMo. It has been, is, and shall be my position that the Attorney General's Office in the exercise of their professional judgment shall pursue all charges and remedies as that office may deem appropriate. I requested that the Attorney General's Office take charge of this matter as Mrs. Mifflin was a Republican officeholder. I am Republican, as is our Sheriff and two of the three county commissioners. As a result, there would be at least an appearance of conflict.

I have advised the Attorney General's Office that I shall not have any input into their decision making. The Attorney General's Office is to act independently. I have advised that I only wish to be kept informed of their actions as a courtesy. Prior to Mrs. Mifflin leaving office and prior to your audit I requested, and there was appointed, a special prosecutor in the matter. I did not in September 2005 utilize that option because the county had to pay this attorney who was not a prosecutor.

Your report should be amended to reflect that the Attorney General's Office has been appointed in this matter and your recommendations should be directed to them.

2. *On page nine, the recommendation for finding number 1 states that: "the County Commission and Recorder take necessary action...and work with law enforcement officials regarding any criminal prosecution."*

As stated in my item one above, I respectfully request that your report be amended to indicate the involvement of the Attorney General's Office in this matter.

In addition to the suggested changes above, as I did at our meeting on this subject, I request that you share your report with the Attorney General's Office prior to the document being made public as this may be helpful to their investigation.

The former Recorder responded:

I appreciate your office sharing the report draft with me, but I do not wish to respond.

The sale of copies of recorded documents to one company, as well as the purchase of computer software necessary to read the images, was not handled consistent with sales to other title companies, resulting in a potential loss of revenue to the county totaling approximately \$75,000.

Title companies are allowed to purchase copies of recorded documents from the Recorder at a cost of either \$.15 per copy or \$1 per page, depending on the customer and the volume of copies purchased. The county purchased software and equipment in 2003 and began scanning recorded documents into the computer and indexing them. Similar equipment and software was purchased again by the former Recorder in May 2005, at a cost of over \$3,000, but was delivered to a local title company and apparently installed on their computers. This title company reimbursed the county, but not until September 2005, almost four months later and no sales tax was paid. According to the county's computer consultant, the former Recorder verbally authorized him to download all recorded documents that were indexed by the county from 1991 to May 2005 onto the computer of this title company. The current Recorder determined this download consisted of approximately 503,000 pages, but there was no evidence that any payment was made to the county for these downloaded documents.

There is no documentation that two other title companies in the area that do significant business in the Recorder's office were offered the opportunity to purchase similar equipment through the county or the indexed documents. However, both of these companies indicated they have been making and paying for copies of all documents for many years, at \$.15 per copy or approximately \$6,000 per year, and continue to do so. The title company that purchased the index system and indexed documents currently only purchases copies of certain documents, but is not receiving current downloads of records. Even had the lower price of \$.15 per page been used to calculate the cost, the county would have been paid approximately \$75,000 for the downloaded documents.

Circumstances surrounding these mid 2005 transactions appear questionable. Given that the county purchased equipment and software for a private company tax free and was not reimbursed for several months, that these transactions occurred shortly before the former Recorder resigned her office, and that other title companies were apparently not offered the same opportunity raises questions about the whole situation.

These actions do not appear to be consistent with past sales to local title companies and did not maximize revenues to the county. To ensure consistent treatment to all title companies, the current Recorder and County Commission should develop written procedures dictating how copies of document will be sold and the amount that will be charged.

WE RECOMMEND the Recorder ensure the sale of computerized copies of documents are consistently handled and refrain from purchasing equipment and software for private

companies in the future. In addition, the County Commission should review this situation with the Prosecuting Attorney and determine any action to be taken.

AUDITTEE'S RESPONSE

The County Commission, Prosecuting Attorney, and former Recorder's response is shown after finding number 1.

The current Recorder responded:

The current Recorder has ensured the sale of document copies is consistently handled, and will not purchase equipment and/or software for private companies.

3. Accounting Controls

The former Recorder did not deposit/transmit receipts intact on a timely basis and did not reconcile the composition of receipts to deposits or transmittals. Numerous personal checks or loan checks of the former Recorder were included in deposits/transmittals. Accounts receivable records were not adequate to monitor amounts due. Voided receipt slips were not properly defaced and maintained, and checks were not restrictively endorsed upon receipt. Numerous daily abstracts and receipt slips were not available from 2005 and 2004. Additionally, while recommendations related to controls over cash have been made for the last several years, it appears most of these recommendations were not implemented, which allowed missing money to go undetected. During the period January 1, 2005 to July 31, 2005, and years ended December 31, 2004 and 2003 the Recorder's office collected approximately \$283,500, \$502,000, and \$575,000, respectively.

- A. Receipts were not deposited or transmitted intact on a timely basis and the composition of receipt slips issued was not reconciled to the composition of deposits or transmittals. Some recorded receipts were not posted to a daily abstract and transmitted and receipts were routinely held for weeks before being deposited or transmitted. The following chart shows examples of the pattern of transmittals during 2005 and 2004:

<u>Daily abstract</u>	<u>Date transmitted</u>
May 26, 2004	June 14, 2004
May 28, 2004	June 8, 2004
June 1, 2004	June 24, 2004
June 7, 2004	June 18, 2004
July 8-27, 2004	July 29, 2004
April 7, 2005	May 16, 2005
April 8, 2005	April 28, 2005
April 11, 2005	April 28, 2005
April 12, 2005	May 16, 2005
April 13, 2005	May 5, 2005

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be deposited/transmitted intact daily. To ensure that receipts are deposited intact, the composition of receipt slips issued should be reconciled to the composition of bank deposits or transmittals and the method of payment should be noted on the daily abstract.

- B. Personal checks from the former Recorder were regularly included in deposits or transmittals, and several of these checks were returned by the bank for insufficient funds (See MAR finding number1). Transmittals cannot be made intact when personal checks are cashed from receipts. Also, given the untimeliness of the transmittals, there is no assurance the cash replaced by the personal checks was even available to ever be transmitted.
- C. Accounts receivable records maintained by the Recorder for charge customers need improvement. There are approximately 50 customers allowed to charge recordings and copies in the Recorder's office. Billings are prepared monthly based on manual records of recordings and copies. Receipt slips are typically issued for payments on account, but no procedures exist to ensure all payments on account are properly recorded. An accounts receivable ledger is not maintained, which could be reconciled to the daily abstracts and the individual billing records to ensure all payments received are recorded and properly accounted for.

Adequate and complete records of accounts receivable should be prepared to monitor the total amounts due to the Recorder's office and also to review collection activities.

- D. Voided receipt slips are not always retained. Additionally, some carbon copies of receipt slips were voided or the amount paid was changed in ink, indicating the receipt slip was altered after the original copy was issued. No documentation to support these changes was maintained. Voided receipt slips should be properly defaced and maintained.
- E. Checks and money orders are not restrictively endorsed immediately upon receipt. Checks and money orders are endorsed when the transmittal is prepared. To

adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, checks should be restrictively endorsed immediately upon receipt.

- F. Numerous financial records are missing from the Recorder's office. Over 40 daily abstracts and receipt books for over 60 days from 2004 were missing and have not been located. Collections totaled over \$140,000 for days where abstracts are missing during 2004, which represents over 25% of total collections for that year. There are also a few daily abstracts and receipt slips for several days missing for 2005. Given the decrease in receipts for 2004, there is no assurance all monies have been properly recorded and transmitted.

Record retention is necessary to ensure the validity of transactions and provide an audit trail. In addition, Section 109.270, RSMo, states that all records made or received by an official in the course of their public duties are public property and are not to be disposed of except as provided by law.

- G. Recommendations made by the county's independent auditor related to internal control weaknesses and irregularities in the Recorder's office date back to at least the 2002 audit. A material weakness over internal controls in the Recorder's office was cited in both the 2004 and 2003 county audit reports. The county's independent auditor made recommendations in the 2003 management letter related to depositing fees intact on a timely basis, submitting monthly bank reconciliations and reports to the county auditor timely, and other irregularities noted during her review of certain deposits.

The 2004 management letter indicates that procedures recommended the previous year were not followed. Receipts were not transmitted to the County Treasurer daily and a complete copy of the daily abstract was not submitted with the receipts. As a result, the County Treasurer could not ensure all monies received were recorded and processed intact. Additionally, monthly reports were also not filed with the County Auditor timely. Had more action and follow up been taken by the various county officials involved in processing Recorder funds, these other audit concerns may have been resolved.

WE RECOMMEND the Recorder:

- A. Deposit/transmit all monies received intact daily and reconcile the composition of receipt slips issued to the composition of deposits/transmittals. In addition, the method of payment should be noted on the daily abstract.
- B. Continue to ensure personal checks are not cashed from receipts.
- C. Maintain accurate and complete accounts receivable records for amounts due the Recorder's office.
- D. Ensure voided receipt slips are properly defaced and maintained.

- E. Restrictively endorse checks and money orders immediately upon receipt.
- F. Retain financial records in a secure location to prevent misplacement or loss.
- G. The County Auditor and County Treasurer review past recommendations made by the county's independent auditor and take steps to implement those recommendations.

AUDITTEE'S RESPONSE

The former Recorder's response is shown after finding number 1.

The current Recorder responded:

- A. *Receipts and monies received are reconciled daily for composition. The daily abstract is reconciled to the receipts/monies received. All monies received are transmitted daily to the Treasurer along with a complete copy of the daily abstract. The Auditor receives a copy of all receipts slips and a complete copy of the daily abstract. In addition, receipt numbers are included on the daily abstracts to easily allow for determining payment method.*
- B. *This recommendation was immediately implemented upon the current Recorder taking office. Personal checks are no longer permitted to be cashed from daily receipts.*
- C. *The current Recorder and her staff have worked diligently to implement improvements to maintain accurate and complete accounts receivable records. Additional improvements will be made once current software is updated, supplemented or replaced.*
- D. *Voided receipt slips are properly defaced and maintained. This recommendation was implemented upon the current Recorder taking office on August 17, 2005.*
- E. *The current Recorder purchased a stamp endorsing checks on November 8, 2005. All checks and money orders are immediately endorsed upon receipt. This recommendation has been implemented.*
- F. *This recommendation was immediately implemented. All financial records, receipt books, daily abstracts, daily & monthly reports, copies of Treasurer's receipts and other necessary documents are kept in a secure, safe and organized location.*

The County Auditor responded:

- G. *I concur with this recommendation. These steps were implemented prior to this audit.*

The County Treasurer responded:

- G. *I concur and will implement the requested procedures.*

4.**Recorder User Fee Fund**

Some expenditures from the Recorder User Fee Fund appear questionable, including legal fees and employee gifts. In addition, supporting documentation was not available for some purchases and contracts were not entered into or retained for some services received.

Total receipts during 2004 and 2003 of the Recorder User Fee Fund were approximately \$41,000 and \$55,000, respectively and include the recorder technology fees, which are accounted for within this fund. The fund is maintained by the County Treasurer and purchases are authorized by the Recorder. Checks are written by either the County Auditor and are reviewed and approved by the County Commission, or by the County Treasurer, without review and approval by the County Commission. It is unclear why some payments from the Recorder User Fee Fund are handled through the normal county disbursement process and others are not.

- A. Questionable expenditures have been made from the Recorder User Fee Fund. During 2005 and 2004, the former Recorder authorized payments for attorney fees totaling \$18,236 and \$4,088, respectively related to a lawsuit filed by the former Recorder and County Auditor against the county related to employees salaries. Approximately \$13,000 of the payments made in 2005 was apparently a retainer for the attorney for representation on appeal, however, it is unclear whether this amount has been earned. (The county was represented by the Prosecuting Attorney in the lawsuit). The former Recorder did not solicit proposals for these attorney services and these payments were made by the County Treasurer, rather than the County Auditor.

In addition, the former Recorder purchased two decorative water fountains and three hanging baskets, totaling \$356, as gifts for employees.

Section 59.319, RSMo, allows expenditures from the Recorder User Fee Fund for record storage, microfilming, and preservation of documents related to the Recorder's office. It is unclear how these expenditures related to the preservation of records.

- B. Supporting documentation was not available for some purchases made from the Recorder User Fee Fund. For example, payments for archiving of records (\$5,500) and attorney fees (\$1,750) were made without adequate supporting documentation. The documentation provided for these expenditures was a handwritten voucher with a general description of the work performed. The voucher provided no detail of the work performed or the services provided, the dates the work was performed, or the amount of time spent. The County Auditor was able to provide a copy of the vendor invoice for the \$1,750 attorney fees payment upon our request, however, there is no evidence this had been reviewed

by the County Treasurer before payment. In addition, receipt of goods and/or services was not always noted on the invoices.

All expenditures should be supported by paid receipts or vendor-provided invoices. In addition, the county should require acknowledgment of receipt of goods and/ or services prior to payment. Such documentation is necessary to ensure the purchase is a proper disbursement of the Recorder User Fee Fund.

- C. The former Recorder did not enter into written contracts or retain contracts for some services received. An individual was paid \$5,500 in 2004 for archiving records without a contract. Additionally, the current Recorder was unable to locate a maintenance contract for some computer equipment and software, which was apparently entered into by the former Recorder. A copy of the contract was eventually obtained from the vendor. Without contracts there is no evidence of what all services were performed or how the individual was compensated. Contracts should set forth the work to be performed and the compensation to be paid, at a minimum, to help ensure the county is receiving the services being paid for.

Section 432.070, RSMo, requires contracts of political subdivisions be in writing. Written contracts are necessary to outline the terms of arrangements, specify services to be provided and the related funding, and help ensure the reasonableness and propriety of such expenditures.

WE RECOMMEND the Recorder:

- A. Ensure expenditures made from the Recorder User Fee Fund are proper and determine if any of the retainer is due back to the county. In addition, solicit proposals for allowable services obtained in the future.
- B. Ensure adequate supporting documentation is obtained to support all expenditures and require acknowledgment of receipt of goods and/or services prior to payment.
- C. Ensure formal written contracts are entered into for all services obtained and retain copies of all written contracts.

AUDITEE'S RESPONSE

The former Recorder's response is shown after finding number 1.

The current Recorder responded:

- A. *Immediately upon taking office the current Recorder took action to ensure all expenditures made from the Recorder User Fee Fund were proper. This recommendation has been implemented. The current Recorder will cooperate and assist the county to recover any inappropriate expenditures.*

- B. *The procedure of ensuring adequate supporting documentation is obtained to support all expenditures and requiring acknowledgement of receipt of goods or services prior to payment has been implemented.*
- C. *Upon taking office, the current Recorder immediately began contacting suppliers for copies of agreements. This recommendation has been implemented.*



Claire McCaskill

Missouri State Auditor

March 2006

INFORMATION TECHNOLOGY

Information Security Management in State Agencies



State agencies have placed an increased emphasis on information security management since our prior audits

This audit included a follow-up of six information technology security and comprehensive continuity plan audits issued from 2001 through 2003. We determined the current status of information security management practices by evaluating the progress agency officials have made to establish security controls and comprehensive continuity plans. In addition, we evaluated the Office of Administration, Information Technology Services Division's (ITSD) strategy to address information technology governance, principles, and standards for the state through the establishment of an enterprise architecture.

Agencies implemented majority of prior recommendations

Agencies made progress in correcting security and comprehensive continuity planning weaknesses by implementing 43 of 67 recommendations from the 6 prior audit reports. As a result, the implemented recommendations increase the agencies' ability to protect information technology resources. However, the recommendations that have not been implemented continue to expose information technology resources to unnecessary risks. (See page 8)

Progress has been made developing the statewide enterprise architecture

Executive Order 03-26, issued in December 2003, authorized the state's Chief Information Officer (CIO) to establish an enterprise architecture for Missouri. Effective January 2005, the CIO was assigned responsibility to oversee the ITSD. According to the state's enterprise architecture manual, "the goal of statewide Enterprise Architecture is to enhance coordination, simplify integration, build a consistent infrastructure, and generally allow greater efficiencies in the development of technology solutions."

The state has made important progress developing an enterprise architecture, but this architecture is not complete. Developing, implementing, and maintaining an enterprise architecture is necessary for an organization's management of information technology resources. Managed properly, an enterprise architecture can help optimize the interdependencies and relationships among the state's business operations and the information technology resources that support these operations. According to the CIO, completion of the architecture has been hampered because each state agency's information technology units operated autonomously prior to the state's information technology consolidation. Beginning in 2005, information technology personnel and resources from most executive branch agencies were consolidated under the CIO. As a result, the CIO believes progress on the architecture development should now proceed more smoothly and quickly than prior to the consolidation. (See page 15)

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Abbreviations

CIO	Chief Information Officer
DCSE	Division of Child Support Enforcement
DOR	Department of Revenue
EA	Enterprise Architecture
GAO	U.S. Government Accountability Office
ITAB	Information Technology Advisory Board
ITSD	Information Technology Services Division
OA	Office of Administration
SAM II	Statewide Advantage for Missouri
SAO	State Auditor's Office
User ID	User Identification



CLAIRE McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Dan Ross, Chief Information Officer
Office of Administration
Jefferson City, MO 65102

Rapid and dramatic advances in information technology, while offering tremendous benefits, have also created significant and unprecedented risks to government operations. State agencies depend heavily on security controls to manage these risks to avoid data tampering, fraud, inappropriate access to and disclosure of sensitive information, and disruptions in critical operations. From 2001 through 2003, the State Auditor's Office reviewed information security management practices by conducting six information technology security and comprehensive continuity plan audits to determine if controls were in place to adequately protect the state's information technology resources.

The Office of Administration Information Technology Services Division's (ITSD) responsibilities include, but are not limited to: developing information technology policies, coordinating information technology initiatives for the state, providing information technology services and expertise to customer agencies, and providing centralized data center services to state agencies. In fiscal year 2006, the information technology sections of most executive branch departments began the process of consolidating personnel and budgeted appropriations under ITSD.

The objectives of this audit include (1) determining the current status of information security management practices by evaluating the progress agency officials have made to establish security controls and comprehensive continuity plans and (2) evaluating ITSD's strategy to address information technology governance, principles, and standards for the state.

We found agencies have been placing an increased emphasis on information security management. Agencies have been making progress implementing security controls and developing comprehensive continuity plans to protect the information technology resources that support the missions and operations of the state. Many of the recommendations we made to correct security control weaknesses have been implemented. However, we also identified recommendations, which could enhance security of information technology resources, that had not yet been implemented. We also determined the state is establishing an enterprise architecture to address the technology environment and to enhance the coordination and integration of information technology governance, principles, and standards for the state. While work remains to complete the enterprise architecture, ITSD should now have the resources and commitment to complete and manage this critical task.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. This report was prepared under the direction of John Blattel. Key contributors to this report were Jeff Thelen, Lori Melton, and Frank Verslues.

Claire McCaskill
State Auditor

Introduction

The state has a fiduciary responsibility to safeguard information of its citizens as well as information sensitive in nature. Information must be safeguarded using various security controls and comprehensive continuity planning capabilities. State agencies depend heavily on security controls to avoid data tampering, fraud, inappropriate access to and disclosure of sensitive information, and disruptions in critical operations. According to accepted standards, computer security is the protection afforded to an automated information system to attain the applicable objectives of preserving the confidentiality, integrity, and availability of information system resources.

State agencies must also take steps to ensure they are adequately prepared to cope with a loss of operational capability. An agency's ability to accomplish its mission can be significantly affected if it loses the ability to process, retrieve, and protect information maintained electronically. An essential element in preparing for such catastrophes is an up-to-date, detailed, and fully tested comprehensive continuity plan. A comprehensive continuity plan specifies emergency responses, backup operations, and restoration procedures to ensure the availability of critical resources to facilitate the continuity of operations. It addresses how an organization will deal with a full range of contingencies, from electrical power failures to catastrophic events, such as earthquakes, floods and fires. The plan also identifies essential business functions and ranks resources in order of criticality.

Executive Order 05-07, issued in January 2005, initiated a statewide information technology consolidation by combining the Office of Information Technology and the Division of Information Systems to create the Information Technology Services Division (ITSD). Prior to January 2005, these two organizations were separate entities within the Office of Administration (OA) having different objectives and missions. According to Executive Order 05-07, this consolidation was done to avoid duplication of activities and administrative costs. A new Chief Information Officer (CIO) was appointed in January 2005 to oversee the ITSD and to direct the consolidation effort. Effective July 1, 2005, information technology personnel and resources from most executive branch agencies¹ were consolidated to ITSD under the direction of the state CIO. This consolidation will be accomplished in two phases. In fiscal year 2006, the technology budgets for consolidating departments were placed under the CIO's oversight and approval. In fiscal year 2007, the technology budgets

¹ The Departments of Conservation and Transportation, as well as other entities governed by commissions, are not included in the information technology consolidation. In addition, entities not under the Governor, such as elected officials and the state courts system, are not included in the consolidation.

will be transferred completely and personnel from the consolidating departments will become ITSD employees. The consolidation for the Department of Revenue's (DOR's) information technology section will be accomplished in one phase in fiscal year 2007.

According to the U.S. Government Accountability Office (GAO), an enterprise architecture (EA) is an organizational blueprint that defines, in logical or business terms and in technology terms, how an organization operates today, intends to operate in the future, and intends to invest in technology to transition to this future state. The GAO also states an EA is an essential tool for effectively and efficiently engineering business processes and for implementing and evolving supporting systems. Executive Order 03-26, issued in December 2003, authorized the state's CIO to establish an EA for Missouri. When completed, the EA will be composed of 8 domains: application, information, infrastructure, interface, interoperability, privacy, security and systems management. Executive Order 03-26 also required the CIO to convene an Information Technology Advisory Board (ITAB), composed of representatives of each executive branch department or agency and other such members as deemed appropriate. ITAB's objective, according to its charter, is to advise the CIO on information technology issues and strategies applicable to the state. In line with this objective, ITAB members serve on committees to develop the EA.

Scope and Methodology

From 2001 through 2003, the State Auditor's Office (SAO) performed six information technology security and comprehensive continuity plan audits covering four state agencies. Table 1.1 lists these six reports.

Table 1.1: Prior Audits Reviewed

Agency	Report Title	Report Number Date Issued
Department of Labor and Industrial Relations	Computer Security Controls	2001-41 May 2001
Department of Revenue	Comprehensive Continuity Planning	2002-85 September 2002
Department of Revenue	Information Resource Security Management	2003-16 February 2003
Department of Social Services	Division of Child Support Enforcement ¹ Computer Risk Management Program	2003-44 May 2003
Office of Administration	Comprehensive Continuity Planning and Information Resource Security Management of the State's Accounting System (SAM II)	2003-108 October 2003
Office of Administration	State Data Center Comprehensive Continuity Planning and Mainframe Security Administration	2003-113 November 2003

¹ The Division of Child Support Enforcement (DCSE) no longer exists. Child support enforcement is now managed under the Family Support Division.

Source: SAO

To determine the implementation status of prior audit recommendations, we interviewed agency personnel, reviewed documentation, and tested controls. We determined the status of the recommendations made in these reports as of November 2005.

To evaluate the state's strategy for information technology governance, principles, and standards, we reviewed the Missouri Adaptive Enterprise Architecture, its manuals, and other statewide standards. We also interviewed the CIO regarding the state's information technology strategy.

We based our evaluation on applicable federal, national and international standards and best practices related to information technology security controls from the following sources:

- National Institute of Standards and Technology
- Information Systems Audit and Control Association
- U.S. Government Accountability Office

We requested comments on a draft of our report from the CIO. We also provided a draft of our report to the Directors of the Department of Labor and Industrial Relations, the Department of Revenue, and the Department of Social Services. We conducted our work between June and November 2005.

Agencies Have Corrected Many Weaknesses, but Risks Remain

The state has been placing a greater emphasis on security management practices to protect information technology resources. Agencies reviewed made progress in correcting security and comprehensive continuity planning weaknesses by implementing 43 of 67 recommendations made in the 6 prior audit reports. As a result, the implemented recommendations increase the agencies' ability to protect information technology resources. However, the recommendations that have not been implemented continue to expose information technology resources to unnecessary risks and highlight the need to implement controls to reduce weaknesses in security and comprehensive continuity planning capabilities.

Agencies Implemented Majority of Prior Recommendations

We reviewed the 67 recommendations made in the 6 information technology reports listed in Table 1.1 on page 6. The full text of each recommendation along with its implementation status is presented in Appendix I. Table 2.1 summarizes the implementation status of the recommendations by agency and report number.

Table 2.1: Summary of the Status of Prior Audit Recommendations

Report	Implemented	Not Implemented
Department of Labor and Industrial Relations 2001-41	10	0
Department of Revenue 2002-85	0	4
Department of Revenue 2003-16	8	12
Department of Social Services 2003-44	6	0
Office of Administration 2003-108	8	7
Office of Administration 2003-113	11	1
Total	43	24

Source: SAO

We commend the Department of Labor and Industrial Relations and the Department of Social Services for implementing all recommendations and the Office of Administration's (OA) State Data Center for implementing 11 of 12 recommendations.

Failure to Implement Recommendations Leaves State Vulnerable

Although information technology continues to change, the underlying principles of security and comprehensive continuity planning remain the same. Information technology resources, including data and systems, must be adequately protected. Security controls and comprehensive continuity plans are essential to ensure information technology resources are adequately protected.

DOR did not implement most recommendations

DOR officials implemented 8 of 24 recommendations made in the Comprehensive Continuity Planning and Information Resource Security Management audit reports. Several of the recommendations not implemented may be implemented in the near future as DOR officials

finalize and approve a security policy and as DOR is included in the information technology consolidation effort.

Three recommendations made to DOR in the Comprehensive Continuity Planning report to (1) develop a continuity planning framework, (2) develop and maintain a comprehensive continuity plan, and (3) evaluate and test environmental controls have not been implemented.² In addition, another recommendation made in the Information Resource Security Management report to develop a department-wide security framework and security plan has not been implemented.³ According to DOR officials, work on these four recommendations did not occur because of employee turnover and anticipated changes due to the information technology consolidation process that will impact DOR starting in July 2006. The CIO said all consolidated agencies will be required to comply with OA's continuity planning and security frameworks.

The pending information technology consolidation also resulted in another recommendation from the DOR Comprehensive Continuity Planning report not being implemented, according to DOR officials. In accordance with accepted standards, we recommended DOR officials should document the department's backup and offsite storage procedures.⁴ DOR officials stated the backups would be the responsibility of ITSD after the consolidation. The CIO said ITSD will be responsible for the backup and offsite storage of data, but departments will be responsible for identifying the data to be backed up and the frequency required. Therefore, all departments will still need to have policies and procedures related to backup after the consolidation.

DOR officials told us a security policy has been drafted and addresses seven of the audit recommendations.⁵ However, the officials would not allow us review the policy because it was still in draft form. As a result, we could not determine if the prior reported weaknesses will be properly addressed.

We recommended DOR officials discontinue the use of shared user identification (IDs) and passwords to ensure accountability.⁶ We also recommended DOR remove all established and unassigned user IDs to reduce the risk of unauthorized system access.⁷ DOR officials said these

² Recommendations number 1.1, 1.2, and 1.4 from report number 2002-85.

³ Recommendation number 2.1 from report number 2003-16.

⁴ Recommendation number 1.3 from report number 2002-85.

⁵ Recommendations number 1.3, 1.5, 1.8, 1.9, 2.3, 2.4, and 3.1 from report number 2003-16.

⁶ Recommendation number 1.10 from report number 2003-16.

⁷ Recommendation number 1.11 from report number 2003-16.

recommendations had been implemented. However, based on a review of the list of DOR users as of October 2005, we identified user IDs that were still being shared and IDs still not assigned to any user. These officials said they were not aware the IDs were still shared and would investigate. All system users and their activity should be uniquely identifiable, according to accepted standards.

We reported DOR officials performed background investigations for all new employees, but did not perform background reinvestigations.⁸ In addition, the audit reported DOR officials had not reviewed positions to determine sensitivity. A DOR official stated the only background checks obtained by the department as of October 2005 are those required by OA for employees with access to the state's accounting system (SAM II). The official also stated there have been no assessments completed to determine which employees need to have background reinvestigations completed. Accepted standards state sensitivity levels are used to determine if job positions require background screenings. Without determining levels of sensitivity of job positions, management cannot determine if job positions require additional background screenings and reinvestigations.

We reported DOR officials did not train personnel on an ongoing basis regarding computer security and their role in ensuring appropriate use of department resources.⁹ No changes have been made to DOR's training program since our audit. A DOR official said security training is given to all new employees and security notices are sent to employees periodically when security concerns arise. According to accepted standards, continuous education, training and awareness are all necessary to successfully implement any computer security program.

Some recommendations made to OA regarding the SAM II system still not implemented

OA officials implemented 8 of the 15 recommendations made regarding SAM II. Recommendations made to OA in the SAM II report to (1) establish a data classification framework scheme and appoint data resource owners, (2) assess the effectiveness of system security controls, (3) log, monitor and investigate security-related events, and (4) update the responsibilities and procedures for security administrators have not been implemented.¹⁰ According to the SAM II system administrator, OA does not have the funding or resources necessary to implement these four recommendations but will reevaluate the recommendations if funds and resources become available.

⁸ Recommendation number 1.12 from report number 2003-16.

⁹ Recommendation number 2.2 from report number 2003-16.

¹⁰ Recommendations number 2.1, 2.2, 2.9, and 2.10 from report number 2003-108.

We recommended OA officials document backup and offsite storage procedures for the SAM II system.¹¹ The SAM II system administrator said no changes had been made to the documented procedures because she believed the procedures in place were already adequate. However, these procedures still lack essential elements including documentation of the backup files and data, the personnel responsible for the backup functions, and details of the methods and frequency of backups. Accepted standards state management should have documented procedures for the availability of all data files required to restore and recover critical business functions.

To ensure SAM II data was being backed up and stored correctly, we recommended OA officials test backup files more frequently than just during the state's annual disaster recovery test.¹² The system administrator said no additional testing of the backup files had been performed outside of the annual disaster recovery test because management felt this test was as frequent as needed. According to accepted standards, additional tests are necessary to identify weaknesses in restoration procedures and to ensure backups are being performed correctly.

Our audit recommended OA officials segregate programmer duties by limiting access rights to essential job functions.¹³ If segregation was not possible, we recommended OA establish compensating controls. OA officials took steps to implement this recommendation by segregating duties as much as they thought possible, according to the system administrator. However, the officials did not take steps to implement compensating controls, such as increased supervisory monitoring, where segregation was not possible. Accepted standards state management should implement a division of roles and responsibilities or other controls to reduce the possibility for a single individual to subvert a critical process.

State Data Center
implemented nearly all
recommendations

State Data Center officials took action to implement 11 of 12 recommendations. To improve the protection of information technology resources and system integrity, we recommended that as administrators of data center security, oversight controls should be established to monitor state agencies' compliance with the data center's security policies.¹⁴ This recommendation has not been implemented. Data center officials commented in the prior report that monitoring other agencies was not within the scope of the data center's services or responsibilities. However, the information technology consolidation effort places agency technology

¹¹ Recommendation number 1.3 from report number 2003-108.

¹² Recommendation number 1.4 from report number 2003-108.

¹³ Recommendation number 2.8 from report number 2003-108.

¹⁴ Recommendation number 2.2 from report number 2003-113.

personnel in the same department as the data center, which should allow oversight controls to be more effectively established and enforced. The state CIO agreed monitoring compliance for the consolidated agencies would be possible after the consolidation.

Conclusions

Agencies have corrected many of the previously reported weaknesses by devoting the resources to and placing a greater emphasis on information security management practices. However, addressing the 24 recommendations that have not been implemented would enhance security and provide additional protection for the state's information technology resources. To ensure protection of information technology resources in today's rapidly changing environment, agencies must ensure security controls and comprehensive continuity planning capabilities are in place.

Recommendation

The Chief Information Officer work with the agencies to implement the remaining recommendations and to monitor their progress towards full compliance.

Agency Comments

The Information Technology Services Division (ITSD) agrees that it will continue to work with the consolidated agencies to implement the remaining recommendations and to monitor their progress toward full compliance.

With respect to the three recommendations in the Comprehensive Continuity Planning report and the recommendation in the Information Resource Security Management report, all four to the Department of Revenue (DOR), the DOR, as one of the consolidated agencies, will be required to comply with OA ITSD's continuity planning and security frameworks. (See page 9)

With respect to the recommendation in the Comprehensive Continuity Planning report that the DOR document its backup and offsite storage procedures, consolidated departments will be responsible for identifying the data to be backed up and the frequency required; thus, the DOR will need to document its policies and procedures regarding backups. (See page 9)

With respect to the recommendations regarding DOR's security policy, and that DOR discontinue the use of shared user identification (IDs) and passwords, train personnel on an ongoing basis regarding computer security, and determine the level of sensitivity of job positions which require additional background screenings and reinvestigations, consolidated agencies must comply with OA ITSD's security policy. (See pages 9 and 10)

With respect to the four recommendations to OA in the SAM II report, OA ITSD responds as follows: (See page 10)

The Enterprise Architecture Committee is currently drafting a data classification standard. As soon as that standard has been approved, SAM II will adopt that standard and appoint data resource owners based on data classification.

OA ITSD has purchased software and hardware that will test the effectiveness of system security controls. Staff has just completed training on the product and testing will begin in the near future.

One of the tasks assigned to the OA ITSD Information Security Management Office is to monitor and investigate all security related events within the consolidated agencies. As we move forward, appropriate logging requirements will be implemented.

Due to consolidation, this task is being held until the consolidation has been completed and appropriate responsibilities have been assigned to the appropriate staff.

With respect to the recommendation that OA officials document backup and offsite storage procedures for the SAM II system, the ITSD believes that it has included the essential elements in its procedures. (See page 11)

The SAM II system uses automated database utility batch jobs to perform file backups. They run automatically every night immediately after the online system is brought down. These same backups also run at the end of various SAM II nightly batch cycles such as the HR Daily, HR Paycycle, and the Financial Daily. No personnel intervention is required to perform backups. The backup files can be used for system/file restores.

With respect to the recommendation that OA officials test SAM II backup files more frequently than just during the state's annual disaster recovery test, the ITSD clarifies its prior response as follows: (See page 11)

Production file backups and disaster recovery backups are produced daily for the SAM II system. Production file backups are tested throughout the year for production database restores. They are also tested when we load a test database in that we use the production backup file for that purpose.

Consequently, backups are successfully tested and used for restoration tasks periodically throughout the year.

Restoration from the disaster recovery backups occur during an annual statewide drill. Disaster recovery testing is very expensive and would be cost prohibitive to perform more than annually.

Given the periodic testing of production backups and the annual disaster recovery backup testing, OA feels that the current processes are adequate for the SAM II backups and restoration.

With respect to the recommendation that OA officials implement compensating controls in segregating programmer duties, ITSD agrees with the recommendation. (See page 11)

OA/Systems and Programming will create a separate document to log all occurrences and details that describe changes to SAM II source code made by on-call programming staff that is moved to the production environment in order to successfully complete a batch cycle. The manager/supervisor will review the documentation, initial, date, and file a hardcopy. Note: It is very rare that SAM II source code is changed in this manner and under these circumstances.

With respect to the recommendation that OA officials establish oversight controls to monitor state agencies' compliance with the data center's security policies, the ITSD agrees that monitoring the consolidated agencies is within the scope of the data center's services and responsibilities and will be possible after consolidation. (See page 11 and 12)

Enterprise Architecture on Road to Completion

The state has made progress developing an EA, but this architecture is not complete. Necessary work remains to develop and manage a fully mature EA capable of providing all of the benefits needed to more effectively and efficiently manage the state's information technology resources. The architecture has not been fully developed because, prior to the state's information technology consolidation, the CIO had no authority to commit the resources needed for the task.

Status of EA Development

We evaluated Missouri's EA and manual using a benchmarking tool as of November 2005. According to the state's EA manual, "the goal of statewide Enterprise Architecture is to enhance coordination, simplify integration, build a consistent infrastructure, and generally allow greater efficiencies in the development of technology solutions. The intent of the Missouri Adaptive Enterprise Architecture program is to realize these goals while ensuring effective use of state resources, thereby enabling consistent, effective delivery of services to the employees, citizens, and businesses of Missouri."

In April 2003, GAO published a management maturity framework to provide a benchmarking tool for planning and measuring efforts to improve EA management.¹⁵ The maturity framework is made up of five stages of EA maturity with stage 1 being the least mature and stage 5 representing a fully mature architecture. Each stage reflects a collection of key best practices or conditions needed for effective EA management. The state has implemented some of the framework's Stage 2 key practices for building the EA management foundation, but important foundational practices still need to be fully developed. Some additional practices and conditions have also been met for the subsequent stages. Table 3.1 lists the key best practices included in the GAO framework along with an indication of which practices the state has met.

¹⁵ *A Framework for Assessing and Improving Enterprise Architecture Management*. GAO 03-584G, April 2003, www.gao.gov.

Table 3.1: Summary of Missouri's Satisfaction of Key Enterprise Architecture Management Practices Described in GAO EA Management Maturity Framework (Version 1.1)

Stage	Key Best Practices and Conditions	Status as of November 2005
Stage 1: Creating EA awareness	Agency is aware of EA.	✓
Stage 2: Building the EA management foundation	Adequate resources exist.	✓
	Committee or group representing the enterprise is responsible for directing, overseeing, or approving EA.	✓
	Program office responsible for EA development and maintenance exists.	✓
	Chief architect exists.	✓
	EA is being developed using a framework, methodology and automated tool.	✓
	EA plans call for describing both the "as-is" and the "to-be" environments of the enterprise, as well as a sequencing plan for transitioning from the "as-is" to the "to-be."	—
	EA plans call for describing both the "as-is" and the "to-be" environments in terms of business, performance, information/data, application/service, and technology.	—
	EA plans call for business, performance, information/data, application/service, and technology descriptions to address security.	—
	EA plans call for developing metrics for measuring EA progress, quality, compliance, and return on investment.	—
Stage 3: Developing EA products	Written and approved organization policy exists for EA development.	✓
	EA products are under configuration management.	✓
	EA products describe or will describe both the "as-is" and the "to-be" environments of the enterprise, as well as a sequencing plan for transitioning from the "as-is" to the "to-be."	—
	Both the "as-is" and the "to-be" environments are described or will be described in terms of business, performance, information/data, application/service, and technology.	—
	Business, performance, information/data, application/service, and technology descriptions address or will address security.	—
	Progress against EA plans is measured and reported.	—

Table 3.1: Summary of Missouri's Satisfaction of Key Enterprise Architecture Management Practices Described in GAO EA Management Maturity Framework (Version 1.1) (Continued from previous page)

Stage	Key Best Practices and Conditions	Status as of November 2005
Stage 4: Completing EA products	Written and approved organization policy exists for EA maintenance.	✓
	EA products and management processes undergo independent verification and validation.	✓
	EA products describe both the "as-is" and the "to-be" environments of the enterprise, as well as a sequencing plan for transitioning from the "as-is" to the "to-be."	—
	Both the "as-is" and the "to-be" environments are described in terms of business, performance, information/data, application/service, and technology.	—
	Business, performance, information/data, application/service, and technology descriptions address security.	—
	Organization CIO has approved current version of EA.	✓
	Committee or group representing the enterprise or the investment review board has approved current version of EA.	✓
	Quality of EA products is measured and reported.	—
Stage 5: Leveraging the EA to manage change	Written and approved organization policy exists for information technology investment compliance with EA.	—
	Process exists to formally manage EA change.	✓
	EA is integral component of information technology investment management process.	—
	EA products are periodically updated.	✓
	Information technology investments comply with EA.	—
	Organization head has approved current version of EA.	✓
	Return on EA investment is measured and reported.	—
	Compliance with EA is measured and reported.	—

✓ Fully satisfied

— Not fully satisfied

Source: GAO EA Management Maturity Framework (Version 1.1) and SAO evaluation of Missouri's EA

Table 3.1 shows the state is making progress towards completion of the EA.

Consolidation Helps in EA Development

ITAB began work on the EA in 1997. The CIO said since each state agency's information technology units operated autonomously before the state's information technology consolidation, the previous CIO did not have the authority to require work on and compliance with the EA. Due to the consolidation, the CIO stated he now has the authority to require participation in the development process and to enforce compliance with it.

The CIO said the process to develop and implement the EA should proceed at a smoother and quicker pace than prior to the consolidation. According to the GAO, the importance of developing, implementing, and maintaining an EA is a basic tenet of both organizational transformation (consolidation) and information technology management. Managed properly, an EA can clarify and help optimize the interdependencies and relationships among an organization's business operations and the underlying information technology resources and systems that support these operations.

Conclusions

Important steps have been taken to develop, implement, and manage the EA for the state. However, until the EA has been fully developed, including management procedures to measure and improve architecture effectiveness, the state is at risk of having missing or inadequate principles and standards and incompatible or redundant information technology resources. Although the EA is not complete, progress is expected to continue and the consolidated state agencies will be required to comply with architecture policies.

Recommendation

The Chief Information Officer continue to develop the EA and use the GAO maturity framework, or similar framework, to measure and improve EA management effectiveness.

Agency Comments

ITSD agrees that consolidation provides the authority to allow it to reach a fully mature architecture as described in the GAO maturity management framework. Efforts are ongoing to address those Key Best Practices and Conditions currently not achieved.

Status of Prior Recommendations

Table I.1 presents the status of our prior recommendations for Department of Labor and Industrial Relations report number 2001-41, as of November 2005.

Table I.1: Status of Prior Recommendations for Department of Labor and Industrial Relations report number 2001-41

Prior recommendations	Status
1.1 Develop a risk management program, that includes (1) asset valuation to determine the near-term and long-term consequences if data are lost or corrupted, and computer and LAN support is lost, (2) threat identification such as, intentional and unintentional errors, disgruntled employees, fire, and natural disaster, (3) vulnerability analysis to determine if current controls could be exploited by identified threats, and (4) design security processes and procedures to mitigate the identified risks that are not currently controlled.	Implemented
1.2 Prepare a disaster recovery plan to ensure the department can continue to process and pay unemployment and second injury fund payments if computer and/or LAN operations are disrupted for an extended period.	Implemented
1.3 Establish a monitoring process to periodically reassess the effectiveness of computer security controls, including computer logging systems and employees' access rights to sensitive systems and data.	Implemented
1.4 Establish a written policy that requires all employees with desktop computers to activate their desktop screen passwords after 5-10 minutes of inactivity.	Implemented
1.5 Assign sensitivity levels to job positions and perform background screening where appropriate.	Implemented
1.6 Follow the procedures and steps in the National Institute of Standards and Technology's Special Publication 800-12, where appropriate, in implementing the above recommendations. This publication and other National Institute of Standards and Technology computer security related publications are electronically available at http://csrc.nist.gov .	Implemented
2.1 Assign overall responsibility and authority for the department's computer security program to an appropriate senior official, and designate a department computer security officer.	Implemented
2.2 Develop comprehensive computer security policies that include such elements as security planning, risk management, periodic reviews of security controls, personnel background screening, contingency planning, training, access controls, and audit trails.	Implemented
2.3 Use the National Institute of Standards and Technology computer security self-assessment guide to evaluate the effectiveness of its computer security program and make improvements where needed.	Implemented
2.4 Establish a security awareness and training program based on National Institute of Standards and Technology guidelines as appropriate.	Implemented

Source: SAO

Appendix I
Status of Prior Recommendations

Table I.2 presents the status of our prior recommendations for Department of Revenue report number 2002-85, as of November 2005.

Table I.2: Status of Prior Recommendations for Department of Revenue report number 2002-85

Prior recommendations	Status
1.1 Define and implement a continuity planning framework, including standards and policies for the development and maintenance of comprehensive business continuity and information technology recovery plans. Ensure this framework includes provisions to: <ul style="list-style-type: none">• Assign the responsibility of coordinating disaster recovery and business resumption activities to an emergency management team, and ensure all personnel are aware of and trained in their duties and responsibilities as they apply to the comprehensive continuity plan.• Develop formal procedures to incorporate periodic business impact analysis to monitor the ongoing requirements of the business continuity plans and arrangements.• Develop and document adequate emergency response procedures regarding information technology recovery activities, and ensure staff are appropriately trained on how to respond in the event of an emergency.	Not Implemented
1.2 Develop, implement, and maintain a comprehensive continuity plan, which consists of both a business continuity plan and an information technology recovery plan. Once the plans are implemented, they should be periodically tested.	Not Implemented
1.3 Develop and document backup, recovery, and offsite storage procedures for critical data files, applications, media, documentation, and other information technology resources to support the recovery and resumption of business processes and system operations. These procedures should include policies to test recovery of backup applications and data, use of a librarian to track backup data, perpetual inventories of backup data and media in secondary storage, segregation of duties for personnel responsible for creating backup data, and proper storage of backup data.	Not Implemented
1.4 Evaluate the adequacy of environmental controls in place and test the controls periodically.	Not Implemented

Source: SAO

Appendix I

Status of Prior Recommendations

Table I.3 presents the status of our prior recommendations for Department of Revenue report number 2003-16, as of November 2005.

Table I.3: Status of Prior Recommendations for Department of Revenue report number 2003-16

Prior recommendations	Status
1.1 Evaluate the usage of the mainframe user ID management systems and implement procedures to eliminate the discrepancies between the systems.	Implemented
1.2 Evaluate the number of system and application administrators that control access to department data and information system resources. In addition, establish procedures for supervisors to periodically review system and application administrator activity.	Implemented
1.3 Establish department-wide controls over the configuration of user and group profiles to ensure that access rights for users are commensurate with users' job responsibilities.	Not Implemented
1.4 Document and define datasets and ensure only appropriate users have access.	Implemented
1.5 Ensure policies, procedures, and standards are documented and followed in granting access to data and information system components.	Not Implemented
1.6 Ensure the functions of critical processes including that of data entry and systems development and maintenance are properly segregated.	Implemented
1.7 Ensure a list of contractors with access to department resources and the access given is maintained.	Implemented
1.8 Ensure supervisors perform documented periodic reviews of user access levels to determine if they remain appropriate.	Not Implemented
1.9 Establish policies, procedures, and standards which document the criteria to be followed in closing user accounts and removing access to data and information system resources. These procedures should include policies on monitoring and removing inactive user accounts.	Not Implemented
1.10 Establish user groups for users with similar job functions and access rights and discontinue the use of shared IDs and passwords.	Not Implemented
1.11 Remove all unassigned user IDs established and formalize procedures to create new IDs upon authorized request.	Not Implemented
1.12 Ensure background reinvestigations are performed periodically for applicable employees.	Not Implemented
2.1 Complete design, development, and approval of a department-wide security framework and security plan. The security framework should be designed to document and ensure consistent implementation of effective and consistent security practices for all divisions and personnel. Ensure the plan includes: <ul style="list-style-type: none"> • A data and information classification framework scheme and guidelines for classifying all data and information in terms of criticality and sensitivity, which is determined by a formal and explicit decision by the data owner. • A structure for formally appointing data and information resource owners and for defining their roles and responsibilities, which includes making decisions about classification and access rights. 	Not Implemented

Appendix I

Status of Prior Recommendations

Table I.3: Status of Prior Recommendations for Department of Revenue report number 2003-16

(Continued from previous page)

Prior recommendations	Status
2.2 Implement an ongoing security awareness program to ensure all personnel and end-users are aware of appropriate, department-wide security policies and standards and are informed of their individual responsibilities relative to ensuring a secure processing environment.	Not Implemented
2.3 Establish policies and procedures for assessing the effectiveness of operational security controls. Consider using the National Institute of Standards and Technology computer security self-assessment guide to evaluate this effectiveness and make improvements where needed.	Not Implemented
2.4 Develop and document department-wide policies and procedures for (1) logging system access, (2) monitoring access and security violations, and (3) reporting to ensure the proper functioning of controls in the department security framework.	Not Implemented
2.5 Ensure employee termination policies and procedures are enforced.	Implemented
3.1 Ensure the responsibilities for physical security and protection are clearly defined, documented, and enforced.	Not Implemented
3.2 Ensure policies for identifying and monitoring visitors to department facilities are enforced.	Implemented
3.3 Maintain accurate reports of individuals with physical access to the department's facilities and regularly review those reports to ensure that current employees have appropriate access.	Implemented

Source: SAO

Appendix I

Status of Prior Recommendations

Table I.4 presents the status of our prior recommendations for Department of Social Services report number 2003-44, as of November 2005.

Table I.4: Status of Prior Recommendations for Department of Social Services report number 2003-44

Prior recommendations	Status
1.1 Develop a comprehensive risk management program, which would include policies and procedures requiring: <ul style="list-style-type: none">• Risk assessments, specifying their frequency, and the responsible personnel.• Risk assessments when major system changes occur.	Implemented
1.2 Develop a comprehensive and current disaster recovery plan for DCSE's computerized system which: <ul style="list-style-type: none">• Reestablishes communication lines with the DCSE contractor who issues child support checks, reestablishes DCSE's computerized system capability on a statewide basis, and identifies the responsibilities of those carrying out the disaster recovery plan.• Identifies and prioritizes critical operations and data, reflects current conditions, and is approved by senior program managers.• Lists resources such as hardware, software, system documentation, and other computer supplies, which support critical operations.• Lists facilities housing critical resources.	Implemented
1.3 Develop policies and procedures to: <ul style="list-style-type: none">• Ensure plans for backup and restoration of all critical applications are complete, reflect changes as they occur, and are checked for accuracy at least semi-annually.• Require storing the proper system and application documentation at the off-site location, which are needed for successful recovery of application resources.• Require deficiencies disclosed during disaster recovery testing be corrected, and verified when possible, prior to the next disaster recovery exercise.• Require applications testing be performed by day-to-day users of the system during disaster recovery testing to ensure all needed data and screens are available. At a minimum, day-to-day users should review the documented results of the applications testing.	Implemented

Appendix I

Status of Prior Recommendations

Table I.4: Status of Prior Recommendations for Department of Social Services report number 2003-44
(Continued from previous page)

Prior recommendations	Status
<p>2.1 DCSE officials should:</p> <ul style="list-style-type: none"> • Ensure paperwork is completed and remitted timely to the technical support division when revoking user IDs for employees and non-department users who terminate, transfer, or no longer need access to DCSE's computerized system. • Ensure employees do not share user IDs and passwords, and employees are not allowed to use multiple user IDs. • Discontinue issuing multiple user IDs that result in bypassing security protocols. • Track all suspected DCSE system access violations and report all suspected and proven violations to division management. • Document policies and procedures for periodically reviewing user access rights for DCSE system users. • Review policies allowing technicians read-only access to all cases and update access to all members on DCSE cases, to determine if this access is actually needed for the technicians to perform their duties. • Develop specific policies and procedures for granting dial-up access to the computerized system. Additionally, this access should be reviewed periodically to ensure it remains appropriate. 	Implemented
<p>2.2 The department's technical support division should:</p> <ul style="list-style-type: none"> • Establish a process for monitoring inactive user IDs, specifically for DCSE's computerized system. • Ensure department password resetting protocols are properly followed. • Develop accurate and up-to-date policies and procedures for reviewing audit trails, including who is responsible for reviewing audit trail reports and what follow-up action should be taken on apparent access violations. • Develop policies and procedures to ensure only appropriate employees have access to make changes through security software. 	
<p>2.3 Department officials should ensure criminal background checks are properly performed and documented on each newly hired or newly transferred employee with access to DCSE's computerized system.</p>	Implemented

Source: SAO

Appendix I Status of Prior Recommendations

Table I.5 presents the status of our prior recommendations for Office of Administration report number 2003-108, as of November 2005.

Table I.5: Status of Prior Recommendations for Office of Administration report number 2003-108

Prior recommendations	Status
1.1 Define and implement an office-wide continuity planning framework, including standards and policies for the development and maintenance of comprehensive business continuity and information technology recovery plans. This framework should include provisions to: <ul style="list-style-type: none"> • Formally assign the responsibilities for recovery planning and ensure all personnel are aware of and trained in their duties. • Incorporate periodic business impact analysis to monitor the ongoing requirements of the business continuity plans. 	Implemented
1.2 Develop, implement, and maintain a comprehensive continuity plan for the SAM II system, which consists of both a business continuity plan and an information technology recovery plan. Once the plans are implemented, they should be periodically tested.	Implemented
1.3 Document SAM II system backup and offsite storage procedures necessary to recover system operations and resume business processes.	Not Implemented
1.4 Test off-site back up files more frequently than during the state's annual recovery test.	Not Implemented
2.1 Implement an office-wide security framework and security plan. The security framework should document and ensure consistent implementation of effective and consistent security practices for all divisions and personnel. The plan should include: <ul style="list-style-type: none"> • A data classification framework scheme and guidelines for classifying data in terms of criticality and sensitivity. • A structure for formally appointing data resource owners and for defining their roles and responsibilities, which includes making decisions about classification and access rights. 	Not Implemented
2.2 Establish procedures for assessing the effectiveness of system security controls.	Not Implemented
2.3 Establish procedures to improve the system administrator's documentation authorizing requests for system changes and the ultimate approval of the change before it is put in place.	Implemented
2.4 Work with the software vendor to resolve the system inactivity user logoff feature that has been unavailable since October 2002.	Implemented
2.5 Ensure system administrators perform supervisory reviews of the assignment and use of privileged accounts.	Implemented
2.6 Periodically review user IDs to ensure access of terminated employees is removed. Inactive and duplicate user IDs should also be evaluated for possible removal.	Implemented

Appendix I
Status of Prior Recommendations

Table I.5: Status of Prior Recommendations for Office of Administration report number 2003-108

(Continued from previous page)

Prior recommendations	Status
2.7 Communicate with state agencies the importance of performing background checks by the Missouri State Highway Patrol on employees with access to state financial systems.	Implemented
2.8 Ensure programmer duties are properly segregated and access rights are limited to essential job functions. If proper segregation cannot be done, implement compensating controls, such as increased supervisory monitoring.	Not Implemented
2.9 Log appropriate security-related events, monitor access, investigate apparent security violations, and take appropriate remedial action to ensure the proper functioning of controls in the system.	Not Implemented
2.10 Update SAM II documents outlining responsibilities for system and application administrators and procedures for system security for current practices and keep them updated as changes take place.	Not Implemented
2.11 Establish hiring and termination procedures which give appropriate consideration to security issues and technical skills.	Implemented

Source: SAO

Appendix I Status of Prior Recommendations

Table I.6 presents the status of our prior recommendations for Office of Administration report number 2003-113, as of November 2005.

Table I.6: Status of Prior Recommendations for Office of Administration report number 2003-113

Prior recommendations	Status
1.1 Complete development and implementation of a detailed comprehensive continuity plan which will support the data center's recovery strategy that ensures critical information systems processing functions can continue in the event of a significant disruption to normal computer operations. Procedures and objectives of testing the plan should be incorporated.	Implemented
1.2 Establish a formal maximum tolerable outage time for the data center's operations.	Implemented
1.3 Review the current access rights to the recovery plan to ensure they are appropriate and necessary as well as prepare procedures for establishing future access to the plan.	Implemented
1.4 Develop procedures to incorporate a periodic impact analysis process to monitor the ongoing requirements of recovery plans.	Implemented
1.5 Develop and document backup and off-site storage procedures for critical data files to support the recovery and resumption of business processes and system operations.	Implemented
1.6 Test off-site backup files more frequently than during the state's annual recovery test.	Implemented
1.7 Improve contract procedures, which should include ensuring planned specifications are used in soliciting bids and re-bidding contracts once renewal options have expired or sooner if warranted.	Implemented
2.1 Establish security guidelines and procedures for the state entities to ensure adequate controls of access to data.	Implemented
2.2 Establish and perform oversight controls for the RACF system to be used to monitor state entities.	Not Implemented
2.3 Implement internal security procedures and controls regarding access of data center personnel to ensure the protection of information technology resources and integrity of information technology systems for the state. These procedures should include: <ul style="list-style-type: none"> • Performing documented periodic reviews of user access rights to determine if they remain appropriate. • Routinely reviewing security-related events, monitoring access, investigating apparent security violations, and taking appropriate remedial action. • Reviewing the actions of privileged accounts. 	Implemented
2.4 Perform and document a review of current RACF system security settings to ensure they are appropriate and establish procedures to ensure future changes to system security settings are documented and approved.	Implemented

Appendix I
Status of Prior Recommendations

Table I.6: Status of Prior Recommendations for Office of Administration report number 2003-113
(Continued from previous page)

Prior recommendations	Status
2.5 Ensure system security duties are properly segregated from auditing duties and access rights are limited to essential job functions. If proper segregation cannot be done, implement compensating controls to limit any resulting control weaknesses.	Implemented

Source: SAO



Claire McCaskill

Missouri State Auditor

March 2006

MENTAL HEALTH

Hawthorn Children's Psychiatric Hospital



Office Of
Missouri State Auditor
Claire McCaskill

March 2006

The following findings were included in our audit report on the Department of Mental Health, Hawthorn Children's Psychiatric Hospital.

Hawthorn Children's Psychiatric Hospital (HCPH) personnel have not identified the reasons for the differences between the facility's internal receivable system and the Department of Mental Health's (DMH) receivable system. The July 31, 2005 reconciliation had an unreconciled difference between the two systems of approximately \$193,600.

The HCPH did not solicit bids or retain bid documentation for some expenditures, including: furniture, \$24,223; sprinkler and fire inspections, \$3,820; and locksmith tools and supplies, \$8,762, as required by state law. Also, HCPH management has not established a formal written policy for conducting annual physical inventories of capital assets, and current physical inventory procedures are not adequate. The physical inventories in fiscal year 2005 indicated 188 items, costing approximately \$132,200, were not found.

In three of the ten incident reports reviewed, the decision of whether or not to substantiate a charge of abuse or neglect was not always made within 10 working days after receiving the final investigative report, as required. Additionally, HCPH personnel were unable to locate an incident report or final investigative report for an incident recorded in the Incident and Investigation Tracking System (IITS). Facility personnel indicated this incident report was incorrectly entered into the IITS; however, there was no documentation to support this statement. Our office released a department-wide audit regarding abuse and neglect in September 2005 (Report no. 2005-62).

The DMH established a revolving fund to be used for facility supplies and patient outings. HCPH management has not established a formal written policy for revolving fund expenditures for meals and patient activities. As a result, HCPH management has no documented basis to determine that meal and patient activity expenditures are appropriate. Also, individuals who actually receive patient monies are not required to sign, documenting receipt of the monies, nor is the purpose of the expenditures noted on the request form. In addition, documentation of patient expenditures is not filed with HCPH to support purchases by social workers.

The audit also includes some matters related to state vehicles, meals, and the employee relations committee upon which the hospital should consider and take appropriate corrective action.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

DEPARTMENT OF MENTAL HEALTH
HAWTHORN CHILDREN'S PSYCHIATRIC HOSPITAL

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Mental Health Commission
and
Dorn Schuffman, Director
Department of Mental Health
and
Diane McFarland, Director
Division of Comprehensive Psychiatric Services
and
Marylois Lacey, Chief Executive Officer
Eastern Missouri Psychiatric Hospital System
and
Judy Finnegan, Chief Operating Officer
Hawthorn Children's Psychiatric Hospital
St. Louis, MO 63133

We have audited the Department of Mental Health, Hawthorn Children's Psychiatric Hospital. This hospital was consolidated with St. Louis Psychiatric Rehabilitation Center and Metropolitan St. Louis Psychiatric Center in August 2003. As a result of this consolidation, the Eastern Missouri Psychiatric Hospital System was formed which consolidated several positions and operations of these facilities. This audit only includes the operations of the Hawthorn Children's Psychiatric Hospital.

The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2005 and 2004. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the facility, and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the facility's management and was not subjected to the procedures applied in the audit of the facility.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Mental Health, Hawthorn Children's Psychiatric Hospital.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 20, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Julie Vollmer
Audit Staff:	Zeb Tharp

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF MENTAL HEALTH
HAWTHORN CHILDREN'S PSYCHIATRIC HOSPITAL
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Bidding Procedures
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The Hawthorn Children's Psychiatric Hospital (HCPH) did not solicit bids or retain bid documentation for some expenditures. For example, the HCPH did not have bid documentation for the following expenses:

Furniture	\$ 24,223
Sprinkler and fire inspections	3,820
Locksmith tools and supplies	8,762

Section 34.040, RSMo, requires all purchases in excess of \$3,000 to be competitively bid. Formal bidding procedures for major purchases also provides a framework for economical management of resources and helps ensure fair value is received by contracting with the lowest and best bidders. In addition, competitive bidding ensures all interested parties are given an equal opportunity to participate in the state's business. Written documentation of bids should always be retained as evidence to demonstrate compliance with the state's competitive bidding requirements.

WE RECOMMEND HCPH management solicit written bids and retain bid documentation for all purchases in accordance with state law.

AUDITEE'S RESPONSE

We concur. We have implemented a written procedure to address this concern. All purchasing staff have been trained on the procedure.

2.	Receipts and Receivables
-----------	---------------------------------

Several weaknesses were noted with receipt procedures and receivable system reconciliations.

- A. The receipt slips used for all monies received are not issued in sequential order, resulting in numerous gaps in the receipt numbers issued. HCPH personnel were unable to locate all of the missing receipt slips. To adequately account for monies and to ensure all monies received are deposited, prenumbered receipt slips should be issued in sequence and accounted for properly.
- B. HCPH personnel have not identified the reasons for the differences between the facility's internal receivable system and the Department of Mental Health's

(DMH) receivable system. The DMH system is used to prepare the initial billings for services. HCPH personnel use the facility's internal receivables system to track and follow-up on the Medicaid billings/receivables. The July 31, 2005 reconciliation had an unreconciled difference between the two systems of approximately \$193,600. Periodic reconciliation of the receivable systems and adequate investigation of differences is needed to ensure all amounts due are correctly identified.

WE RECOMMEND HCPH management:

- A. Ensure receipt slips are issued in sequence and the numerical sequence of the receipt slips is accounted for properly.
- B. Ensure unreconciled differences between the facility's internal receivable system and the DMH receivable system are investigated and resolved in a timely manner.

AUDITEE'S RESPONSE

- A. *We concur. We will ensure receipt slips are issued and accounted for as recommended.*
- B. *We concur. We have implemented procedures to ensure this recommendation is executed.*

3. Capital Assets

HCPH management has not established a formal written policy for conducting annual physical inventories of capital assets. Furthermore, current physical inventory procedures are not adequate. The physical inventories in fiscal year 2005 indicated 188 items, totaling approximately \$132,200, were not found. We located two items which had been indicated as not found during the fiscal year 2005 inventory. When an item is not located for three years, the item is removed from the capital asset listings. HCPH does not have any written procedures to follow when an item is not found.

To ensure that capital assets are adequately safeguarded and accounted for, thorough and complete capital asset inventories and investigations of items not found should be performed.

WE RECOMMEND HCPH management establish a formal written policy which defines the procedures for physical inventories. In addition, HCPH management should ensure items not found during the physical inventory are adequately investigated.

AUDITEE'S RESPONSE

We concur. A formal written policy has been prepared and is currently under review. The policy will be implemented April 1, 2006. It is our intention to finalize the policy and to conduct staff training to ensure compliance.

4. State Vehicles

Several weaknesses were noted regarding state-owned vehicles, including gas credit card charges, vehicle logs, and underutilization of state vehicles.

- A. Credit card gas purchases are not recorded on the vehicle logs and are not always reconciled to the credit card billing statements. For example, on one credit card statement, the credit card charge slips for gasoline purchases were missing for 7 of the 18 transactions (39 percent). In these instances, accounting personnel processed these payments without questioning any of the purchases. As a result, there is less assurance that credit cards are only used for reasonable and proper purchases.
- B. Some of the vehicle logs were missing for three state vehicles. Although these vehicles had logs for a portion of the two fiscal years ended June 30, 2005, vehicle logs were not retained for several months during this time period. Vehicle logs are necessary to ensure state vehicles are properly used for business purposes.
- C. Some of the state-owned vehicles used by the HCPH appear to be underutilized. During the year ended June 30, 2005, pool vehicles usage ranged from 1,333 to 13,625 miles, and averaged 4,793 miles per vehicle. Low mileage can be an indicator that an agency is not utilizing the vehicles efficiently or that all pool vehicles are not needed. Office of Administration's (OA) vehicle guidelines, Policy SP-4, provide that pool vehicles should average at least 15,000 miles per year. Vehicle usage should be reviewed and underutilized vehicles should be disposed of to ensure that state resources are efficiently used and that vehicle usage complies with the state policy.

WE RECOMMEND HCPH management:

- A. Ensure that credit card purchase slips are reconciled to the credit card invoice before payment is made. In addition, HCPH management should ensure that all gas purchases are recorded on the vehicle logs.
- B. Ensure vehicle usage logs are accurately completed and retained for all vehicles.
- C. Evaluate the usage and necessity of all vehicles to ensure they are properly utilized.

AUDITEE'S RESPONSE

- A. *We concur. We are developing a written procedure to ensure that this process takes place. Once approved, appropriate staff will be trained to the procedure. The procedure will be implemented by April 1, 2006.*
- B. *We concur. We have drafted a written procedure to ensure this process takes place. Once approved, appropriate staff will be trained to the procedure. The procedure will be implemented by April 1, 2006.*
- C. *We concur. We will conduct an evaluation of usage to determine whether or not existing vehicles are fully utilized based on standards outlined by the Office of Administration.*

5. Incident Reports

Several weaknesses were noted with incident reports. The incident reports meeting the abuse and neglect criteria are to be recorded in the DMH database within 24 hours or by the end of the next working day after the incident occurred, was discovered, or the notification was received. These incidents are assigned to an investigator who is required to complete an investigative report. Within 10 working days after receiving the final investigative report, the Chief Operating Officer then makes recommendations based upon the investigative reports and is responsible for the final disposition of each case.

- A. In three of the ten incident reports reviewed, the decision to substantiate or not substantiate the charge of abuse or neglect was not always made within 10 working days after receiving the final investigative report, as required. For example, a final investigative report was received on June 23, 2005, but a decision to substantiate or not substantiate was not determined until August 2, 2005.

DOR 2.205 states, "After receiving the final investigative report, the facility head shall within 10 working days, do one of the following: (A) Decide upon appropriate disposition of the matter, or (B) Request further investigation in which case an additional 10 working days may be allowed to complete the investigation unless the facility head allows for a longer period of time."

- B. HCPH personnel were unable to locate an incident report or final investigative report for an incident recorded in the department's Incident and Investigation Tracking System (IITS). In IITS, the system indicates the individual's name, incident date, and various other dates regarding the follow-up of this incident. Facility personnel indicated this incident report was incorrectly entered into the IITS; however, there was no documentation to support this statement. Documentation should be maintained to support any incorrect entries in the IITS.

WE RECOMMEND HCPH management:

- A. Document the decision to substantiate or not substantiate charges within the time frames established by departmental regulations.
- B. Maintain documentation to support all entries in the IITS.

AUDITEE'S RESPONSE

- A. *We concur. Since December 2005, all abuse or neglect reports have been posted. Furthermore, since December 2005, we are ensuring that decisions to substantiate or not to substantiate have been documented.*
- B. *We concur. Since December 2005, we are ensuring that documentation supporting any incident entries is maintained.*

6. Meals

HCPH provides approximately 28,470 meals each year to employees at no charge as part of a "modeling" program. According to facility personnel, the purpose of the "modeling" program is to encourage employees to eat with the patients to set a good example. However, the providing of free meals appears to violate state law.

Section 630.186, RSMo, states "Any purchase of food in any institution under the control of the department, other than the usual quantity purchased for the patients or residents thereof, to be used by or for anyone other than the patients or residents of such institution shall be charged directly to the individual responsible for such purchase." HCPH management, along with the department, should review the benefits or results provided by the "modeling" program to determine if a change in state law should be pursued that would allow the program.

WE RECOMMEND HCPH management, along with the department, review the benefits of providing free meals to employees.

AUDITEE'S RESPONSE

We concur. As of March 1, 2006, the "modeling" program has been discontinued.

7. Non-Appropriated Funds Procedures

The facility's non-appropriated funds include the revolving fund and patient monies. Several weaknesses were noted with the revolving fund and adequate documentation was not maintained for expenditures of patient monies.

- A. The DMH established a revolving fund of \$4,000, which is maintained by facility personnel. The state's General Revenue Fund reimburses the facility for expenditures made from this fund. These monies are available to be used for facility supplies and patient outings. A review of revolving fund activity noted the following concerns:

1. HCPH management has not established a formal written policy for revolving fund expenditures for meals and patient activities. As a result, HCPH management has no documented basis to determine that meal and patient activity expenditures are appropriate. In addition, expenditures for meals and patient activities are not supported by a complete listing of all individuals who received the meals or participated in the patient activity.

HCPH management should consider establishing a formal written policy which defines the guidelines for using revolving fund monies for meals and patient activities. In addition, meal expenditures should be supported by adequate documentation of those receiving the meals to ensure the validity and propriety of these expenditures.

2. Sales taxes were paid on several expenditures. Employees receive revolving fund monies to make various purchases for patient parties, outings, gifts, and supplies. After the purchases are made, any remaining monies from the purchases are returned to the facility. We noted that the HCPH had unnecessarily paid sales taxes on several revolving fund purchases.

- B. The individuals who actually receive patient monies are not required to sign a receipt, documenting receipt of the monies. Patient monies are received by either the patient or a social worker. Social workers prepare requests to withdraw patient monies which are approved by their supervisor. The purpose of the expenditure is not noted on the request form. In addition, documentation of patient expenditures is not filed with HCPH to support the purchases by the social workers.

HCPH management has the fiduciary responsibility to ensure its patients' monies are properly disbursed. Without oversight, management cannot be assured that patient monies are handled in a prudent and appropriate manner.

WE RECOMMEND HCPH management:

- A.1. Establish a formal written policy which defines the guidelines for using revolving fund monies for meals and patient activities. In addition, HCPH management should require employees to submit proper documentation for revolving fund expenses, including the name(s) of the individuals who received the meal or participated in the patient activity.

2. Discontinue paying sales taxes on purchases.
- B. Require the individual receiving patients' monies to document receipt and state the purpose for which the monies will be used or are needed. In addition, HCPH management should require actual supporting documentation of purchases be submitted for all patients' monies not disbursed to the patient.

AUDITEE'S RESPONSE

- A.1. *We concur. We have prepared a written procedure to ensure that this process takes place. Once approved, appropriate staff will be trained to the procedure. The procedure will be fully implemented by June 1, 2006.*
2. *We concur. We have prepared a written procedure to ensure that this process takes place. Once approved, appropriate staff will be trained to the procedure. The procedure will be implemented April 1, 2006.*
- B. *We concur. We have prepared a written procedure to ensure that this process takes place. Once approved, appropriate staff will be trained to the procedure. The procedure will be implemented April 1, 2006.*

8. Employee Relations Committee

The Employees Relations Committee (ERC) maintains the ERC fund. The ERC receives monies from various fundraising events and all of the vending machine commissions. The ERC fund is used to recognize employees and promote employee welfare and morale. The ERC expenditure and receipt procedures need improvement.

- A. Although patients and visitors may also purchase items from vending machines owned and operated by an independent vendor, all vending commissions are deposited in the ERC Fund. These ERC monies are used for employee recognition awards, flowers for staff members, and other activities or items to benefit the employees. However, ERC expenditures are not made for the benefit of the patients.

Because vending machines can also be used by patients, parents, and guests, it appears appropriate that an allocation method be developed to allow vending commissions to be used for the benefit of both patients and employees.

- B. The ERC is not following the Eastern Missouri Psychiatric Hospital System policies for the ERC fund. The Treasurer signs checks for expenditures without the required approval from the Chair of the ERC and the Chief Accountant/designee. Several disbursements were also made which violate the ERC fund policy including two gifts to employees, totaling approximately \$800, and Christmas gifts for all employees, totaling approximately \$1,300.

To ensure all monies are used as intended, the ERC should follow the written policies for the ERC fund. Eastern Missouri Psychiatric Hospital System Policy number 5.11 requires the HCPH Chief Accountant to approve expenditures and also outlines the allowable expenditures for the ERC Fund.

- C. Cash receipts are not deposited intact. Some cash receipts are used as petty cash for ERC expenditures instead of being deposited. Depositing all monies received intact is necessary to ensure proper recording and accountability of receipts. If a petty cash fund is determined to be necessary, it should be kept on an imprest basis and all reimbursements should be supported by vendor invoices or other documentation.

WE RECOMMEND:

- A. HCPH management develop a method to fairly allocate vending commissions in a manner to benefit both patients and employees.
- B. HCPH management work with the ERC to ensure all ERC policies are followed. In addition, the ERC should ensure proper authorization is obtained for all purchases as required and expenditures comply with written policies.
- C. The ERC deposit all receipts intact. If a petty cash fund is determined to be necessary, it should be maintained on an imprest basis.

AUDITEE'S RESPONSE

- A. *We concur. We will develop a methodology which fairly allocates vending commissions in a manner to benefit both patients and employees. Written policy outlining the allocation will be established. The policy will be fully implemented by June 1, 2006.*
- B. *We concur.*
- C. *We concur. A meeting will be scheduled with the Employee Relations Committee to explain the recommendation.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF MENTAL HEALTH
HAWTHORN CHILDREN'S PSYCHIATRIC HOSPITAL
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

Hawthorn Children's Psychiatric Hospital (HCPH) is located in St. Louis County. Until 1989, HCPH was part of the St. Louis Psychiatric Rehabilitation Center (SLPRC) which was originally known as the St. Louis State Hospital. HCPH split from SLPRC because it became larger than the space available. HCPH moved to a new separate facility campus in 1990. Although the facility has sixty beds on two wards and five cottages, one of the cottages with eight beds has never been opened due to a lack of funding. This unopened cottage is currently used as a storage area.

HCPH was consolidated with St. Louis Psychiatric Rehabilitation Center (SLPRC) and Metropolitan St. Louis Psychiatric Center (MPC) in August 2003. As a result of this consolidation, the Eastern Missouri Psychiatric Hospital System was formed which consolidated several positions and operations of these facilities.

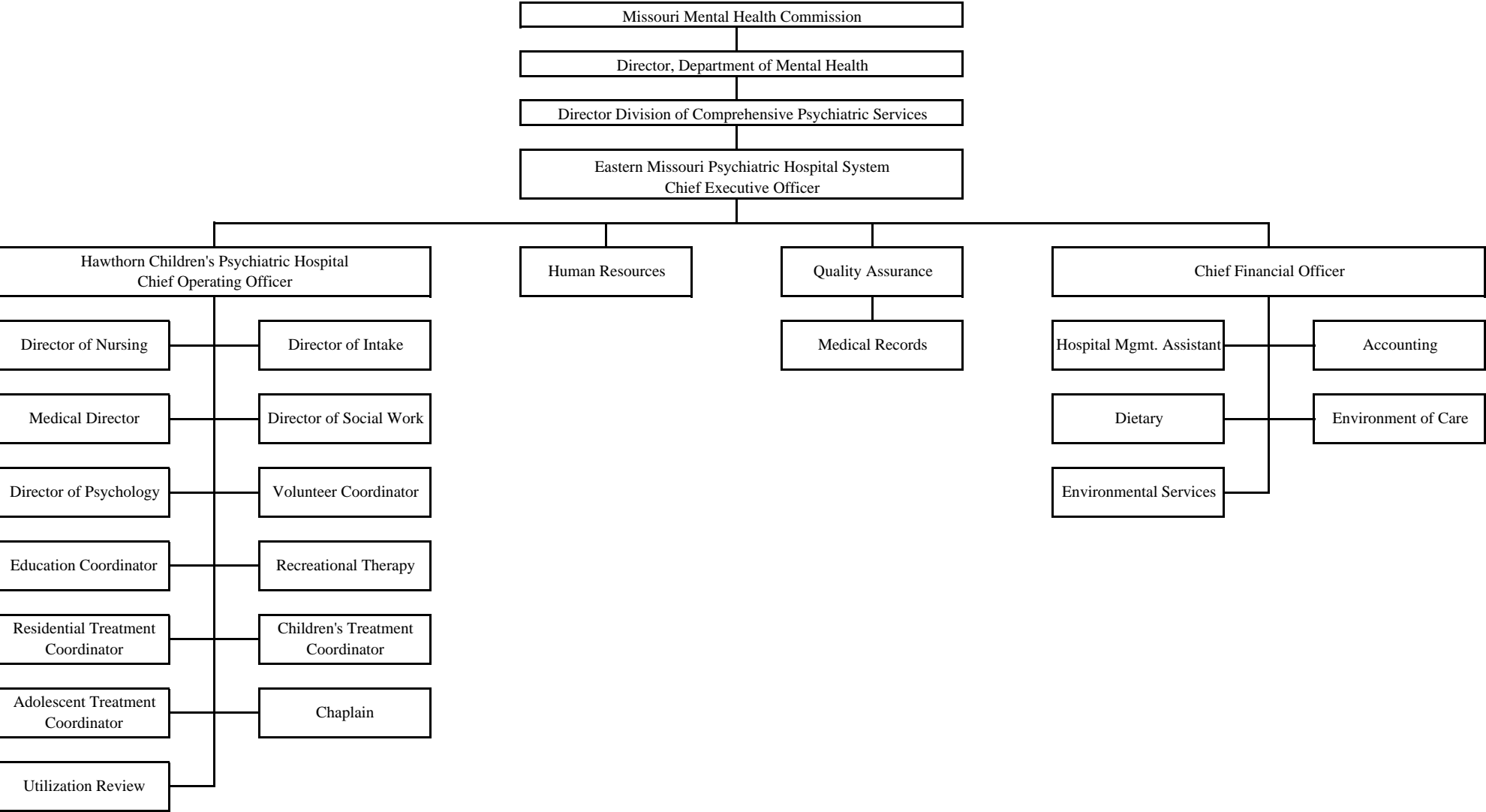
HCPH provides services for children and adolescents, age six to seventeen, living in a thirty-one county area in eastern and southeastern Missouri. These children and adolescents are referred by family members, Department of Mental Health Administrative Agents, the Department of Social Services - Children's Division and Division of Youth Services, Department of Mental Health – divisions of Mental Retardation and Development Disabilities and Alcohol and Drug Abuse, juvenile and family courts, and schools. The facility maintains twenty-eight beds for inpatient psychiatric services and twenty-four beds for residential services. Inpatient psychiatric services are to provide acute care. Residential services are to provide an intensive treatment program focused on preparation for returning to family, school, and/or community. The cost is shared by Medicaid, private insurance, patients based on their ability to pay, and the Department of Mental Health. In addition to these services, the facility also operates a cooperative day treatment program providing psycho-educational services for sixteen students in conjunction with the Special School District of St. Louis County.

HCPH is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). In addition to having a training affiliation with the Psychiatry Department of Washington University School of Medicine, the facility also provides clinical experience to various student training programs, including the disciplines of social work, dietary, nursing, and psychology.

At June 30, 2005, HCPH had approximately 184 full-time employees performing various administrative, operational, and service functions. David Blue had served as the facility's chief operating officer since 1998. Judy Finnegan became the facility's chief operating officer, when David Blue resigned in July 2005.

An organization chart follows:

DEPARTMENT OF MENTAL HEALTH
HAWTHORN CHILDREN'S PSYCHIATRIC HOSPITAL*
ORGANIZATION CHART
JUNE 30, 2005



* This organization chart only includes the departments involved in the operation of HCPH.

DEPARTMENT OF MENTAL HEALTH
HAWTHORN CHILDREN'S PSYCHIATRIC HOSPITAL
STATISTICAL DATA

	Year Ended June 30,	
	2005	2004
YEARLY ADMISSIONS		
Inpatient	207	184
Residential	21	36
Total	228	220
YEARLY PATIENT DAYS		
Inpatient	8,302	8,410
Residential	6,864	6,572
Total	15,166	14,982
OCCUPANCY STATISTICS		
Number of beds	52	52
Average daily census	42	41
Bed occupancy percentage	80%	79%

Appendix A

DEPARTMENT OF MENTAL HEALTH
HAWTHORN CHILDREN'S PSYCHIATRIC HOSPITAL
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

		Year Ended June 30,					
		2005			2004		
		Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND							
Personal Service	\$	5,439,625	5,120,163	319,462	5,348,893	5,244,023	104,870
Expense and Equipment		1,263,136	1,192,466	70,670	1,144,952	1,101,561	43,391
Total General Revenue Fund		6,702,761	6,312,629	390,132	6,493,845	6,345,584	148,261
DEPARTMENT OF MENTAL HEALTH FUND							
Personal Service		1,330,749	1,274,038	56,711	1,266,912	1,243,698	23,214
Expense and Equipment		78,684	78,684	0	78,684	78,684	0
Total Department of Mental Health Fund		1,409,433	1,352,722	56,711	1,345,596	1,322,382	23,214
Total All Funds	\$	8,112,194	7,665,351	446,843	7,839,441	7,667,966	171,475

Note: The appropriations presented above are used to account for and control the facility's expenditures from amounts appropriated to the facility by the General Assembly. The facility administers transactions from the appropriations presented above. However, the State Treasurer, as fund custodian, and the Office of Administration provide administrative control over the fund resources within the authority prescribed by the General Assembly. This schedule does not represent all expenditures of the facility. Some expenditures relating to state facilities are charged to department-wide appropriations and are not identified by facility. Expenditures charged to department-wide appropriations that are identified to Hawthorn Children's Psychiatric Hospital are noted in Appendix B.

The lapsed balances include the following withholdings made at the Governor's request:

		Year Ended June 30,	
		2005	2004
Personal Service	\$	319,462	104,870
Expense and Equipment		70,670	43,390
Total	\$	390,132	148,260

Appendix B

DEPARTMENT OF MENTAL HEALTH
HAWTHORN CHILDREN'S PSYCHIATRIC HOSPITAL
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

Year Ended June 30,				
		2005	2004	
		Expenditures From Department-Wide Appropriations For HCPH	Expenditures From Department-Wide Appropriations For HCPH	
Salaries and Wages	\$	6,394,201	0	6,487,721
Travel Expenditures		1,460	0	949
Fuel and Utilities		13,261	150,744	0
Communication Services and Supplies		46,771	0	49,677
Other Supplies		542,888	123,799	461,483
Professional Development		1,584	0	2,720
Professional Services		526,808	21,144	494,668
Housekeeping and Janitorial Services		14,189	0	10,433
Maintenance and Repair Services		30,410	0	27,248
Office Equipment		17,986	0	31,118
Other Equipment		36,957	0	81,276
Property and Improvements		24,665	41,813	0
Building Lease Payments		0	0	222
Equipment Rentals and Leases		1,569	0	15,093
Miscellaneous Expenditures		12,602	4,352	5,358
Refunds		0	0	0
Total Expenditures	\$	7,665,351	341,852	7,667,966
				428,354

Appendix C

DEPARTMENT OF MENTAL HEALTH
HAWTHORN CHILDREN'S PSYCHIATRIC HOSPITAL
COMPARATIVE STATEMENT OF PATIENT RECEIPTS, DISBURSEMENTS,
AND CASH BALANCES (FROM NON-APPROPRIATED FUNDS)

		Year Ended June 30,	
		2005	2004
CASH BALANCE, JULY 1	\$	0	173
RECEIPTS		1,154	1,752
DISBURSEMENTS		1,139	1,925
CASH BALANCE, JUNE 30	\$	<u>15</u>	<u>0</u>

Note: The receipts and disbursements presented in this schedule include patient monies.

Appendix D

DEPARTMENT OF MENTAL HEALTH
HAWTHORN CHILDREN'S PSYCHIATRIC HOSPITAL
COMPARATIVE STATEMENT OF EMPLOYEE RELATIONS FUND RECEIPTS,
DISBURSEMENTS, AND CASH BALANCES (FROM NON-APPROPRIATED FUNDS)

		Year Ended June 30,	
		2005	2004
CASH BALANCE, JULY 1	\$	977	1,844
RECEIPTS		9,104	4,179
DISBURSEMENTS		7,822	5,046
CASH BALANCE, JUNE 30	\$	<u>2,259</u>	<u>977</u>

Note: The receipts and disbursements presented in this schedule include Employee Relations Committee monies. This schedule does not include the receipts and disbursements not recorded in the checking account records. These unrecorded receipts and disbursements represented primarily petty cash transactions.



Claire McCaskill

Missouri State Auditor

March 2006

Transportation Development Districts



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2006

The following problems were included in our audit of Transportation Development Districts.

Transportation development districts (TDDs) are separate political subdivisions established and organized for the construction of roads, bridges, interchanges, or other transportation-related projects, financed through the issuance of notes, bonds, or other debt securities and governed by a board of directors. These boards have the authority to impose sales taxes or tolls, or levy property taxes or special assessments within the boundaries of the respective TDDs to pay those transportation-related project expenditures.

TDDs are initiated by the filing of a petition in the circuit court of the county where the proposed district is located. For TDDs established as of December 31, 2004, 96 percent of the petitions initiating their establishment were filed by the owners of the property located within the proposed district. In many instances, it appears only a single property owner/developer petitioned for the creation of a district.

Although the Transportation Development District Act was enacted in 1990, the first TDD was not established until 1997, apparently the result of statutory changes the General Assembly made that year. These changes have resulted in a dramatic increase in the number of TDDs established. As of December 31, 2004, 69 TDDs had been established in the state. This significant growth has continued in 2005, with 18 additional TDDs being established as of October 2005.

In a survey of the 69 districts, officials of 68 of the TDDs reported total estimated transportation project costs of over \$578 million. In addition, 62 of the 69 TDDs reported total estimated revenues of over \$787 million would be collected during the lives of the respective TDDs. All of the districts established as of December 31, 2004, have imposed a sales tax, with rates ranging from one-eighth of one percent to one percent on retail items sold within the districts' boundaries. As a result, all retail establishments located within a TDD charge a higher total sales tax than the retail establishments that lie outside the district's boundaries.

Our audit disclosed various issues regarding the TDDs in the areas of public awareness/involvement, and accountability and compliance, including:

- There is no requirement for the public to be notified when a property owner(s)/developer files a petition with the circuit court to form a TDD. In addition, public hearings regarding the establishment of TDDs are not required to be held.
- Neither registered voters nor their elected representatives are involved in the decision to levy

YELLOW SHEET

taxes for most TDDs.

- There is no requirement the petitions filed with the circuit court include any information regarding estimated transportation project costs or the anticipated revenues that will be collected over the life of the TDD.
- There is no requirement for an independent review or oversight of TDD transportation project costs or other expenditures.
- There is disagreement over whether the construction of a TDD-funded transportation project(s) can be started prior to the legal establishment of the applicable TDD.
- Most TDD sales taxes are not collected by the Missouri Department of Revenue, creating less assurance over the controls and monitoring of such revenue.
- Many TDDs had not filed annual financial reports with the State Auditor's Office (SAO), as required, and the current audit requirements related to TDDs need to be reconsidered.
- In many cases, significant project costs were initially paid by the private developer(s), who were then subsequently reimbursed by the TDD after bonds or other debt had been issued. Such reimbursement process weakens the accountability over project-related costs.
- The revenues of TDDs located in TIF areas are being handled in different manners, and in some instances there is not adequate assurance TDD sales tax revenues are only used to pay the TDD's share of bond financing costs.

The audit recommended the General Assembly review the issues addressed in the report and work with the Missouri Department of Transportation, the State Auditor's Office, and other governmental entities to make necessary revisions to the TDD-related statutes.

All reports are available on our website: www.auditor.mo.gov

TRANSPORTATION DEVELOPMENT DISTRICTS

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the General Assembly

We have audited the transportation development districts (TDDs) established in the state of Missouri. This audit was conducted relative to our responsibilities pursuant to Section 238.272, RSMo. The scope of this audit included, but was not necessarily limited to, those TDDs established since the inception of the Transportation Development District Act in 1990 through December 31, 2004. The objectives of this audit were to:

1. Identify the various TDDs that have been established and report selected information regarding those entities.
2. Determine the extent of the TDDs' estimated transportation projects costs as well as the total revenues those entities expect to collect, as reported by the individual TDDs.
3. Identify and report various issues related to public awareness/involvement, accountability, and compliance involving TDDs.
4. Perform a more in-depth review of selected TDDs that have operated for at least 3 fiscal years.

Our methodology to accomplish these objectives included reviewing financial reports or audits filed with the State Auditor's Office, information maintained by the Missouri Department of Transportation (MoDOT), and information obtained from various TDD officials/representatives and municipal officials.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The following Objectives, Scope, and Methodology and Observations and Results sections present our comments, observations, and results regarding our audit of transportation development districts.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 16, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Gregory A. Slinkard, CPA, CIA
In-Charge Auditor:	Terrie Laswell, CPA

OBJECTIVES, SCOPE, AND METHODOLOGY

TRANSPORTATION DEVELOPMENT DISTRICTS OBJECTIVES, SCOPE, AND METHODOLOGY

Sections 238.200 to 238.275, RSMo, allow for the formation of transportation development districts (TDDs). These entities are separate political subdivisions established and organized for the construction of roads, bridges, interchanges, or other transportation-related projects. The projects are generally financed by these districts through the issuance of notes, bonds, or other debt securities for a period not to exceed forty years. A TDD is governed by a board of directors of not less than five nor more than fifteen members. The boards have the authority (after qualified voter approval¹) to impose sales taxes or tolls, or levy property taxes or special assessments within the boundaries of the TDD to pay the expenditures of the entity, including the liquidation of debt incurred to fund the transportation-related projects. The revenues of a TDD, most frequently sales taxes, can only be used for transportation-related projects.

The process of establishing a TDD is initiated by the filing of a petition in the circuit court of the county where the proposed district is located. Such a petition can be filed by: (1) not less than 50 registered voters residing within the proposed TDD; (2) if there are no eligible registered voters residing within the proposed district, by all the owners of real property located within its proposed boundaries; (3) a local transportation authority; or (4) two or more local transportation authorities. A local transportation authority includes a county, city, special road district, or any other local public authority having jurisdiction over transportation projects and services.

For those TDDs established as of December 31, 2004, most of the petitions initiating their establishment were filed by the owners of the property located within the proposed district. There is no minimum number of property owners that can petition for the formation a TDD, and in many instances it appears there has been a single property owner/developer who has petitioned for the creation of a district. See Appendix A for a complete list of all TDDs established as of December 31, 2004, which includes information regarding their establishment.

Within 30 days after the petition is filed, the circuit clerk is required to provide a copy of it to the respondents, who must include the Missouri Highways and Transportation Commission (highway commission) and each affected local transportation authority. The respondents then have 30 days to file an answer stating agreement with or opposition to the creation of the district. In addition, any resident, taxpayer, or any other entity within the proposed district may join in or file a petition supporting or answer opposing the creation of the district and seeking a declaratory judgment.

The court then hears the case without a jury and enters a declaratory judgment. If the circuit court determines the petition satisfies legal requirements, the court enters its judgment to that effect. If the petition is filed by registered voters or by a local transportation authority(ies), the court certifies the questions regarding the district's creation, project development, and proposed funding for public notice and voter approval. A public hearing may be held prior to the election. If the petition is filed by the owners of the real property located within the proposed district, the

¹ Section 238.202, RSMo, defines qualified voters as any persons eligible to be registered voters who reside within the proposed district. However, if no registered voters reside within the proposed district, the owners of real property located within the proposed district constitute the qualified voters.

court shall declare the district organized and certify the funding methods stated in the petition for qualified voter approval. If there is no opposition to its creation, the court can make such certifications without a court hearing.

The district must submit the proposed projects with specifications, to the highway commission for its approval. If the proposed projects are not intended to be merged into the state highway system, the district must also submit the proposed projects with specifications to the applicable local transportation authority for its approval since that entity will subsequently be responsible for accepting ownership and responsibility for the projects and related infrastructure.

Section 238.262, RSMo, authorizes the highway commission to adopt administrative rules related to TDDs. Pursuant to this statute, the Missouri Department of Transportation (MoDOT) has prepared administrative guidelines which, while not promulgated as administrative rules, are recommended practices which apply to any TDD whose projects are partially or wholly constructed on or to be merged into the state highway system. If the proposed transportation projects are not on the state highway system there is no statute that authorizes the local transportation authorities to establish administrative rules for the TDD projects.

Once a TDD has been formed, MoDOT has generally limited its role to the issuance of permits, review of design plans, and inspection of projects constructed on state right-of-way or connecting to the state highway system. MoDOT's involvement in these instances has not involved financial oversight. According to information provided by MoDOT, of the 69 TDDs established at December 31, 2004, 43 of those districts (or 62%) had projects of this nature. In a few cases, MoDOT has assisted with the financing and construction of the improvements because the applicable TDD accelerated a project MoDOT had already planned to construct. In those instances, MoDOT indicated it exercised a much higher degree of oversight over the financing and construction of those projects, including financial oversight. Six of the 69 TDDs (or 9%) established included projects of this nature. For the 20 remaining TDDs (or 29%), MoDOT had no participation or oversight over the projects because they were not constructed on state right-of-way or connected to the state highway system. In those instances, the local transportation authorities (the city or county) were responsible for overseeing the projects.

Many TDDs are located within a tax increment financing redevelopment (TIF) area. Tax increment financing is authorized pursuant to Section 99.800 to 99.865, RSMo, and allows a municipality (a city or county) to approve TIF plans and use new tax revenues generated by development to reimburse certain costs related to that development. This economic development tool provides an incentive for the development to occur. The new tax revenues generated for TIF-purposes include property taxes and 50 percent of all local economic activity taxes in the area, including the sales taxes of a TDD.

Section 67.010, RSMo, requires each TDD to prepare an annual budget which represents a complete financial plan for the ensuing fiscal year. In addition, Section 105.145, RSMo, requires each district to file an annual financial report with the State Auditor's Office (SAO).

Although there is no statutory annual audit requirement, many districts have issued bonds and are required to obtain annual audits by the bond covenants or bond underwriter. In addition,

Section 238.272, RSMo, provides the SAO shall audit each TDD once every three years, and may audit more frequently if deemed appropriate. The cost of the audit is to be paid by the respective district.

A TDD must transfer ownership of the transportation projects to the highway commission or the local transportation authority within six months after completion of the project and initial maintenance costs have been paid. The highway commission or local transportation authority will assume ownership and responsibility for any future maintenance costs of the transportation projects.

Section 238.275, RSMo, provides for the abolishment of a TDD once its projects are completed, ownership of the projects has been transferred to the highway commission or the local transportation authority, and the district has no outstanding liabilities. In addition, a TDD can be abolished if the board of directors determines the projects cannot be completed due to lack of funding or for any other reason. The board of directors must submit the question to abolish the district to a vote of the registered voters or all of the property owners in the TDD, if there are no registered voters. In addition, prior to submitting the question to abolish the district to the applicable voters, the SAO must audit the TDD to determine its financial status, and whether it can be abolished. As of September 2005, the SAO had not been advised of any action(s) regarding the abolishment of a TDD.

Objectives

The objectives of this audit were to 1) identify the various TDDs that have been established and report selected information regarding those entities; 2) determine the extent of these districts' estimated transportation project costs, as well as the total revenues those entities expect to collect, as reported by the individual TDDs; 3) identify and report various issues related to public awareness/involvement, accountability, and compliance involving TDDs; and 4) perform a more in-depth review of selected TDDs that have operated for at least 3 fiscal years.

Scope

The scope of this audit included, but was not necessarily limited to, those TDDs established since the inception of the Transportation Development District Act in 1990 through December 31, 2004. At December 31, 2004, there were 69 TDDs which had been established in the state of Missouri, with one of these districts currently under appeal by the city of Chesterfield, in St. Louis County. Sixteen TDDs had operated for at least three complete fiscal years as of December 31, 2004.

Information used to compile this report included:

- TDD annual financial reports or audit reports and related information submitted to and maintained by the SAO.
- The provisions of the Transportation Development District Act, which include Sections 238.200 through 238.275, RSMo.

- A TDD database, petitions, court orders, and related information maintained by the Missouri Department of Transportation (MoDOT).
- Completed questionnaires received from officials or representatives of the TDDs which requested information including, but not limited to, estimated project costs, financing obligations, anticipated revenues, and expected life of the respective TDD.
- Communications with, and information received from, various TDD officials/representatives and municipal officials.

Methodology

During our audit, we used annual financial reports or audit reports that had been filed by the various TDDs with the SAO as well as an internal database used by this office to identify those TDDs which had been established and to account for the various financial reports/audits received.

We gathered additional information regarding TDDs through discussions with various MoDOT officials and from a TDD database and files maintained by that agency. Information obtained included TDD name, location, applicable county/municipality, date established, identity of the individual(s)/entity who filed the petition, the type of funding (i.e., sales taxes, property taxes, etc.), and the funding rate (i.e., 1 percent). Some of the information obtained from MoDOT is presented in Appendix A.

Survey questionnaires were sent to each TDD which had been established as of December 31, 2004, requesting information including, but not limited to: estimated total project costs, how project costs were financed and the amount of that financing, estimated total revenues to be collected and over what period of time, when the collection of revenue and incurrence of expenses started, who was responsible for collection of the revenues and the administering of the funds, and whether financial audits have been conducted by a CPA firm. Some of the survey information received from the TDDs is presented in Appendix B. A copy of the survey questionnaire is presented in Appendix D.

To get a better understanding of the operations and activities of TDDs and relative to our audit responsibilities pursuant to Section 238.272, RSMo, we selected sixteen of these districts (the selected districts) for a more in-depth review. The selected districts were those that had operated for at least three complete fiscal years as of December 31, 2004, and would be subject to audit pursuant to state law. We requested and obtained additional information regarding these selected districts through communications with various TDD officials or representatives and municipal officials who have been involved with district activities.

The objectives of this additional review of the selected TDDs were to 1) determine and report information concerning the establishment of the applicable districts and taxes imposed; 2) identify the transportation projects of the district and related costs; 3) determine how the transportation projects were financed; 4) identify various controls and procedures in place regarding the TDD's financial activities, including whether periodic financial audits are

conducted and whether any independent financial oversight exists; and 5) review and report the TDDs' financial data. A Schedule of Receipts, Disbursements, and Cash Balances for the selected districts is presented in Appendix E.

Limitations

Some data presented in Appendixes A, B, and E was compiled from survey information submitted by officials or representatives of the various TDDs and the annual financial or audit reports submitted by those districts. This information was not verified for accuracy by us.

OBSERVATIONS AND RESULTS

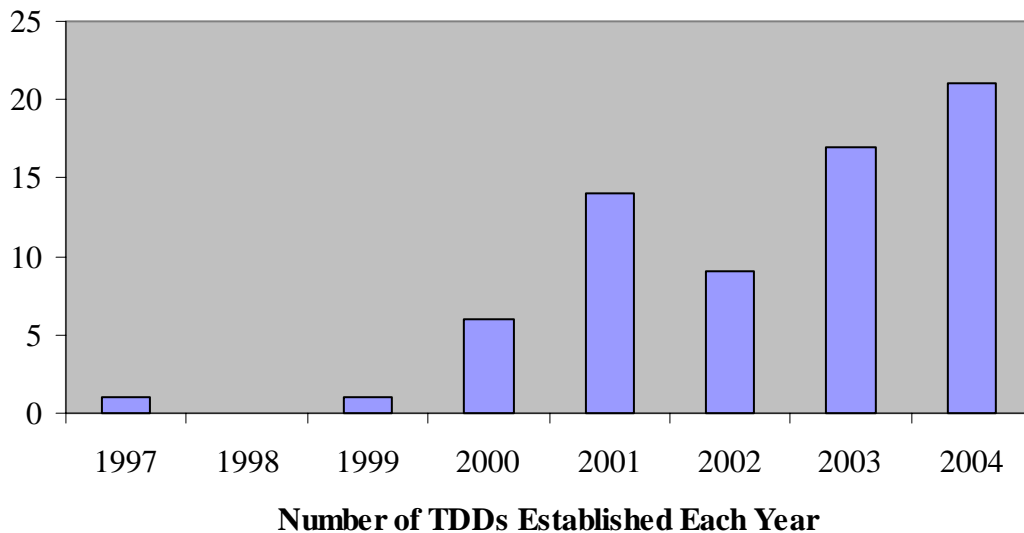
TRANSPORTATION DEVELOPMENT DISTRICTS OBSERVATIONS AND RESULTS

Background

As of December 31, 2004, 69 transportation development districts (TDDs) had been established in the state of Missouri. Over half of these districts have been established in the state's two biggest metropolitan areas, with 26 and 12 of the TDDs being located in the city of St. Louis or St. Louis County and Jackson County, respectively.

Even though the Transportation Development District Act was enacted in 1990, the first TDD was not established until 1997, apparently the result of statutory changes the General Assembly made that year. In those legislative changes, the General Assembly established another means of creating a TDD, allowing the owners of the real property located within the proposed district to petition for its creation, if there were no registered voters residing within the district. Previously, a petition to establish a TDD could only be filed by not less than 50 registered voters residing within the proposed district or by a local transportation authority.

This statutory change has apparently resulted in a dramatic increase in the number of TDDs established, particularly in recent years, as shown in the following graph.



Of the 69 TDDs established as of December 31, 2004, 66 (or 96 percent) were initiated by a petition filed by the property owners. The significant growth in the number of newly-established TDDs has continued in 2005, with 18 additional TDDs being established as of October 2005 (according to MoDOT records).

In a survey of the 69 TDDs established as of December 31, 2004, officials or representatives of 68 of the TDDs reported total estimated transportation project costs of

over \$578 million. Estimated transportation project costs of 1 TDD was not provided because the costs were not going to be determined until sales tax revenues were available. In addition, 62 of the 69 TDDs reported total estimated revenues of over \$787 million would be collected over the lives of the respective TDDs. Anticipated revenue information for 7 of the districts was not provided because the information had not been determined or could not be located. The total estimated project costs and anticipated revenue amounts provided by the various TDDs are presented in Appendix B. It appears that interest costs on TDD debt and administrative expenses of the districts would account for the difference between total estimated project costs and total anticipated revenues of the various TDDs.

The table below breaks down the total estimated project costs and anticipated revenues of the 69 TDDs into various dollar ranges.

Dollar Range	Number of TDDs	
	Estimated Transportation Project Costs	Expected Revenues
\$0 to \$1million	10	7
\$1 million to \$5 million	30	19
\$5 million to \$10 million	10	13
\$10 million to \$15 million	10	6
\$15 million to \$35 million	7	14
More than \$35 million	1	3
Not reported	1	7

In our survey, the TDD officials/representatives reported the number of years their respective districts expected to collect revenue (i.e. sales taxes, etc.), which should correlate with the expected life of the districts. Based on this information, the expected life of the 69 TDDs will range from 5 to 40 years. All of the districts established as of December 31, 2004, have imposed a sales tax, with rates ranging from one-eighth of one percent (1/8 percent) to one percent on retail items sold within the districts' boundaries. As a result, all retail establishments located within a TDD charge a higher total sales tax than the retail establishments that lie outside the district's boundaries. For example, if a TDD imposes a 1 percent sales tax and the total sales taxes charged in the surrounding community total 6 percent, retail establishments located within the TDD would charge a total sales tax of 7 percent on purchases, or 17 percent higher than the tax rate on retail purchases made outside the TDD. Also, 6 of the 69 TDDs have imposed a special assessment or property tax in addition to a sales tax.

The boundaries of 33 (48 percent) of the TDDs established as of December 31, 2004, were located either completely or partially in a tax increment financing redevelopment (TIF) area. Pursuant to Section 99.845, RSMo, 50 percent of the additional tax revenues generated in such areas are to be used for the purposes of that particular TIF area. After the TIF portion of the TDD revenues are disbursed to the applicable city for deposit into a TIF account, the remaining portion is to be used by the TDD to fund its transportation

project(s). However, based on our review of the selected districts, we noted three different scenarios occurring related to those TDDs located within a TIF area.

For some TDDs, 50 percent of the TDD tax revenues generated were turned over to the applicable city for TIF purposes (as described above). In other instances, cooperative agreements existed between the applicable city and the TDD which allowed the district to apply most, if not all, of its sale tax revenue to its own transportation project costs. For still other TDDs, we found the districts had agreed to disburse all of their revenues (both the TIF portion and the non-TIF portion), less administrative costs, to the applicable cities to help retire the city's TIF bond debt. In those instances, the applicable cities had used the proceeds from TIF bonds to finance both the TDDs' transportation projects and the cities' redevelopment (TIF) projects.

Identification of Issues

Our audit disclosed various issues regarding the TDDs in the areas of public awareness/involvement, and accountability and compliance which are presented below:

1. LACK OF PUBLIC AWARENESS/INVOLVEMENT

- **There is no requirement for the public to be notified when a property owner(s)/developer files a petition with the circuit court to form a TDD. In addition, public hearings regarding the establishment of TDDs are not required to be held.**

Current law does not require the circuit clerk to give any notice to the public of a petition filed to create and fund a TDD when the petition is filed by the property owner(s)/developer of a proposed TDD. This situation involves those TDDs in which no registered voters reside within the boundaries and comprised 66 of the 69 (96 percent) TDDs established as of December 31, 2004. For these TDDs, it appears the developer was generally the only property owner or owned much of the property in the district. In addition, there is no statutory provision which requires any public hearings be held prior to the creation of these districts.

Current law only requires the public be notified (through a notice in the newspaper) in situations where a petition related to a proposed TDD is filed by at least 50 registered voters who reside in the district, a government body, or joint government bodies. In addition, while a public hearing regarding these proposed TDDs may be ordered by the applicable circuit court, a public hearing is not required.

To provide better public awareness of the establishment of TDDs, notification should be provided to the public (through a notice in the newspaper or some other means) of all petitions filed related to the proposed establishment of a TDD, and public hearings should be held prior to the creation of these districts. For those TDDs that have been established, consideration should be given to ways

citizens/consumers might be made more aware that they are paying additional taxes on purchases made in those districts.

- **Neither registered voters nor their elected representatives are involved in the decision to levy taxes for most TDDs.**

For those TDDs established pursuant to a petition filed by the property owner(s)/developer, it is the responsibility of the property owner(s) to elect the district's board of directors. This board is responsible for imposing a district sales tax or other revenue method, after receiving approval to do so by the property owners.

In 96 percent of the TDDs established as of December 31, 2004, such tax impositions have been authorized by a few property owners who own the property within the districts' boundaries. Of the 66 TDDs established pursuant to a petition filed by the property owners, 60 involved 4 or fewer property owners. The taxes approved by these property owners and subsequently imposed by the TDD boards are paid by all citizens who purchase goods or services within the district, and are in addition to state and other local taxes those citizens/consumers are required to pay.

The imposition of TDD taxes, particularly sales taxes, in the present manner would appear to be inconsistent with the general principle that tax increases are approved by registered voters or their elected representatives.

2. ACCOUNTABILITY AND COMPLIANCE ISSUES

- **The individuals/entities responsible for initiating the establishment of a TDD are not required to include the estimated transportation project(s) costs or anticipated revenues to be collected in their petition to the circuit court.**

Under current law governing TDDs, there is no requirement the petitions filed with the circuit court include any information regarding estimated transportation project costs or the anticipated revenues that will be collected over the life of the TDD. Therefore, it appears TDDs did not generally include such information with the petitions filed with the circuit courts, nor included in information provided to MoDOT or the local transportation authorities. To obtain this information, we surveyed the various TDDs. Of the 69 districts established, 7 could not provide an estimate of the total revenues they anticipate collecting and 1 district could not provide estimated project costs.

In addition, we found that 13 of the 61 districts which had reported expected revenues and estimated project costs on our survey questionnaires, identified revenues which appeared to be excessive (more than two times the estimated cost of the transportation projects). Several of these TDDs reported projected revenues that were based on the district's life that had been requested during the

petition process and not what was actually determined later during the financing stage.

To provide adequate information to the courts, transportation authorities, and the public, the statutes governing the establishment of TDDs should require the petitions initiating the districts to include estimated transportation project costs and the anticipated revenues to be collected over the life of the TDDs. In addition, those entities or individuals petitioning for the creation of a district should take care to ensure such project cost and revenue estimates are reasonable and can be supported.

- **There is no requirement for an independent review or oversight of TDD transportation project costs or other expenditures.**

For those TDDs established based on a petition of the property owners (66 of 69 TDDs at December 31, 2004), the districts are administered by a board of directors elected by the property owners in the district. For most of these TDDs, the developer is the only property owner or one of only a few property owners. In addition, the elected boards are generally composed of employees or representatives of the property owner(s)/developer. In essence, the property owner(s)/developer can control, oversee, and incur costs associated with public transportation projects that are associated with developments with which they have a personal financial interest. There is no other public vote on the selection of these boards and no statutory requirement of an independent review or oversight of a TDD's expenditures by the applicable transportation authority prior to payment.

Although no independent review or oversight of TDD expenditures is required, we found that for 9 of the 16 selected districts the applicable transportation authority (the city in most cases) was exercising some type of review or oversight of transportation project and/or administrative costs. In some cases, a city official(s) was required to review and approve all expenditures of the TDD prior to their payment. While not currently required by law, such independent oversight provides additional assurance the TDD expenditures are necessary and proper.

For 6 of the 16 selected districts, the activities and operations were handled by the TDDs' boards without any apparent independent oversight by the transportation authority or other public entity.

It was not determined whether any independent oversight existed for 1 selected district as officials of that TDD did not provide information requested regarding any involvement or review of its financial activities by its local transportation authority.

Requiring the transportation project costs and other expenditures of those TDDs initiated by the property owner(s)/developer to be reviewed by the applicable transportation authority prior to payment would provide more accountability and assurance that expenditures are proper and necessary. MoDOT would appear to be the appropriate entity to review the TDD-related costs of projects for which it will subsequently accept full ownership and future maintenance responsibility. The local transportation authorities (i.e. the applicable city, etc.) should be responsible for overseeing the costs of the TDD-related projects they will own and maintain. For those projects which will be partly owned by MoDOT and a local transportation authority, those entities would need to coordinate any financial oversight efforts.

- **It is unclear whether the construction of a TDD-funded transportation project(s) can be started prior to the legal establishment of the applicable TDD.**

There is currently some disagreement whether the construction of a TDD-funded transportation project can be started prior to the legal establishment of the district. Section 238.225, RSMo, states "before construction or funding of any project, the district shall submit the proposed project, together with the proposed plans and specifications, to the commission for its prior approval of the project." Apparently MoDOT and private legal counsel for some TDDs have different views as to how this statute and other provisions of Chapter 238 should be interpreted.

MoDOT officials indicated their department's position is that the construction of a TDD-related project cannot be started until the district has been legally established and formally approved by the highway commission (or the local transportation authority, if the project is not on the state highway system). Those officials believe this position is consistent with the legislative intent of the applicable statutes. However, communications with private attorneys of several TDDs found that they do not agree that a TDD must be legally established before the construction of a TDD-funded transportation project is started.

Information provided by one TDD indicated that a few of its transportation projects were completed prior to the legal establishment of the TDD. In that case, the property owner/developer was subsequently reimbursed approximately \$526,700 for these transportation projects after the TDD was established and revenue bonds were issued. A MoDOT official informed us that in another instance a \$7.5 million transportation project was almost complete before the property owners/developer filed a petition with the court requesting the formation of the district. We also found that 4 of the 16 selected districts started, and in some cases completed, transportation projects prior to the respective TDDs being legally established.

It appears the applicable statutes need to be clarified regarding this matter.

- **Unlike most other sales tax revenues collected in the state, very few TDD sales taxes are administered by the Missouri Department of Revenue (DOR). This situation provides less assurance these revenues are properly collected and accounted for and less ability to monitor the level of sales tax distributions to the TDDs.**

Current statutes do not require the DOR to administer the sales tax revenues of most TDDs that have been established. Sections 238.235 and 238.236, RSMo, provide that any sales taxes imposed by TDDs, except for those districts that consist of an entire county(ies) or city(ies), are to be collected and accounted for by the districts themselves. The DOR is only responsible for administering the sales tax revenues of those TDDs that consist of an entire county(ies) or city(ies). At December 31, 2004, the DOR was not accounting for any sales tax revenues for any TDDs. According to DOR officials, that department did not become responsible for any TDD sales tax revenues until January 2006, when it began administering the sales tax revenues of one TDD.

It appears that generally the TDDs that have been established have entered into an agreement with a private contractor or the local municipality to account for the sales taxes. Of the 16 selected TDDs reviewed, we noted the accounting of TDD sales tax revenues was evenly split between private contractors and the local municipalities.

The DOR is responsible for administering the vast majority of sales tax revenues in the state and has established controls and procedures to maximize and safeguard this process. Having DOR handle this function would also allow the sales tax revenues distributed to TDDs to be more effectively monitored by auditors and other outside parties to help ensure the sales tax collections are discontinued at that time when no further collections are needed.

- **Many of the TDDs had not filed annual financial reports with the State Auditor's Office (SAO), as required.**

As of December 31, 2004, we identified 15 of 69 TDDs (22 percent) that had not filed one or more annual financial reports with the SAO, as statutorily required. Section 105.145, RSMo, requires that all political subdivisions file an annual financial report with the SAO, and 15 CSR 40-3.030 provides that if a political subdivision is audited by a CPA firm, a copy of the audit report can be filed in lieu of a separate financial report. The annual financial report is to be filed within 4 months of the entity's fiscal year-end, but an audit report can be filed within 6 months of the entity's fiscal year-end.

The following table indicates with an "X" the 15 TDDs that had financial activity and did not file a financial report with the SAO by December 31, 2004, for fiscal year 2003 and/or prior.

TDD Name	Date Established	Fiscal Year-End	FY 03	FY 02	FY 01
Ballwin Towne Center	04/26/01	12/31	X	X	X
Boonville Riverfront	02/09/01	12/31		X	X
Country Club Plaza of Kansas City, Missouri	07/12/01	12/31	X	X	X
Douglas Square	09/21/00	12/31			X
Hanley/Eager Road	12/16/02	12/31	X		
I-470 & I-350	03/17/01	12/31	X	X	X
Interstate Plaza/North Town Village	11/06/01	12/31	X		
Kenilworth	08/15/00	12/31	X		
Mark Twain Mall	02/20/01	12/31	X	X	
Platte County Missouri South I	06/19/01	12/31	X	X	X
Platte County Missouri South II	04/12/02	12/31	X	X	
Raintree North	08/19/02	12/31	X		
Shoppes at Cross Keys	09/18/02	12/31	X		
Shoppes at Old Webster	11/29/01	12/31	X		
Stardust-Munger-Diamond	10/16/01	12/31	X		

The TDDs noted in the above table were contacted during our review and they provided the applicable financial reports upon our request. There were 10 other TDDs that had not filed a report(s) for some period(s) because no financial activity had occurred. In such situations, a TDD should notify the SAO indicating it had no financial activity.

As of October 2005, 35 TDDs established as of December 31, 2004, had not filed annual financial reports/audits for fiscal year 2004. Of these districts, 18 were established in 2004. The remaining 17 TDDs represented districts established prior to 2004. Many, but not all, of the TDDs listed in the above chart were among those TDDs which had not yet filed reports/audits for 2004. TDDs should make every effort to ensure the required annual financial reports/audits are filed by the time frames specified in 15 CSR 40-3.030.

The state regulation also provides that an audit report submitted to satisfy the financial reporting requirements of Section 105.145, RSMo, should be prepared in conformity with generally accepted government auditing standards (GAGAS). During our review of the selected districts, it was noted that of 8 districts which had received independent financial audits, 3 of the audits were conducted in accordance with generally accepted auditing standards rather than GAGAS. To fully comply with 15 CSR 40-3.030 reporting requirements, financial audits submitted in lieu of annual financial reports should be conducted in accordance with GAGAS.

- **The SAO is not notified when a TDD is established. In addition, current audit requirements related to TDDs need to be reconsidered.**

Section 238.272, RSMo, requires the SAO to audit each TDD at least every three years, and more frequently if deemed necessary. In addition, Section 238.275.3, RSMo, requires the SAO to audit a TDD prior to a vote regarding its abolishment. As indicated above, Section 105.145, RSMo, requires all political subdivisions in the state to file an annual financial report with the SAO. Despite these statutory responsibilities given the SAO regarding TDDs, there is no statutory provision requiring the SAO to be notified when a TDD is established. Although contacted by some TDD representatives after a district was established, it was necessary for us to consult with MoDOT officials to identify many of the TDDs which had been established.

In addition, while not statutorily required many TDDs are already being audited by independent auditors, with 19 of 56 (34 percent) TDDs indicating a financial audit was conducted for fiscal year 2004 by an independent auditor. It appears many of these audits are required by bond or other debt service covenants. Requiring such independent audits subject to rules and regulations promulgated by the SAO, would help avoid any duplication of audit work and related costs, while maintaining some SAO involvement in the post audit process of these districts.

- **Payment of project-related costs by the developer complicates the audit process and weakens accountability over those costs.**

The manner in which the project design, engineering and construction costs were sometimes initially financed created difficulties in ensuring costs were adequately reviewed by independent audits. It appears that in many cases, significant project costs were initially paid by the private developer(s), who were then subsequently reimbursed by the TDD after bonds or other debt had been issued. In 10 of the 16 selected districts reviewed, the developer(s) initially paid some, if not all, of the project costs and were later reimbursed by the TDD for the costs incurred from debt proceeds. Some of these reimbursements related to millions of dollars in project-related costs.

For the selected districts where independent audits were conducted, it appears the auditors generally concentrated their audit work on the financial statements and related activity of the applicable TDD, which did not include any expenditures incurred directly by the developer(s). While any subsequent reimbursements to the developer would be reflected in the TDD's financial statements and activity, there was generally little or no documentation indicating the reimbursements were reviewed by the auditors, and it appears they generally relied on the TDD, city or trustee officials to ensure any such reimbursements were proper.

The payment of significant project costs by the developer complicates the audit process and weakens the accountability over project-related costs. Considering this situation, the need for an independent review or oversight of a TDD's expenditures by the transportation authority or other public entity, as noted above, is even more critical.

- **The revenues of TDDs located in TIF areas are being handled in different manners, and in some instances there is not adequate assurance TDD sales tax revenues are only used to pay the TDD's share of bond financing costs.**

As discussed earlier, some TDDs are either completely or partially in a TIF area. Section 99.845, RSMo, provides that 50 percent of the additional tax revenues generated in such TIF areas are to be used for the purposes of that particular TIF area. Nine of the selected districts were located in a TIF area, and in several of the districts the related funding was handled differently than described in that section of law.

During our review of the selected TDDs, we noted that 5 of the 9 districts located in a TIF area had a cooperative agreement with the city which allowed the TDD to apply most, if not all, of its sale tax revenue to its own transportation project costs. In contrast, we noted that 3 other districts disburse all their sales tax revenue, less an amount needed to cover the administrative costs of the district, to the local municipality (city) to pay the debt service costs of the city's tax increment financing (TIF) bonds. This apparently occurred because the applicable cities used TIF bonds to finance both the TDDs' transportation projects and the cities' redevelopment (TIF) projects. Each of these TDDs entered into intergovernmental agreements with the respective city whereby all the TDD's revenues, less administrative costs, were to be disbursed to the city until the TIF bonds were retired. These agreements did not include provisions ensuring the TDD sales tax revenues would only be used to pay the TDD's share of the bond financing costs. For one other TDD, 50 percent of the TDD's revenues are disbursed to the city for TIF purposes. Because this TDD's projects were also financed with the applicable city's TIF bonds, most of the TDD's remaining revenues are disbursed to the city to pay the TIF debt of the city. However, for this TDD an agreement provides that in no instance shall the TDD revenues be applied to the payment of more than a specified percentage (the TDD-portion of the debt). Any TDD revenue in excess of that debt liability is disbursed to the TDD.

In situations where TDDs are turning over their sales tax revenues to a city to liquidate TIF bond debt, any agreements supporting such arrangements should include provisions that ensure the district's revenues are only used to pay the TDD's share of the bond financing costs.

WE RECOMMEND the General Assembly review the public awareness, accountability, and compliance issues addressed in this report and work with

MoDOT, the State Auditor's Office, and other governmental entities to make necessary revisions to the TDD-related statutes.

MoDOT'S COMMENTS

As you are aware, Missouri has many more transportation needs than can be funded with existing revenues. In some instances, TDDs have provided funds for state system highway improvements that might not have been built were it not for the additional funds provided by the TDDs. We report the dollars generated through cost-sharing and other partnering agreements, such as TDDs, in our performance measurement tool, TRACKER. During fiscal year 2005, \$65.5 million in additional state transportation system improvements were generated through such agreements.

In 2005, MoDOT supported Senate Bill 77. That proposed legislation included many of the safeguards mentioned in the audit report. For example, the bill required the appropriate transportation authorities to approve projects before filing TDD court petitions and submit TDD tax increases to voters. The bill also contained a provision to help the State Auditor's Office meet its requirements to audit each TDD every three years. Unfortunately, the legislation did not pass.

As your report noted, MoDOT provides financial and/or project management on many TDD projects, particularly those that substantially involve the state highway system. We will continue to do so. We would also be happy to work with the General Assembly on future TDD legislation.

Review of Selected Districts

The following section reports information related to the 16 TDDs that were selected for a more in-depth review. The selected districts represented TDDs that had operated, and had financial activity, for at least three complete fiscal years as of December 31, 2004¹. The selected districts are presented in the order of date established. A Schedule of Receipts, Disbursements, and Cash Balances for the selected districts is located at Appendix E.

- **210 Highway TDD**

The 210 Highway TDD was organized in September 1997 by petition of the owner of property within the proposed district. The district's developer was also the property owner at the time the district was established. In 2000, the property was sold to another corporation. The TDD's Board of Directors and officers are representatives of the current owner.

The qualified voter(s) of the district, in this case the property owner, approved the imposition of a one percent (1%) sales tax on all transactions which are taxable within the boundaries of the district, effective December 1, 1997. In addition, a property tax of up to \$.10 per \$100 assessed valuation was approved, with the property tax ranging from \$.0497 to \$.0577 per \$100 assessed valuation. The property taxes levied by the district are capped at \$30,000 annually.

The sales tax and property tax levy are currently expected to remain in effect for 20 years unless terminated sooner. The retail establishments collect the sales tax revenues and the county collector collects the property taxes, with both being forwarded to a private contractor, which serves as the district's collection agent.

The TDD is located in the city of Kansas City, in Clay County, and has a fiscal year end of March 31. Annual financial audits of the district have been conducted by an independent CPA firm.

The district was formed for the purpose of constructing the following transportation projects with a total estimated cost of approximately \$8.6 million:

- Widening of Missouri 210 Highway from two lanes to four lanes
- Construction of two bridges
- Street lights

The MoDOT is the public entity with jurisdiction over these projects and it accepted dedication of the projects upon their completion.

¹ The Platte County Missouri South II TDD, while not having operated for three complete fiscal years, was included in this additional review because of its close association with the Platte County Missouri South I TDD and because the survey information provided by these two TDDs was reported to us in a consolidated manner. Because of this, these two districts are reported in a combined manner.

The district issued \$7,115,000 and \$1,895,000 in Series A and B revenue bonds, respectively, in 1999 to finance its projects. Prior to the issuance of the bonds, the developer financed the costs incurred related to the TDD's formation, project design and engineering. After the revenue bonds were issued, the developer was reimbursed for the costs incurred. A portion of the district's bond proceeds were used to finance and accelerate a transportation project that MoDOT had planned to construct in 2006. As a result, MoDOT agreed to repay the principal on the Series A bonds in the amount of approximately \$6.6 million beginning in 2006. As of December 31, 2004, this was the only TDD for which MoDOT had committed funding.

MoDOT provided independent oversight on these projects and was responsible for the projects' construction and the review and approval of contractor invoices prior to payment.

- **Gravois Bluffs TDD**

The Gravois Bluffs TDD was organized in December 1999 by petition of the two owners of property within the proposed district, one being the city of Fenton. The district's developer was the other property owner. The TDD's Board of Directors and officers are employees of the developer.

The qualified voter(s) of the district, in this case the two property owners, approved the imposition of a one percent (1%) sales tax on all transactions which are taxable within the boundaries of the district, effective October 1, 2000. The sales tax is currently expected to remain in effect for 11½ years unless terminated sooner. The retail establishments collect the sales tax and forward the collections to the city of Fenton, which serves as the district's collection agent.

The TDD is located in the city of Fenton, in St. Louis County, and has a fiscal year end of December 31. Annual financial audits of the district have been conducted by an independent CPA firm since its inception.

The district was formed for the purpose of constructing the following transportation projects with an estimated cost of approximately \$12.7 million:

- Gravois Road and South Old Highway 141 connection streets
- Highway 141 intersection
- Country Home Road and Old Smizer Mill Road connection street
- Curbs, gutters, sidewalks, storm water facilities, traffic signalization, as needed.

The city of Fenton is the public entity with jurisdiction over these projects and it will accept dedication of the projects upon completion.

Because the district is located within a TIF area, 50% of the sales tax collected has been paid to the city of Fenton for deposit to the accounts relating to the TIF projects.

The city of Fenton issued \$39,610,000 and \$19,035,000 in TIF bonds in 2001 and 2002, respectively, to finance the district's projects and other TIF projects. Prior to the issuance of the TIF revenue bonds, the developer financed the cost of the TDD projects and received TDD and TIF notes. When the TIF revenue bonds were issued, the notes were retired. Pursuant to a formal agreement with the city, the district has agreed to disburse all the TDD sales tax revenues, less administrative and collection costs, to the city to pay debt service on the TIF bonds until they are retired. The agreement did not include provisions ensuring the TDD sales tax revenues would only be used to pay the TDD's share of the bond financing costs.

The city of Fenton has provided some independent oversight and was responsible for the review and approval of contractor invoices prior to issuing the TDD and TIF notes.

- **Strother Interchange TDD**

The Strother Interchange TDD was organized in January 2000 by petition of the owner of property within the proposed district. The district's developer was the property owner. The TDD's Board of Directors and officers are employees of the developer and its affiliates.

The qualified voter(s) of the district, in this case the property owner, approved the imposition of a one-half of one percent (0.50%) sales tax on all transactions which are taxable within the boundaries of the district, effective May 1, 2000. The sales tax is currently expected to remain in effect for 20 years unless terminated sooner. The retail establishments collect the sales tax and forward the collections to a private contractor acting as the district's collection agent.

The TDD is located in the city of Lee's Summit, in Jackson County, and has a fiscal year end of December 31. Annual financial audits of the district have been conducted by an independent CPA firm since its inception.

The district was formed for the purpose of acquiring and constructing the following transportation projects with an estimated cost of approximately \$25.8 million:

- I-470 and Strother Road interchange
- Strother Road intersection with Independence Avenue and Ralph Powell Road
- East Road design and construction
- Ralph Powell Road realignment and reconstruction

The city of Lee's Summit and MoDOT are the public entities with jurisdiction over these projects and which will accept dedication of the projects upon completion.

The district is located within a TIF area, with the TDD and TIF area having the same geographic boundaries and funding the same projects. Pursuant a formal agreement, the city of Lee's Summit has agreed to allow the TIF portion of the TDD sales tax to be retained by the district and applied to its debt service costs.

The district issued \$8,530,000 in revenue bonds in 2004 to finance a portion of the costs of the projects. Prior to the issuance of the revenue bonds, the developer financed some costs of the TDD projects. When the TDD revenue bonds were issued, the developer was reimbursed and all subsequent costs were paid with the remaining bond proceeds.

According to a TDD representative, road work was started prior to the legal establishment of the district. It is unclear whether the provisions of Chapter 238, RSMo, allow the construction of a transportation project prior to the TDD being legally established.

The city of Lee's Summit has provided some independent oversight and was responsible for reviewing and approving contractor invoices prior to payment by the trustee.

- **Fenton Crossing TDD**

The Fenton Crossing TDD was organized in February 2000 by petition of the owner of property within the proposed district. The district's developer was also the owner of the property. The TDD's Board of Directors and officers are employees of the developer.

The qualified voter(s) of the district, in this case the property owner, approved the imposition of a one percent (1%) sales tax on all transactions which are taxable within the boundaries of the district, effective July 1, 2000. The sales tax is currently expected to remain in effect for 20 years unless terminated sooner. The retail establishments collect the sales tax and forward the collections to the city of Fenton, which serves as the district's collection agent.

The TDD is located in the city of Fenton, in St. Louis County, and has a fiscal year end of December 31. Annual financial audits of the district have not been conducted.

The district was formed for the purpose of acquiring and constructing the following transportation projects with an estimated cost of approximately \$4.5 million:

- Country Home Drive extension
- Traffic signals along Highway 141
- Offsite road work
- Bridges
- Purchase of a Break in Access to Route 141

The city of Fenton is the public entity with jurisdiction over these projects and accepted dedication of the projects upon completion.

Because the district is located within a TIF area, 50% of the sales tax collected is paid to the city of Fenton for deposit to the accounts relating to the TIF projects.

The city of Fenton issued \$10,205,000 in TIF bonds in 2000 to finance the district's projects and other TIF projects. During the construction stage of the projects, the developer financed the project costs. When the projects were completed, the developer was reimbursed with TIF bond revenues. Pursuant to a lease agreement with the city, the district agreed to disburse all of its sales tax revenues, less administrative costs, to the city to pay the debt service on the TIF bonds until they are retired. The agreement did not include provisions ensuring the TDD sales tax revenues would only be used to pay the TDD's share of the bond financing costs.

The district's board was responsible for overseeing the projects' construction and the review and approval of contractor invoices. No independent oversight or review of this TDD's expenditures has been performed by the local transportation authority.

- **Kenilworth TDD**

The Kenilworth TDD was organized in August 2000 by petition of the owner of property within the proposed district. The district's developer was also the property owner. The TDD's Board of Directors and officers are employees of the developer.

The qualified voter(s) of the district, in this case the property owner, approved the imposition of a one-fourth of one percent (0.25%) sales tax on all transactions which are taxable within the boundaries of the district, effective January 1, 2001. The sales tax is currently expected to remain in effect for 14½ years unless terminated sooner. The retail establishments collect the sales tax and forward the collections to the city of Brentwood, which serves as the district's collection agent.

The TDD is located in the city of Brentwood, in St. Louis County, and has a fiscal year end of December 31. Annual financial audits of the district have been conducted by an independent CPA firm since its inception.

The district was formed for the purpose of constructing the following transportation projects with an estimated cost of approximately \$1.5 million:

- Strassner Avenue extension
- Wrenwood Lane and Brentwood Boulevard intersection reconfiguration
- Additional traffic lanes along Brentwood Boulevard and Eager Road
- Eager Road and Brentwood Boulevard intersection reconfiguration
- Curbs, gutters, sidewalks, storm water facilities, traffic signalization, as needed.

The city of Brentwood is the public entity with jurisdiction over these projects and accepted dedication of the projects upon completion.

Because the district is located within a TIF area, 50% of the sales tax collected is paid to the city of Brentwood for deposit to the accounts relating to the TIF projects.

The city of Brentwood issued \$15,660,000 in TIF bonds in 2001 to finance the district's projects and the city's TIF projects. Pursuant to a formal agreement with the city, the district agreed to disburse all its sales tax revenues, less administrative and collection costs, to the city to pay the debt service on the TIF bonds until they are retired. The agreement did not include provisions ensuring the TDD sales tax revenues would only be used to pay the TDD's share of the bond financing costs.

The city of Brentwood has provided some independent oversight and was responsible for overseeing the project's construction and the review and approval of contractor invoices prior to payment by the trustee.

- **Douglas Square TDD**

The Douglas Square TDD was organized in September 2000 by petition of the four owners of property within the proposed district. The district's developer was the owner of a majority of the property in the district. In 2002, the developer sold its property and interests in the development to another corporation. The TDD's Board of Directors and officers are employees or representatives of the current property owners.

The qualified voter(s) of the district, consisting of the property owners, approved the imposition of a one percent (1%) sales tax on all transactions which are taxable within the boundaries of the district, effective June 1, 2001. The sales tax is currently expected to remain in effect for 20 years unless terminated sooner.

The retail establishments collect the sales tax and mail the collections directly to the district's bank. The district's collection agent is a private contractor.

The TDD is located in the city of Lee's Summit, in Jackson County, and has a fiscal year end of December 31. Annual financial audits of the district have not been conducted.

The district was formed for the purpose of designing, engineering and constructing an extension to Missouri Road, with an estimated cost of approximately \$450,000.

The city of Lee's Summit is the public entity with jurisdiction over this project and accepted dedication of the project upon completion.

The district obtained a \$550,000 commercial loan to finance the costs of the project. Prior to the district's loan, the developer had funded the project by obtaining a private loan. After the district's loan was obtained, the developer was reimbursed for the costs incurred.

The TDD's petition indicated portion of the project was started &/or completed prior to the legal establishment of the district. It is unclear whether the provisions of Chapter 238, RSMo, allow the construction of a transportation project prior to the TDD being legally established.

The city of Lee's Summit has provided some independent oversight and was responsible for overseeing the project's construction and the review and approval of contractor invoices prior to the developer being reimbursed. The district's board chairman reviews and approves all general operating expenditures prior to payment by a private contractor.

- **Boonville Riverfront TDD**

The Boonville Riverfront TDD was organized in February 2001 by petition of the owner of the property within the proposed district and the property's leaseholder. The district's property owner is the city of Boonville and the developer is the leaseholder. The district's Board of Directors and officers were appointed by the city's mayor and city council.

The qualified voter(s) of the district, in this case the property owner, approved the imposition of a one percent (1%) sales tax on all transactions which are taxable within the boundaries of the district, effective December 1, 2001. The sales tax is currently expected to remain in effect for 40 years unless terminated sooner. The retail establishment collects the sales tax and forwards the collections to the city of Boonville, which serves as the district's collection agent.

The TDD is located in the city of Boonville, in Cooper County, and has a fiscal year end of December 31. Annual financial audits of the district have not been conducted.

The district was formed for the purpose of constructing the following transportation projects with an estimated cost of approximately \$3.9 million:

- Traffic signals along Main Street at the intersection of Spring Street and Morgan Street
- Santa Fe Trail and Spring Street realignment and reconstruction
- Second Street extension
- Highway B and Highway 5 turn lanes
- Signage at various intersections

The city of Boonville and MoDOT are the public entities with jurisdiction over these projects and which will accept dedication of the projects upon completion.

According to a city official, as of June 2005, none of the transportation projects have been started, nor are there plans to start them in the foreseeable future. The petition to establish the district indicated the city of Boonville initially planned to loan the district \$1.15 million to fund the transportation projects; however, the city administration has since changed and it is currently thought the projects will not be constructed until sufficient revenues have been accumulated to fund the projects.

Considering the city of Boonville was involved with the creation of the TDD and the expenses of this district have been minimal, independent oversight does not appear to be an issue at this time.

- **I-470 and I-350 TDD**

The I-470 and I-350 TDD was organized in March 2001 by petition of the owner of property within the proposed district. The district's developer was also the property owner. The TDD's Board of Directors and officers are employees of the developer.

The qualified voter(s) of the district, in this case the property owner, approved the imposition of a one percent (1%) sales tax on all transactions which are taxable within the boundaries of the district, effective October 1, 2001. The sales tax is currently expected to remain in effect for 40 years unless terminated sooner. The retail establishments collect the sales tax and forward the collections to the city of Lee's Summit, which serves as the district's collection agent.

The TDD is located in the city of Lee's Summit, in Jackson County, and has a fiscal year end of December 31. Annual financial audits of the district have been conducted by an independent CPA firm since its inception.

The district was formed for the purpose of acquiring and constructing the following transportation projects with an estimated cost of approximately \$17 million:

- Acquisition of highway right-of-way
- Construct a four lane divided parkway from I-470 to Chipman Road
- Construct highway ramps on US 50 and Chipman Road
- Chipman Road turn lanes
- Traffic signals and raised median
- Through lanes

The city of Lee's Summit and MoDOT are the public entities with jurisdiction over these projects and which will accept dedication of the projects upon completion.

The district is located within a TIF area, thus, the city of Lee's Summit could claim 50 percent of the sales tax collected for purposes of the TIF. However, per a formal agreement, the city has agreed that the TIF portion of the TDD sales tax will be remitted to the trustee and applied to the district's debt service costs.

The district issued \$14,755,000 in revenue bonds in 2001 to finance the costs of the projects.

According to a TDD representative, work on some of the projects was started prior to the legal establishment of the district. It is unclear whether the provisions of Chapter 238, RSMo, allow the construction of a transportation project prior to the TDD being legally established.

The city of Lee's Summit has provided some independent oversight related to the projects' construction and performed a review and approval of contractor invoices and district administrative costs prior to payment by the trustee.

- **Ballwin Towne Center TDD**

The Ballwin Towne Center TDD was organized in April 2001 by petition of the owner of property within the proposed district. The district's developer was also the property owner at the time the district was established. In December 2002, the developer sold the property and its interests in the development to another corporation. The TDD's Board of Directors and officers are employees of the current property owner.

The qualified voter(s) of the district, in this case the property owner, approved the imposition of a one-fourth of one percent (0.25%) sales tax on all transactions which are taxable within the boundaries of the district, effective October 1, 2001. The sales tax is currently expected to remain in effect for 21 years unless

terminated sooner. The retail establishments collect the sales tax and forward the collections to the city of Ballwin, which serves as the district's collection agent.

The TDD is located in the city of Ballwin, in St. Louis County, and has a fiscal year end of December 31. Annual financial audits of the district have not been conducted.

The district was formed for the purpose of constructing the following transportation projects with an estimated cost of approximately \$1.3 million:

- Seven Trails Drive and Kehrs Mill connector road
- Holloway and Kehrs Mill traffic signal and related improvements

The city of Ballwin is the public entity with jurisdiction over these projects and accepted dedication of the projects upon completion.

The district is located within a TIF area, thus, 50 percent of the sales tax collected is paid to the city of Ballwin for deposit to the accounts relating to the TIF projects.

The city of Ballwin issued \$20.1 million in TIF bonds in 2002 to finance the district's projects and other TIF projects. Prior to the issuance of the TIF bonds, the developer financed the cost of the district's projects. When the TIF revenue bonds were issued, the developer was reimbursed for the costs incurred. Pursuant to a formal agreement with the city, the district agreed to pay the debt service costs on the portion of TIF revenue that was used for the transportation projects, with the district's revenue limit set at 6.661% of the TIF debt service costs.

The city of Ballwin has provided some independent oversight related to the projects' construction and performed a review and approval of contractor invoices and district administrative costs prior to payment by the trustee.

- **Brentwood Pointe TDD**

The Brentwood Pointe TDD was organized in May 2001 by petition of the two owners of property within the proposed district. All of the property owners are affiliates of the district's developer. The TDD's Board of Directors and officers are employees of the developer.

The qualified voters of the district, in this case the property owners, approved the imposition of a one percent (1%) sales tax on all transactions which are taxable within the boundaries of the district, effective January 1, 2002. The sales tax is currently expected to remain in effect for 20 years unless terminated sooner. The retail establishments collect the sales tax and forward the collections to the city of Brentwood, which serves as the district's collection agent.

The TDD is located in the city of Brentwood, in St. Louis County, and has a fiscal year end of December 31. Annual financial audits have been conducted of the TDD by an independent CPA firm since its inception.

The district was formed for the purpose of acquiring and constructing the following transportation projects with an estimated cost of approximately \$5.1 million:

- Eager Road improvements
- Overpass improvements
- Hanley Industrial Drive extension

The city of Brentwood and St. Louis County are the public entities with jurisdiction over these projects and accepted dedication of the projects upon completion.

The district is located within a TIF area, thus, the city of Brentwood could claim 50 percent of the sales tax collected for purposes of the TIF. However, per a formal agreement, the city has agreed that the TIF portion of the TDD sales tax will be remitted to the trustee and applied to the district's debt service costs.

The district issued \$6.8 million in revenue bonds in 2001 to finance the costs of the projects. Prior to the issuance of the revenue bonds, the district obtained a bank loan to finance the cost of the TDD projects. When the TDD revenue bonds were issued, the bank loan was repaid.

The city of Brentwood has provided some independent oversight related to the review and approval of contractor invoices and administrative costs after district approval and prior to payment by the trustee.

- **Platte County Missouri South I and II TDDs**

The Platte County Missouri South I and II TDDs were organized in June 2001 and April 2002, respectively, by petition of the owner of property within the proposed districts. The districts were petitioned and organized separately and represent separate political subdivisions; however, their borders connect, they have the same property owner/developer, and they reported their activities and operations to us on a consolidated basis. Therefore, we have reported on them together for purposes of this review. The TDDs' have separate boards and officers, but they are made up of the same individuals who are employees of an affiliate of the developer.

The qualified voter(s) of the districts, in this case the property owner, approved the imposition of a one percent (1%) sales tax on all transactions which are taxable within the boundaries of the districts, effective September 1, 2001. The sales tax is currently expected to remain in effect for 30 years unless terminated

sooner. The retail establishments collect the sales tax and mail the collections directly to the district's bank. The district's collection agent is a private contractor.

The TDDs are located in the city of Kansas City, in Platte County, and have a fiscal year end of December 31. Annual financial audits had not been conducted prior to FY 2004; however, as of August 2005, the districts were in the process of receiving a FY 2004 financial audit performed by an independent CPA firm.

The districts were formed for the purpose of constructing the following transportation projects with an estimated cost of approximately \$24 million:

- Northwest Prairie View Road
- North Congress Avenue, including sidewalks, bridge crossings, and traffic circles
- M-152 and Congress Interchange
- Break in access study
- Vehicle and pedestrian bridges
- Underground utilities
- 86th Street and Rush Creek Parkway
- Street lighting, trees, sidewalks, greenway stabilization for trails
- Pedestrian walkways, trail head, rest stations, bike trails, trolley/bus, rest shelters
- Sidewalks, curbs and gutters
- Barry Road widening
- I-29 off-ramp widening

The city of Kansas City and MoDOT are the public entities with jurisdiction over these projects and which will accept dedication of the projects upon completion.

The Industrial Development Authority, an entity given development authority within the city of Kansas City, issued \$19.7 million in revenue bonds in 2003 to finance the districts' projects. Prior to the issuance of the revenue bonds, the developer financed the project costs. When the revenue bonds were issued, the developer was reimbursed and all subsequent project costs were paid from the bond proceeds.

The districts' boards were responsible for the projects' construction and the review and approval of contractor invoices. No independent oversight or review of these TDDs' expenditures has been performed by the applicable transportation authorities.

- **Truman Road TDD**

The Truman Road TDD was organized in June 2001 by petition of the owner of property within the proposed district. The district's developer is also the property

owner. The TDD's Board of Directors and officers are employees/representatives of the developer.

The qualified voter(s) of the district, in this case the property owner, approved the imposition of a one percent (1%) sales tax on all transactions which are taxable within the boundaries of the district, effective October 1, 2001. The sales tax is currently expected to remain in effect for 40 years unless terminated sooner. The retail establishment collects the sales tax and forwards the collections to the district's collection agent, a private contractor.

The district is located in the city of Independence, in Jackson County, and has a fiscal year end of December 31. A financial audit was conducted by an independent CPA firm for fiscal year 2001, but no audits have been conducted since that time.

The TDD was formed for the purpose of the design and construction of streetscape improvements along a portion of Truman Road, with an estimated cost of approximately \$233,000.

The city of Independence and MoDOT are the public entities with jurisdiction over and which will accept dedication of the project upon completion.

The TDD is located within a TIF area, thus, the city of Independence has a claim to 50 percent of the sales tax collected for purposes of the TIF. However, per a formal agreement, the city has agreed to allow the district to retain the TIF portion of the revenues to pay for the transportation project.

According to a representative of the district, as of July 2005, the transportation project has not started and no timetable has been established regarding the construction and completion of the project. The representative indicated the project is on a pay-as-you-go schedule and no financing will be obtained.

The district's board is responsible for overseeing the TDD administrative operations, future project construction, and the review and approval of invoices prior to payment. No independent oversight or review of this TDD's expenditures has been performed by the applicable transportation authorities.

- **Country Club Plaza of Kansas City, MO TDD**

The Country Club Plaza of Kansas City, MO TDD was organized in July 2001 by petition of the three owners of property within the proposed district. The district's developer was one of the property owners. The TDD's Board of Directors and officers are employee/representatives of the property owners.

The qualified voter(s) of the district, in this case the property owners, approved the imposition of a one-half of one percent (0.50%) sales tax on all transactions

which are taxable within the boundaries of the district, effective November 1, 2001. The sales tax is currently expected to remain in effect for 20 years unless terminated sooner. The retail establishments collect the sales tax and forward the collections to a private contractor, which serves as the district's collection agent.

The district is located in the city of Kansas City, in Jackson County, and has a fiscal year end of December 31. Annual financial audits have been conducted by an independent CPA firm since its inception.

The TDD was formed for the purpose of constructing the following transportation projects with an estimated cost of approximately \$11.1 million:

- A 495-space parking garage at the intersection of 47th Street and Pennsylvania Avenue
- The rehabilitation of other parking garages, if funding is available

The city of Kansas City is the public entity with jurisdiction over the projects and which will accept dedication of the projects upon completion for a period of 24 years.

The TDD is located within a TIF area, thus, the TIF Commission of Kansas City has a claim to 50 percent of the sales tax collected for purposes of the TIF. However, per a formal agreement, the TIF Commission agreed the TIF-related revenues, less 5 percent, would be remitted to the trustee and applied to the district's debt service costs.

The district issued \$12.8 million in revenue bonds in 2002 to finance the costs of the projects. Prior to issuance of the bonds, the developer financed the project costs. When the revenue bonds were issued, the developer was reimbursed.

The district's board was responsible for overseeing the projects' construction and the review and approval of contractor invoices. No independent oversight or review of this TDD's expenditures has been performed by the local transportation authority.

- **Wentzville TDD**

The Wentzville TDD was organized in November 2001 by petition of the five owners of property within the proposed district. The district's developers were two of the property owners. The TDD's Board of Directors and officers are employees of the two developers.

The qualified voter(s) of the district, in this case the property owners, approved the imposition of a one-fourth of one percent (0.25%) sales tax on all transactions which are taxable within the boundaries of the district, effective December 1, 2001. The sales tax is currently expected to remain in effect for 15 years unless

terminated sooner. The retail establishments collect the sales tax and forward the collections to the city of Wentzville, which serves as the district's collection agent.

The district is located in the city of Wentzville, in St. Charles County, and has a fiscal year end of December 31. Annual financial audits have been conducted by an independent CPA firm since its inception.

The TDD was formed for the purpose of constructing the following transportation projects with an estimated cost of approximately \$3.1 million:

- Pearce Boulevard overpass enhancements
- Pearce Boulevard/Wentzville Parkway interchange
- Pearce Boulevard extension to May Road
- Local transit system

The city of Wentzville and MoDOT are the public entities with jurisdiction over the projects and which will accept dedication of the projects upon completion.

The TDD issued \$3.97 million in revenue bonds in 2002 to finance the costs of the projects. Prior to issuance of the bonds, the developers financed the cost of the district's formation and various project costs. When the revenue bonds were issued, the developers were reimbursed and all subsequent project costs were paid from the bond proceeds.

The district's project improvement budget indicated a few of the projects were completed prior to the legal establishment of the district. It is unclear whether the provisions of Chapter 238, RSMo, allow the construction of a transportation project prior to the TDD being legally established.

The district's board was responsible for overseeing the projects' construction and the review and approval of contractor invoices prior to payment by the trustee. No independent oversight or review of this TDD's expenditures has been performed by the applicable transportation authorities.

- **Shoppes at Old Webster TDD**

The Shoppes at Old Webster TDD was organized in November 2001 by petition of the three owners of property within the proposed district.

The qualified voter(s) of the district, in this case the property owners, approved the imposition of a five-eighths of one percent (0.625%) sales tax on all transactions which are taxable within the boundaries of the district, which became effective in 2001. The sales tax is currently expected to remain in effect for 20 years unless terminated sooner. The district's collection agent is a private contractor.

The district is located in the city of Webster Groves, in St. Louis County, and has a fiscal year end of December 31. Annual financial audits have not been conducted.

The TDD was formed for the purpose of constructing a two-level parking garage at an estimated cost of approximately \$520,000.

The city of Webster Groves is the public entity with jurisdiction over the project and which will accept dedication of the project upon completion.

The district obtained a \$450,000 bank loan to finance the transportation project.

We requested other information about this TDD which we had planned to present in our report including, but not limited to: the composition of the TDD board, the manner in which revenues are collected and remitted to the district, how project costs were financed prior to the district securing the bank loan, if applicable, and those parties/entities who have had involvement or responsibility for overseeing the costs incurred by the district. However, as of September 30, 2005, we had not received the additional information requested.

APPENDIXES

APPENDIX A

TRANSPORTATION DEVELOPMENT DISTRICTS
INFORMATION REGARDING ESTABLISHMENT OF TDDs (IN ORDER OF DATE ESTABLISHED)

District Name	Date Established	County	Municipality	Petition To Establish Was Filed By:	Number of Property Owners
210 Highway	09/23/97	Clay	Kansas City	Property Owners	1
Gravois Bluffs	12/07/99	St. Louis	Fenton	Property Owners & City of Fenton	2
Strother Interchange	01/21/00	Jackson	Lee's Summit	Property Owners	1
Fenton Crossing	02/08/00	St. Louis	Fenton	Property Owners	1
Kenilworth	08/15/00	St. Louis	Brentwood	Property Owners	1
Meramec Station Road and Highway 141	09/07/00	N/A	St. Louis	Property Owners	2
Douglas Square	09/21/00	Jackson	Lee's Summit	Property Owners	4
370 Missouri Bottom Road/Taussig Road	11/01/00	St. Louis	Bridgeton/Hazelwood	Property Owners	2
Boonville Riverfront	02/09/01	Cooper	Boonville	Property Owners & City of Boonville	1
Mark Twain Mall	02/20/01	St. Charles	St. Charles	Property Owners	1
I-470 and I-350	03/17/01	Jackson	Lee's Summit	Property Owners	1
St. John Church Road	04/17/01	N/A	St. Louis	Property Owners	9
Ballwin Towne Center	04/26/01	St. Louis	Ballwin	Property Owners	1
Brentwood Pointe	05/16/01	St. Louis	Brentwood	Property Owners	2
Platte County Missouri South I	06/19/01	Platte	Kansas City	Property Owners	3
Big Bend Crossing	06/25/01	St. Louis	Crestwood	Property Owners & City of Crestwood	1
Truman Road	06/25/01	Jackson	Independence	Property Owners	1
Country Club Plaza of Kansas City, Missouri	07/12/01	Jackson	Kansas City	Property Owners & TIF Commission of KC	3
Stardust-Munger-Diamond	10/16/01	Marion	Hannibal	Property Owners & City of Hannibal	1
Interstate Plaza/North Town Village	11/06/01	Pulaski	St. Robert	Property Owners & City of St. Robert	27
Wentzville	11/16/01	St. Charles	Wentzville	Property Owners	5
Shoppes at Old Webster	11/29/01	St. Louis	Webster Groves	Property Owners	3
Platte County Missouri South II	04/12/02	Platte	Kansas City	Property Owners	1
Thirty-Ninth Street	04/25/02	Jackson	Independence	City of Independence	**
St. John Crossings	06/25/02	St. Louis	St. John	Property Owners & City of St. John	1
Douglas Station	06/27/02	Jackson	Lee's Summit	Property Owners	1
CenterState	08/05/02	Boone	Columbia	Property Owners	1
Raintree North	08/19/02	Jackson	Lee's Summit	Property Owners	1
Shoppes at Cross Keys	09/18/02	St. Louis	Florissant	Property Owners	1
Station Plaza	12/04/02	St. Louis	Kirkwood	Property Owners & City of Kirkwood	1
Hanley/Eager Road	12/16/02	St. Louis	Brentwood	Property Owners	6
US Highway 65 and Truman Dam Access	03/12/03	Benton	Warsaw	Property Owners	1
Lake of the Woods	03/24/03	Boone	Columbia	Property Owners	2
I-70 and Adams Dairy Parkway	03/25/03	Jackson	Blue Springs	Property Owners	1
Ozark Centre	04/25/03	Christian	Ozark	Property Owners	1
Crestwood Point	05/15/03	St. Louis	Crestwood	Property Owners & City of Crestwood	2
M 150 and 135th Street	05/15/03	Jackson	Kansas City	Property Owners	1
Boscherts Landing	05/16/03	St. Charles	St. Peters	Property Owners	2
Salt Lick Road	05/16/03	St. Charles	St. Peters	Property Owners	1
Parkville Commons	06/09/03	Platte	Parkville	Property Owners	1
Pershall Road	07/30/03	St. Louis	Ferguson	Property Owners & City of Ferguson	1
Lee's Summit Missouri New Longview	07/31/03	Jackson	Lee's Summit	Property Owners	1
Prewitt Point	08/22/03	Miller	Osage Beach	Property Owners	2
Branson Regional Airport	09/04/03	Taney	Branson	Property Owners	1
WingHaven	09/11/03	St. Charles	O'Fallon	Property Owners	12
Merchant's Laclede	10/08/03	N/A	St. Louis	Property Owners	2
Belton Town Center	11/17/03	Cass	Belton	Property Owners	10
71 Highway & 150 Highway	11/20/03	Jackson	Grandview	Property Owners	2

APPENDIX A

TRANSPORTATION DEVELOPMENT DISTRICTS

INFORMATION REGARDING ESTABLISHMENT OF TDDs (IN ORDER OF DATE ESTABLISHED)

District Name	Date Established	County	Municipality	Petition To Establish Was Filed By:	Number of Property Owners
Brentwood/Strassner Road	02/24/04	St. Louis	Brentwood	City of Brentwood and St. Louis County	**
Hutchings Farm Plaza	03/04/04	St. Charles	O'Fallon	Property Owners	1
Mexico Road	04/08/04	St. Charles	O'Fallon	Property Owners	1
Southtown	04/12/04	N/A	St. Louis	Property Owners	1
Francis Place	04/13/04	St. Louis	Richmond Heights	Property Owners	1
Poplar Bluff Conference Center	05/04/04	Butler	Poplar Bluff	Property Owners	1
Eureka Commercial Park	05/10/04	St. Louis	Eureka	Property Owners	4
Hanley Road and North of Folk Avenue	05/19/04	St. Louis	Maplewood	Property Owners	1
Megan Shoppes	06/07/04	St. Charles	O'Fallon	Property Owners	2
Folk Avenue South	07/14/04	St. Louis	Maplewood	Property Owners	2
Hyannis Port Road	07/16/04	Jefferson	Hillsboro	Property Owners & Jefferson County	3
St. Joseph Gateway	07/20/04	Buchanan	St. Joseph	Property Owners	1
Park Hills	07/28/04	St. Francois	Park Hills	Property Owners	2
Hawk Ridge	09/02/04	St. Charles	Lake St. Louis	Property Owners & City of Lake St. Louis	3
Olive Boulevard	09/09/04	St. Louis	Creve Coeur	Property Owners & City of Creve Coeur	2
Shoppes at Stadium	09/27/04	Boone	Columbia	Property Owners	1
Stadium Corridor	10/04/04	Boone	Columbia	Property Owners	4
Troy/Lincoln County	10/05/04	Lincoln	Troy	City of Troy & Lincoln County	**
Chesterfield Commons	10/12/04	St. Louis	Chesterfield	Property Owners	1
Eureka Old Town	10/12/04	St. Louis	Eureka	Property Owners & City of Eureka	4
North Main/Malone	11/19/04	Scott	Sikeston	Property Owners	1

** The district has registered voters who approved the district's establishment.

Source: MoDOT TDD data base and the Judgement and Order issued by the Circuit Courts.

APPENDIX B

TRANSPORTATION DEVELOPMENT DISTRICTS
ESTIMATED TDD PROJECT COSTS AND ANTICIPATED REVENUES

District Name		Estimated Project Costs	TTD's Estimated Life	Total Anticipated Revenues**		TDD Within a TIF district?
210 Highway	\$	8,587,389	11 Years	\$ 5,972,759	1	No
Gravois Bluffs	*	12,764,073	11.5 Years	30,211,614		Yes
Strother Interchange		25,846,800	20 Years	4,231,781	1	Yes
Fenton Crossing	*	4,574,762	20 Years	8,000,000		Yes
Kenilworth	*	1,500,000	14.5 Years	3,859,150		Yes
Meramec Station Road and Highway 141		6,720,000	40 Years	15,700,000		Yes
Douglas Square		450,000	20 Years	4,320,746	2	No
370 Missouri Bottom Road/Taussig Road		34,010,000	17 Years	54,596,724		Yes
Boonville Riverfront		3,908,420	40 Years	4,000,000		No
Mark Twain Mall		1,500,000	30 Years	5,000,000		Yes
I-470 and I-350		17,080,627	40 Years	134,326,373	3	Yes
St. John Church Road		12,000,000	25 Years	27,000,000		No
Ballwin Towne Center	*	1,300,000	21 Years	5,751,400		Yes
Brentwood Pointe		5,101,697	20 Years	13,503,100		Yes
Platte County Missouri South I	*	24,000,000	30 Years	52,000,000		No
Big Bend Crossing		1,487,415	20 Years	2,500,000		No
Truman Road		232,700	21 Years	483,363		Yes
Country Club Plaza of Kansas City, Missouri		11,149,363	20 Years	30,163,825		Yes
Stardust-Munger-Diamond		4,704,000	19 Years	11,678,000		Yes
Interstate Plaza/North Town Village	*	3,980,000	20 Years	6,500,000		Yes
Wentzville	*	3,150,000	15 Years	5,921,700		No
Shoppes at Old Webster		520,000	20 Years	865,000		Yes
Platte County Missouri South II		-	-	-	4	No
Thirty-Ninth Street		15,075,640	23 Years	23,614,406		Yes
St. John Crossings		901,630	22 Years	2,354,600		Yes
Douglas Station		1,742,852	20 Years	3,461,671		No
CenterState		7,542,000	21 Years	8,000,000		No
Raintree North	*	1,700,000	14 Years	1,700,000		No
Shoppes at Cross Keys		4,900,000	23 Years	12,000,000		Yes
Station Plaza	*	1,550,000	25 Years	3,461,395		No
Hanley/Eager Road		12,000,000	30 Years	22,924,051		Yes
US Highway 65 and Truman Dam Access		2,000,000	25 Years	4,250,000		No
Lake of the Woods	*	2,700,000	30 Years	Unknown	5	No
I-70 and Adams Dairy Parkway	*	1,950,000	10 Years	1,883,723		No
Ozark Centre		3,408,293	20 Years	6,000,000		No
Crestwood Point		2,986,000	30 Years	4,827,000		Yes
M 150 and 135th Street		12,000,000	20 Years	18,817,000		No
Boscherts Landing		553,342	40 Years	Unknown	5	No
Salt Lick Road		1,406,281	30 Years	Unknown	5	No
Parkville Commons		8,000,000	22 Years	12,000,000		Yes
Pershall Road		620,000	25 Years	993,000		No
Lee's Summit Missouri New Longview		5,900,000	20 Years	10,500,000		Yes
Prewitt Point		4,750,000	25 Years	16,152,000		Yes
Branson Regional Airport	*	150,000,000	30 Years	Unknown	5	No
WingHaven		3,048,098	20 Years	8,178,263	6	No
Merchant's Laclede		6,510,000	30 Years	10,080,000		No
Belton Town Center	*	19,000,000	23 Years	5,480,360	1	Yes
71 Highway & 150 Highway		450,000	23 Years	763,850		Yes

APPENDIX B

TRANSPORTATION DEVELOPMENT DISTRICTS ESTIMATED TDD PROJECT COSTS AND ANTICIPATED REVENUES

District Name		Estimated Project Costs	TTD's Estimated Life	Total Anticipated Revenues**	TDD Within a TIF district?
Brentwood/Strassner Road	*	8,365,000	11 Years	8,550,000	Yes
Hutchings Farm Plaza	*	600,000	8 Years	816,000	No
Mexico Road	*	2,600,000	40 Years	3,000,000	No
Southtown	*	1,231,292	23 Years	4,204,762	Yes
Francis Place		4,400,000	23 Years	10,000,000	Yes
Poplar Bluff Conference Center		2,400,000	40 Years	Unknown ⁵	No
Eureka Commercial Park		1,430,000	40 Years	Unknown ⁵	No
Hanley Road and North of Folk Avenue		16,300,000	25 Years	30,900,000	No
Megan Shoppes	*	1,145,834	40 Years	5,520,000	No
Folk Avenue South		6,958,609	26 Years	19,500,000	Yes
Hyannis Port Road		564,512	5 Years	650,000	No
St. Joseph Gateway	*	Unknown	23 Years	1,821,212 ⁷	Yes
Park Hills	*	750,000	20 years	200,000 ¹	Yes
Hawk Ridge		19,400,000	25 Years	38,700,000	No
Olive Boulevard	*	4,500,000	20 Years	8,881,735	No
Shoppes at Stadium		2,500,000	15 Years	4,000,000	No
Stadium Corridor		13,819,603	25 Years	16,120,457	No
Troy/Lincoln County	*	14,000,000	20 Years	28,060,000	No
Chesterfield Commons		12,000,000	30 Years	Unknown ⁵	Yes
Eureka Old Town		1,367,500	30 Years	1,260,000 ⁸	No
North Main/Malone	*	8,600,000	23 Years	1,398,084 ¹	Yes
Total	\$	<u>578,193,732</u>		\$ <u>787,609,104</u>	

* The amount of project costs and anticipated revenues presented were amended by a district official or representative from the amounts initially reported on the TDD survey questionnaire.

**Interest costs on TDD debt and administrative costs of the districts would appear to account for the difference between total estimated project costs and total anticipated revenues for many of the TDDs.

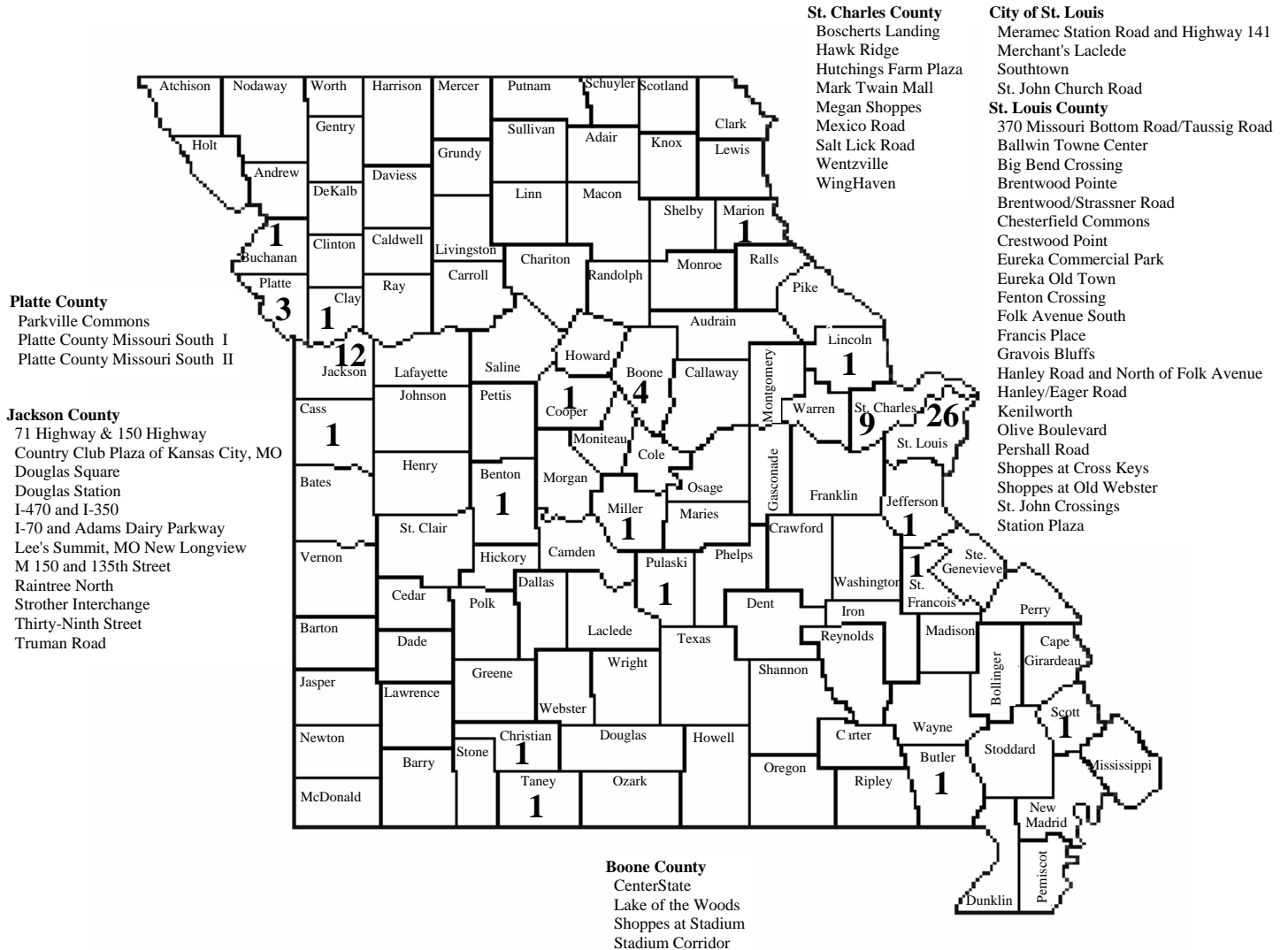
TIF - Tax Increment Financing - 50% of the sales tax collected is used for TIF projects unless an agreement specifies otherwise.

1. TDD sales tax revenues are used to supplement the project cost with the remaining project cost being funded from other revenue sources.
2. The additional revenue will be used to supplement the project cost related to an adjacent district.
3. The district's project(s) has several construction phases with estimated project costs provided only for Phase 1.
4. Project cost/life of district/anticipated revenue included in information presented for Platte County Missouri South I.
5. Anticipated revenues were not determined and sales tax will be collected until the project financing has been paid.
6. The estimated project costs reported by the district do not include an estimated annual expense of approximately \$200,000 for a trolley service system.
7. Projects will be determined as revenue is received.
8. The district's project(s) was split into four phases and revenue was only estimated on two of the phases.

Source: TDD survey questionnaires and communication with district officials/representatives.

APPENDIX C

TRANSPORTATION DEVELOPMENT DISTRICTS LOCATION OF TDDs BY COUNTY (As of DECEMBER 31, 2004)



Note - of the twenty-six TDDs located in the area identified as St. Louis, twenty-two of the districts are located in St. Louis County and four are located in the city of St. Louis.

Source: MoDOT TDD database

APPENDIX D

TRANSPORTATION DEVELOPMENT DISTRICTS
TDD QUESTIONNAIRE

Name of TDD _____
(identify TDD on this line)

1. What is the TDD's fiscal year end (i.e. year ended 12/31/XX, year ended 3/31/XX, etc.)?

2. At the time TDD was established, what was the estimated total cost of constructing the project(s)/infrastructure (i.e. design costs, construction costs, etc.)?

3. How were the costs of the project(s)/infrastructure financed (i.e. revenue bonds, general obligation bonds, bank notes, pay-as-you-go, etc.), and the amount of that financing? _____

4. At the time the TDD was established, what was the total estimated amount of revenues (sales taxes, property taxes, special assessments, etc.) to be collected and over what period of time?

5. When did the TDD begin collecting revenue? _____

6. When did the TDD begin paying expenses related to its project(s) or operations?

7. Who collects the revenues for the TDD (i.e. TDD employees, the city, the county, a private contractor, etc.)? _____

8. Who administers the funds of the TDD, including the handling of disbursements (i.e. TDD employees, the city, the county, a private contractor, bank trust department, etc.)?

APPENDIX D

TRANSPORTATION DEVELOPMENT DISTRICTS
TRANSPORTATION DEVELOPMENT DISTRICT QUESTIONNAIRE

9. Has the TDD had any financial audits conducted by a CPA firm? If so, please indicate the years that have been audited. _____

10. In the spaces below please provide the requested information for the TDD's primary contact (please print):

Name of primary contact _____

Title (if applicable) _____

Mailing address _____

Email address _____

Phone number _____

Preparer

Date

APPENDIX E

TRANSPORTATION DEVELOPMENT DISTRICTS
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES - SELECTED TDDs

	210 Highway	Gravois Bluffs	Strother Interchange **	Fenton Crossing	Kenilworth
Beginning balance, Fiscal Year 2002	\$ 159,313	412,660	4,021,828	76,301	26,594
Receipts:					
Sales tax	275,850	2,174,261	285,729	354,031	156,179
Property tax	29,157	0	0	0	0
Interest	5,693	0	91,789	982	314
Bond proceeds	0	0	0	0	0
Tax increment financing	0	0	957,963	0	0
Kansas City Municipal Assistance Corporation	0	0	0	0	0
Industrial Development Authority	0	0	0	0	0
Other	940,563	0	0	0	0
Total Receipts	1,251,263	2,174,261	1,335,481	355,013	156,493
Disbursements:					
Bond issuance costs	0	0	0	0	0
Professional fees	15,489	26,995	89,059	13,708	0
Debt service	1,236,305	1,159,184	641,700	143,059	64,592
Insurance	3,078	0	14,234	3,483	0
Accounting and auditing	9,318	0	0	0	0
Administrative	0	0	0	0	2,951
City transportation project costs	0	0	0	0	0
Transportation project costs	0	0	2,476,111	0	0
Collection fees	0	21,488	0	4,020	0
Tax increment financing	0	1,159,184	0	234,334	76,893
Other	506	0	3,200	18	0
Total Disbursements	1,264,696	2,366,851	3,224,304	398,622	144,436
Ending Balance, Fiscal Year 2002	145,880	220,070	2,133,005	32,692	38,651
Receipts:					
Sales tax	330,721	2,529,428	216,162	383,713	191,772
Property tax	29,961	0	0	0	0
Interest	2,235	0	58,828	145	28
Bond proceeds	0	0	0	0	0
Tax increment financing	0	0	1,242,703	0	0
Kansas City Municipal Assistance Corporation	0	0	0	0	0
Industrial Development Authority	0	0	0	0	0
Other	95,355	0	0	0	0
Total Receipts	458,272	2,529,428	1,517,693	383,858	191,800
Disbursements:					
Bond issuance costs	0	0	0	0	0
Professional fees	6,327	32,691	65,548	5,724	0
Debt service	407,482	1,205,074	1,351,700	178,275	97,491
Insurance	5,622	0	14,929	4,982	0
Accounting and auditing	2,445	0	0	0	0
Administrative	0	0	0	0	17,312
City transportation project costs	0	0	0	0	0
Transportation project costs	0	0	18,626	0	0
Collection fees	0	25,005	0	3,815	0
Tax increment financing	0	1,237,765	0	188,866	93,481
Other	267	0	6,855	64	0
Total Disbursements	422,143	2,500,535	1,457,658	381,726	208,284
Ending Balance, Fiscal Year 2003	182,009	248,963	2,193,040	34,824	22,167
Receipts:					
Sales tax	328,341	2,809,441	140,222	410,467	198,532
Property tax	29,533	0	0	0	0
Interest	1,587	0	47,821	148	0
Bond proceeds	0	0	0	0	0
Tax increment financing	0	0	1,548,581	0	0
Kansas City Municipal Assistance Corporation	0	0	0	0	0
Industrial Development Authority	0	0	0	0	0
Other	20,095	0	0	0	0
Total Receipts	379,556	2,809,441	1,736,624	410,615	198,532
Disbursements:					
Bond issuance costs	0	0	343,014	0	0
Professional fees	3,445	57,750	26,904	2,409	0
Debt service	407,482	1,327,689	571,253	162,831	60,664
Insurance	4,356	0	16,207	5,204	0
Accounting and auditing	7,395	0	0	0	0
Administrative	0	0	0	0	29,227
City transportation project costs	0	0	0	0	0
Transportation project costs	0	0	0	0	0
Collection fees	0	27,686	0	3,711	0
Tax increment financing	0	1,370,475	0	234,061	113,200
Other	2,877	0	15,413	40	0
Total Disbursements	425,555	2,783,600	972,791	408,256	203,091
Ending Balance, Fiscal Year 2004	\$ 136,010	274,804	2,956,873	37,183	17,608

** Non-cash items presented on the TDD's financial statements were not presented on this schedule.

Source: TDD Annual Financial Reports or Audit Reports.

APPENDIX E

TRANSPORTATION DEVELOPMENT DISTRICTS
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES - SELECTED TDDs

	Douglas Square *	Boonville Riverfront	I-470 and I-350	Ballwin Towne Center	Brentwood Pointe
Beginning balance, Fiscal Year 2002	\$ 14,290	0	2,461,435	0	1,305,927
Receipts:					
Sales tax	58,508	27,811	1,616,870	106,099	369,448
Property tax	0	0	92,910	0	0
Interest	512	100	0	60	25,234
Bond proceeds	0	0	0	0	0
Tax increment financing	0	0	0	0	0
Kansas City Municipal Assistance Corporation	0	0	0	0	0
Industrial Development Authority	0	0	0	0	0
Other	0	0	76,697	0	0
Total Receipts	59,020	27,911	1,786,477	106,159	394,682
Disbursements:					
Bond issuance costs	0	0	0	0	0
Professional fees	0	0	0	0	0
Debt service	3,304	0	897,915	34,191	388,013
Insurance	0	915	0	0	0
Accounting and auditing	0	0	0	0	0
Administrative	17,617	0	31,388	19,090	42,715
City transportation project costs	0	0	0	0	0
Transportation project costs	0	0	273,475	0	307,067
Collection fees	0	0	16,174	1,075	0
Tax increment financing	0	0	0	53,219	0
Other	0	0	0	0	9,156
Total Disbursements	20,921	915	1,218,952	107,575	746,951
Ending Balance, Fiscal Year 2002	52,389	26,996	3,028,960	(1,416)	953,658
Receipts:					
Sales tax	120,196	20,445	1,804,600	139,671	458,562
Property tax	0	0	0	0	0
Interest	28	65	71,225	25	22,420
Bond proceeds	0	0	0	0	0
Tax increment financing	0	0	0	0	0
Kansas City Municipal Assistance Corporation	0	0	0	0	0
Industrial Development Authority	0	0	0	0	0
Other	0	0	0	0	0
Total Receipts	120,224	20,510	1,875,825	139,696	480,982
Disbursements:					
Bond issuance costs	0	0	0	0	0
Professional fees	0	0	0	0	0
Debt service	78,312	0	1,264,572	61,539	516,850
Insurance	0	915	0	0	0
Accounting and auditing	0	0	0	0	0
Administrative	23,724	0	12,758	6,921	17,197
City transportation project costs	0	0	0	0	0
Transportation project costs	0	0	0	0	0
Collection fees	0	0	18,382	1,383	0
Tax increment financing	0	0	0	68,437	0
Other	18,893	0	0	0	19,827
Total Disbursements	120,929	915	1,295,712	138,280	553,874
Ending Balance, Fiscal Year 2003	51,684	46,591	3,609,073	0	880,766
Receipts:					
Sales tax	134,727	20,133	1,954,981	145,319	618,306
Property tax	0	0	0	0	0
Interest	0	22	84,514	41	22,742
Bond proceeds	0	0	0	0	0
Tax increment financing	0	0	0	0	0
Kansas City Municipal Assistance Corporation	0	0	0	0	0
Industrial Development Authority	0	0	0	0	0
Other	0	0	0	0	0
Total Receipts	134,727	20,155	2,039,495	145,360	641,048
Disbursements:					
Bond issuance costs	0	0	0	0	0
Professional fees	0	0	0	0	0
Debt service	36,438	0	1,188,825	69,536	515,400
Insurance	0	1,148	0	0	0
Accounting and auditing	0	0	0	0	0
Administrative	36,588	0	18,166	2,438	30,497
City transportation project costs	0	0	0	0	0
Transportation project costs	0	0	0	0	0
Collection fees	0	0	19,556	1,453	0
Tax increment financing	0	0	0	71,933	0
Other	92,560	15	0	0	8,735
Total Disbursements	165,586	1,163	1,226,547	145,360	554,632
Ending Balance, Fiscal Year 2004	\$ 20,825	65,583	4,422,021	0	967,182

* Fiscal year 2002 information is for an 18-month period, due to a change in year end.

APPENDIX E

TRANSPORTATION DEVELOPMENT DISTRICTS
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES - SELECTED TDDs

	Platte County Missouri South I & II	Truman Road	Country Club Plaza of Kansas City, Missouri**	Wentzville	Shoppes at Old Webster
Beginning balance, Fiscal Year 2002	\$ 12,136	3,471	0	0	0
Receipts:					
Sales tax	33,790	20,782	1,362,581	160,937	2,651
Property tax	0	0	0	0	0
Interest	1,006	21	18,819	22,349	2
Bond proceeds	0	0	12,815,000	3,970,000	0
Tax increment financing	0	0	0	0	0
Kansas City Municipal Assistance Corporation	811,496	0	0	0	0
Industrial Development Authority	0	0	0	0	0
Other	201,371	0	54	0	0
Total Receipts	1,047,663	20,803	14,196,454	4,153,286	2,653
Disbursements:					
Bond issuance costs	0	0	394,600	211,883	0
Professional fees	0	0	8,168	240,679	0
Debt service	0	0	1,084,186	191,938	0
Insurance	0	0	0	4,040	0
Accounting and auditing	0	0	51,744	0	0
Administrative	0	10,322	0	0	95
City transportation project costs	1,005,310	0	0	0	0
Transportation project costs	0	0	11,149,363	2,117,097	0
Collection fees	0	0	0	1,866	0
Tax increment financing	0	0	10,933	0	0
Other	90	0	3,879	0	0
Total Disbursements	1,005,400	10,322	12,702,873	2,767,503	95
Ending Balance, Fiscal Year 2002	54,399	13,952	1,493,581	1,385,783	2,558
Receipts:					
Sales tax	32,046	9,521	1,175,452	267,663	15,975
Property tax	0	0	0	0	0
Interest	2,448	21	13,612	8,819	19
Bond proceeds	0	0	0	0	0
Tax increment financing	0	0	0	0	0
Kansas City Municipal Assistance Corporation	3,080,828	0	0	0	0
Industrial Development Authority	0	0	0	0	0
Other	0	0	1,827	0	0
Total Receipts	3,115,322	9,542	1,190,891	276,482	15,994
Disbursements:					
Bond issuance costs	0	0	0	0	0
Professional fees	0	0	10,305	45,250	0
Debt service	0	0	1,060,968	234,230	15,900
Insurance	0	0	0	0	0
Accounting and auditing	0	0	46,893	0	0
Administrative	0	8,401	0	0	66
City transportation project costs	2,887,014	0	0	0	0
Transportation project costs	0	0	0	312,545	0
Collection fees	0	0	0	2,677	0
Tax increment financing	0	0	19,497	0	0
Other	170,089	0	13,102	0	0
Total Disbursements	3,057,103	8,401	1,150,765	594,702	15,966
Ending Balance, Fiscal Year 2003	112,618	15,093	1,533,707	1,067,563	2,586
Receipts:					
Sales tax	522,282	7,029	1,250,597	307,299	
Property tax	0	0	0	0	
Interest	5,480	16	16,009	7,550	
Bond proceeds	0	0	0	0	Waiting on TDD
Tax increment financing	0	0	0	0	contact to provide
Kansas City Municipal Assistance Corporation	884,623	0	0	0	financial statement
Industrial Development Authority	13,166,048	0	0	0	
Other	0	0	2,466	0	
Total Receipts	14,578,433	7,045	1,269,072	314,849	0
Disbursements:					
Bond issuance costs	0	0	0	0	
Professional fees	51,429	0	11,142	8,525	
Debt service	420,115	0	1,115,088	234,230	
Insurance	0	0	0	0	
Accounting and auditing	17,691	0	50,824	0	
Administrative	0	3,832	0	0	
City transportation project costs	824,090	0	0	0	
Transportation project costs	13,138,140	0	0	279,355	
Collection fees	0	0	0	3,079	
Tax increment financing	0	0	38,313	0	
Other	548	0	4,040	0	
Total Disbursements	14,452,013	3,832	1,219,407	525,189	0
Ending Balance, Fiscal Year 2004	\$ 239,038	18,306	1,583,372	857,223	2,586

** Non-cash items presented on the TDD's financial statements were not presented on this schedule.



Claire McCaskill

Missouri State Auditor

March 2006

Compilation of 2005 Criminal Activity Forfeiture Act Seizures



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2006

As required by state law the State Auditor's Office compiled the 2005 Criminal Activity Forfeiture Act (CAFA) seizure reports submitted to our office by prosecuting attorneys and the Attorney General. This compilation was limited to the presentation of information submitted.

The State Auditor received a total of 101 (87%) of the 116 CAFA seizure reports, from prosecuting attorneys and the Attorney General for property seized in calendar year 2005 as required by Section 513.607, RSMo. Cum. Supp. 2004. Ninety-four (81%) of the reports were received prior to the January 31, 2006 deadline.

A comparison of 2005 report filings to those of prior years shows fewer seizures in 2005; however, these seizures have a higher dollar value.

To accomplish our objectives, we compiled all seizure information submitted to the State Auditor for calendar year 2005 and reviewed the compiled information previously submitted for the calendar years 2004, 2003, 2002, and 2001 so that a comparison would be available.

A letter dated January 3, 2006 was mailed to prosecuting attorneys and the Attorney General, notifying them of the deadline for submission of the CAFA seizure and forfeiture reports. This letter listed the information that should be included in their report according to Section 513.607 RSMo. Cum. Supp. 2004, and that the report should be submitted to both the State Auditor and to the Director of the Department of Public Safety. The letter also indicated that if there were no seizures, a report was still needed indicating that information.

Due to statutory deadline to submit this report, only seizure reports received by February 24, 2006 are included in the compilation.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

COMPILATION OF 2005 CRIMINAL ACTIVITY FORFEITURE ACT SEIZURES

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the General Assembly
Jefferson City, MO 65102

As required by Section 513.607, RSMo, we have compiled the 2005 Criminal Activity Forfeiture Act (CAFA) seizure reports submitted to the State Auditor by prosecuting attorneys and the Attorney General. A compilation is limited to presenting information that is submitted. We have not audited the reports submitted and, accordingly, do not express an opinion or any other form of assurance on them. The primary objectives of this compilation were to:

1. Identify those officials who submitted 2005 CAFA seizure reports to the State Auditor.
2. Summarize and evaluate the 2005 CAFA seizure information reported.

Section 513.607, RSMo, requires prosecuting attorneys and the Attorney General to report CAFA seizures for the previous calendar year by January 31, to both the Director of the Department of Public Safety and the State Auditor. We received 81 percent of the CAFA seizure reports, by the required due date of January 31, 2006.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire McCaskill
State Auditor

February 24, 2006 (fieldwork completion date)

The following staff participated in the preparation of this report:

Director:	Thomas J. Kremer, CPA
In-Charge Auditor:	Becky Webb, CPA
Audit Staff:	Susan Fifer, CPA
	Audrey Archuleta

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Background

The State Auditor's report number 99-97 titled *Review of Forfeited Property* identified weaknesses in the state's Criminal Activity Forfeiture Act (CAFA) law. Subsequently, revisions to the state's CAFA law (Section 513.600 to 513.653 RSMo) were addressed requiring the prosecuting attorneys and the Attorney General to whom seizures were reported to submit a copy of the seizure report to the State Auditor at the time the report is submitted to the Director of the Department of Public Safety (DPS). The legislation added the requirement for the State Auditor to make an annual report compiling the data received regarding the seizures. A penalty provision for intentional or knowing failure to comply with any reporting requirements was also included.

Other revisions in the CAFA included more restrictions on transfers of seized property by state or local agency to any federal agency. These restrictions were not reviewed, as they are not within the scope of our report.

Compliance with Submitting Criminal Activity Forfeiture Act (CAFA) Seizures Reports

The State Auditor received a total of 101 (87 percent) of the 116 CAFA seizure reports, from prosecuting attorneys and the Attorney General for property seized in calendar year 2005 as required by section 513.607, RSMo. Ninety-four (81 percent) of the reports were received prior to the January 31, 2005 deadline. Table 1.1 lists the total number of CAFA seizure reports submitted to the State Auditor for 2005, 2004, 2003, 2002, and 2001. For 2005, 41 (35%) of the total reports, reported zero seizures.

Table 1.1: Summary of CAFA Seizure Reports Submitted By Date

*										
Reporting Status	2005 Seizures		2004 Seizures		2003 Seizures		2002 Seizures		2001 Seizures	
By January 31	94	81%	95	82%	95	82%	97	84%	83	72%
After January 31	7	6%	17	15%	19	16%	16	14%	30	26%
Total Reported	101	87%	112	97%	114	98%	113	98%	113	98%
Failed to Report	15	13%	4	3%	2	2%	3	2%	3	2%
Total Reports Required	116	100%	116	100%	116	100%	116	100%	116	100%

Source: CAFA seizure reports submitted by prosecuting attorneys and the Attorney General

* Includes 5 CAFA seizure reports submitted by prosecuting attorneys to the State Auditor after the 2004 report was issued. Only Carroll, Iron, Livingston, and Wayne county prosecuting attorneys failed to submit a 2004 CAFA seizure report to the State Auditor.

Prosecutors that Failed to Report 2005 CAFA Seizures or Submitted Report Late

Table 1.2 lists the prosecuting attorneys that either submitted the 2005 CAFA seizure report after January 31, 2005 or failed to report a 2005 CAFA seizure report at all. Section 513.607.10 RSMo states intentional or knowing failure to comply with any reporting requirement shall be a class A misdemeanor, punishable by a fine of up to one thousand dollars.

Table 1.2: Summary of Prosecuting Attorneys that Failed to Report 2005 CAFA Seizures or Submitted 2005 CAFA Seizure Reports Late

Prosecuting Attorney	Failed to Report	Submitted Late
Barry	X	
Cape Girardeau		X
Dent	X	
Douglas	X	
Dunklin	X	
Henry		X
Iron	X	
Laclede		X
Madison	X	
Maries	X	
Mississippi		X
Perry	X	
Pike	X	
Polk	X	
Pulaski	X	
Ripley	X	
Saline		X
Scott		X
Shelby		X
Stoddard	X	
Texas	X	
Wayne	X	
Totals	15	7

Source: Review of CAFA seizure reports submitted by prosecuting attorneys and the Attorney General

Disposition of the Seizures Reported

The disposition of the CAFA seizures reported was obtained from the reports submitted by the prosecuting attorneys and the Attorney General. The compilation includes only the information reported by the prosecuting attorneys and the Attorney General. Table 1.3 lists the dollar value of the disposition of seizures reported by the prosecuting attorneys and the Attorney General.

Table 1.3: Summary of Required Information Reported

*										
Reported Disposition	2005 Seizures		2004 Seizures		2003 Seizures		2002 Seizures		2001 Seizures	
Pending	2,307,302	57%	1,212,352	41%	1,897,115	58%	2,171,488	42%	1,559,080	43%
Returned	386,285	10%	893,546	30%	720,269	22%	1,038,313	20%	1,100,845	30%
Transferred to Federal Agency	1,272,420	32%	669,331	23%	342,880	11%	1,372,961	27%	498,373	14%
Transferred to State	71,225	2%	45,273	2%	210,340	6%	232,848	4%	225,921	6%
Disposition Not Reported	0	0%	12,953	0%	71,233	2%	349,143	7%	268,754	7%
Other	1,653	0%	112,467	4%	23,089	1%	1,802	0%	300	0%
Total	4,038,885	100%	2,945,922	100%	3,264,926	100%	5,166,555	100%	3,653,273	100%

Source: CAFA seizure reports submitted by prosecuting attorneys and the Attorney General

See Appendix I for a listing of the 2005 CAFA seizures disposition reported by each prosecuting attorney and the Attorney General.

Compliance with Reporting the Required Information

Section 513.607.8, RSMo, requires the prosecuting attorneys and the Attorney General to report the following information: date, time, and place of the seizure, the property seized, the estimated value of the property seized, the criminal charges filed, and the disposition of the seizure, forfeiture, and criminal actions. Table 1.4 lists the required information for the CAFA seizure reports received and the number of cases that reported each required item. Some reports did not include all of the required information; therefore our compilation includes only the information reported.

Table 1.4: Summary of Required Information Reported

Required Information	*									
	2005 Seizures		2004 Seizures		2003 Seizures		2002 Seizures		2001 Seizures	
Date	1,665	99.9%	2,041	99.9%	2,211	99.9%	2,300	99.9%	2,254	99.9%
Time	333	20.0%	1,607	78.7%	1,905	86.0%	2,022	87.9%	1,551	68.8%
Place of Seizure	1,637	98.3%	2,028	99.3%	2,188	98.8%	2,297	99.8%	2,254	99.9%
Property Seized	1,569	94.2%	2,034	99.6%	2,206	99.6%	2,299	99.9%	2,232	98.9%
Est. Value of Property Seized	627	37.6%	825	40.4%	934	42.2%	889	38.6%	914	40.5%
Person(s) Property Seized From	1,663	99.8%	2,043	100.0%	2,214	100.0%	2,260	98.2%	2,252	99.9%
Criminal Charges Filed	250	15.0%	393	19.2%	455	20.6%	1,470	63.9%	500	22.2%
Disposition of Seizure	1,666	100.0%	2,043	100.0%	2,214	100.0%	2,269	98.6%	1,924	85.3%
Disposition of Criminal Actions	425	25.5%	1,919	93.9%	2,062	93.1%	2,134	92.7%	1,773	78.6%
Total Cases Reported	1,666	100.0%	2,043	100.0%	2,214	100.0%	2,301	100.0%	2,255	100.0%

Source: CAFA seizure reports submitted by prosecuting attorneys and the Attorney General

See Appendix II for a listing of the number of 2005 CAFA seizure cases that contained the required information reported for each prosecuting attorney and the Attorney General.

OBJECTIVES, SCOPE AND METHODOLOGY

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The primary objectives of this compilation were to: (1) identify those officials which submitted 2005 CAFA seizure reports to the State Auditor and (2) summarize and evaluate the 2005 CAFA seizure information reported.

Scope and Methodology

To accomplish our objectives we:

- Reviewed the compiled seizure information submitted to the State Auditor for calendar year 2004, 2003, 2002 and 2001 for comparison purposes only.
- Mailed a letter to prosecuting attorneys and to the Attorney General, dated January 3, 2006, reminding them of the deadline for submission of the CAFA seizure and forfeiture reports.
- Compiled all seizure information submitted to the State Auditor for calendar year 2005.
- Identified the reports that were submitted on a timely basis.
- Identified the reports that did not contain the required information.
- Compiled the dollar value of the disposition of all seizures reported.
- Contacted the Missouri Department of Public Safety to identify the 2005 CAFA seizure reports submitted to both the State Auditor and to the Director of the Missouri Department of Public Safety or to one office.
- Compiled only seizure reports received by February 24, 2006, due to the February 28, 2006 statutory deadline for the State Auditor to submit this report.

Limitations

The data presented in the appendixes was compiled from information submitted by the various prosecuting attorneys and the Attorney General and were not verified by us via additional audit procedures. In analyzing these appendixes, some disparity may result due to the different methods used by the various prosecuting attorneys and the Attorney General of presenting essentially the same information.

APPENDIXES

2005 CAFA Seizure Disposition Reported

Reporting Entity	Est. Value of all Cases Reported	Disposition of Property					
		Pending	Returned	Transferred to Federal Agency	Transferred to State	Not Reported	Other
Adair	\$ 3,401	1,480			1,921		
Andrew	0						
Atchison	0						
Attorney	0						
Audrain	9,784	8,717			1,067		
Barry	DNF						
Barton	0						
Bates	1,650	1,650					
Benton	0						
Bollinger	0						
Boone	25,135	20,034	2,778		2,323		
Buchanan	42,739	23,153	8,367		11,219		
Butler	0						
Caldwell	0						
Callaway	4,100	4,100					
Camden	0						
Cape Girardeau	41,985			41,985			
Carroll	0						
Carter	0						
Cass	15,687	15,687					
Cedar	2,845	1,600			1,245		
Chariton	7,600				7,600		
Christian	6,028	6,028					
Clark	0						
Clay	158,138	158,138					
Clinton	8,325	8,325					
Cole	19,431	9,566	9,567		298		
Cooper	4,650	3,740					910
Crawford	24,238	2,421		21,817			
Dade	2,311	2,311					
Dallas	0						
Daviess	0						
Dekalb	0						
Dent	DNF						
Douglas	DNF						
Dunklin	DNF						
Franklin	32,306	20,355	3,872	8,079			
Gasconade	3,504				3,504		
Gentry	0						
Greene	18,360	16,750		1,610			
Grundy	3,778	3,778					
Harrison	0						
Henry	0						
Hickory	0						
Holt	0						
Howard	1,114		1,114				
Howell	2,803			1,626	1,177		
Iron	DNF						
Jackson	487,531	272,899	206,931	6,888	813		

2005 CAFA Seizure Disposition Reported

Reporting Entity	Est. Value of all Cases Reported	Disposition of Property					
		Pending	Returned	Transferred to Federal Agency	Transferred to State	Not Reported	Other
Jasper	12,618	12,618					
Jefferson	20,653	20,653					
Johnson	36,000	36,000					
Knox	0						
Laclede	17,116	15,629	1,487				
Lafayette	27,107	18,726			8,381		
Lawrence	15,149	15,149					
Lewis	0						
Lincoln	90,394	78,858	11,097		439		
Linn	900				900		
Livingston	0						
Macon	5,330		5,330				
Madison	DNF						
Maries	DNF						
Marion	0						
McDonald	5,000		5,000				
Mercer	0						
Miller	1,425	1,425					
Mississippi	0						
Moniteau	0						
Monroe	0						
Montgomery	0						
Morgan	21,134	21,134					
New Madrid	58,019	58,019					
Newton	799	480			319		
Nodaway	0						
Oregon	2,900	2,900					
Osage	0						
Ozark	1,000	1,000					
Pemiscot	0						
Perry	DNF						
Pettis	37,800	30,500			7,300		
Phelps	428,697	21,076		407,621			
Pike	DNF						
Platte	19,966	19,966					
Polk	DNF						
Pulaski	DNF						
Putnam	0						
Ralls	0						
Randolph	6,386	6,166			220		
Ray	0						
Reynolds	743						743
Ripley	DNF						
Saline	8,949	8,949					
Schuyler	0						
Scotland	0						
Scott	20,521	2,455		18,066			
Shannon	0						
Shelby	1,720	1,720					

2005 CAFA Seizure Disposition Reported

Reporting Entity	Est. Value of all Cases Reported	Disposition of Property					
		Pending	Returned	Transferred to Federal Agency	Transferred to State	Not Reported	Other
Stoddard	DNF						
St. Charles	639,343	53,698	18,895	564,319	2,431		
St. Clair	2,655				2,655		
St. Francois	918	918					
St. Louis City	228,777	58,640	99,787	70,350			
St. Louis	1,104,542	968,112	7,591	125,559	3,280		
Ste. Genevieve	75,000	75,000					
Stone	0						
Sullivan	0						
Taney	49,445	49,445					
Texas	DNF						
Vernon	9,510	9,510					
Warren	7,549	7,549					
Washington	134,775	130,275		4,500			
Wayne	DNF						
Webster	6,732		4,469		2,263		
Worth	0						
Wright	11,870				11,870		
	<u>\$ 4,038,885</u>	<u>2,307,302</u>	<u>386,285</u>	<u>1,272,420</u>	<u>71,225</u>	<u>0</u>	<u>1,653</u>

DNF - Did not file a 2005 CAFA seizure report with the State Auditor's Office

Other - Paid to child support enforcement, local law enforcement, or was destroyed

This appendix compiles only the information reported to the State Auditor's Office by prosecuting attorneys and the Attorney General.

2005 CAFA Seizure Required Information Reported

Reporting Entity	Number of Cases Reported	Est. Value of all Cases Reported	Number of Cases that Reported Required Information									
					Est. Value		Person(s)	Criminal	Disposition			
			Date	Time	Place of Seized	Property Seized	Property Seized	Property Seized From	Charges Filed	Seizure	Crimina l	
Adair	3	\$ 3,401	3	3	3	3	3	3	3	3	3	
Andrew	0	0										
Atchison	0	0										
Attorney General	0	0										
Audrain	9	9,784	9	9	9	9	9	9	9	9	9	
Barry	DNF											
Barton	0	0										
Bates	1	1,650	1		1	1	1	1	1	1	1	
Benton	0	0										
Bollinger	0	0										
Boone	14	25,135	14	14	14	14	14	14	12	14	14	
Buchanan	22	42,739	22	22	22	22	22	22	21	22	22	
Butler	0	0										
Caldwell	0	0										
Callaway	1	4,100	1	1	1	1	1	1	1	1	1	
Camden	0	0										
Cape Girardeau	1	41,985	1	1	1	1	1	1	1	1	1	
Carroll	0	0										
Carter	0	0										
Cass	6	15,687	6	6	6	6	6	6	4	6	4	
Cedar	3	2,845	3	1	3	3	3	3	3	3	3	
Chariton	1	7,600	1	1	1	1	1	1	1	1	1	
Christian	4	6,028	4		4	4	4	4	3	4	3	
Clark	0	0										
Clay	4	158,138	4	2	4	4	4	4	3	4	4	
Clinton	1	8,325	1	1	1	1	1	1	1	1	1	
Cole	10	19,431	10	10	10	10	10	10	9	10	10	
Cooper	2	4,650	2	2	2	2	2	2	2	2	2	
Crawford	2	24,238	2	2	2	2	2	2	2	2	2	
Dade	2	2,311	2	2	2	2	2	2	2	2	2	
Dallas	0	0										
Daviess	0	0										
Dekalb	0	0										
Dent	DNF											
Douglas	DNF											
Dunklin	DNF											
Franklin	11	32,306	11	5	11	11	10	11	2	11	2	
Gasconade	1	3,504	1		1	1	1	1	1	1	1	
Gentry	0	0										
Greene	8	18,360	8	8	8	8	7	8	8	8	2	
Grundy	2	3,778	2	2	2	2	2	2	2	2	2	
Harrison	0	0										
Henry	0	0										
Hickory	0	0										
Holt	0	0										
Howard	1	1,114	1	1	1	1	1	1	1	1	1	
Howell	3	2,803	3		3	3	3	3	3	3	3	
Iron	DNF											
Jackson	92	487,531	92	12	92	92	92	92	21	92	35	
Jasper	2	12,618	2		2	2	2	2	2	2	2	
Jefferson	7	20,653	7		7	7	7	7		7	7	
Johnson	8	36,000	8	8	8	8	8	8	3	8	8	
Knox	0	0										
Laclede	4	17,116	4	4	4	4	4	4	4	4	4	
Lafayette	8	27,107	8	6	8	8	8	8	8	8	8	

2005 CAFA Seizure Required Information Reported

Reporting Entity	Number of Cases Reported	Est. Value of all Cases Reported	Number of Cases that Reported Required Information								
					Place of Seized	Property Seized	Est. Value Property Seized	Person(s) Property Seized From	Criminal Charges Filed	Disposition	
			Date	Time						Seizure	Crimina l
Lawrence	5	15,149	5		5	5	5	5	5	5	5
Lewis	0	0									
Lincoln	20	90,394	20			20	20	20	20	20	20
Linn	1	900	1	1	1	1	1	1	1	1	1
Livingston	0	0									
Macon	1	5,330	1	1	1	1	1	1	1	1	1
Madison	DNF										
Maries	DNF										
Marion	0	0									
McDonald	1	5,000	1		1	1	1	1	1	1	1
Mercer	0	0									
Miller	1	1,425	1	1	1	1	1	1	1	1	1
Mississippi	0	0									
Moniteau	0	0									
Monroe	0	0									
Montgomery	0	0									
Morgan	2	21,134	2	2	2	2	2	2	2	2	2
New Madrid	6	58,019	6	6	6	6	6	6	4	6	4
Newton	2	799	2		2	2	2	2	2	2	2
Nodaway	0	0									
Oregon	1	2,900	1		1	1	1	1	1	1	1
Osage	0	0									
Ozark	1	1,000	1	1	1	1	1	1	1	1	1
Pemiscot	0	0									
Perry	DNF										
Pettis	9	37,800	9		9	9	9	9	9	9	8
Phelps	17	428,697	17	16	17	17	17	17	8	17	16
Pike	DNF										
Platte	5	19,966	5	4	5	5	5	5	4	5	5
Polk	DNF										
Pulaski	DNF										
Putnam	0	0									
Ralls	0	0									
Randolph	4	6,386	4		4	4	4	4	4	4	4
Ray	0	0									
Reynolds	1	743	1	1	1	1	1	1	1	1	1
Ripley	DNF										
Saline	3	8,949	3	3	3	3	3	3	3	3	3
Schuyler	0	0									
Scotland	0	0									
Scott	6	20,521	6		6	6	6	6	6	6	6
Shannon	0	0									
Shelby	1	1,720	1	1	1	1	1	1	1	1	1
Stoddard	DNF										
St. Charles	35	639,343	35	35	35	35	35	35	13	35	19
St. Clair	8	2,655	8		8	8	2	8	8	8	8
St. Francois	2	918	2	1	2	2	1	2	2	2	2
St. Louis City	1,146	228,777	1,145	0	1,140	1,050	120	1,145	0	1,146	0
St. Louis County	134	1,104,542	134	134	134	133	131	132	1	134	134
Ste. Genevieve	1	75,000	1			1	1	1	1	1	1
Stone	0	0									
Sullivan	0	0									
Taney	7	49,445	7		7	7	7	7	4	7	7
Texas	DNF										
Vernon	2	9,510	2		1	2	1	2	2	2	2

2005 CAFA Seizure Required Information Reported

Reporting Entity	Number of Cases Reported	Est. Value of all Cases Reported	Number of Cases that Reported Required Information								
					Est. Value		Person(s)	Criminal	Disposition		
			Date	Time	Place of Seized	Property Seized	Property Seized	Property Seized From	Charges Filed	Crimina Seizure	l
Warren	3	7,549	3	3	3	3	3	3	3	3	3
Washington	4	134,775	4		4	4	4	4	4	4	4
Wayne	DNF										
Webster	3	6,732	3		3	3	3	3	3	3	3
Worth	0	0									
Wright	1	11,870	1			1	1	1	1	1	1
	1,666	\$ 4,038,885	1,665	333	1,637	1,569	627	1,663	250	1,666	425

DNF - Did not file a 2005 CAFA seizure report with the State Auditor's Office

This appendix compiles the total number of 2005 CAFA seizure cases, the total estimated value of all cases reported, and the number of cases that reported the required information for each county prosecuting attorney, the city of St. Louis, and the Attorney General.

January 3, 2006

TO: Prosecuting Attorneys

RE: Annual Seizure Report due **January 31, 2006**

Purpose...

This letter is a reminder of the upcoming deadline for the submission of annual seizure and forfeiture reports.

Responsibility of the State Auditor...

Under Section 513.607.9, RSMo, of the Criminal Activity Forfeiture Act (CAFA), the State Auditor has the responsibility to compile and issue an annual report of the data received from law enforcement, prosecuting attorneys and the Attorney General. The report is considered an open record.

Responsibility of the Prosecuting Attorney and Attorney General...

Under Section 513.607.8, RSMo, of CAFA, the prosecuting attorneys or Attorney General to whom seizures are reported shall report annually to the State Auditor and to the Director of Public Safety by January 31, information on all reported seizures for the previous calendar year. This report shall include the following information:

- date, time and place of the seizure, the property seized, the estimated value of the property seized, the person(s) from whom the property was seized, the criminal charges filed, and the disposition of the seizure, forfeiture and criminal actions.

Procedures...

Please use the enclosed form to report the seizures that were reported to your office by local law enforcement personnel. If you would like the enclosed form in an excel spreadsheet, please call or e-mail our office at moaudit@mail.state.mo.us. Indicate the total number of seizures, even if the number is zero, that were reported to your office and the dollar value of the seized property. Make copies of the enclosed form to accommodate the number of seizures reported to your office and mail a copy to each of the following:

State Auditor of Missouri
PO Box 869
Jefferson City, MO 65102

Department of Public Safety
PO Box 749
Jefferson City, MO 65102

Questions or Suggestions...

Thank you for your immediate attention to this matter. If you have any suggestions to make this process more efficient, please direct them to Becky Webb.

Sincerely,

CLAIRE McCASKILL
STATE AUDITOR

Thomas J. Kremer, CPA
Director of Audits

Enclosure

Chapter 513

Executions and Exemptions

Section 513.607

August 28, 2005

Property subject to forfeiture--procedure--report required, when, contents--annual state auditor's report, contents--violations, penalty.

513.607. 8. The prosecuting attorney or attorney general to whom the seizure is reported shall report annually by January thirty-first for the previous calendar year all seizures. Such report shall include the date, time, and place of seizure, the property seized, the estimated value of the property seized, the person or persons from whom the property was seized, the criminal charges filed, and the disposition of the seizure, forfeiture and criminal actions. The report shall be made to the director of the Missouri department of public safety and shall be considered an open record. The prosecuting attorney or attorney general shall submit a copy of the report to the state auditor at the time the report is made to the director of the department of public safety.

9. The state auditor shall make an annual report compiling the data received from law enforcement, prosecuting attorneys and the attorney general, and shall submit the report regarding seizures for the previous calendar year to the general assembly annually by February twenty-eighth.

10. Intentional or knowing failure to comply with any reporting requirement contained in this section shall be a class A misdemeanor, punishable by a fine of up to one thousand dollars.



Claire McCaskill

Missouri State Auditor

February 2006

NATURAL RESOURCES

Solid Waste Management Program



Office Of The
State Auditor Of Missouri
Claire McCaskill

February 2006

The following problems were included in our audit report on the Department of Natural Resources, Solid Waste Management Program.

The Solid Waste Management Program (SWMP) is under the supervision of the Division of Environmental Quality within the Department of Natural Resources (DNR). The main goal of the program is to reduce the amount of solid waste generated in the state of Missouri. There are 20 Solid Waste Management Districts (districts) statewide. Our audit included onsite reviews of four of the 20 districts.

During the year ended June 30, 2005, nearly \$11 million in tonnage fees paid by solid waste haulers was transmitted to the DNR, which represented 99 percent of the revenues of the DNR's Solid Waste Management Fund. The SWMP should review its procedures to monitor the tonnage fees received from each landfill and transfer station to better ensure that the proper fee amounts are remitted to the DNR. In addition, the SWMP does not track the total costs incurred to issue landfill and transfer station permits, and the amount of permit fees does not appear to cover the costs of issuing the permits. The maximum fees of \$8,000 for landfills and \$4,000 for transfer stations, are usually charged. These amounts were set approximately ten years ago and may not be an accurate reflection of the current costs incurred by the program.

The DNR provides funding through the Solid Waste Management Fund to assist districts in the development of an adequate infrastructure for solid waste reduction, recycling, and resource recovery. The districts administer grant funds provided to subgrantees for projects within the districts' boundaries. During the year ended June 30, 2005, over 50 percent of the tonnage fees collected, or approximately \$5.9 million, was allocated for district grant funding.

Quarterly reports for the districts were not submitted to the DNR within the required timeframe, with seven of the 20 districts submitting reports after the required 30 day period and three districts not submitting a quarterly report for at least one of the quarters reviewed. Also, districts receiving \$200,000 or more of financial assistance in any fiscal year are required to provide a copy of an independent auditor's report. Only three district audit reports had been submitted to the SWMP since fiscal year 2002. In fiscal year 2005 alone, there were at least eight districts that received over \$200,000 from the Solid Waste Management Fund. In addition, onsite inspections were performed by the SWMP for only two of the 20 districts during the three years ended June 30, 2005.

District L incurred some administrative expenditures which appear to be unnecessary and inappropriate uses of public funds, including:

(over)

YELLOW SHEET

- The district spent \$41,523 for the services of a lobbyist during the three years ended June 30, 2005. District records indicate cities and counties contributed approximately \$20,001 during this time period, so it appears approximately \$21,522 in state funds (which includes interest earned on state funds) were used for the lobbyist expenses, contrary to program regulations.
- The district received approval from its board to spend up to \$6,000 for a mural and made purchases totaling \$4,125 during 2003 through 2005 for other art work, both of which appear to be unnecessary expenditures of public funds. Additionally, the district spent \$1,871 on books during fiscal years 2004 and 2005. Documentation did not indicate that the books were clearly related to solid waste and recycling.

Some districts are accumulating large fund balances and are not spending grant funds on a timely basis. District L had a fund balance of \$4.5 million as of April 30, 2005. Of this amount, approximately \$2 million was encumbered for grants which had not yet been spent by the subgrantees with some of the grants awarded as far back as 1999. The remaining \$2.5 million is comprised of unspent administrative funds and interest earned on both grant and administrative funds. During the year ended June 30, 2004, this district expended a total of approximately \$2 million for grants and operations. Additionally, District T has funds encumbered for grants awarded as far back as 1996. This district has also approved new grants for education and dump clean-up programs, while grant monies awarded in previous years for the same purposes have not yet been spent.

A standard Financial Assistance Agreement (FAA) is required for all grant agreements and is applicable for 12 months after its execution. A new FAA can be prepared to extend the initial grant period. Districts L and M did not have a current FAA for some subgrantees with open grant awards and District L made payments to subgrantees after the expiration of the period identified in the FAA. Also, state regulations require districts to retain fifteen percent of financial assistance until fund approval is given for a project. Three of the four districts reviewed did not always comply with this regulation.

Two of the four districts paid vendors directly for items purchased by subgrantees rather than reimbursing the subgrantees. Three of the four districts reimbursed subgrantees for grant expenses even though quarterly reports were not submitted on a timely basis. Of grants reviewed, 80 percent for District L, 80 percent for District T, and 33 percent for District M included reimbursements to sub-grantees prior to or without receiving quarterly reports.

In 2005, District M's board awarded \$15,000 in grants to each of the four counties within the district prior to reviewing and evaluating the grant applications received from private individuals and businesses. Some grant applications received from other individuals and businesses were turned down due to lack of available grant funds.

Physical inventories of capital assets were not performed by three of the four districts reviewed, Districts F, M, and T. In District M, a subgrantee went out of business and sold its equipment purchased with grant funds. Since no physical inventories were performed, district personnel were unaware that the assets were sold until auditors asked to see the equipment.

All reports are available on our website: www.auditor.mo.gov

DEPARTMENT OF NATURAL RESOURCES
SOLID WASTE MANAGEMENT PROGRAM

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Doyle Childers, Director
Department of Natural Resources
and
Daniel R. Schuette, Director
Division of Environmental Quality
Jefferson City, MO 65102

We have audited the Department of Natural Resources, Solid Waste Management Program. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2005, 2004, and 2003. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Review the Solid Waste Management Program's procedures for maximizing revenues.
4. Review the Solid Waste Management Program's procedures for monitoring the expenditure of funds provided to Solid Waste Management Districts and other subrecipients.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the agency, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk

assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in the audit of the program.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Natural Resources, Solid Waste Management Program.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 16, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Christina Davis
Audit Staff:	Wendy Groner

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF NATURAL RESOURCES
SOLID WASTE MANAGEMENT PROGRAM
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Tonnage and Permit Fees
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The Solid Waste Management Program (SWMP) should improve its procedures to monitor the reasonableness of tonnage fees received from landfills and transfer stations. In addition, the SWMP should track the total costs of issuing permit applications to ensure the permit fees charged to landfill and transfer station operators are sufficient to cover the program's costs.

The tonnage fee is a per-ton disposal fee paid by solid waste haulers on waste disposed of in Missouri landfills or sent out-of-state through permitted transfer stations. Tonnage fees are collected by the landfills and transfer stations and transmitted to the Department of Natural Resources (DNR). The tonnage fee, currently \$2.11 per ton, is set by statute and adjusted annually according to the Consumer Price Index. During the year ended June 30, 2005, nearly \$11 million in tonnage fees was transmitted to the DNR, which represented 99 percent of the revenues of the DNR's Solid Waste Management Fund.

Tonnage fee collections are allocated by statute to provide funding for the SWMP, as well as grant funds for waste reduction and recycling projects through the Environmental Improvement and Energy Resources Authority, and Solid Waste Management Districts. In addition, the SWMP issues permits to landfills and transfer stations to become approved to accept solid waste, and permit fees are charged to the landfill and transfer station operators as allowed by statute.

- A. The SWMP should review its procedures to monitor the tonnage fees received from each landfill and transfer station to better ensure that the proper fee amounts are remitted to the DNR. The SWMP keeps track of monthly fees received from each landfill and transfer station, but does not perform or document analytical procedures to compare collections over time. Formal analytical procedures should be performed on a regular basis to help ensure the fees remitted by landfills and transfer stations are reasonable, and to allow the SWMP to follow-up on unreasonable and possible erroneous amounts.

In addition, the SWMP should consider additional means to help ensure that the proper amount of tonnage fees are being collected and remitted by the landfills and transfer stations. Such means could include increased on-site reviews of landfill and transfer station records, observation of operations, and reasonable ways to estimate the amount of solid waste collected by landfills based on the size and capacity of each landfill.

Section 260.330.4, RSMo, states:

"The department may examine or audit financial records and landfill activity records and measure landfill usage to verify the collection and transmittal of the charges. . . . The department may promulgate by rule and regulation procedures to ensure and to verify that the charges imposed herein are properly collected and transmitted to the department."

While the department had adopted some rules and regulations regarding the collection and transmittal of tonnage fees, it appears the department should consider adopting additional policies and procedures to better monitor the collection and transmittal of tonnage fees. Adequate monitoring of tonnage fees is especially important due to the increased reliance on this source of revenue to fund the SWMP. Prior to fiscal year 2003, more than 50 percent of SWMP's funding came from state general funds, but due to budget cuts, the SWMP is currently funded entirely from the Solid Waste Management Fund.

- B. The SWMP does not track the total costs incurred to issue landfill and transfer station permits, and the amount of permit fees does not appear to cover the costs of issuing the permits. SWMP personnel indicated that costs incurred to issue and review permits are tracked only up to the maximum amount that can be charged by statute, and the maximum fee amount does not adequately cover the costs. The maximum fees set by Section 260.205.5(6), RSMo, for landfills and transfer stations are \$8,000 and \$4,000, respectively, and the maximum amount is usually charged. These amounts were set approximately ten years ago and may not be an accurate reflection of the current costs incurred by the program. Also, the SWMP is required to review landfill and transfer station modification requests as well as beneficial use and clean fill requests. No fees are charged or statutorily authorized for these reviews, and the SWMP does not currently track the costs of reviewing these requests.

To help ensure the costs of reviewing and processing landfill and transfer station permits is recovered through permit fees, the SWMP should track all applicable costs and consider seeking legislation to increase the maximum allowable permit fee. In addition, the SWMP should consider seeking authority to charge fees for landfill and transfer station modification, beneficial use, and clean fill requests.

WE RECOMMEND the DNR, through the Solid Waste Management Program:

- A. Adopt policies and procedures to better monitor the collection and transmittal of tonnage fees, including regular analytical reviews of tonnage fee receipts and more on-site reviews of landfills and transfer stations.
- B. Track all costs related to issuing landfill and transfer station permits and consider seeking legislation to increase the maximum allowable permit fee to ensure the

permit fee is sufficient to cover all applicable costs. In addition, SWMP should consider seeking authority to charge fees for landfill and transfer station modification, beneficial use, and clean fill requests.

AUDITEE'S RESPONSE

- A. *We agree. The department had been performing a monthly review of tonnage fees and comparing total fees received over time and tracking that each landfill and transfer station reports tonnage quarterly but has now expanded this analysis to include a quarterly comparison of fees from each landfill and transfer station over time. The department will pursue other means to help ensure that the proper amount is collected such as on-site reviews and observation of operations.*
- B. *We agree. In addition to tracking the department's review cost up to the maximum allowed by statute, the department is now tracking cost above the maximum as well. The department may pursue a legislative change in the future that would enable it to be reimbursed for the total cost in reviewing permit applications. Consideration will also be given to legislative changes that would enable reimbursement for the cost of reviewing permit modifications, beneficial use determinations, and clean fill requests.*

2. District Monitoring

Procedures to monitor funds provided to Solid Waste Management Districts need to be improved.

The DNR provides funding through the Solid Waste Management Fund to assist Solid Waste Management Districts (districts) in the development of an adequate infrastructure for solid waste reduction, recycling, and resource recovery. The districts administer grant funds provided to subgrantees for projects within the districts' boundaries, based on the Financial Assistance Agreement with the department, and the Program Guidance Document, General Terms and Conditions, and Special Terms and Conditions. During the year ended June 30, 2005, over 50 percent of the tonnage fees collected, or approximately \$5.9 million, was allocated for district grant funding.

- A. Quarterly reports for the districts were not submitted to the DNR within the required timeframe. The quarterly reports show active district grants and their status for the quarter. Quarterly report submission by districts was reviewed for July through December of 2004. Seven of the 20 districts submitted reports after the required 30 day period and three districts did not submit a quarterly report for at least one of the quarters reviewed. At least five of these late reports noted above were submitted more than 70 days after the required 30 day period, with two of these reports being over 100 days late.

Regulation 10 CSR 80-9.050(3)(B) require quarterly reports to be submitted within 30 days of the close of each quarter. Program Guidance Document (Item

#12 of Attachment 2) states that any district which fails to submit timely quarterly reports will not be eligible to receive further funding; however, no district funds have been withheld because of untimely report filings. Without adequate report submission, the SWMP has less assurance that grant funds are being spent appropriately according to grant agreements.

- B. Very few districts obtained audits or submitted audit reports to the SWMP, and procedures need to be improved to ensure that required district audits are performed and submitted.

Prior to legislation enacted in 2005, requirements for district audits were not clear. Section 260.335.2(2), RSMo, stated that each district shall submit, within 90 days of the end of the fiscal year, an audited report of the expenditure of all funds received from the Solid Waste Management Fund. The Program Special Terms and Conditions required districts receiving \$200,000 or more of financial assistance in any fiscal year to provide a copy of an independent auditor's report on the fair presentation of the district's financial statements; the internal control structure; and compliance with applicable laws and regulations. Further, the Program Special Terms and Conditions indicated that districts receiving less than \$200,000 in a fiscal year were not required to have annual audits. However, this guidance also made reference to Section 260.335, RSMo. (which appeared to require annual audits for all districts), and indicated that "the department's auditors or their representatives will continue to conduct periodic independent audits of these districts."

Our review of audit reports received as of April 2005 noted that only three district audit reports had been submitted to the SWMP since fiscal year 2002. In fiscal year 2005 alone, at least 8 of the 20 districts received over \$200,000 from the Solid Waste Management Fund.

Legislation passed in 2005 will require districts receiving over \$200,000 to obtain annual independent audits and those receiving under \$200,000 will be required to obtain biennial audits. In addition, the department will be required to audit each district every three years, if funds are available. The SWMP needs to adopt procedures to ensure all districts are audited as required by the new legislation and ensure districts submit audit reports. In addition, the SWMP should review each audit report and follow-up on all audit recommendations to help ensure the districts implement the audit recommendations.

- C. In fiscal year 2000, the SWMP established procedures to perform onsite inspections of each district once every fiscal year; however, SWMP personnel indicated that due to staff vacancies and budget constraints, onsite visits could not be performed annually for each district. Onsite inspections were performed by the SWMP for only two of the 20 districts during the three years ended June 30, 2005. The SWMP should consider re-establishing procedures to perform regular

onsite inspections of all districts to aid in the monitoring of funds provided to the districts.

Our audit included specific onsite reviews of four of the 20 Solid Waste Management Districts, and the subsequent findings in this Management Advisory Report (MAR) include concerns noted for the four districts reviewed. It appears that the lack of district monitoring allowed many of the concerns noted to go undetected by the SWMP.

WE RECOMMEND the DNR, through the Solid Waste Management Program:

- A. Ensure quarterly reports are submitted by the districts in accordance with department policy before allocating additional funds to the districts.
- B. Ensure districts are audited as required by state law and audit reports are submitted and reviewed, and adopt procedures to follow-up on all district audit recommendations.
- C. Adopt procedures to perform regular onsite inspections of all districts.

AUDITEE'S RESPONSE

- A. *We agree. The department continually strives to encourage the submittal of accurate and timely quarterly status reports pursuant to the Code of State Regulations and special terms and conditions. The grant manager sends an email reminder that reports are due to all district planners at the end of each quarter. The department will not disburse additional funds to a district if the district has not submitted all due quarterly reports. The department will communicate this in writing to those districts where applicable.*
- B. *We agree. With the passage of Senate Bill 225 during the 2005 legislative session, all districts will be required to have an independent audit performed by a certified public accountant or a firm of certified public accountants. Disbursements to districts will be withheld if a district does not submit the required audit or does not address audit recommendations.*
- C. *We agree. The department intends to conduct a performance audit of each district at least once every three years as required by Senate Bill 225 (Section 260.325, RSMo) passed during the 2005 legislative session. As stated in Senate Bill 225, the department will conduct these audits subject to the limitations of resources. The department has had to reduce the number of staff involved in district oversight during the past year because of reduced funding but will strive to perform the audits of each district at least once every three years.*

3.**District Administrative Expenditures**

One district incurred some administrative expenditures which appear to be unnecessary and inappropriate uses of public funds. District L spent funds for art work, gifts, books, and a lobbyist.

- A. The district received approval from its board to spend up to \$6,000 for a mural painted on a conference room wall. The district rents the office space and received approval from the owner to have the mural painted. Our review noted \$1,800 has been paid toward the completion of this mural. District personnel indicated the mural was not yet completed so it appears additional expenditures will be incurred for this project. In addition, bids were not solicited for this project. District personnel indicated this was a specialty service and indicated that bids were not necessary.

In addition to expenses incurred for the mural, the district made purchases totaling \$4,125 during 2003 through 2005 for other art work, such as paintings and sculptures which are displayed at the district office.

- B. The district spent \$1,871 on books during fiscal years 2004 and 2005. District officials indicated the books were related to solid waste and recycling and were given to sub-grantees. However, several invoices for these purchases did not indicate that the books were clearly related to solid waste and recycling, and the amount spent on books appears unreasonable.
- C. The district incurred expenditures of \$782 for gifts, meals, and memorial donations for board members and employees. Examples include \$102 for Christmas gifts for board members and \$142 for a Christmas luncheon for board members and employees. These types of expenditures do not appear to be necessary costs of district operations or appropriate uses of public funds, and could be more appropriately funded through an employee association or private donations.
- D. The district spent \$41,523 for the services of a lobbyist during the three years ended June 30, 2005. Although district officials indicated the lobbyist was paid only from funds received from cities and counties located in the district, the district did not have records to support this. District records indicate cities and counties contributed approximately \$20,001 during this time period, so it appears approximately \$21,522 in state funds (which includes interest earned on state funds) were used for the lobbyist expenses. Although the district obtained a legal opinion saying the lobbyist expense was acceptable, Program Special Terms and Conditions indicate that state grant funds provided to districts cannot be used for acquiring lobbying services. Furthermore, Section 2, Attachment 2, of Program Special Terms and Conditions states, "Interest earned from grant monies may be used to fund costs as long as they are reimbursable under the provisions

established in the District Grants rule and directly benefit the district grant program."

In addition, the contract between the district and the lobbyist included no mention of the services to be performed by the lobbyist and indicated that the lobbyist would be paid throughout the calendar year. Contracts should define the services to be performed for the compensation to be paid, and it does not appear necessary to retain lobbying services for the entire calendar year when the legislature is only in session for about 5 months each year.

The SWMP's General Terms and Condition requires that all expenditures of the funds provided to districts be in compliance with the Office of Management and Budget (OMB) Circular A-87 for state and local governments. This circular states, "a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost." The above expenditures do not appear to be prudent uses of public funds or costs necessary to operate the district. According to Attachment 2 of the SWMP's Special Terms and Conditions (11), "Districts are responsible for ensuring proper use of the funds. Districts will repay the amount of any improperly expended funds to the program for deposit into the Solid Waste Management Fund."

WE RECOMMEND the DNR, through the Solid Waste Management Program, better monitor district expenditures to help ensure districts are not making unnecessary and inappropriate purchases, and seek reimbursement for any improperly expended funds.

AUDITEE'S RESPONSE

We agree. When the department discovers unnecessary and inappropriate uses of public funds, we will seek reimbursement. The grant program established by Senate Bill 530 in 1990 and implemented by state rule 10 CSR 9.050 provides funds to solid waste districts which are to be managed in accordance with statute, rule, department's general terms and conditions, and department's special terms and conditions applicable to district grants. The incurring and paying of allowable administrative costs are the responsibility of the districts and should be made in accordance with these requirements. The department will monitor the operations of the districts through performance audits established in Senate Bill 225 passed during the 2005 legislative session and will review the district's procedures, but the day to day implementation of these procedures must be the responsibility of the district. The department will also evaluate the content of the quarterly reporting information required from the districts to determine if any additional information should be reported. The department will withhold funds to the four districts audited in this report until the findings are resolved.

4. District Fund Balances

Some districts are maintaining large fund balances, and some district grant monies are not spent in a timely manner.

According to the fiscal year 2005 district grant proposals submitted to the SWMP, the approximate balance held by 15 of the 20 districts and not intended for use in fiscal year 2005 totaled approximately \$4.6 million (information for the remaining 5 districts was not readily available). This total of unused funds reported by the districts includes unencumbered grant funds, encumbered grant funds for previous years, interest, and unused administrative funds.

One of the districts we reviewed, District L, had a fund balance of \$4.5 million as of April 30, 2005. This district is the largest regarding the amount of state funds received and spent. Of this amount, approximately \$2 million was encumbered for grants which had not yet been spent by the subgrantees, with some of the grants awarded as far back as 1999. The remaining \$2.5 million is comprised of unspent administrative funds (\$1.4 million) and interest earned on both grant and administrative funds (\$1.1 million). According to district officials, the board of this district desires to maintain a balance of a minimum of one-year operating reserve for unforeseen circumstances, such as the loss or delay in funding. During the year ended June 30, 2004, this district expended a total of approximately \$2 million for grants and operations.

Another district that we reviewed, District T, has funds encumbered for grants awarded as far back as 1996. This district has also approved new grants for educational and dump clean-up programs, while grant monies awarded in previous years for the same purposes have not yet been spent. Regulation 10 CSR 80-9.050(5) indicates that any district grant funds not spent within 24 months of the grant award date may be reallocated by the DNR. DNR officials indicated that no district grant funds have been reallocated that were not spent within 24 months of the grant award date.

While the above regulation indicates that unused grant funds may be reallocated over time, there appears to be no rules or regulations to limit the amount of administrative funds or interest that a district can accumulate over time. Senate Bill 225, passed in 2005, amends the provisions of Chapter 260, RSMo and limits the amount of operating funds that the SWMP can accumulate to one-fourth of the department's previous fiscal year expenses. A similar requirement for district administrative and interest funds would appear to be effective in limiting the accumulation of large district fund balances. Allowing district grant, administrative, and interest funds to accumulate unused is not helping reach the SWMP's goal of reducing the amount of solid waste generated statewide.

WE RECOMMEND the DNR, through the Solid Waste Management Program, monitor the fund balances held by districts and reallocate unused grant funds in accordance with state rules and regulations. In addition, the SWMP should adopt rules and regulations limiting the amount of administrative and interest funds accumulated by the districts.

AUDITEE'S RESPONSE

We agree. The department is convening a stakeholder group with representatives of the districts, recycling businesses, and solid waste disposal industry to update the district grant rule as a

consequence of the passage of Senate Bill 225 during the 2005 legislative session. We will also seek specific procedures to limit the accumulation of unused grant, administrative, and interest funds by the districts and procedures to reallocate amounts above the limit to other districts to encourage solid waste management efforts. The quarterly reports have been revised for fiscal year 2006 to include the reporting of unused grant and interest funds. We will ask the stakeholder group to review the quarterly reports to determine if any additional information should be reported. In addition, the department added to its special terms and conditions for district grants starting July 1, 2005, that the project periods are not to exceed 2 years with one 6 month extension. Not having projects open over several years should also reduce district fund balances.

5.

District Subgrantee Procedures

Our review of selected districts noted noncompliance with rules and regulations related to district grants awarded to subgrantees.

- A. A standard Financial Assistance Agreement (FAA) is required for all grant agreements and is applicable for 12 months after its execution. DNR Reimbursement Procedures state that eligible costs must be incurred within the grant period identified on the FAA. Therefore, a grant period cannot exceed 12 months unless a new FAA is prepared to extend the initial grant period.

Our review of the four districts noted that two of the districts, Districts L and M, did not have a current FAA for some subgrantees with open grant awards. One of the two districts, District L, made payments to subgrantees after the expiration of the period identified in the FAA.

To ensure compliance with the grant agreements and to help ensure only eligible expenses are reimbursed within the grant period, a current FAA should be maintained for each open grant award.

- B. Regulation 10 CSR 80-9.050(4)(C) states, "The executive board shall retain fifteen percent (15 percent) of the funds from the recipient until the board gives approval to the recipient's final report and the final accounting of project expenditures." Three of the four districts reviewed did not always comply with this regulation. Of the grants reviewed in these three districts, error rates were 2 of 4 (50 percent) for District F, 2 of 5 (40 percent) for District T, and 3 of 7 (42 percent) for District M. While District F often obtained approval from their board to pay out all funds to the subgrantee before the receipt of the final report, the district should comply with the terms of this regulation and withhold 15 percent for all grant projects until the final report is received and approved.
- C. Program General Terms and Conditions, Attachment 3, states that, "The recipient will be reimbursed for all allowable expenses incurred in performing the scope of services." Our review of the four districts noted that two districts paid vendors

directly for items purchased by subgrantees rather than reimbursing the subgrantees. District L made a payment of \$24,633 directly to a vendor for the purchase of a vehicle for a subgrantee, and District M made payments totaling \$8,909 directly to two vendors for various subgrantee purchases.

To ensure compliance with the grant agreements, districts should not make payments directly to subgrantee vendors and should only reimburse the subgrantees for allowable costs. Making payments directly to vendors may not allow the districts to retain 15 percent of the approved grant amount prior to approval of the final grant report.

- D. In District T, grant reimbursements were made for expenses that were not related to the purpose of grants. The district awarded \$18,000 each year for the three years ended June 30, 2005, for the purpose of locating and cleaning up illegal dumping sites. Over these three years, only \$4,641 was spent of the \$54,000 made available, and this entire amount of \$4,641 was paid to a district board member for mileage reimbursement and wages. The board member's time and mileage records indicate that only \$626 was paid to him for the purpose of illegal dump clean-up, and the remaining \$4,015 was paid to him for administrative activities, including time and mileage to drive to the district office and sign district checks.

Program Special Terms and Conditions, Attachment 2, Section 10, states, "Any funds awarded to a district which are not expended (or encumbered) for the purpose for which the funds were awarded, will be repaid by the district to the Missouri Department of Natural Resources, Solid Waste Management Program for deposit into the Solid Waste Management Fund."

- E. Three of the four districts we reviewed reimbursed subgrantees for grant expenses even though quarterly reports were not filed on a timely basis. Of the grants reviewed, 8 of 10 (80 percent) for District L, 4 of 5 (80 percent) for District T, and 2 of 6 (33 percent) for District M included payments to subgrantees prior to or without receiving quarterly reports. The Program Guidance Document and Regulation 10 CSR 80-9.050(5)(B), requires the submission of quarterly reports within 30 days of the end of the quarter before additional funds can be distributed to subgrantees.
- F. District M granted funds to some cities and counties without adequately evaluating the proposals received from these entities. In 2005, this district's board awarded grants in the amount of \$15,000 each to four counties within the district. These grants to the counties were awarded prior to reviewing and evaluating the grant applications received from private individuals and businesses, and some of the grant applications received from the individuals and businesses were turned down due to the lack of available grant funds.

According to 10 CSR 80-9.050(10)(C), "the board must evaluate each grant on the required criteria." There appears to be no rule or regulation which exempts cities and counties from the competitive grant evaluation process that is to be used by all districts. Competitive grant evaluation helps ensure grants are awarded for the best and most efficient proposals.

Section 260.335.6, RSMo, requires the DNR to review the performance of all grant recipients to ensure that grant monies are appropriately and effectively spent. While the DNR has developed rules and regulations related to district grants awarded to subgrantees, better monitoring is needed to help ensure compliance with applicable rules and regulations and to help ensure grant monies are appropriately and effectively spent.

WE RECOMMEND the DNR, through the Solid Waste Management Program, work with the Solid Waste Management Districts to:

- A. Ensure districts maintain a current FAA for all grants and do not reimburse subgrantees if the FAA is expired.
- B. Ensure districts withhold 15 percent of the grant funds until the final report from the subgrantee is received and approved.
- C. Ensure districts only make grant payments to subgrantees on a reimbursement basis and do not pay subgrantee vendors directly.
- D. Ensure districts spend grant monies only for the stated purpose and pursue repayment of expenditures made outside the specified grant purposes.
- E. Ensure districts obtain quarterly reports from subgrantees on a timely basis.
- F. Ensure districts only award grants based on a competitive grant evaluation process, and that certain entities are not exempted from this process.

AUDITEE'S RESPONSE

The grant program established by Senate Bill 530 in 1990 and implemented by state rule 10 CSR 9.050 050 provides funds to solid waste districts which they are to manage in accordance with statute, rule, department's general terms and conditions, and department's special terms and conditions applicable to district grants. The processing of payments to subgrantees are the responsibility of the districts and should be made in accordance with these requirements. The department will monitor the operations of the districts through performance audits established in Senate Bill 225 passed during the 2005 legislative session and will review the district's subgrantee procedures, but the day to day implementation of these procedures must be the responsibility of the district. The department will also evaluate the content of the quarterly reporting information required from the districts to determine if any additional information should be reported.

- A. *We agree. The department will track FAA project periods for all new projects and will not disburse additional funds to the district if the district has any open projects with expired FAA. The department will require an amended FAA for all such projects before additional funds will be released.*
- B. *We agree. Districts should withhold 15% until the project is complete and the final report is received and approved.*
- C. *We agree. Districts should only make payments on a reimbursement basis and ensure the district retains 15% until the project is complete and the final report is received and approved.*
- D. *We agree. Districts should use grant funds for the stated purpose.*
- E. *We agree. Districts should not make payments to subgrantees before receiving all quarterly reports that are due.*
- F. *We agree.*

6.	District Capital Assets
-----------	--------------------------------

Capital assets purchased with district grant monies are not adequately accounted for or monitored as required by department regulations.

- A. Of the four districts reviewed, Districts F and T did not maintain listings of capital assets purchased with grant monies. DNR's General Terms and Conditions Section J, applicable to solid waste district grants, states, "Property records must be maintained that include a description of the equipment, a serial number or other identification number, the sources of the property, percentage of federal participation in the cost of the property, the location, use and condition of the property."

Capital asset listings are needed to ensure assets purchased with district grant monies are being used and maintained according to grant agreements.

- B. Physical inventories of capital assets were not performed by three of the four districts reviewed, Districts F, M, and T. DNR General Terms and Conditions, Section J (2) states, "A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property." Physical inventories are necessary to ensure all capital assets are properly accounted for and to ensure the asset listings are accurate and complete.

In District M, a subgrantee went out of business and sold its equipment purchased with grant funds. While this district maintained a listing of capital assets, no physical inventories were performed. As a result, district personnel were unaware that the assets were sold until we asked to see the equipment.

- C. Districts do not always require proof of insurance coverage on the assets purchased by subgrantees. Two of the four districts, Districts F and M, did not obtain proof of insurance from subgrantees. According to DNR Special Terms and Conditions, Section 4, Item 3d, "The subgrantee shall procure and maintain insurance, with financially sound and reputable insurance companies in such amounts and covering such risks as are usually carried by companies engaged in the same or similar business and similarly situated, on all equipment purchased with Solid Waste Management Fund monies."

In District M, there was a fire at a subgrantee site that destroyed assets purchased with district grant monies. The subgrantee was insured and was able to replace the equipment; however, without obtaining proof of insurance, districts cannot be assured assets purchased with grant monies would be able to be replaced in the event of fire, theft, or loss.

WE RECOMMEND the DNR, through the Solid Waste Management Program, work with the Solid Waste Management Districts to:

- A. Ensure districts maintain listings of capital assets purchased with grant monies with all applicable information required by department regulations.
- B. Ensure districts perform and maintain records of physical inventories of capital assets and reconcile the results with the property records at least once every two years.
- C. Ensure districts obtain proof of insurance from subgrantees purchasing assets with district grant monies.

AUDITEE'S RESPONSE

- A-C. *We agree. The grant program established by Senate Bill 530 in 1990 and implemented by state rule 10 CSR 9.050 provides funds to solid waste districts which they are to manage in accordance with statute, rule, department's general terms and conditions, and department's special terms and conditions applicable to district grants. The safeguarding of capital assets are the responsibility of the districts and should be made in accordance with these requirements. The department will monitor the operations of the districts through performance reviews established in Senate Bill 225 passed during the 2005 legislative session and will review the district's capital asset procedures, but the day to day monitoring of capital assets must be the responsibility of the district. The department will also evaluate the content of the quarterly reporting information required from the districts to determine if any additional information should be reported.*

FOLLOW-UP ON PRIOR AUDIT FINDINGS

DEPARTMENT OF NATURAL RESOURCES
SOLID WASTE MANAGEMENT PROGRAM
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Department of Natural Resources (DNR) on findings specific to the Solid Waste Management Program (SWMP) in the Management Advisory Report (MAR) of our prior audit report issued for the department for the three years ended June 30, 2002. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendation is not repeated, the agency should consider implementing that recommendation.

6. Storm Water and Solid Waste Management Grants

- C.1. Quarterly grant progress reports for Solid Waste Management Districts (SWMDs) and subgrantees, as required by the grant agreements and state regulation, were not submitted to the DNR within the required timeframe.
- 2. The DNR did not ensure audits were submitted by the SWMDs within the required timeframe and did not follow up on audit recommendations addressed in the audit reports. The DNR Special Terms and Conditions required SWMDs receiving \$200,000 or more in annual financial assistance to provide the DNR with copies of an independent audit report.
- 3. Onsite annual inspections, as required by department policy, were not performed for some SWMDs.
- D.1. Quarterly reports for grantees for entities other than SWMDs, as required by the grant agreements and state regulation, were not submitted to the DNR within the required timeframe.
- 2. The DNR did not ensure 15 percent of funds were retained from the grantee prior to performing a final inspection of projects, as required by state regulation.
- 3. The DNR did not review supporting documentation for certain expenses incurred by grant recipients.

Recommendation:

The department:

- C.1. Ensure quarterly reports are submitted to the SWMP by the SWMDs and the subgrantees within the required timeframe.

- 2. Ensure all required audit reports are obtained and received by the DNR within the required timeframe. In addition, the DNR should follow up on audit recommendations to ensure all audit findings are properly resolved.
- 3. Ensure onsite inspections are performed in compliance with department policy.
- D.1. Ensure quarterly reports are submitted to the SWMP within the required timeframe.
- 2. Ensure the SWMP retains 15 percent of funding from the grantee until the final inspection is performed in accordance with state regulations.
- 3. Ensure the SWMP obtains and reviews supporting documentation from the subgrantee, including paid invoices or canceled checks.

Status:

- C.1. Not implemented. See MAR finding numbers 2 and 5.
- C.2
- &3. Not implemented. See MAR finding number 2.
- D.1. Partially implemented. Only one of four tested during the current audit did not have grant reports submitted timely, and applicable grant reports were submitted no more than one month after the due date. Although not repeated in the current MAR, our recommendation remains as stated above.
- D.2
- &3. Implemented.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF NATURAL RESOURCES
SOLID WASTE MANAGEMENT PROGRAM
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Department of Natural Resources was established by the Omnibus State Reorganization Act of 1974, which was revised in Section 640.010, RSMo. The previous eleven independent agencies were organized into one department to provide management and administration over the state's natural resources. The department administers various programs for the utilization of the state's natural assets.

The department is organized into five divisions. The Office of Director oversees the operations and administration of the department. Each division is headed by a division director, who coordinates activities to meet the objectives of the department. The Solid Waste Management Program is under the supervision of the Division of Environmental Quality. The main goal of the program is to reduce the amount of solid waste generated in the state of Missouri. The program provides solid waste management permitting, monitoring, and enforcement efforts to help prevent illegal dumping and other factors that may cause long-term social, economic, and environmental problems.

In 1990, the Solid Waste Management Fund was established by Section 260.330, RSMo. Money in this fund comes from a fee collected when waste is disposed of in Missouri's landfills, or when it is sent through a transfer station for disposal in another state. Portions of these fees help fund waste reduction and recycling projects in Missouri. Recycling projects are funded through funds passed on to the Environmental Improvement and Energy Resources Authority, Target Grants, and Solid Waste Management District Grants. Solid Waste Management Districts were established by Section 260.305, RSMo. There are twenty districts statewide.

The Solid Waste Advisory Board (SWAB) was established by Section 260.345, RSMo, to advise the department regarding solid waste management issues. The SWAB is composed of the chairman of the executive board of each district and up to five additional members appointed by the Director of the department.

A summary of the program's legal requirements and authority through the department is provided below:

- Section 260.330.2, RSMo: "The department shall, by rule and regulation, provide for the method and manner of collection" of the solid waste landfill fee.
- Section 260.330.4, RSMo: "The department may examine or audit financial records and landfill activity records and measure landfill usage to verify the collection and transmittal of the charges established in this section. The department may promulgate by rule and regulation procedures to ensure and to verify that the charges imposed herein are properly collected and transmitted to the department."
- Section 260.335.3, RSMo: "The department shall promulgate criteria for evaluating (solid waste management) grants by rule and regulation."

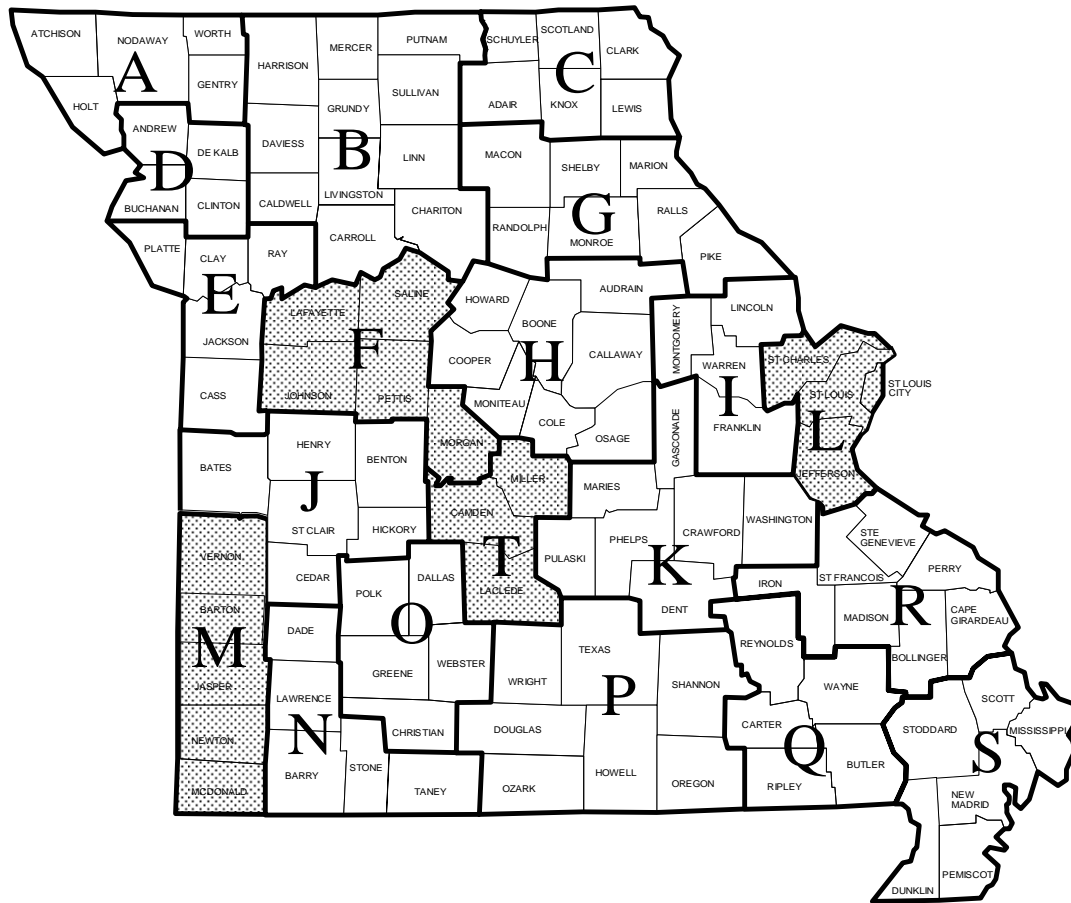
- Section 260.335.6, RSMo: “The department, in conjunction with the solid waste advisory board, shall review the performance of all grant recipients to ensure that grant moneys were appropriately and effectively expended to further the purposes of the grant, as expressed in the recipient’s grant application. ”

During the 2005 legislative session, the Missouri General Assembly passed and the Governor signed Senate Bill 225, which includes significant changes to Chapter 260, RSMo for solid waste management in the state. This legislation modifies the allocation of solid waste fees to the department and solid waste management districts. Overall, the proposal reduces the amount of funding available to the department and increases the amount available to local solid waste districts, including an increase in the minimum amount awarded to each district. The districts are required to have independent financial audits conducted by certified public accountants and performance audits conducted by the department.

The director of the department is appointed by the governor and confirmed by the Senate. In February 2005, Doyle Childers was appointed department Director. Stephen Mahfood, the previous department Director, had served since 1998. Daniel R. Schuette was appointed the Director of the Division of Environmental Quality in August 2005. The previous division Director (formerly known as the Air and Land Protection Division) was Jim Werner. Jim Hull has been the Director of the program since February 2005. The previous Director of the program was Roger Randolph. As of March 2005, the program employed approximately 35 individuals.

A state map of the Solid Waste Management Districts is included on the following page.

SOLID WASTE MANAGEMENT DISTRICTS OF MISSOURI



Districts reviewed during the audit



Claire McCaskill

Missouri State Auditor

February 2006

Thirty-Second Judicial Circuit

Cape Girardeau County,
Missouri



Office Of
Missouri State Auditor
Claire McCaskill

February 2006

The following findings were included in our audit report on the Thirty-Second Judicial Circuit, Cape Girardeau County, Missouri.

The Cape Girardeau Circuit Division has not reviewed accrued costs since the transfer of files from the old computer system to the new Justice Information System (JIS) in July 2001. An accrued costs listing has never been printed and reviewed for accuracy. A complete and accurate listing of accrued costs would allow the Circuit Court to easily review amounts due to the court and take appropriate steps to ensure amounts owed are collected.

The court has not implemented adequate procedures to monitor and dispose of bond monies held in their criminal bank account. During our review of ten open bonds, we noted three bonds totaling \$3,700 that had not been applied to fines and costs. Agreements with bond owners indicated bond monies would be held until fines and costs were paid by the defendants. However, some defendants have not made the required monthly payments and bond monies have not been applied to the delinquent balances. As of November 30, 2005, outstanding bonds held by the court totaled \$162,719.

At December 31, 2004, the Civil Division had checks totaling \$3,867 which had been outstanding for over a year. Furthermore, these checks had not cleared the bank as of August 30, 2005. The Division Clerk has not followed-up on outstanding checks since 2001.

The Civil Division maintains an Adoption Account which has not been active since 1991. The court no longer collects a medical fee on adoption cases and the remaining balance in the account represents excess fees paid by the petitioners. The account had a balance of \$6,439 as of June 30, 2005.

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YELLOW SHEET

THIRTY-SECOND JUDICIAL CIRCUIT
CAPE GIRARDEAU COUNTY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge and Court en banc
and
Circuit Clerk of the
Thirty-Second Judicial Circuit
Cape Girardeau County, Missouri

We have audited certain operations of the Thirty-Second Judicial Circuit, Cape Girardeau County, Missouri. The scope of this audit included, but was not necessarily limited to, the years ended December 31, 2004 and 2003. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the judicial circuit, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the judicial circuit's management, the Office of State Courts Administrator, and Cape Girardeau County and was not subjected to the procedures applied in the audit of the judicial circuit.

The accompanying Management Advisory Report presents our findings arising from our audit of the Thirty-Second Judicial Circuit, Cape Girardeau County, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

October 13, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Monique Williams, CPA
Audit Staff:	Steven Re', CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

THIRTY-SECOND JUDICIAL CIRCUIT
CAPE GIRARDEAU COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Circuit Clerk's Accounting Controls and Procedures
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The Circuit Division has not reviewed accrued case costs in several years, and adequate procedures have not been implemented to monitor and dispose of bond monies held in the criminal bank account and follow-up on old outstanding checks totaling more than \$3,800 in the civil bank account.

- A. The Circuit Division has not reviewed accrued costs (court costs, incarceration costs, court-ordered restitution, and fines) since the transfer of files from the old computer system to the new Justice Information System (JIS) in July 2001. An accrued costs listing has never been printed and reviewed for accuracy. The Division Clerk was not aware an accrued costs listing could be generated by the computer until our review of the case balances.

We noted several cases in which accrued costs were included on the listing erroneously. For example, the listing reflected an outstanding restitution balance of \$72,644 for one case; however, this amount was paid in full in September, 1998. In another case, the accrued costs listing indicated a restitution balance due of \$1,000, but further review of court records indicated this amount was paid in full in May, 1995. In a third case, the defendant served time in prison for non-payment of the outstanding restitution balance, and therefore this amount should have been written off. In addition, the judge waived costs in approximately 300 old adoption cases; however, the Division Clerk has not followed up on these cases to remove them from the listing.

A complete and accurate listing of accrued costs would allow the Circuit Court to easily review amounts due the court and take appropriate steps to ensure amounts owed are collected. Inadequate procedures for the collection of accrued costs may result in lost revenues. The Circuit Clerk should periodically generate a listing of accrued costs and review it for accuracy and completeness.

- B. The court has not implemented adequate procedures to monitor and dispose of bond monies held in their criminal bank account. During our review of ten open bonds, we noted three bonds totaling \$3,700 that had not been applied to fines and costs. The Circuit Clerk's office indicated these bonds had not been applied because agreements with bond owners indicated bond monies would be held until fines and costs were paid by the defendants. However, some defendants owing amounts to the court have not made the required monthly payments and bond monies have not been applied to the delinquent balances. The court was unaware

of these situations until our review of the case files. As of November 30, 2005, outstanding bonds held by the court totaled \$162,719.

The court needs to review cases for which bond monies are held and dispose of these monies in accordance with statutory provisions. Adequate monitoring procedures are necessary to ensure that bond monies are handled appropriately and that monies belonging to other entities or individuals are disbursed timely.

- C. The Civil Division has not established procedures to follow-up on old outstanding checks. At December 31, 2004, checks totaling \$3,867 had been outstanding for over a year. These checks had not cleared the bank as of August 30, 2005. The Division Clerk has not followed-up on outstanding checks since 2001.

These old outstanding checks create additional and unnecessary recordkeeping responsibilities. Procedures should be adopted to routinely follow-up on old outstanding checks and reissue them if the payees can be located. If the payees cannot be located, these monies should be disposed of in accordance with state law.

WE RECOMMEND the Circuit Division:

- A. Maintain a complete and accurate listing of accrued costs. In addition, written procedures should be established and implemented for identifying, recording, and pursuing the collections of accrued costs. An attempt should be made to collect on past due amounts or determine if old balances need to be written off.
- B. Perform a review of cases in which bond monies are being held to determine proper disposition, and establish procedures to ensure bond monies are disbursed in a timely manner.
- C. Develop procedures to routinely follow-up on old outstanding checks and reissue them if necessary or dispose of these monies in accordance with state law.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following responses:

- A. *My office was not aware of any report entitled Aged Trial Balance Account. After taking several hours to print this report for your staff, twice, my staff and I noted that the original receipts were on the pegboard system, but didn't convert to JIS. Your staff indicated that they noted "several cases in which accrued costs were included on the listing erroneously". This conversion was done by the Office of State Court's Administrator (OSCA) and not the Circuit Clerk's Office. We had no control over the conversion process.*

My staff and I pulled the pegboard receipts, the bank deposit slips, and the cancelled checks on each of the files requested by your office making them aware that the court costs and restitution had been paid.

After this unknown report was brought to our attention, I made an application to OSCA on October 31, 2005, for Special Project Assistance to clean up this report. On November 2, 2005, I received a notice from OSCA that funding for this was not available at this time, but to re-apply in June of 2006. This office will re-apply.

Again, this Aged Trial Balance Account Report was never brought to our attention by OSCA, nor in the Banner training classes. My staff does the month to month reports and year-end reports as instructed by OSCA.

- B. Not only do we receive surety bonds, but also cash bonds. At times, family members like to have the defendants accept some responsibility for their actions and pay the court costs and restitution. We hold those bonds until costs have been paid and then refund the bond to the surety. Most of the defendants made timely payments, but a few did not. This was brought to our attention by your auditors. Thereafter, this office informed the sureties that we were withholding the balance of the court costs and refunding the balance at the request of the State Auditor's Office.*
- C. My Accounting Clerk has had special projects approved by OSCA in the past to follow-up on outstanding checks. She is in the process of applying for this special project at this time.*

2. Adoption Account

The Civil Division maintains an Adoption Account which has not been active since 1991. This account was established to collect a fee from adoption petitioners to help pay for medical costs incurred by their adoptive child if they were held at the juvenile detention facility. The court no longer collects a medical fee on adoption cases and the remaining balance in the account represents excess fees paid by the petitioners. The account had a balance of \$6,439 as of June 30, 2005. The account also incurs a service charge of approximately \$20 per month which will reduce the amount available to distribute.

The Civil Division should disburse the funds to the adoption petitioners and close the account. Any monies which remain as unclaimed or unidentified should be disposed of in accordance with state law.

WE RECOMMEND the Civil Division attempt to locate the adoption petitioners and issue refunds to the petitioners. All monies which remain as unclaimed or unidentified should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

The Circuit Clerk responded that his Accounting Clerk feels she will be able to close this Adoption account and make any refunds during the month of February, 2006.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

THIRTY-SECOND JUDICIAL CIRCUIT
CAPE GIRARDEAU COUNTY, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

Organization

The Thirty-Second Judicial Circuit consists of Cape Girardeau County, Bollinger County, and Perry County.

The Thirty-Second Judicial Circuit consists of two circuit judges and four associate circuit judges. The circuit judges hear cases throughout the circuit. One of these judges also serves as presiding circuit judge on a rotating basis and is responsible for the administration of the circuit. Of the four associate circuit judges, two are located in Cape Girardeau County and preside over the Associate Circuit Court (Division III) and the Probate Division Court (Division IV). The other two associate circuit judges are located in Bollinger County and Perry County.

In addition to the judges, the Thirty-Second Judicial Circuit, Cape Girardeau County personnel include a circuit clerk, an associate circuit division clerk, a probate division clerk, eighteen deputy clerks, one part-time clerk, a chief juvenile officer, one chief deputy juvenile officer, nine deputy juvenile officers, eighteen juvenile detention center staff, three juvenile office support staff, two court reporters, one secretary, and one drug court administrator. The Prosecuting Attorney's Office collects restitution ordered on circuit and associate cases.

The juvenile office's home base is Cape Girardeau County; however, this office also serves residents of Bollinger County and Perry County.

Circuit personnel located in Bollinger County and Perry County are not included in the scope of this audit, but are reported on separately.

Operating Costs

The operating expenses of the various courts are paid by Cape Girardeau County. The operating expenses for the circuit judges, court reporters, and juvenile office (including the juvenile detention center) are paid by the three counties within the circuit based on the percentage of the county's population to the total circuit population.

The salaries of the court personnel and the Chief Juvenile Officer are paid by the state of Missouri. The salaries of the remaining juvenile office personnel (including those of the juvenile detention center) are paid by the various counties within the circuit based on the percentage of each county's population to the total circuit population.

Receipts

Receipts of the Thirty-Second Judicial Circuit, Cape Girardeau County, were as follows:

		Year Ended December 31,	
		2004	2003
Court deposits, fees, bonds, and other	\$	3,568,660	2,996,614
Interest income		2,597	1,540
Total	\$	<u>3,571,257</u>	<u>2,998,154</u>

Caseload and Time Standards Statistics

From the Office of State Courts Administrator Missouri Judicial Reports, caseload statistics of the filings and dispositions of the Thirty-Second Judicial Circuit, Cape Girardeau County, were as follows:

		Year Ended June 30,			
		2004		2003	
		Filings	Dispositions	Filings	Dispositions
Civil		3,965	3,919	3,858	3,654
Criminal		4,915	4,682	5,027	5,012
Juvenile		177	215	208	344
Probate		169	124	170	122
Total		<u>9,226</u>	<u>8,940</u>	<u>9,263</u>	<u>9,132</u>

From the Office of State Courts Administrator Missouri Judicial Report for fiscal year 2004, statistics on the compliance of the Thirty-Second Judicial Circuit, Cape Girardeau County, with time standards for disposition of certain types of cases were as follows:

Type of Case	Time Standard	32nd Judicial Circuit Cape Girardeau County, Missouri	State Total
Circuit Civil	90 % in 18 months	82 %	78 %
	98 % in 24 months	91	87
Domestic Relations	90 % in 8 months	90	85
	98 % in 12 months	96	91
Associate Civil	90 % in 6 months	90	86
	98 % in 12 months	98	97
Circuit Felony	90 % in 8 months	96	82
	98 % in 12 months	99	91
Associate Criminal	90 % in 4 months	93	73
	98 % in 6 months	98	85

Personnel

At December 31, 2004, the judges, Circuit Clerk, Chief Juvenile Officer, and Drug Court Administrator of the Thirty-Second Judicial Circuit, Cape Girardeau County, were as follows:

William L. Syler, Circuit Judge, Division I (Presiding Judge)

Benjamin F. Lewis, Circuit Judge, Division II

Gary Kamp, Associate Circuit Judge, Division III

Peter Statler, Associate Circuit Judge, Division IV

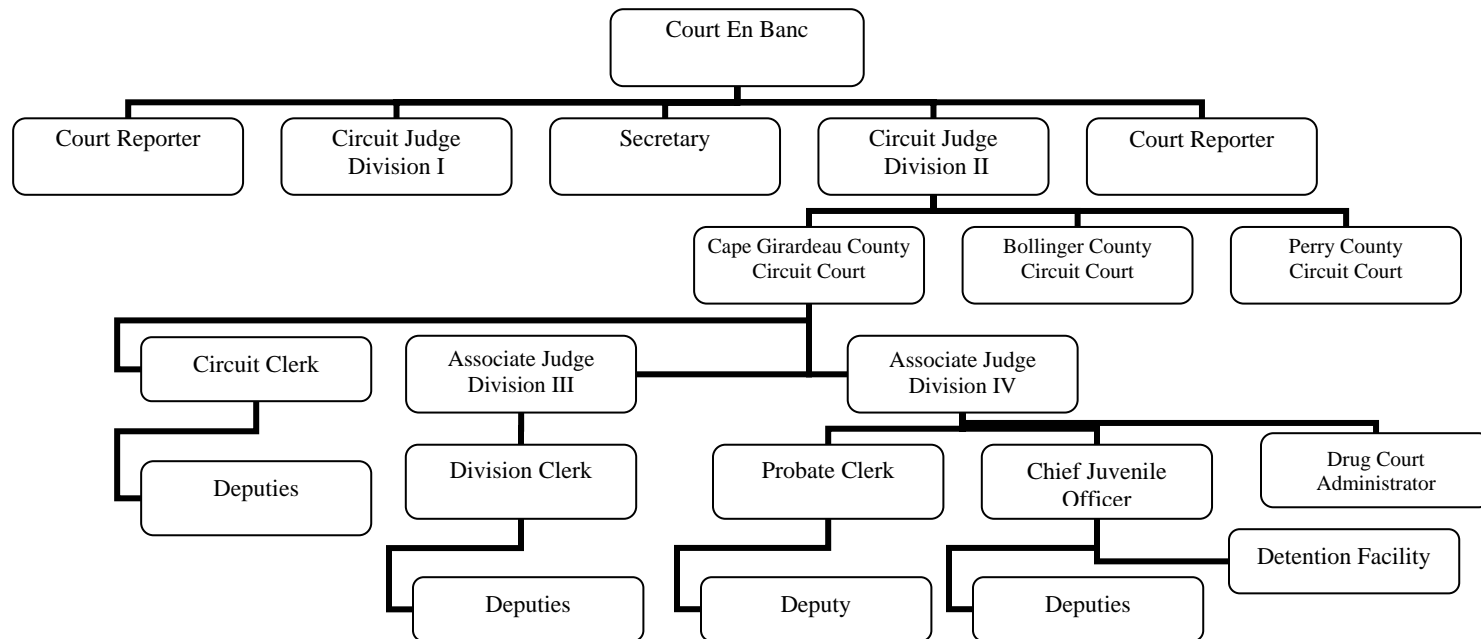
Charles Hutson, Circuit Clerk

Randall Rhodes, Chief Juvenile Officer

Steven Narrow, Drug Court Administrator

An organization chart follows:

THIRTY-SECOND JUDICIAL CIRCUIT
CAPE GIRARDEAU COUNTY, MISSOURI
ORGANIZATION CHART
DECEMBER 31, 2004





Claire McCaskill

Missouri State Auditor

February 2006

ADMINISTRATION

Review of Article X,
Sections 16 Through 24,
Constitution of Missouri

Year Ended June 30, 2005



Office Of
Missouri State Auditor
Claire McCaskill

February 2006

The following is a review conducted by our office of Article X, Sections 16 through 24, Constitution of Missouri.

On November 4, 1980, the voters of Missouri passed Constitutional Amendment No. 5, which added Article X, Sections 16 through 24 to the Constitution of Missouri. The amendment, commonly referred to as the Hancock Amendment, requires that no greater portion of Missourians' personal income be used in any future year to fund state government than was the case in fiscal year 1981, except as authorized by a vote of the people.

The State Auditor's Office performs a review of the state's compliance with the provisions of the Hancock Amendment to verify the accuracy of the revenue limit computation performed by the Office of Administration, Division of Budget and Planning (OA-BP). The auditor's review agreed with the OA-BP that no refund is due to taxpayers for the year ended June 30, 2005.

Total state revenue was calculated at \$8.1 billion, while the refund threshold was calculated at \$9.6 billion, which means state revenue was under the revenue limit by \$1.5 billion for the year ended June 30, 2005.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the General Assembly
and
Michael Keathley Commissioner
Office of Administration
Jefferson City, MO 65102

We have conducted a review of revenues of the state of Missouri for the year ended June 30, 2005, and the application to those revenues of Article X, Sections 16 through 24, of the Constitution of Missouri, more commonly referred to as the Hancock Amendment (included as an Appendix). We had previously reported on revenues of the state for the years ended June 30, 1982 through 2004. The amendment, which was adopted by the voters of Missouri on November 4, 1980, limits the growth of state revenues collected in any fiscal year. The objectives of this review were to:

1. Evaluate the formula to calculate the state's revenue limit.
2. Determine the specific items included in total state revenues.
3. Verify the accuracy of the revenue limit computation and compare that limit to total state revenues.
4. Review the state's overall compliance with the provisions of the amendment.

Our review included only the application of the revenue limit to state revenues and, accordingly, did not include a review of the effects of the amendment on any local governmental unit.

Our methodology to accomplish these objectives included discussions with personnel of the Office of Administration, Division of Budget and Planning, inspecting relevant records and reports compiled by that office, and reviewing reports from the statewide accounting system. We reviewed this information to the extent necessary to satisfy ourselves that the following Exhibits are fairly stated in all material respects.

The following Executive Summary and the Background, Methodology, and Conclusions present our comments, findings, and conclusions concerning the state's overall compliance with the provisions of Article X, Sections 16 through 24, of the Constitution of Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

January 24, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Peggy Schler, CPA
Audit Staff:	Frank Verslues

EXECUTIVE SUMMARY

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
EXECUTIVE SUMMARY

On November 4, 1980, the voters of Missouri passed Constitutional Amendment No. 5 which added Article X, Sections 16 through 24 to the Constitution of Missouri. The amendment, commonly referred to as the Hancock Amendment, requires that no greater portion of Missourians' personal income (MPI) be used in any future year to fund state government than was the case in fiscal year 1981, except as authorized by a vote of the people.

Exhibit A presents a summary of the calculations of limited total state revenue (TSR) for the years ended June 30, 2005, 2004, 2003, 2002, and 2001. The results of our review determined that for the year ended June 30, 2005, TSR was approximately \$1.55 billion under the refund threshold. As a result, no refund is due for the year ended June 30, 2005.

On January 27, 1998, the Missouri Supreme Court entered a final decision in Kelly v. Hanson, et. al., 959 S.W. 2d 107 (Mo. 1998). This decision determined that taxes and other funds collected by the state may not be considered revenue in the context of TSR unless they meet a two-part test derived from an earlier judicial definition of revenue: (1) the funds must be received into the state treasury; and (2) the funds must be subject to appropriation. Thus, the Hancock Amendment presents unique financial related legal requirements that must be taken into consideration. The items that the Supreme Court specifically ruled on are as follows:

1. The Federal Reimbursement Allowance and the Nursing Facility Reimbursement Allowance tax imposed by the state to pay the state's share of the costs of the Medicaid program is collected by an offset against Medicaid claims and is not directly deposited in the state treasury. As a result, this revenue is not included in TSR.
2. The local use tax imposed by the state under Section 144.748, RSMo, until repealed on May 21, 1996, and distributed to local government is not deposited in the state treasury and is not appropriated. As a result, this revenue is not included in TSR.
3. Revenue from one dollar of a state imposed two dollar admission fee to gaming riverboats is remitted to the "home dock city or county" and is not deposited in the state treasury. As a result, this revenue is not included in TSR.
4. Ten percent of the revenue for an adjusted gross receipts tax imposed by the state on gaming riverboats is remitted to the "home dock city or county" and is not deposited in the state treasury. As a result, this revenue is not included in TSR.
5. An adjustment to the revenue limit related to the state assuming certain judicial clerk salaries is appropriate.

On November 24, 1998, the Missouri Court of Appeals, Western District entered a final decision in Kelly v. Hanson, et. al., 984 S.W. 2d 540 (Mo. 1998). The Missouri Court of Appeals, Western District ruled that revenue from the one dollar of the state imposed two dollar admission fee to gaming riverboats is not included in TSR while the revenue from the payments to the state to recoup public safety and regulatory enforcement costs for gaming riverboats is included in TSR.

The State Auditor's Office (SAO) and the Office of Administration, Division of Budget and Planning (OA-BP) did not present an issue to the Supreme Court concerning the proper accounting for the effect of tax refunds. However, because the Supreme Court decision indicated that the Hancock provisions in the constitution require the actual receipt of revenue, the amendment presents a cash basis system of accounting. Based on the Court's decision, the SAO has changed the calculation of refunds from an appropriations basis to a cash basis.

On June 29, 1999, the Missouri Supreme Court entered a final decision in Conservation Federation of Missouri, et. al., v. Richard Hanson, et. al., 994 S.W. 2d 27 (Mo. Banc. 1999). This decision determined that Article IV, Section 43(b) prohibits the disbursement of monies specified in that section for the purpose of making the refund required by Article X, Section 18, and that revenue derived from the one-eighth of one percent sales tax imposed by Article IV, Section 43(a) is not includable in TSR.

This decision related to the use of Conservation Fund monies for making refunds under the Hancock Amendment. The General Assembly appropriated a total of approximately \$6 million from the Conservation Fund to be used to pay for refunds due to taxpayers under the Hancock Amendment for fiscal years 1995 and 1996. The Conservation Federation filed suit declaring that moneys in the Conservation Fund may not be used to make these refunds and that the sales tax proceeds are not includable in TSR. The Supreme Court ruled that Article IV, Section 43(b) requires that conservation funds be expended for conservation purposes as specified in that section and using these funds to pay for Hancock refunds is, therefore, unconstitutional.

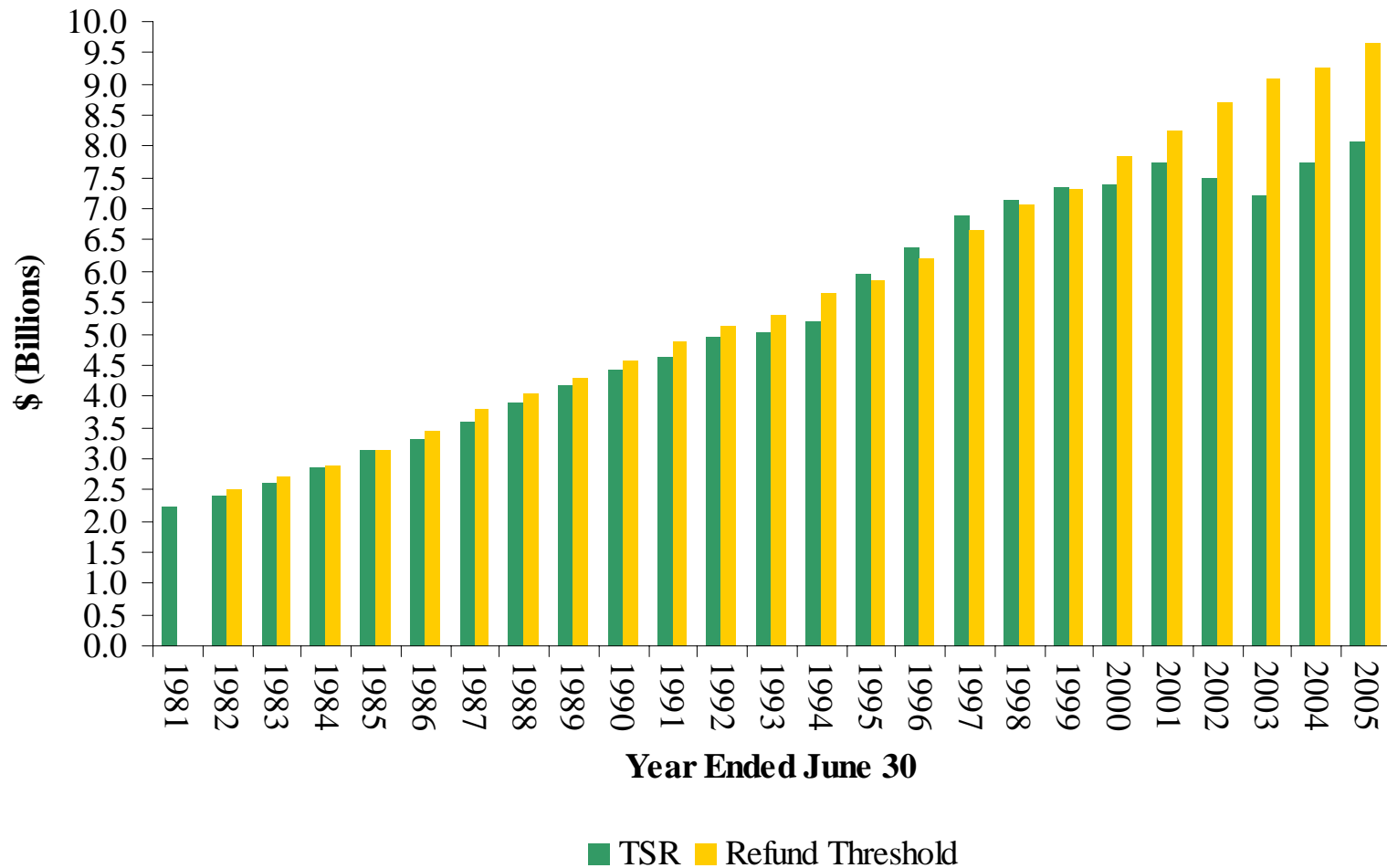
This decision also related to whether the conservation sales tax should be included in TSR. The Supreme Court noted that the conservation sales tax imposed by Section 42(a) was enacted by a vote of the people in 1976, which was four years before the Hancock Amendment was approved. However, Section 43(b) was adopted contemporaneously with the Hancock Amendment and, therefore, went into effect after the Hancock Amendment's baseline period for TSR, which was fiscal year 1981. Thus, this case presents the unique situation that a tax was approved by the voters prior to the Hancock Amendment, but the voter-approved (indeed voter mandated) spending of that revenue was approved after the Hancock Amendment's initial tax and spending ceiling was calculated.

Since the state had already paid refunds to taxpayers for fiscal years 1995, 1996, and 1997, the state decided not to recalculate TSR for those years. However, for fiscal year 1998, the state excluded the conservation sales tax (and related interest earnings) from TSR in accordance with the Supreme Court decision. In addition, the state will not pay any refunds (for prior years or future years) from the Conservation Fund.

In December 1999, two lawsuits were filed in the Cole County Circuit Court. The first case, Flotron v. Carnahan, et. al., 99CV323351, claims that the Supreme Court held in Conservation Federation v. Hanson, 994 S.W. 2d 27 (Mo. Banc. 1999) that all revenue from the conservation

sales tax must be removed not only from yearly total state revenues, but also from the baseline calculation for 1981. The second case, Missouri Merchants and Manufacturers Association, et. al. v. State of Missouri et. al., 99CV323530 claims that the state has not included tax credits in the calculation of the revenue limit and TSR. These two lawsuits were consolidated, and on March 8, 2001, the Missouri Supreme Court handed down its decision in Missouri Merchants and Manufacturers Assoc. v. State of Missouri, 2001 WL 224725 (Mo.). The court held that the auditor and the OA-BP correctly decided to keep conservation sales tax revenues in the baseline calculation, while excluding them from yearly total state revenues. The court further found that tax credits which exceed a taxpayer's liability, resulting in a refund to the individual taxpayer, should be included in the calculation of total state revenue. Starting in fiscal year 2001, the OA-BP has included certain tax credits in the calculation of total state revenue.

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24
CONSTITUTION OF MISSOURI
CHART OF TOTAL STATE REVENUE VERSUS REFUND THRESHOLD



EXHIBITS

Exhibit A

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24, CONSTITUTION OF MISSOURI
SUMMARY OF TOTAL STATE REVENUE AND REFUND CALCULATIONS
(IN MILLIONS)

	Year Ended June 30,				
	2001	2002	2003	2004	2005
TOTAL STATE REVENUE (TSR)					
Total state receipts	\$ 17,360.76	18,127.97	18,347.05	18,893.99	19,500.87
Less excluded revenue	(8,632.31)	(9,541.77)	(9,904.25)	(10,050.55)	(10,288.16)
Less expenditure refunds	(1,066.85)	(1,165.04)	(1,252.34)	(1,126.23)	(1,127.33)
Add refundable tax credits	78.04	67.19	10.07	4.07	4.79
TSR	\$ 7,739.64	7,488.35	7,200.53	7,721.28	8,090.17

REVENUE LIMIT AND REFUND THRESHOLD

Missouri personal income	\$ 144,389.00	152,448.00	159,093.00	161,648.00	168,512.00
Base year ratio	x 0.056395	0.056395	0.056395	0.056395	0.056395
Base limit	8,142.82	8,597.30	8,972.05	9,116.14	9,503.23
Judicial article amendment *	43.52	43.52	43.52	44.28	45.81
Revenue limit	8,186.34	8,640.82	9,015.57	9,160.42	9,549.04
1 percent adjustment	81.86	86.41	90.16	91.60	95.49
Refund threshold	\$ 8,268.20	8,727.23	9,105.73	9,252.02	9,644.53

REFUND CALCULATION

TSR	\$ 7,739.64	7,488.35	7,200.53	7,721.28	8,090.17
Less refund threshold	8,268.20	8,727.23	9,105.73	9,252.02	9,644.53
Over (Under) Threshold	(528.56)	(1,238.88)	(1,905.20)	(1,530.74)	(1,554.36)
1 percent adjustment	0.00	0.00	0.00	0.00	0.00
Refund	\$ 0.00	0.00	0.00	0.00	0.00

* The judicial article amendment adjustment for the Year Ended June 30, 2004, has been restated to include a \$600 salary increase for employees making less than \$40,000 annually, which was not previously included.

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,				
		2001	2002	2003	2004	2005
1001	Sales and use tax	\$ 1,732,305,234	1,736,714,171	1,737,612,158	1,821,777,954	1,887,769,667
1003	(l) Parks sales and use tax	35,230,980	36,220,266	35,939,862	37,391,971	38,608,924
1005	(k) Soil and water sales and use tax	35,230,984	36,220,270	35,947,537	37,394,824	38,608,927
1007	General revenue reimbursements - local sales and use tax	3,010,856	1,835,145	1,838,920	1,952,122	1,850,561
1009	Motor vehicle sales tax	201,434,995	224,606,585	210,455,391	215,078,975	210,749,553
1011	(u) Conservation sales and use tax	88,085,276	90,545,178	89,855,329	93,488,139	96,524,659
1013	(f) Proposition C sales and use tax	689,313,928	707,412,040	702,831,412	731,735,057	756,380,208
1015	Sales and use taxes paid under protest	153,582	450,179	304,292	6,034,772	925,453
1022	Individual income tax	4,594,876,638	4,470,625,351	4,392,707,326	4,579,484,729	4,866,347,540
1024	Individual income taxes paid under protest	(293,191)	81,600	42,353	55,591	121,038
1026	Corporate income tax	365,348,758	448,568,753	366,848,435	329,596,001	354,390,367
1028	Corporate income taxes paid under protest	562,689	456,457	1,451	-	-
1033	County foreign insurance tax	139,319,912	160,589,220	157,209,442	162,129,552	165,480,625
1037	Worker's compensation insurance tax	3,633,190	2,221,514	18,558,537	45,780,130	23,532,434
1039	Worker's compensation insurance tax - second injury	40,002,911	41,202,150	43,490,045	73,637,324	73,796,417
1041	Excess lines of insurance tax	9,724,620	12,516,253	19,545,210	23,300,865	24,929,980
1049	Heavy beer tax	8,002,425	8,139,919	8,162,402	8,287,133	8,127,177
1051	Light beer tax	106,174	87,955	52,013	43,970	44,632
1053	Liquor tax	14,853,871	14,623,630	14,914,429	15,792,060	16,159,921
1055	Wine tax	2,949,469	3,056,127	3,679,658	3,902,201	3,975,042
1057	Cigarette tax	99,428,258	97,272,540	97,945,955	98,815,335	99,247,687
1059	Tobacco product tax	8,723,561	9,545,626	10,204,096	10,837,459	11,035,093
1060	Motor vehicle fuel tax	381,494,352	387,710,815	394,517,707	407,048,241	415,205,844
1060	(g) Motor vehicle fuel tax	163,583,904	165,590,555	168,030,100	173,258,962	176,987,003
1060	(p) Motor vehicle fuel tax	145,184,278	146,965,204	149,130,374	153,771,103	157,079,820
1062	Special fuel non-gas tax	1,393,208	1,177,761	2,431,054	1,829,636	2,118,492
1064	Aviation fuel tax	479,395	429,032	549,406	409,621	405,276
1070	Corporation franchise tax	71,862,773	20,753,109	70,265,700	91,387,675	119,446,502
1073	Estate tax	156,818,846	136,954,962	81,496,285	75,115,067	42,221,932
1074	(q) Bingo tax	3,514,132	3,187,204	3,209,784	2,909,716	2,703,789
1076	(r) Gaming commission gross receipts tax	187,786,857	217,286,247	234,237,771	251,587,273	270,532,391
1080	Real and personal property tax	17,630,096	18,640,204	18,888,626	19,450,597	19,737,535
1082	Delinquent real and personal property tax	1,788,078	2,347,829	2,601,540	3,312,254	3,499,542
1084	Hazardous waste tax	3,237,913	3,547,403	3,363,038	3,367,830	3,100,982
1088	Nursing facility reimbursement allowance	8,904,840	9,641,756	9,314,474	9,833,951	13,116,650
1089	Pharmacy Reimbursement Allowance	-	-	15,320,294	17,131,990	18,995,336
1090	Federal reimbursement allowance	16,871,529	7,939,464	13,566,447	15,134,996	33,782,892
1092	Payments in lieu of taxes	300,000	175,000	-	-	-
1093	Athletic events tax	120,127	151,771	57,801	95,742	180,817
1095	Surcharges	207,500	606,134	695,555	766,956	1,566,759
1097	Agency collected sales taxes	109,032	457,602	415,473	435,451	386,577
1099	Other taxes	127,947	67,313	64,944	90,237	109,316
1100	Professional licenses or permits	20,801,980	20,114,035	20,593,036	26,304,410	23,938,936
1102	Recreational licenses or permits	3,769,226	4,111,095	4,198,718	4,435,398	4,656,292
1104	All-terrain vehicle licenses or permits	250	536	852	118	362
1106	Motor vehicle licenses or permits	189,285,982	168,023,626	166,405,505	174,810,579	180,565,635
1108	Interstate transportation licenses or permits	54,135,803	56,996,602	57,332,152	56,525,164	59,110,421
1108	(g) Interstate transportation licenses or permits	5,036,883	5,118,406	5,054,226	4,964,903	5,066,222
1110	Driver's licenses or permits	20,320,279	21,059,328	22,864,738	16,559,810	17,088,649
1112	Land reclamation commission permits	438,550	370,237	469,778	536,854	535,465

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,				
		2001	2002	2003	2004	2005
1114	Salesman licenses or permits	3,835,926	4,469,430	3,209,485	225,190	252,940
1116	Vehicle and boat manufacturer and dealer licenses	911,535	911,210	923,960	973,838	976,181
1118	Liquor licenses or permits	3,670,395	4,383,474	3,799,292	3,877,954	3,986,540
1120	Gaming commission licenses	1,804,602	1,792,626	2,216,175	1,873,125	1,777,891
1122	Beer licenses or permits	12,256	11,966	11,038	8,849	7,472
1124	Motor carrier licenses	2,789,015	2,600,105	2,503,702	2,516,988	2,611,895
1126	Hunting and fishing licenses and commission permits	27,139,361	27,584,035	28,407,143	29,224,056	29,295,503
1127	Hunting and fishing special tags	1,232,849	1,130,411	1,321,864	1,126,188	1,134,412
1128	Hazardous waste transporter licenses	367,565	346,030	281,820	286,091	338,746
1130	Water pollution control permits	2,622,026	3,839,546	3,987,010	4,318,335	4,377,961
1132	Overdimension/overweight permits	4,493,852	4,625,179	4,454,546	4,913,789	5,286,025
1134	Merchant licenses	983,772	873,699	996,908	1,044,668	1,178,706
1136	Tobacco licenses	23,900	27,300	24,500	25,300	24,100
1138	Temporary licenses	1,600	925	675	742	755
1140	Duplicate plates	1,278	1,177	1,802	1,865	2,201
1149	Other licenses and permits	2,462,292	2,337,885	3,365,225	3,703,824	5,356,182
1150	Lobbyist registration fees	2,310	2,260	2,130	1,340	1,970
1152	Motorboat fees	5,495,087	5,854,312	5,781,775	6,812,398	7,852,101
1154	Narcotics and dangerous drugs fees	670,267	509,416	1,024,210	805,479	620,506
1156	Occupational boards exam fees - individual exam fees	448,657	742,937	711,368	879,392	969,081
1160	Non-motor fuel decal fees	162,590	152,485	135,790	115,455	100,966
1162	Filing fees	14,368,725	14,711,378	14,289,774	20,980,420	19,927,361
1163	Certifying/Authenticating Fees	-	-	-	726,665	192,184
1164	Transfer fees	23,384	22,854	24,328	21,547	27,014
1169	Other registration fees	12,592,642	12,140,319	12,464,041	7,213,300	7,542,362
1174	Asbestos fees	251,264	261,965	251,871	247,992	276,147
1178	Milk control fees	87,729	39,565	52,507	100,087	64,066
1180	Home health care license fees	127,200	113,400	120,000	121,350	117,750
1182	Nursing home license fees	131,977	140,044	146,683	135,174	132,404
1184	Title V emissions fees	6,410,168	6,704,597	7,926,714	8,663,826	8,250,446
1185	Emission fees/non Title V facilities	496,654	445,920	368,441	368,492	344,704
1186	Boarding home license fees	715,364	715,855	725,487	712,583	724,251
1188	Public utilities fees	20,572,444	19,126,770	19,702,341	19,990,103	19,261,361
1190	Hospital license fees	90,225	84,122	94,152	86,032	83,647
1192	Grain warehouse license fees	35,465	36,288	33,687	33,964	34,161
1194	Missouri primacy fees	2,485,763	2,374,641	2,666,930	2,639,033	2,794,025
1196	Underground storage tank annual participation fees	1,170,584	1,255,623	1,234,514	597,671	-
1198	Transport load fees	13,841,740	16,834,815	22,803,622	23,904,017	23,665,383
1200	Storage tank registration fees	269,535	56,310	46,205	215,545	224,440
1202	Tourist cabin permit fees	146,067	230,025	190,954	195,510	46,881
1206	Solid waste disposal fees	9,687,293	11,737,917	10,998,242	11,012,418	11,473,573
1208	New tire fees	2,010,702	2,044,605	2,241,714	1,623,688	27,332
1210	Ground water protection fees	474,974	441,978	444,101	543,966	623,233
1214	Insurance regulatory fees, renewals and purchasing groups	1,952,584	1,862,781	1,829,238	1,787,206	1,718,125
1216	Air conservation commission permit fees	252,357	283,085	463,279	472,619	449,690
1218	Bingo license fees	74,525	71,905	69,820	62,277	67,275
1220	Lab fees	1,374,311	1,355,954	1,800,967	2,461,317	2,424,212

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,				
		2001	2002	2003	2004	2005
1222	Program administration fees	771,929	674,018	768,707	726,810	713,491
1223	Confined animal feed operation indemnity fees	50,641	44,649	33,486	64,619	37,731
1224	Railroad assessments	664,373	1,076,878	539,513	654,101	971,729
1227	Enhanced vehicle emission inspection fees	1,821,791	1,666,518	1,707,770	1,706,183	1,738,699
1229	Beverage inspection fees	452,694	444,998	55,556	-	-
1233	Grain warehouse inspection fees	1,485,938	1,590,763	1,616,019	1,573,755	1,741,117
1235	Milk inspection fees	1,420,596	1,377,533	1,366,630	1,383,077	1,379,483
1237	Ice cream products inspection fees	21,180	22,517	39,460	27,280	31,700
1239	Mine inspection fees	77,508	68,324	74,486	75,953	66,982
1241	Mobile home and recreational vehicle inspection fees	266,188	377,812	428,085	654,744	745,037
1243	Oil inspection fees	2,400,864	2,415,488	2,164,079	2,567,947	2,557,810
1249	Other inspection fees	1,060,908	1,042,563	1,197,621	1,302,603	1,370,310
1250	Collection fees	16,887,480	17,166,793	17,941,164	18,813,734	19,775,880
1250	(c) Collection fees - Fund 880	-	-	7,149	-	-
1252	Admission fees	928,247	1,036,032	1,191,555	1,292,168	1,341,952
1252	(r) Admission fees - Riverboat gambling	46,984,700	48,607,527	51,061,261	52,561,952	54,146,991
1254	State auditor fees	777,268	746,288	991,184	840,199	1,071,601
1260	Grade crossing safety fees	1,441,440	1,206,302	1,204,109	1,215,990	1,250,036
1262	Loan administration fees	2,156,065	2,700,281	2,624,013	3,145,252	3,810,458
1262	(c) Loan administration fees - Fund 881	208,357	9,165	-	-	-
1264	Court fees	17,630,909	17,665,443	17,478,866	20,538,094	21,604,235
1266	Financial institutions examination fees	6,639,892	6,537,159	6,476,118	6,990,259	7,209,189
1268	Consumer finance license fees	625,100	720,525	793,125	875,325	986,550
1270	Transcript fees	125,225	148,507	170,160	147,137	139,175
1272	Land Survey Fees	-	-	-	-	(1,300)
1274	Marketing development fees	331,838	244,854	185,869	181,565	212,008
1276	Miscellaneous insurance fees	615,158	570,580	647,075	669,215	601,590
1278	Gaming commission administrative income	4,455	3,319	3,762	3,648	1,011
1279	(a) Lottery commission fees	246,300	309,450	338,073	290,689	387,762
1280	Motor vehicle inspection sticker fees	3,777,264	4,267,409	4,412,638	4,457,993	4,533,806
1282	Logo sign advertising fees	3,399,742	3,494,840	3,545,681	3,805,960	4,161,752
1284	Public defender fees	885,419	820,470	1,142,491	1,456,724	1,455,500
1286	Witness fees	5,451	6,008	4,304	8,060	6,961
1286	(a) Witness fees - Fund 657	-	-	40	-	-
1288	County recorders fees	7,815,444	12,647,575	11,423,587	11,038,590	9,404,215
1290	Training or conference fees	49,414	36,773	40,290	40,537	45,410
1294	Electronic monitoring fee	1,287,591	1,346,871	1,493,475	1,634,176	1,640,776
1298	Substance abuse offender program fees	1,736,251	1,817,839	1,924,812	3,642,414	3,872,787
1302	Criminal records check fees	3,602,868	4,107,926	4,344,223	4,116,455	5,669,234
1303	Other fees	4,953,977	5,676,537	5,720,090	6,526,807	7,025,043
1305	(h) Bond sales proceeds	286,102,087	413,049,331	398,337,310	262,829,539	3
1310	Land sales	2,490,321	3,590,127	2,027,355	4,755,543	5,512,710
1312	Sales of natural resources products	2,420,275	2,281,434	2,698,580	2,878,772	3,524,846
1314	Sales of agriculture products	1,768,337	1,555,108	1,416,064	1,667,391	1,750,295
1316	Manufactured product sales	14,266,711	7,107,259	5,404,285	8,276,056	7,799,864
1318	Information sales	3,770,665	3,577,403	3,361,956	3,343,120	3,237,949
1320	Souvenir sales	687,074	729,830	620,334	617,851	626,113
1322	Surplus property sales - State	4,645,129	5,785,741	1,650,166	2,345,583	1,626,659
1322	(a) Surplus property sales - State - Lottery Fund 657	110,726	98,098	-	-	-
1322	(aa) Surplus property sales - State - Fund 710	1,148,683	1,179,903	787,350	1,088,245	1,374,300
1322	(c) Surplus property sales - State - Fund 880	-	14,063	-	-	-

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,				
		2001	2002	2003	2004	2005
1324	Surplus property sales - Federal	2,430,759	2,870,157	2,318,658	2,037,258	2,281,737
1324 (c)	Surplus property sales - Federal - Fund 880	210	-	-	-	-
1326	Unclaimed Property Sales	-	-	3,796	350	-
1328	Sales of fixed assets - control	5,748,170	5,195,082	7,368,247	6,405,790	6,740,642
1330	Vital records sales	1,220,807	1,219,613	1,244,136	1,200,507	1,436,055
1332 (a)	Lottery ticket sales	256,549,705	282,517,043	310,793,243	366,115,206	345,575,845
1334	Cafeteria sales	716,482	1,083,947	680,970	720,508	613,530
1338	Other sales	199,983	288,147	460,178	618,051	238,143
1338 (a)	Other sales - State lottery Fund 657	-	-	-	-	643
1340	Gain on sale of fixed assets	-	342	15,411	-	-
1342	Supply sales	-	107	797	637	618
1401	Land rentals/leases	-	2,166	1,066	1,066	1,066
1403	State facilities rentals/leases	881,705	910,889	786,443	915,819	703,612
1404	Parking rentals/leases	83,948	87,105	80,831	75,793	68,872
1405	Concessions and recreational rentals/leases	2,443,321	2,346,366	2,286,164	2,093,605	2,310,330
1407	Housing/building rentals/leases	352,936	345,124	327,344	271,249	255,272
1409	Other leases and rentals	1,228,246	1,512,930	1,285,740	1,161,489	842,244
1414 (e)	Medicare	9,430,293	7,780,676	10,023,586	7,891,969	13,104,191
1416 (e)	Medicare - community based	430,198	-	-	-	-
1418 (e)	Medicaid	65,415,461	84,837,220	113,715,423	116,247,130	113,767,474
1420 (e)	Medicaid - community based	52,083,505	52,544,520	55,460,400	29,086,883	46,154,590
1422	Private Payments	7,728,151	7,619,066	8,012,154	7,643,629	7,484,711
1424	Insurance payments	2,268,896	2,550,849	2,832,410	2,483,663	2,183,788
1426	Other payments	446,888	564,806	225,715	164,919	82,499
1434	Institutional support fees	30,527	39,093	55,357	171,780	29,525
1436	Room and care	15,344,355	15,998,636	18,807,181	20,559,387	23,390,722
1438	Fleet services operations/maintenance	8,384	409	-	-	-
1442	Mail/freight services	1,100	290	1,170	2,555	1,686
1444	Telephone billing	-	-	-	698	-
1446	Printing service	42,792	62,928	81,288	99,901	112,719
1448	Computer services	3,321	43,359	1,850	1,673	3,699
1450	Administration services	-	-	-	3,025	-
1452	Flight Operations Services	-	-	29,352	-	-
1501	Private donations	5,259,549	2,492,123	4,233,004	3,494,597	3,038,212
1502	Other governmental entity donations	134,865	-	-	29,000	6,458
1507 (e)	Nasao (airport inspections)	-	-	-	-	-
1510 (e)	US Department of Agriculture	295,168,578	330,201,447	298,793,799	315,309,213	324,208,864
1512 (e)	US Department of Defense	1,691,666	2,298,922	2,347,401	2,556,350	3,139,604
1514 (e)	US Department of Housing and Urban Development	48,660,402	41,806,127	36,536,630	39,383,092	38,264,807
1516 (e)	US Department of Interior	15,829,317	18,902,443	15,353,170	18,635,222	20,010,553
1518 (e)	US Department of Justice	3,828,766	7,728,788	7,866,985	23,534,299	45,439,686
1520 (e)	US Department of Labor	80,665,476	81,124,949	71,641,936	73,958,806	75,173,714
1522 (e)	US Department of Education	426,076,140	454,924,801	521,034,164	567,929,279	607,650,375
1522 (c)	US Department of Education - Fund 880	4,335,597	4,999,860	6,100,044	7,008,260	6,777,654
1522 (c)	US Department of Education - Fund 881	22,349,908	28,331,940	22,923,277	21,146,522	42,401,412
1524 (e)	US Department of Transportation	630,676,395	830,459,784	785,228,408	727,496,377	832,914,720
1526 (e)	National Foundation for the Arts and Humanities	3,299,112	3,246,308	4,148,758	3,693,442	3,118,665
1528 (e)	US Veterans Administration	16,319,105	25,762,073	43,965,656	28,976,671	26,333,616

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,				
		2001	2002	2003	2004	2005
1529	US Gen Service Administration	-	-	-	-	6,577
1530	(e) US Environmental Protection Agency	77,684,564	73,043,437	99,863,990	92,846,554	65,371,097
1532	(e) US Department Of Energy	5,743,072	6,867,744	6,786,185	6,657,746	7,971,473
1534	(e) Federal Emergency Management Agency	9,514,458	23,743,625	62,257,331	30,750,178	15,694,217
1536	(e) US Department of Health and Human Services	3,619,855,729	3,973,851,735	4,274,976,158	4,400,831,476	4,940,907,333
1538	(e) National and Community Services	-	37,589,655	-	8,722	3,607
1540	(e) US Social Security Administration	30,589,459	145,185	35,035,237	35,120,494	32,955,548
1542	(e) National Archives and Records	-	-	105,355	2,000	104,549
1544	(e) Elections Assistance Commission	-	-	17,348,011	44,914,650	-
1546	(e) US Department of Treasury	-	-	95,136,209	95,183,169	-
1549	(e) Miscellaneous federal revenues	24,209,426	28,218,828	70,907,767	170,523,112	32,039,098
1551	County mental health programs	5,671,302	7,117,257	8,396,216	7,915,368	8,823,579
1560	(e) Federal pass-through grants	41,039,012	45,245,956	37,229,036	32,910,930	38,100,579
1601	Time deposits interest	23,742,120	20,112,963	7,168,428	3,746,600	5,893,485
1601	(f) Time deposits interest - Fund 688	555,168	448,257	174,813	97,299	157,407
1601	(a) Time deposits interest - Fund 657	234,614	161,921	48,965	23,981	36,639
1601	(k) Time deposits interest - Fund 614	214,095	202,029	76,599	41,312	71,316
1601	(l) Time deposits interest - Fund 613	174,164	115,693	38,686	17,757	21,759
1601	(b) Time deposits interest - Fund 905	22,809	20,567	10,321	5,937	10,028
1601	(q) Time deposits interest - Fund 289	73,302	54,577	20,226	9,344	12,525
1601	(r) Time deposits interest - Fund 285	97,493	90,929	38,369	19,958	34,523
1601	(d) Time deposits interest - Fund 963	267	146	63	37	73
1601	(u) Time deposits interest - Fund 609	223,097	113,270	64,936	39,631	64,275
1601	(c) Time deposits interest - Fund 851	252,778	265,935	52,142	3,157	2,333
1601	(c) Time deposits interest - Fund 880	93,765	67,365	28,579	23,770	50,877
1601	(c) Time deposits interest - Fund 881	372,424	241,818	79,161	39,279	42,233
1603	U.S./agency securities interest	134,160,656	79,952,145	54,142,188	43,022,691	49,506,581
1603	(f) U.S./agency securities interest - Fund 688	2,582,509	1,522,193	1,105,802	816,747	1,041,365
1603	(a) U.S./agency securities interest - Fund 657	1,080,553	515,992	296,293	200,741	236,997
1603	(k) U.S./agency securities interest - Fund 614	905,365	643,417	469,100	340,616	453,657
1603	(l) U.S./agency securities interest - Fund 613	775,212	373,358	236,966	147,844	142,987
1603	(b) U.S./agency securities interest - Fund 905	97,539	64,539	63,683	48,999	64,582
1603	(q) U.S./agency securities interest - Fund 289	325,033	172,788	122,984	77,495	81,826
1603	(r) U.S./agency securities interest - Fund 285	456,993	301,157	229,696	166,287	223,260
1603	(d) U.S./agency securities interest - Fund 963	2,619	1,772	1,697	1,615	1,433
1603	(u) U.S./agency securities interest - Fund 609	951,098	453,080	404,320	325,892	412,250
1603	(c) U.S./agency securities interest - Fund 851	1,062,792	831,658	277,254	26,518	15,656
1603	(c) U.S./agency securities interest - Fund 880	402,657	214,027	179,544	193,633	324,274
1603	(c) U.S./agency securities interest - Fund 881	1,654,049	774,507	480,589	326,989	277,329
1605	Other investment interest	222,288	1,069,324	1,051,329	525,665	400,000
1610	Interest on loans	539,282	662,489	834,899	1,068,022	951,381
1612	Interest Federal	-	-	-	643	13,523,913
1614	Interest on receivables	52,499	51,657	58,011	56,302	201,562
1615	Interest on receivables - control	59	-	-	-	-
1616	Interest on settlements	383,918	13,635	122,645	47,983	94,709
1618	Other interest	1,868,339	1,949,877	1,307,512	1,071,386	29,162
1618	(c) Other interest - Fund 880	108,323	34,784	11,202	-	-
1621	Penalties	12,352,397	14,727,271	17,737,789	17,547,145	19,400,092
1621	(q) Penalties Fund 289	-	-	-	-	15
1622	Penalties - control	-	160,000	-	-	-
1624	Settlements	424,508	2,907,001	858,540	1,993,625	4,736,944
1624	(a) Settlements - Lottery Fund 657	-	32,361	-	-	-

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,				
		2001	2002	2003	2004	2005
1626	Court awards	1,934,990	1,446,864	1,346,078	2,039,930	1,681,369
1628	Insufficient funds charges	5,930	7,055	5,168	10,609	7,703
1628 (a)	Insufficient funds charges - Fund 657	-	-	20	-	-
1629	Insufficient funds charges - control	-	21	-	-	-
1634	Estates	1,083,195	811,820	329,323	1,028	449
1636	Unclaimed properties	45,077,183	30,994,590	38,583,756	76,804,125	53,672,476
1700 (i)	Salary refunds - federal	554,591	628,973	607,207	464,856	695,196
1701 (i)	Salary refunds - state	38,613	59,128	48,677	79,988	40,575
1702 (i)	Salary refunds - local/other	34,586	37,240	28,205	23,047	28,205
1703 (i)	General relief pension refunds	4,201,496	4,045,153	4,021,572	2,830,777	1,186,474
1704 (i)	Blind pension refunds	3,537	3,402	11,659	73,105	2,788
1706 (i)	Dependent children pension refunds	832,675	663,789	426,750	376,190	367,373
1715 (i)	Day care refunds	74,957	113,434	119,927	61,322	72,401
1717 (i)	Medicare - Medicaid refunds	165,727,710	186,014,638	212,955,744	250,677,523	331,852,999
1719 (i)	Cost in criminal cases refunds	215,732	227,989	270,948	342,290	447,889
1721 (i)	Vendor refunds - federal	1,118,740	1,897,512	1,473,246	1,043,953	1,313,190
1722 (i)	Vendor refunds - state	3,276,007	752,848	1,288,711	1,003,623	747,697
1722 (a)	Vendor refunds - state - Lottery Fund 657	-	4,531	1,870	6,130	6,045
1722 (c)	Vendor refunds - state - Student Loans 880	-	-	-	-	1,857
1722 (c)	Vendor refunds - state - Student Loans 851	-	-	-	-	100
1723 (i)	Vendor refunds - local/other	94,418	354,303	235,601	387,345	290,456
1723 (c)	Vendor refunds - local/other - Fund 880	286	360	-	-	1,151
1724 (i)	Political subdivision refunds	70,992	80,574	-	359,837	9,919
1725 (i)	Excess court payment refunds	4,189,214	1,845,533	1,717,352	1,573,649	1,499,024
1727 (i)	School refunds	5,216,923	6,318,969	5,587,349	6,048,847	5,689,555
1728 (i)	Scholarship refunds	95	-	143,902	252,530	314,355
1728 (c)	Scholarship refunds - Fund 881	-	-	-	216	-
1729 (i)	Audit findings - federal	4,259	232,392	223,038	144,227	194,239
1730 (i)	Audit findings - state	9,199	105,802	56,428	198,436	50,321
1731 (i)	Audit findings - local/other	20,011	15,721	6,093	21,462	38,282
1732 (i)	Utility refunds	41,610	18,716	7,166	12,383	9,131
1733 (i)	Fuel tax refunds	576,386	199,071	251,078	325,004	300,863
1733 (c)	Fuel tax refunds Fund 880	-	-	-	-	3
1737 (i)	Other refunds	5,035,856	2,833,793	2,987,825	4,013,975	2,585,121
1737 (a)	Other refunds - Lottery Fund 657	98	-	-	-	-
1737 (c)	Other refunds - Fund 880	20,686,829	-	5,321	322	-
1737 (c)	Other refunds - Fund 881	2,439,370	29,354,812	8,761,805	8,675	-
1806 (w)	Recovery costs	349,175,348	187,032,686	181,232,299	163,653,275	158,226,200
1806 (a)	Recovery costs - Lottery Fund 657	105	-	5,504	667	-
1806 (bb)	Intergovernmental transfer program	268,558,021	366,225,540	144,251,000	30,326,961	26,875,705
1808	Deposit of surplus property funds	620,614	395,011	588,116	910,773	2,040
1808 (a)	Deposit of surplus property - Fund 657	-	-	51,091	20,467	-
1808 (c)	Deposit of surplus property - Fund 626	-	-	95	-	-
1808 (c)	Deposit of surplus property - Fund 880	-	-	-	397	-
1808 (c)	Deposit of surplus property - Fund 881	-	-	-	4,350	-
1811 (z)	Local match	1,477,834	1,494,703	925,923	2,147,704	3,942,050
1812 (x)	Cost reimbursements - federal	1,160,857	867,680	1,258,193	281,369	481,878
1812 (c)	Cost reimbursements - Fund 880	-	-	-	-	2,146
1813 (x)	Cost reimbursements - state	14,381,969	21,148,451	35,642,920	24,503,507	20,069,835
1813	Cost reimbursements - state (included)	6,261,180	6,575,082	6,638,598	7,038,004	8,011,183
1813 (c)	Cost reimbursements - Fund 880	-	-	-	-	213
1814 (x)	Cost reimbursements - local/other	108,467,767	108,270,236	122,389,750	131,365,650	114,342,412
1814 (c)	Cost reimbursements - local/other - Guaranty Agency Operating Fund 880	-	-	991	-	-

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,				
		2001	2002	2003	2004	2005
1816	Bond account	2,627,652	4,252,343	5,740,905	6,676,769	7,278,870
1818	(v) Employee expense reimbursement - federal	-	500	100	112	1,756
1819	(v) Employee expense reimbursement - state	3,021	3,745	2,380	2,816	1,447
1820	(v)					
	Employee expense reimbursement - local/other	1,210	628	4	-	969
1821	(v) Employee personal expense reimbursement	20,433	48,084	17,634	20,740	33,588
1821	(c) Employee personal expense reimbursement - Fund 880	-	-	34	-	137
1822	(n) Outlawed checks	7,936,688	6,490,071	5,369,639	9,391,724	7,329,715
1822	(a) Outlawed checks - Lottery Fund 657	2,383	5,056	-	-	-
1822	(b) Outlawed checks - Alternative Care Trust Fund 905	6,081	12,348	3,598	17,439	2,620
1822	(c) Outlawed checks - Fund 880	155	-	-	-	-
1822	(c) Outlawed checks - Fund 881	-	-	-	3,184	-
1824	(y) Canceled checks	871,889	828,552	5,509,977	4,151,727	5,801,505
1824	(a) Canceled checks - Lottery Fund 657	31,965	-	-	38	19,368
1824	(b) Canceled checks - Alternative Care Trust Fund 905	1,622	5,369	1,030	173	2,880
1824	(c) Canceled checks - Fund 880	-	1,050	-	-	-
1824	(q) Canceled checks - Bingo Fund 289	-	122	-	-	-
1826	(m) Redeposit of investments principal	657,712	1,334,300	751,921	1,850,020	1,267,000
1826	(d) Redeposit of investments principal Pansy Johnson Trust Fund 963	-	-	-	-	5,000
1828	(o) Redeposit of loan principal	15,149,671	82,912,767	29,525,552	96,777,971	48,774,710
1830	Telephone commissions	5,943,277	2,579,215	1,939,388	2,951,377	2,220,545
1832	Commission on sales	35,803	89,641	51,746	36,385	42,918
1834	Rebates	5,238	33,964	1,593,777	3,248,923	3,186,878
1834	(a) Rebates - Lottery Fund 657	-	45	16	46	169
1834	(c) Rebates - Fund 880	-	-	-	-	3
1834	(cc) Rebates - WIC	-	-	28,832,678	32,459,831	33,432,384
1836	Housing and maintenance receipts	1,363	15,283	40,315	44,144	61,888
1838	Loan defaults	328,041	255,479	267,384	222,620	374,067
1840	(t) Loan proceeds	22,606,398	20,150,508	24,244,308	10,268,507	8,688,830
1842	(o) Loan repayment	602,914	54,691	82,059	83,583	92,404
1842	(c) Loan repayment - Fund 880	-	-	-	801	-
1842	(c) Loan repayment - Fund 881	-	-	22,586,729	29,430,674	22,088,262
1843	(o) Loans receivable contra account	2,617,947	2,686,402	6,589,491	5,367,701	18,300,256
1844	Insurance proceeds	5,091	63,308	42,945	3,148	5,295
1846	Capital credits/dividends	30,657	33,906	59,896	44,721	55,706
1848	Recycling receipts	44,219	119,446	43,785	76,608	130,338
1850	Forfeitures	3,033,329	1,837,745	2,201,018	2,437,245	2,071,385
1852	Overpayments	5,068,247	5,874,156	6,287,933	4,345,745	1,771,438
1852	(c) Overpayments - Fund 880	-	311	3,889	-	-
1856	(e) Other miscellaneous receipts - federal	5,393,704	6,826,201	4,093,602	2,774,771	6,886,042
1858	Other miscellaneous receipts - state	1,434,587	3,398,319	2,764,572	12,010,358	1,991,881
1858	(a) Other miscellaneous receipts - state - Lottery Fund 657	397,578	1,545	3,280	7,403	4,461
1858	(b) Other miscellaneous receipts - state - Alternative Care Trust Fund 905	8,729,355	11,032,949	11,188,245	10,964,014	10,260,864
1858	(c) Other miscellaneous receipts - Fund 880	-	8	-	-	-
1858	(c) Other miscellaneous receipts - Fund 881	-	129	-	-	-

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,				
		2001	2002	2003	2004	2005
1860	Other miscellaneous receipts - local/other	2,396,445	1,991,068	1,271,171	1,749,384	1,793,312
1860 (a)	Other miscellaneous receipts - local/other - Lottery Fund 657	1,514,553	271,627	2,837,258	-	74,350
1860 (c)	Other miscellaneous receipts - local/other - Fund 880	4,988	7,261	-	30	-
1860 (c)	Other miscellaneous receipts - local/other - Fund 881		80	-	-	-
1862	Fees for copying public records	185,997	195,672	181,177	515,415	496,751
1862 (a)	Fees for copying public records - Lottery Fund 657	75	141	257	173	473
1866	Federal share of grantee sales	106,075	99,370	238,952	232,667	100,649
1868	Receivable overpayment - federal	-	-	31	130	356
1870	Receivable overpayment - state	96,719	43,338	42,606	3,159	6,506
1872	Receivable overpayment - local	-	9	33	127	169
6001 (j)	Supply sales	93,937	12,043	-	-	18
6002 (j)	Open records fees	6,089	13,822	6,492	9,389	9,221
6003 (j)	Fleet services operations/maintenance	875,272	962,764	933,189	998,046	991,562
6005 (j)	Fleet services replacement	2,384,772	437,036	541,945	2,171,486	699,191
6006 (j)	Criminal records check fees	-	-	-	1,035,216	2,081,767
6007 (j)	Mail/freight services	687,637	686,679	600,956	567,986	613,666
6009 (j)	Telephone billing	39,520,463	36,047,039	33,408,199	32,136,693	30,453,762
6011 (j)	Printing service	9,052,467	6,791,086	5,829,079	5,954,992	5,994,738
6013 (j)	Reimbursement/recovery cost	19,654,466	17,576,615	13,965,380	22,719,299	23,900,839
6015 (j)	Leased facility	4,097,501	2,434,435	3,563,491	3,453,059	3,681,193
6017 (j)	Sale of material, supplies, and services	1,334,035	1,367,801	1,024,985	1,136,437	991,081
6019 (j)	Training	1,437,495	1,339,632	957,246	1,129,212	1,104,409
6021 (j)	Computer services	26,720,271	23,894,805	26,125,428	23,342,866	24,494,010
6023 (j)	Administration services	1,168,731	3,505,263	1,311,389	1,069,786	1,414,446
6025 (j)	Flight operations services	616,370	457,041	373,308	463,883	397,374
6027 (j)	Sale of manufactured products	19,835,607	18,684,997	25,388,280	22,003,644	21,069,582
6029 (j)	Interagency receipts	22,398,199	22,948,344	20,853,813	17,651,535	19,048,175
6029 (c)	Interagency receipts - Fund 851	-	-	-	457	-
6029 (c)	Interagency receipts - Fund 880	1,618,169	1,707,624	950,619	1,096,663	1,058,766
6029 (c)	Interagency receipts - Fund 881	-	137,312	258,321	105,950	531,142
6030 (j)	Sampling &/or Analysis	-	-	-	24,130	34,774
6031 (s)	Redeposit of state funds	1,486,316	7,011,492	49,253	3,241	31,440
6032 (j)	Deposit of unclaimed property	-	185	3,722	312	-
6033 (j)	Permits	43,550	83,014	72,596	52,670	58,025
6034 (j)	Registration fees	11,200	15,516	24,885	23,784	36,100
6035 (j)	Taxes	-	16	173,958	2,283,087	1,541,530
6036 (j)	Transcript fees	-	-	-	3,937	6,848
	Total revenues	17,360,765,801	18,127,966,208	18,347,052,703	18,893,988,141	19,500,869,283
Fund Exclusions:						
(a)	Lottery - Fund 657	260,168,655	283,917,810	314,375,910	366,665,541	346,342,752
(b)	Alternative Care Trust Fund - Fund 905	8,857,406	11,135,772	11,266,877	11,036,562	10,340,974
(c)	Student Loan Funds 626, 851, 880, and 881	55,590,657	66,994,069	62,706,745	59,419,847	73,575,547
(d)	Pansey-Johnson-Travis Memorial State Gardens Trust - Fund 963	2,886	1,918	1,760	1,652	6,507

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,				
		2001	2002	2003	2004	2005
	Revenue Source Exclusions:					
(e)	Federal funds	5,463,603,838	6,137,150,379	6,669,855,197	6,867,222,534	7,289,320,981
(f)	Proposition C sales and use tax/interest	692,451,605	709,382,490	704,112,027	732,649,103	757,578,980
(g)	Proposition A gas tax and license fee increases	168,620,787	170,708,961	173,084,326	178,223,865	182,053,225
(h)	Bond sales	286,102,087	413,049,331	398,337,310	262,829,539	3
(i)	Refunds	191,337,607	206,448,980	232,468,478	270,314,372	347,736,051
(j)	Interagency sales and receipts	149,938,062	137,258,133	135,158,341	138,231,448	138,622,309
(k)	Soil and water sales and use tax/interest	36,350,444	37,065,716	36,493,236	37,776,751	39,133,900
(l)	Parks sales and use tax/interest	36,180,356	36,709,317	36,215,514	37,557,571	38,773,670
(m)	Redeposit of investment principal	657,712	1,334,300	751,921	1,850,020	1,267,000
(n)	Outlawed checks	7,936,688	6,490,071	5,369,639	9,391,724	7,329,715
(o)	Redeposit of loan principal	18,370,532	85,653,860	36,197,102	102,229,254	67,167,370
(p)	Amendment 8 motor fuel tax to local governments	145,184,278	146,965,204	149,130,374	153,771,103	157,079,820
(q)	Bingo	3,912,467	3,414,691	3,352,994	2,996,554	2,798,154
(r)	Riverboat gambling	235,326,043	266,285,860	285,567,097	304,335,470	324,937,164
(s)	Redeposit of state funds	1,486,316	7,011,492	49,253	3,241	31,440
(t)	Loan proceeds	22,606,398	20,150,508	24,244,308	10,268,507	8,688,830
(u)	Conservation sales and use tax/interest	89,259,471	91,111,528	90,324,585	93,853,662	97,001,184
(v)	State employee expense account reimbursement	24,664	52,957	20,118	23,669	37,760
(w)	Recovery costs	349,175,348	187,032,686	181,232,299	163,653,275	158,226,200
(x)	Cost reimbursements	124,010,593	130,286,367	159,290,863	156,150,526	134,894,125
(y)	Canceled checks	871,889	828,552	5,509,977	4,151,727	5,801,505
(z)	Local match	1,477,834	1,494,703	925,923	2,147,704	3,942,050
(aa)	Proceeds of surplus property sales (Fund 710)	1,148,683	1,179,903	787,350	1,088,245	1,374,300
(bb)	Intergovernmental transfer program	268,558,021	366,225,540	144,251,000	30,326,961	26,875,705
(cc)	Department of Health WIC Rebates	-	-	28,832,678	32,459,831	33,432,384
	CMIA Interest payment to the federal government	2,273,825	1,883,460	881,304	726,910	420,661
	Agency remitted sales tax	367,471	455,808	448,461	456,704	416,977
	Abandoned funds claim payments	10,460,281	14,090,452	13,011,897	18,739,655	19,432,004
	Federal Interest	-	-	-	643	13,523,913
	Coding Errors	-	-	-	97	-
	Total exclusions	8,632,312,904	9,541,770,818	9,904,254,864	10,050,554,267	10,288,163,160
	Total revenues after exclusions	8,728,452,897	8,586,195,390	8,442,797,839	8,843,433,874	9,212,706,123
	Less expenditure refunds (Exhibit C)	(1,066,848,289)	(1,165,035,805)	(1,252,342,575)	(1,126,226,599)	(1,127,328,402)
	Add refundable tax credits:					
	Pharmaceutical	75,816,984	63,686,262	3,764,259	524,527	142,373
	Business facility	1,483,509	53,267	2,881,728	23,992	-
	Enterprise zone	733,949	210,268	204,766	123,464	347,009
	Brownfield jobs and investment	4,360	-	-	-	-
	BUILD	-	1,237,548	1,222,799	2,336,876	4,301,069
	Strategic initiative investment income	-	2,000,000	2,000,000	1,065,718	-
	Higher Education Scholarship Fund	-	-	4,532	-	-
	Total State Revenue	\$ 7,739,643,410	7,488,346,930	7,200,533,348	7,721,281,852	8,090,168,172

Exhibit C

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF EXPENDITURE REFUNDS

Object Code	Description	Year Ended June 30,				
		2001	2002	2003	2004	2005
	SAM II Expenditure Refunds:					
3200	Bond refunds	\$ 1,704,132	2,362,690	2,134,818	2,290,607	3,214,409
3206	Deposit and escrow refunds	180,613	39,506	30,245	127,838	98,848
3209	Tax Increment Financing	-	300	-	-	-
3212	Federal Share Grantee Salary refunds	-	-	-	-	836
3215	Debt offset refunds	6,613,007	6,503,824	9,013,469	6,582,994	6,269,213
3218	Motor vehicle license fee refunds	997,810	1,266,043	822,388	1,137,842	1,401,820
3221	Driver's license fee refunds	115,466	95,060	81,611	77,982	78,359
3224	Lottery Refunds	-	-	-	-	-
3227	License and permit fee refunds	60,554	145,279	133,055	84,732	160,866
3230	Registration fee refunds	34,000	48,932	32,881	7,622	16,984
3233	Regulatory fee refunds	18,699	40,860	58,540	45,944	237,543
3236	Inspection fee refunds	45,521	39,997	41,255	40,532	40,125
3239	Miscellaneous fee refunds	236,658	289,610	227,735	294,700	594,262
3242	Sales refunds	8,866	11,447	23,452	27,829	9,887
3245	Lease and rentals refunds	4,341	1,181	831	1,858	2,847
3248	Medical services refunds	1,214,171	444,748	1,754,840	1,876,972	2,571,969
3251	Contributions refunds	31	2,084	-	-	104,883
3254	Federal refunds	150,671	113,100	108,307	529,557	1,101,919
3257	Penalty and court award refunds	2,915	2,717	11,281	38,456	168,547
3260	Interagency billing refunds	1,040	-	-	150	-
3261	Receivable overpayment refunds	18,192	31,424	23,058	141,205	10,962
3266	Missouri consolidated check off refunds	115,917	124,171	134,732	124,184	165,968
3267	Deferred revenue refunds	1,921,736	2,098,000	3,191,677	1,753,349	1,092,357
3268	Liability account refunds	37	-	-	-	-
3269	Other refunds	2,716,548	2,812,240	43,296,930	1,778,662	1,708,679
3272	Sales and use tax protested refunds	303,503	10,713,486	114,220	391,490	37,141
3281	County foreign insurance tax refunds	9,266,473	9,730,261	38,961,200	24,125,058	15,863,307
3287	Worker's compensation insurance tax refunds	1,669,902	526,203	339,757	1,685,755	392,963
3290	Worker's compensation second injury insurance tax refunds	149,025	700,725	505,253	9,944	9,732
3293	Cigarette tax refunds	38,834	362,140	39,043	141,494	83,251
3296	Tobacco products tax refunds	1,147	1,066	1,031	9,302	100
3299	Aviation fuel tax refunds	15,012	157,965	57,536	52,827	68,327
3302	Local use tax refunds	1,088,202	-	-	-	-
3305	Special fuel (non-gas) tax refunds	28,073,426	24,090,962	24,444,448	25,536,357	30,388,502
3308	Fuel tax refunds	16,149,402	9,416,120	9,620,045	9,611,080	9,765,264
3311	Sales Tax refunds	-	35	164	5	44
3314	Food tax exemption refund	68,640	647	-	85,626	-
3317	General sales and use tax refunds	52,010,496	55,499,871	61,234,948	59,927,094	44,966,016
3326	Motor vehicle sales tax refunds	4,717,383	4,484,684	4,519,185	4,721,452	4,291,710
3329	Motor vehicle use tax refunds	1,054,069	900,698	868,913	961,458	1,002,748
3332	Conservation Sales Tax Refunds	-	-	-	-	-
3335	Boat tax refunds	7,069	7,879	5,436	6,645	7,257
3338	Individual tax refunds	606,892,031	705,921,126	771,972,675	763,201,964	752,279,117
3341	Senior citizens tax refunds	101,523,061	85,901,461	97,180,379	95,237,087	99,101,427
3342	Pharmaceutical tax refunds	75,816,984	63,686,262	3,737,102	524,527	496,516
3344	Corporation tax refunds	138,494,719	159,407,259	171,098,592	116,499,019	144,879,893
3347	Franchise tax refunds	9,870,716	14,133,414	3,467,003	460,301	691,213
3350	Inheritance tax refunds	3,195,179	2,845,993	3,054,540	5,458,449	2,816,253
3356	Other tax refunds	282,091	74,335	-	616,650	1,136,338
	Total SAM II Expenditure Refunds	\$ 1,066,848,289	1,165,035,805	1,252,342,575	1,126,226,599	1,127,328,402

BACKGROUND, METHODOLOGY, AND CONCLUSIONS

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
BACKGROUND, METHODOLOGY, AND CONCLUSIONS

The following identifies the various components of the amendment and the application of the amendment to state revenues.

Formula

Article X, Section 18(a) of the Constitution of Missouri establishes the revenue limit formula as follows:

Revenue limit for FY 20XX	= $\frac{\text{TSR in FY 1981}}{\text{CY 1979 Missouri personalincome (MPI)}}$ x	The greater of Missouri Personal Income (MPI) in the calendar year (CY) prior to the CY in which appropriations are made for FY 20XX or Average MPI for three CYs preceding FY 20XX.
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The formula is composed of two principal parts. The first part of the formula, the base year ratio (BYR), is as follows:

$$\frac{\text{TSR in FY 1981}}{\text{CY 1979 MPI}}$$

The application of this ratio to the second part of the formula (future years' MPI) ensures that no greater portion of a future year's personal income will be used to fund state government than was the case at the time of passage of the amendment. The MPI amounts used in the formula for the base year and subsequent years are reported by the U.S. Department of Commerce (DOC).

The OA-BP does not adjust the BYR for changes already made or for future changes or adjustments to this amount by DOC. Article X, Section 17(2) refers to ". . . total income . . . as defined and officially reported by" DOC. Even though the amendment does not specifically refer to such adjustments, this wording suggests that the BYR should be adjusted whenever CY 1979 MPI is adjusted by DOC. The use of the initial reporting of MPI does provide an unchanging BYR for future years, which provides at least two benefits. First, the state can more easily plan and make appropriate adjustments to stay under the revenue limit. Second, if the initial MPI is subsequently adjusted, retroactive refunds are a possibility. That is, an adjustment to MPI for any prior year (including the base year) could reduce the revenue limit for a prior year below that year's TSR, providing a refund where one previously was not due. Therefore, we find this approach reasonable so long as it is followed consistently.

As with the BYR, the OA-BP uses the MPI first officially published by DOC after the close of the CY to calculate the revenue limit for the applicable fiscal year. For the reasons expressed in the preceding paragraph, we find this approach reasonable so long as it also is followed consistently.

The BYR was calculated by the OA-BP as follows (dollar amounts are in billions):

$$\frac{\$2,232.204096}{\$ 39,581.0} = .05639584891$$

In its calculations of the revenue limit the OA-BP rounded the BYR to .056395.

Article X, Section 18(b) allows the state to exceed the revenue limit by 1 percent before a refund is due. Therefore, to determine the point at which the refund provision takes effect (the refund threshold) the revenue limit is adjusted upward by 1 percent. However, should TSR exceed the refund threshold, all revenues in excess of the revenue limit are subject to refund.

Adjustments

Article X, Section 18(d) provides that the revenue limit may be adjusted, ". . . if responsibility for funding a program or programs is transferred from one level of government to another, as a consequence of constitutional amendment . . . provided that the total revenue authorized for collection by both state and local governments does not exceed that amount which would have been authorized without such a change."

The OA-BP has adjusted the revenue limit for the transfer of deputy circuit clerks from the county payroll to the state payroll under Section 483.245, RSMo, which was effective on July 1, 1981. In past years, the SAO disagreed with this adjustment because state funding of these salaries was required by statute instead of by consequence of constitutional amendment. In addition, the Judicial Article Amendment was effective on August 3, 1976, which was prior to the time the Hancock Amendment was adopted by the voters on November 4, 1980. However, the Supreme Court ruled in its decision on January 27, 1998, that an adjustment to the revenue limit for the transfer of deputy circuit clerks from the county payroll to the state payroll is appropriate.

Composition of Total State Revenues

An integral part in applying the provisions of the amendment to state revenues is to determine what constitutes TSR. The amendment does not specify the methodology to be used to determine TSR. Consequently, procedures to calculate TSR have been established and certain decisions as to items that would be either included or excluded have been made, except for items ruled on by the Attorney General or the Missouri courts.

TSR includes all revenues recorded in the Statewide Accounting System for Missouri (SAM II) and receipted by the state treasurer, which may only be withdrawn pursuant to an appropriation or which stand appropriated by the Constitution of Missouri. Various funds not in the state treasury are not included in TSR. These funds include university local funds, local sales tax fund collections made by the Department of Revenue, various funds held in trust for inmates, patients, etc., and various quasi-governmental agencies such as the Board of Public Buildings, the Housing Development Commission, the Higher Education Loan Authority, the Health and Educational Facilities Authority, and the state's retirement systems. The Hancock Amendment states the composition of TSR is, "defined in the budget message of the governor for fiscal year 1980-81." The funds described above were not addressed in the governor's budget message for that year since the funds were not in the state treasury and were not appropriated. Thus, it seems reasonable to conclude that these funds should not be included in TSR.

From the revenue amounts obtained from SAM II, certain funds are entirely excluded to arrive at TSR, as defined in Article X, Section 17(1) of the constitution, as follows:

A. Lottery

In November 1984, the voters approved Article III, Section 39(b) of the constitution, which authorized the creation of the Missouri State Lottery. This provision states that revenues produced from the conduct of a state lottery shall not be a part of TSR. Since the voters approved the state lottery, all revenue and expenditure refunds related to the state lottery are excluded.

B. Alternative Care Trust Fund

The Alternative Care Trust Fund was established in 1989 under Section 210.560, RSMo. The Department of Social Services uses this fund to account for funds held in trust for the benefit of children who have been placed in the legal custody of the state. The Department of Corrections, Department of Mental Health, and the Division of Veteran's Affairs hold funds in trust for inmates and patients; however, these funds are not in the state treasury and are not included in TSR. Funds held in trust are not state funds since the funds remain the property of the individual. Since the Alternative Care Trust Fund does not account for state funds, it is excluded.

C. State Guaranty Student Loan Funds

Federal legislation passed in 1997 made changes in the accounting required for federal education loans. Starting in federal fiscal year 1998, the federal government considers all monies in these funds as property of the federal government or guaranty agency. As a result, the state excludes these funds held in trust.

D. Pansey Johnson-Travis Memorial State Gardens Trust Fund

The state received an endowment in 1987 for the purpose of establishing a memorial state garden. The state is to invest the endowment for 100 years before using the funds to establish the memorial garden. Since the funds cannot be appropriated until 2087, the revenue is excluded from TSR.

From the revenue amounts obtained from SAM II, certain types of revenues are excluded to arrive at TSR, as defined in Article X, Section 17(1) of the constitution, as follows:

E. Federal Funds

Article X, Section 17 specifically excludes federal funds.

F. Proposition C Sales and Use Tax\Interest

In November 1982, the voters approved Proposition C, which increased the state sales and use tax by 1 percent. Since Proposition C received direct voter approval as provided in Article X, Section 16, the proceeds from the additional 1 percent sales and use tax, including any interest earned on the investment of such taxes, are excluded.

G. Proposition A Gas Tax and License Fee Increases

In April 1987, the voters approved Proposition A, which increased the motor fuel tax by four cents per gallon and increased the annual registration fee for certain motor vehicles, effective July 1, 1987. Since the increase in tax and fees received direct voter approval, these revenues are excluded.

H. Bond Sales

An attorney general opinion concluded that proceeds of the state's general obligation bonds were not to be included in TSR.

I. Refunds

Refunds received due to the overpayment of obligations by the state, as identified by certain revenue source codes, are excluded.

J. Interagency Sales and Receipts

Since interagency transactions do not generate additional revenue for the state as a whole, interagency sales and receipts, as identified by certain revenue source codes, are excluded.

**K. Soil and Water Sales and Use Tax\Interest
and**

L. Parks Sales and Use Tax\Interest

In August 1984, the voters approved a one-tenth of 1 percent sales tax for soil and water conservation and state parks. Article IV, Section 47(c) states that the additional revenue provided by the tax shall not be part of TSR. Since the voters approved the sales tax, the sales tax and any interest earned on the investment of the balance in these funds are excluded.

M. Redeposit of Investment Principal

The redeposit of investment principal is excluded.

N. Outlawed Checks

Outlawed checks, which are state checks that were not cashed by the payee within the time allowed, are redeposited in the state treasury and are excluded.

O. Redeposit of Loan Principal

Redeposits of loan principal are excluded.

P. Amendment 8 Motor Fuel Tax to Local Governments

In August 1992, the voters approved an amendment to Article IV, Section 30(a) which revised the apportionment of the motor fuel tax. In addition, the amendment provided that beginning July 1, 1993, the net proceeds of fuel taxes allocated to local governments is

excluded from TSR. Since the voters approved this revised allocation of the fuel tax, the fuel tax allocated to local governments is excluded.

Q. Bingo

The August 1992 amendment to Article III, Section 39(d) related to gaming activities also applies to bingo games, in that all state revenues derived from the conduct of gaming activities shall be appropriated beginning July 1, 1993, solely for public education and shall not be included in TSR. Section 313.007, RSMo, requires the bingo tax to be deposited in the Bingo Proceeds for Education Fund. The bingo tax, certain fees, and the interest earned on the investment of the fund are excluded from TSR.

R. Riverboat Gambling

In August 1992, the voters approved an amendment to Article III, Section 39(d) of the Missouri Constitution. This constitutional amendment requires that all state gaming revenues must be appropriated for public education and excludes these revenues from TSR.

In 1993, the Missouri General Assembly enacted Senate Bills 10 and 11. This comprehensive gaming legislation established riverboat gaming in the state. This law repealed House Bill 149 related to riverboat gaming which had been enacted by voters as Proposition A in November 1992.

Under Senate Bills 10 and 11, the legislature imposed a 20 percent tax on adjusted gross receipts from gambling games. The state treats 90 percent of this revenue as state gaming revenues under Article III, Section 39(d) and earmarks the revenues to the Gaming Proceeds for Education Fund. The remaining 10 percent of this revenue is allocated to the home dock city or county. Under Article III, Section 39(d) of the Missouri Constitution, the 90 percent portion of the adjusted gross receipts tax is exempted from TSR. The remaining 10 percent portion of the adjusted gross receipts tax is also excluded from TSR because these funds are distributed by the Department of Revenue without deposit in the state treasury and without appropriation.

Under Senate Bills 10 and 11, the legislature also established a Gaming Commission Fund in the state treasury and authorized gaming commission license fees, penalties, administrative fees, reimbursements, and admission fees to be deposited in this fund and expended pursuant to state appropriation for various purposes.

On November 24, 1998, the Missouri Court of Appeals, Western District entered its final decision in Kelly v. Hanson, et. al., 984 S.W. 2d 540 (Mo. 1998). The Missouri Court of Appeals, Western District ruled that revenue from the one dollar portion of the state imposed two dollar admission fee that is remitted to the "home dock city or county" is not included in TSR, while the revenue from the payments to the state to recoup public safety and regulatory enforcement costs is included in TSR.

S. Redeposit of State Funds

The redeposit of state funds for which a state expenditure was originally incurred, such as from closing a petty cash fund and returning the funds to the state treasury, is excluded.

T. Loan Proceeds

The state receives loans or advancements from the federal government, local governments, or private sources, to finance the acceleration of state projects. Since the loans must be repaid in the future, they are excluded.

U. Conservation Sales and Use Tax/Interest

Pursuant to the Supreme Court decision in Conservation Federation of Missouri, et. al., v. Richard Hanson, et. al., 994 S.W. 2d 27 (Mo. Banc. 1999), the revenue derived from the one-eighth of one percent conservation sales tax, and any interest earned on the investment of these funds, are excluded.

V. State Employee Expense Reimbursement

The state receives reimbursement from private individuals, firms, partnerships, corporations, etc. for state employee expenses incurred in providing testimony in a court of law, for which the employee has already been reimbursed by a state expense account. These reimbursements are excluded.

W. Recovery Costs

Monies received from others for costs incurred by the state or to be incurred by the state are excluded.

X. Cost Reimbursements

Monies received from other governments for reimbursements of costs incurred by the state are excluded.

Regarding items W. and X., the state has excluded from TSR receipts for cost reimbursements since fiscal year 1982 and receipts for recovery costs since fiscal year 1988. Although the constitution does not specifically mention cost reimbursements and recovery costs and they have not been the subject of a court decision, we have agreed with such exclusions because from an accounting standpoint, they would not be considered revenue.

Y. Canceled Checks

Receipts derived from the redeposit of state checks that have been canceled are excluded.

Z. Local Match

Local governments provided funds to the state to use as a local match to qualify for federal or state funding. Since these local match funds are not state funds, they are excluded.

AA. Proceeds of Surplus Property Sales

The proceeds from some sales of surplus property are initially deposited into the Proceeds of Surplus Property Sales Fund then they are disbursed from this fund to the state fund that owned the property. To avoid counting the same receipts in TSR twice, the state excludes amounts disbursed from the Proceeds of Surplus Property Sales Fund to other state funds.

BB. Intergovernmental Transfer Program

Starting in fiscal year 2001, the state participated in the Medicaid intergovernmental transfer (IGT) program. Under the IGT program the state was able to receive additional federal Medicaid matching funds based on enhanced payments to some government operated health care providers. The state made the enhanced payments to the providers and, after the state claimed the federal matching funds, the providers returned the enhanced payments to the state. Because these funds were simply returned to the state, similar to a refund, they are excluded from TSR.

CC. WIC Rebates

The Department of Health and Senior Services (DHSS) issues food instruments for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) to program participants who use them to obtain formula at participating grocery stores and pharmacies. The participating grocery stores and pharmacies then redeem the food instruments. The food instruments are processed through the Federal Reserve System and the WIC program is charged for the food instruments presented. The DHSS records the redeemed food instruments and sends a monthly invoice to Mead Johnson who then rebates the federal monies to the state.

Cash Management Improvement Act

The state has to enter into an agreement with the federal government which governs the timing of when the state can obtain federal grant monies. If the state holds federal funds longer than needed, the state has to reimburse the federal government for interest earnings. Since the interest was earned on federal funds and has to be returned to the federal government, it is excluded from TSR.

Abandoned Funds Claim Payments

Under Section 447.543, RSMo, the state receives abandoned funds from various sources (banks, businesses, insurance companies, etc.). These funds are placed in the state Abandoned Fund Account. The rightful owner may receive these funds if properly claimed. The state includes the receipts in TSR. Starting in fiscal year 1998, the state excludes from TSR amounts paid to the rightful owner.

Agency Remitted Sales Tax

Some state agencies sell goods or services to the public and collect sales tax. To avoid counting the same receipts in TSR twice, the sales tax remitted by state agencies to the Department of Revenue is excluded from TSR.

Expenditure Refunds

According to Article X, Section 17(1), total state revenue shall exclude the amount of any credits based on actual tax liabilities. Refunds disbursed due to the excess collection by the state of liabilities owed the state, largely tax refunds, as identified by certain expenditure object codes are excluded. The method used to determine expenditure refunds is not specified in the amendment. Although the OA-BP initially used the appropriation basis to determine expenditures refunds, during fiscal year 1984, the OA-BP changed to the cash basis. The SAO had consistently used the appropriation basis to measure refunds. As a result, a difference existed. However, in its decision of January 27, 1998, the Supreme Court indicated that a cash basis of accounting should be used to determine compliance with the Hancock Amendment. As a result, the SAO changed its calculation of expenditure refunds to the cash basis.

Tobacco Master Settlement Agreement Proceeds

The OA-BP has excluded \$144,964,644 received from tobacco companies during fiscal year 2005. The Master Settlement Agreement was entered into effective November 23, 1998, between the major cigarette manufacturers and the states' Attorney Generals. Missouri received its first payments under the settlement agreement during fiscal year 2001, which totaled \$338,230,653 and future payments from tobacco companies extend in perpetuity. The payment received in 2001 included amounts under the settlement agreement for 1998, 2000, and 2001. The settlement agreement did not require a payment for 1999. Fiscal years 2002, 2003, and 2004 payments were \$172,679,543, \$166,895,179, and \$142,829,966, respectively. The amounts received were coded in the state's accounting system to revenue source code 1806 - recovery costs, which is excluded from TSR. Recovery costs are defined under revenue source code 1806 as, *"all monies received from others for costs incurred or to be incurred by the state."* The OA-BP believes these receipts should be excluded from TSR because the amounts represent a recovery of health care costs previously incurred or to be incurred by the state attributable to smoking.

Public information was not readily available to determine if the amounts recovered from the tobacco companies under the master settlement agreement were more or less than the health care costs incurred. In our audit for 2001, we reviewed three extensive research projects conducted by experts. We limited our analysis to Medicaid costs incurred in fiscal years 1998 through 2001. We did not consider Medicaid costs from past years prior to 1998. In addition, we did not consider other costs incurred by the state, such as employee health care costs attributable to smoking. These three research projects showed that Medicaid costs attributable to smoking were higher than the amount the state received from the tobacco companies under the settlement agreement. As a result, in our 2001 report we concluded it was proper for the OA-BP to exclude the amounts received from the tobacco companies as a recovery cost.

A study, "Tobacco Damages to the State of Missouri" by Glenn W. Harrison, was commissioned by the Missouri Attorney General's Office for use in a lawsuit against tobacco companies filed May 12, 1997. This lawsuit was dropped because Missouri joined a consortium of states in December 1998, in the Master Settlement Agreement with the tobacco companies. As a result, the Harrison study was not fully completed. However, the draft report provided an estimate of Medicaid costs attributable to smoking for 1970 through 2007 and an estimate of state employee health care costs attributable to smoking for 1970 through 1997. This study estimates that state costs attributable to smoking were higher than the amount the state received.

Compliance with Article X, Section 18(e)

Article X, Section 18(e) imposes an additional revenue limit, which states the general assembly shall not increase taxes or fees in any fiscal year without voter approval that in total produce new annual revenues greater than \$50 million adjusted annually by the percentage change in the personal income of Missouri for the second previous year, or one percent of total state revenues for the second fiscal year prior to the general assembly's action, whichever is less. For fiscal year 2005, the OA-BP calculated these limits at \$77.3 million for the Missouri Personal Income amount and \$72 million for the one percent of total state revenues amount.

For fiscal year 2005, the OA-BP has determined the net tax and fee increases as a result of legislative actions totaled \$39.1 million, which were less than the limits noted above. As a result, it appears the state complied with Article X, Section 18(e).

APPENDIX

ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
(ADOPTED NOVEMBER 4, 1980, AMENDED APRIL 2, 1996*)

TAXATION

Section 16. Taxes and state spending to be limited--state to support certain local activities--emergency spending and bond payments to be authorized. Property taxes and other local taxes and state taxation and spending may not be increased above the limitations specified herein without direct voter approval as provided by this constitution. The state is prohibited from requiring any new or expanded activities by counties and other political subdivisions without full state financing, or from shifting the tax burden to counties and other political subdivisions. A provision for emergency conditions is established and the repayment of voter approved bonded indebtedness is guaranteed. Implementation of this section is specified in sections 17 through 24, inclusive of this article.

Section 17. Definitions. As used in sections 16 through 24 of Article X:

- (1) **"Total state revenues"** includes all general and special revenues, license and fees, excluding federal funds, as defined in the budget message of the governor for fiscal year 1980-1981. Total state revenues shall exclude the amount of any credits based on actual tax liabilities or the imputed tax components of rental payments, but shall include the amount of any credits not related to actual tax liabilities.
- (2) **"Personal income of Missouri"** is the total income received by persons in Missouri from all sources, as defined and officially reported by the United States Department of Commerce or its successor agency.
- (3) **"General price level"** means the Consumer Price Index for All Urban Consumers for the United States, or its successor publications, as defined and officially reported by the United States Department of Labor, or its successor agency.

Section 18. Limitation on taxes which may be imposed by general assembly--exclusions--refund of excess revenue--adjustments authorized.

(a). There is hereby established a limit on the total amount of taxes which may be imposed by the general assembly in any fiscal year on the taxpayers of this state. Effective with fiscal year 1981-1982, and for each fiscal year thereafter, the general assembly shall not impose taxes of any kind which, together with all other revenues of the state, federal funds excluded, exceed the revenue limit established in this section. The revenue limit shall be calculated for each fiscal year and shall be equal to the product of the ratio of total state revenues in fiscal year 1980-1981 divided by the personal income of Missouri in calendar year 1979 multiplied by the personal income of Missouri in either the calendar year prior to the calendar year in which appropriations for the fiscal year for which the calculation is being made, or the average of personal income of Missouri in the previous three calendar years, whichever is greater.

(b). For any fiscal year in the event that total state revenues exceed the revenue limit established in this section by one percent or more, the excess revenues shall be refunded pro rata based on the liability reported on the Missouri state income tax (or its successor tax or taxes) annual

returns filed following the close of such fiscal year. If the excess is less than one percent, this excess shall be transferred to the general revenue fund.

(c). The revenue limitation established in this section shall not apply to taxes imposed for the payment of principal and interest on bonds, approved by the voters and authorized under the provisions of this constitution.

(d). If responsibility for funding a program or programs is transferred from one level of government to another, as a consequence of constitutional amendment, the state revenue and spending limits may be adjusted to accommodate such change, provided that the total revenue authorized for collection by both state and local governments does not exceed that amount which would have been authorized without such change.

(e). Voter approval required for taxes or fees, when, exceptions--compliance procedure.

1. In addition to the revenue limit imposed by section 18 of this article, the general assembly in any fiscal year shall not increase taxes or fees without voter approval that in total produce new annual revenues greater than either fifty million dollars adjusted annually by the percentage change in the personal income of Missouri for the second previous fiscal year, or one percent of total state revenues for the second fiscal year prior to the general assembly's action, whichever is less. In the event that an individual or series of tax or fee increases exceed the ceiling established in this subsection, the taxes or fees shall be submitted by the general assembly to a public vote starting with the largest increase in the given year, and including all increases in descending order, until the aggregate of the remaining increases and decreases is less than the ceiling provided in this subsection.

2. The term "new annual revenues" means the net increase in annual revenues produced by the total of all tax or fee increases enacted by the general assembly in a fiscal year, less applicable refunds and less all contemporaneously occurring tax or fee reductions in that same fiscal year, and shall not include interest earnings on the proceeds of the tax or fee increase. For purposes of this calculation, "enacted by the general assembly" shall include any and all bills that are truly agreed to and finally passed within that fiscal year, except bills vetoed by the governor and not overridden by the general assembly. Each individual tax or fee increase shall be measured by the estimated new annual revenues collected during the first fiscal year that it is fully effective. The term "increase taxes or fees" means any law or laws passed by the general assembly after May 2, 1996, that increase the rate of an existing tax or fee, impose a new tax or fee, or broaden the scope of a tax or fee to include additional class of property, activity, or income, but shall not include the extension of an existing tax or fee which was set to expire.

3. In the event of an emergency, the general assembly may increase taxes, licenses or fees for one year beyond the limit in this subsection under the same procedure specified in section 19 of this article.

4. Compliance with the limit in this section shall be measured by calculating the aggregate actual new annual revenues produced in the first fiscal year that each individual tax or fee change is fully effective.

5. Any taxpayer or statewide elected official may bring an action under the provisions of section 23 of this article to enforce compliance with the provisions of this section. The Missouri supreme court shall have original jurisdiction to hear any challenge brought by any statewide elected official to enforce this section. In such enforcement actions, the court shall invalidate the

taxes and fees which should have received a public vote as defined in subsection 1 of this section. The court shall order remedies of the amount of revenue collected in excess of the limit in this subsection as the court finds appropriate in order to allow such excess amounts to be refunded or to reduce taxes and/or fees in the future to offset the excess monies collected.

Section 19. Limits may be exceeded, when, how. The revenue limit of section 18 of this article may be exceeded only if all of the following conditions are met: (1) The governor requests the general assembly to declare an emergency; (2) the request is specific as to the nature of the emergency, the dollar amount of the emergency, and the method by which the emergency will be funded; and (3) the general assembly thereafter declares an emergency in accordance with the specifics of the governor's request by a majority vote for fiscal year 1981-1982, thereafter a two-thirds vote of the members elected to and serving in each house. The emergency must be declared in accordance with this section prior to incurring any of the expenses which constitute the emergency request. The revenue limit may be exceeded only during the fiscal year for which the emergency is declared. In no event shall any part of the amount representing a refund under section 18 of this article be the subject of an emergency request.

Section 20. Limitation on state expenses. No expenses of state government shall be incurred in any fiscal year which exceed the sum of the revenue limit established in sections 18 and 19 of this article plus federal funds and any surplus from a previous fiscal year.

Section 21. State support to local governments not to be reduced, additional activities and services not to be imposed without full state funding. The state is hereby prohibited from reducing the state financed proportion of the costs of any existing activity or service required of counties and other political subdivisions. A new activity or service or an increase in the level of any activity or service beyond that required by existing law shall not be required by the general assembly or any state agency of counties or other political subdivision, unless a state appropriation is made and disbursed to pay the county or other political subdivision for any increased costs.

Section 22. Political subdivisions to receive voter approval for increases in taxes and fees--rollbacks may be required--limitation not applicable to taxes for bonds.

(a). Counties and other political subdivisions are hereby prohibited from levying any tax, license or fees, not authorized by law, charter or self-enforcing provisions of the constitution when this section is adopted or from increasing the current levy of an existing tax, license or fees, above that current levy authorized by law or charter when this section is adopted without the approval of the required majority of the qualified voters of that county or other political subdivision voting thereon. If the definition of the base of an existing tax, license or fees, is broadened, the maximum authorized current levy of taxation on the new base in each county or other political subdivision shall be reduced to yield the same estimated gross revenue as on the prior base. If the assessed valuation of property as finally equalized, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the general price level from the previous year, the maximum authorized current levy applied thereto in each county or other political subdivision shall be reduced to yield the same gross revenue from existing property, adjusted for changes in the general price level, as could have been collected at the existing authorized levy on the prior assessed value.

(b). The limitations of this section shall not apply to taxes imposed for the payment of principal and interest on bonds or other evidence of indebtedness or for the payment of assessments on contract obligations in anticipation of which bonds are issued which were authorized prior to the effective date of this section.

Section 23. Taxpayers may bring actions for interpretations of limitations. Notwithstanding other provisions of this constitution or other law, any taxpayer of the state, county or other political subdivision shall have standing to bring suit in a circuit court of proper venue and additionally, when the state is involved, in the Missouri supreme court, to enforce the provisions of sections 16 through 22, inclusive, of this article and, if the suit is sustained, shall receive from the applicable unit of government his costs, including reasonable attorneys' fees incurred in maintaining such suit.

Section 24. Voter approval requirements not exclusive--self-enforceability.

(a). The provisions for voter approval contained in sections 16 through 23, inclusive, of this article do not abrogate and are in addition to other provisions of the constitution requiring voter approval to incur bonded indebtedness and to authorize certain taxes.

(b). The provisions contained in sections 16 through 23, inclusive, of this article are self-enforcing; provided, however, that the general assembly may enact laws implementing such provisions which are not inconsistent with the purposes of said sections.

* The 1996 amendment added Section 18(e).



Claire McCaskill

Missouri State Auditor

February 2006

ECONOMIC DEVELOPMENT

Division of Professional Registration

State Board of Cosmetology



Office Of The
State Auditor Of Missouri
Claire McCaskill

February 2006

The following findings were included in our audit report on the Department of Economic Development, Division of Professional Registration, State Board of Cosmetology.

The State Board of Cosmetology did not ensure cosmetology salons were inspected annually as required by board policy. The Central Investigative Unit (CIU) of the Division of Professional Registration (DPR) performs inspections and investigations of salons, and also performs services for other boards and commissions within the division. The DPR and the board use a licensure and inspection tracking management system to record and monitor license and inspection activity. Each salon cited for unlicensed activity or serious or repeat sanitation violations during an inspection is to be subjected to a follow-up inspection to determine if corrective action has been taken. The board estimates 12,455 inspections were performed and/or attempted for the year ended June 30, 2005.

The board annually identifies salons that did not have the required annual inspection, referred to as overdue inspections. The DPR reported the number of overdue inspections as of June 30, 2005, was 2,896 of the licensed salons. In addition, of those 2,896 overdue inspections, at least 214 salons also had not received an inspection in 2004. A similar condition was noted in our prior report.

The board reported that 1,611 of the 12,455 inspections performed in fiscal year 2005 resulted in a violation, with 194 of the inspections identifying unlicensed activity or a serious licensure or sanitation violation. The board indicated that only 4 licenses were revoked and 23 licenses were suspended as a result of violations. The audit suggested the board consider using their limited inspection resources to concentrate on salons with recent violations or a history of violations.

All licenses issued by the board must be renewed biennially by September 30 of every odd numbered year. As of September 30, 2003, 18.3 percent of individuals failed to renew their licenses. Except during salon and school inspections, the board does not perform any follow-up action to determine if the individuals who did not renew are practicing without a license. Without follow-up actions regarding non-renewed individual licenses, the board cannot ensure all individuals are practicing with a license as required by law. A similar condition was also noted in our prior report.

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YELLOW SHEET

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF PROFESSIONAL REGISTRATION
STATE BOARD OF COSMETOLOGY

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Greg Steinhoff, Director
Department of Economic Development
and
Alison Craighead, Director
Division of Professional Registration
and
Members of the State Board of Cosmetology
Jefferson City, MO 65102

We have audited the Department of Economic Development, Division of Professional Registration, State Board of Cosmetology. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2005, 2004, and 2003. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the efficiency and effectiveness of certain management practices, policies, and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the board, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed

and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the board's management and was not subjected to the procedures applied in the audit of the board.

The accompanying Management Advisory Report presents our finding arising from our audit of the Department of Economic Development, Division of Professional Registration, State Board of Barber Examiners.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

September 30, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Blattel, CPA, CFE
In-Charge Auditor:	Dennis Lockwood, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF PROFESSIONAL REGISTRATION
STATE BOARD OF COSMETOLOGY
MANAGEMENT ADVISORY REPORT –
STATE AUDITOR'S FINDINGS

1.	Inspections
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The State Board of Cosmetology did not ensure cosmetology salons were inspected annually as required by board policy. The Central Investigative Unit (CIU) of the Division of Professional Registration (DPR) performs inspections and investigations of cosmetology salons and schools and also performs services for other boards and commissions within the DPR. The DPR and the board use a licensure and inspection tracking management system (PROMO) to record and monitor license and inspection activity. The board estimates 12,455, 14,196, and 13,594 inspections of cosmetology salons were performed and/or attempted for the years ended June 30, 2005, 2004, and 2003, respectively. The board should consider changes in their inspection policy.

- A. Inspections of licensed salons are not performed in accordance with board policy. The policy requires salons to be inspected once a year. CIU inspectors examine salons for compliance with licensing and sanitary regulations. Inspectors also ensure the salons are licensed for the correct number of employees or independent contractors, and that these individuals have a current license. Each salon cited for unlicensed activity or serious or repeat sanitation violations during an inspection is to be subjected to a follow-up inspection to determine if corrective action has been taken. Serious or continuing violations can lead to revocation, suspension, or probation of the salon's or cosmetologist's license.

Annually the board attempts to identify salons that did not have the required inspection within the last year. The board refers to those as overdue inspections. The board notifies the CIU inspectors to prioritize inspections of those salons. The board originally indicated 1,520 salons that were active as of June 30, 2005, but had not received an inspection in fiscal year 2005.

After we questioned the number of overdue inspections, DPR personnel analyzed the cosmetology inspection information on the PROMO system. Based on this analysis, the DPR reported there were 2,896 salons with active licenses that had overdue inspections at June 30, 2005. The DPR determined that of the 2,896 overdue inspections at least 214 salons also had not received an inspection in 2004. Furthermore, the last inspection date for the overdue inspections in the PROMO system was missing or incorrect for at least 98 salons.

Board personnel indicated that effective immediately additional tracking procedures and reconciliations for annual inspections would be developed and used to identify overdue inspections and to allow these inspections to be

prioritized. The board indicated that inspections have not been completed on a timely basis because employee turnover created vacancies in inspector positions.

To preserve public safety and to comply with licensure and sanitation requirements, the board should ensure salons are inspected annually as required by board policy. The State Board of Cosmetology is empowered by law to ensure that only licensed operators, salons, and instructors are engaged in the occupations of cosmetologist, hairdresser, or manicurist, and to require the inspection of salons to ensure sanitary conditions.

A similar condition was also noted in our prior report. In that report we noted that about 3 percent of salons did not receive at least one of the two inspections required annually at that time. In response to our recommendation to ensure inspections were performed as required, the board changed their policy to require one inspection per year for each salon.

- B. The board reported 1,611 of the 12,455 (12.9 percent) inspections performed in fiscal year 2005 resulted in a violation. They also indicated that 194 of the violations were issued for unlicensed activity or serious or repeat sanitation violations that required a follow-up inspection to ensure corrective action was taken. Based upon that information, only 1.6 percent of the inspections identified a serious violation. Furthermore, the board reported 4 licenses were revoked and 23 licenses were suspended and or placed on probation in 2005 for violations noted during inspections or investigations of consumer complaints. Only 27 of the 12,455 (0.2 percent) inspections resulted in revocation or suspension.

The board indicated that the total direct cost of the inspection program including personnel service, benefits and travel costs for inspectors paid by the board in 2005 was \$394,545. That cost does not include recording the inspection and violation data, monitoring the inspection activity, or the cost of resolving violations by board staff.

The board should consider alternative approaches to enforcement of licensure and sanitation requirements and policies on the frequency of inspections. For instance, the board might consider requiring inspections of salons with recent violations at least annually while requiring one inspection during the two year licensure period for salons that do not have a history of violations.

WE RECOMMEND the board and the division:

- A. Ensure salon inspections are performed as required by board policy and reconcile licensure, inspection, and overdue inspection information to ensure all overdue inspections are given priority.

- B. Consider alternative approaches to enforcement of licensure and sanitation requirements such as basing the frequency of salon inspections upon violation history.

AUDITEE'S RESPONSE

- A. *The board and division concur. Prior to the conclusion of the audit, the board, as well as the Division of Professional Registration, recognized that administrative oversight of the inspectors should be under the direct supervision of the board. The board has developed additional tracking procedures and reconciliations for annual inspections which will be used to identify overdue inspections in the future.*
- B. *With the implementation of the new tracking procedure and reconciliations, the board believes that inspections of all cosmetology salons will be completed annually and cosmetology schools will be inspected at least twice a year. In the event the board finds that the inspectors are unable to meet these goals, the board will consider alternative approaches to conducting inspections based on the establishment's violation history.*

2. Expenditures

The board purchased unnecessary promotional items. The board did not consider the costs for lodging, meeting rooms, and meals when selecting board meetings locations.

- A. The board purchased 2,000 Missouri shaped lapel pins at a cost of \$3,000 as promotional items in fiscal year 2003. The lapel pins were purchased to be given away at out-of-state conferences to enhance networking activities of board attendees. The attendees distributed the pins to other states' board administrators and members attending conferences. The purchase and distribution of the lapel pins to conference attendees from other states does not appear to be necessary for the board to carry out its regulatory duties.
- B. Prior to 2004, the board used the DPR travel office when requesting arrangements for lodging, meeting facilities, and meals for board meeting locations. In December 2004, the DPR established procedures to obtain three bids from hotels with meeting space in the local area designated by the board for future meetings of all boards within the division. Each board has the option to recommend the three hotels from which bids will be solicited. The winning bid is based upon the lowest total cost for lodging, meeting rooms, and meals for board members and employees.

Prior to the establishment of the new DPR bid procedures, we noted single room lodging rates of \$125 per night at a resort hotel in Lake Ozark and \$99 per night at a resort hotel in Branson for board meeting lodging. After the new procedures were established, the highest room rate noted for board meetings through June

2005 was \$61. The failure to consider the costs for lodging, meeting rooms, and meals when selecting board meeting sites resulted in excessive meeting costs.

WE RECOMMEND the division and board:

- A. Limit purchases to those items that are necessary to carry out the regulatory duties of the board.
- B. Continue to minimize board meeting costs by following the newly established meeting location procedures.

AUDITEE'S RESPONSE

- A. *The quantity of lapel pins purchased by the board enabled the board to receive a larger discount on the total purchase. The pins are used only for out-of-state conferences and serve as a networking tool as traditionally the states will exchange their respective state pins during the conferences. These conferences are attended by state administrators and board members in order to share information relevant to national sanitation and safety issues affecting this profession. The quantity purchased in 2003 is still being utilized to date and there are no plans to purchase any lapel pins in the future.*
- B. *The board and the division maintain the guidelines set forth by the Department of Economic Development and Office of Administration were followed during the timeframe examined in the audit and that referenced single room rates were within existing guidelines. The board and division plans to continue to ensure that meeting costs are minimized by following the newly established meeting location procedures.*

3. Licensing Procedures

The board does not perform follow-up action regarding individuals who have not renewed their licenses in the biennial renewal period. Therefore, some individuals may be practicing without a license. The board indicated they do place some priority on the inspections of salons that did not renew their licenses; however, it may take several months for those salons to be inspected.

All licenses issued by the State Board of Cosmetology must be renewed biennially by September 30 of every odd numbered year. Renewal notices are sent to the licensees in the month of July. As of September 30, 2003, 10,130 of 55,418 (18.3 percent) individuals failed to renew their licenses. The board reported 2,576 of those individuals did renew their license during fiscal years 2004 and 2005. The board does not perform any follow-up action to determine if the individuals who did not renew, are practicing without a license except during salon and school inspections. The board relies on salon inspections and complaint investigations to ensure that all individuals are licensed; however, as noted earlier in this report, inspections are not always performed as required.

Chapter 329, RSMo, requires that every individual, shop, school, and instructor engaged in the occupation as a cosmetologist, hairdresser, esthetician or manicurist in the state shall be licensed with the State Board of Cosmetology. Without follow-up actions regarding non-renewed individual licenses, the board cannot ensure all individuals are practicing with a license as required by law. The board indicated that sending inspectors to check if individuals who failed to renew are continuing to provide service would be less effective than the current methodology of emphasizing salon inspections as a means to enforce individual licensure and could increase the number of salons not subjected to annual inspections.

At a minimum, the board could send a notice to individuals who have not renewed their license within a reasonable time following the end of the renewal period advising them they did not renew and the consequences of continuing to perform cosmetology or other services without a current license. Such a notice could also be prepared for salons that have not renewed.

A similar condition was also noted in our prior report.

WE AGAIN RECOMMEND the board develop and implement procedures to send follow-up notices to individuals and salons that do not renew their licenses during the renewal period.

AUDITEE'S RESPONSE

The board concurs. The renewal cycle for all cosmetology classifications and establishments is July 1st through September 30th of each odd-numbered year. In the future, the Board will send a second reminder after the September 30th expiration date to all licensees that did not renew.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF PROFESSIONAL REGISTRATION
STATE BOARD OF COSMETOLOGY
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The State Board of Cosmetology was created by the Sixty-Third General Assembly in 1945. The Omnibus State Reorganization Act of 1974 transferred the board to the Division of Professional Registration which was also established by this same reorganization act.

The board licenses persons engaged in the practice of hairdressing, cosmetology, esthetics, and manicuring within the state of Missouri, and registers and inspects beauty shops and schools operating within the state. The board issued approximately 9,767, 66,221 and 8,263 licenses in fiscal years 2005, 2004, and 2003, respectively. Licenses are renewed biennially and expire on September 30 of each odd-numbered year. During fiscal year 2005, the board reported 12,455 inspections of cosmetology salons were made, of which 1,611 resulted in a reported violation. In fiscal year 2005, the board reported 122 licenses were suspended or revoked under Section 324.010, RSMo, for failure to file or pay state income taxes. The board also revoked 4 licenses and suspended or placed on probation the licenses of 23 salons and operators for other violations.

The board consists of seven members who are nominated by the director of the Department of Economic Development and appointed by the governor with the advice and consent of the Senate. Five members are required to be licensed cosmetologists and manicurists with at least five years of active practice, one member must be a licensed school owner, and one public member who is not associated with any of the professions licensed by the board. All members serve four-year terms. The board members at June 30, 2005, were:

<u>Member</u>	<u>Term Expires</u>
John Tirre, President	October 2007
Cynthia Bald, Vice-President	July 2008
Donna Cowdrey, Secretary	October 2005*
Flora Henderson	July 2002*
Deborah Waller	August 2008
Ruth Ann Condry	July 2005*
Nancy Samp, Public Member	August 2008 **

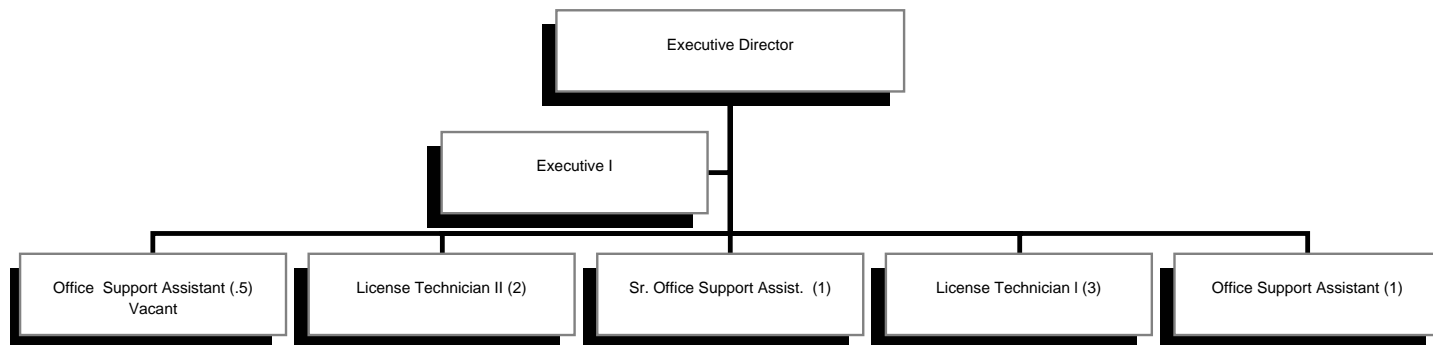
* Continues to serve until a replacement is appointed.

** Replaced Dr. John Teale in August 2003.

Board members receive a \$70 per diem compensation and expenses while performing their duties. The board appoints an executive director to perform the executive and administrative duties of the board. The Executive Director at June 30, 2005, was Darla Fox. At June 30, 2005, the State Board of Cosmetology had nine employees.

An organization chart follows:

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF PROFESSIONAL REGISTRATION
STATE BOARD OF COSMETOLOGY
ORGANIZATION CHART
JUNE 30, 2005



Appendix A

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF PROFESSIONAL REGISTRATION
BOARD OF COSMETOLOGY FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

	Year Ended June 30,		
	2005	2004	2003
Revenues			
Licenses	\$ 427,683	3,761,609	264,758
Fees	70,275	90,006	32,571
Penalties	8,046	62,820	6,326
Other	0	0	89
Total Revenues	<u>506,004</u>	<u>3,914,435</u>	<u>303,744</u>
Expenditures			
Travel	27,136	25,510	31,613
Supplies, Postage and Other	139,554	107,418	74,657
Professional Development	4,129	3,260	2,555
Services	47,194	77,975	38,389
Equipment	40,640	20,869	87,940
Rentals and Leases	718	927	9,006
Transfers (1)	<u>1,272,719</u>	<u>1,346,930</u>	<u>1,236,479</u>
Total Expenditures	<u>1,532,090</u>	<u>1,582,889</u>	<u>1,480,639</u>
Revenues Over (Under) Expenditures	(1,026,086)	2,331,546	(1,176,895)
Fund Balance - Beginning	3,297,246	965,700	2,142,595
Fund Balance - Ending	<u>\$ 2,271,160</u>	<u>3,297,246</u>	<u>965,700</u>

- (1) Reimbursement for personnel services, employee benefits and allocated share of DPR operational costs that are paid from other funds.

Appendix B

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF PROFESSIONAL REGISTRATION
BOARD OF COSMETOLOGY FUND
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

		Year Ended June 30,								
		2005			2004			2003		
		Appropriation	Expenditures	Lapsed	Appropriation	Expenditures	Lapsed	Appropriation	Expenditures	Lapsed
		Authority		Balances	Authority		Balances	Authority		Balances
Board of Cosmetology Fund										
Board of Cosmetology	\$	259,418	259,371	47	259,418	235,959	23,459	259,418	244,160	15,258
Total Board of Cosmetology Fund	\$	259,418	259,371	47	259,418	235,959	23,459	259,418	244,160	15,258

Appendix C

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF PROFESSIONAL REGISTRATION
BOARD OF COSMETOLOGY FUND
COMPARATIVE STATEMENT OF EXPENDITURES
(FROM APPROPRIATIONS) AND TRANSFERS

	Year Ended June 30,		
	2005	2004	2003
Travel:			
In-State	\$ 21,879	18,078	26,553
Out-of-State	5,257	7,432	5,060
Supplies, including Postage	130,906	100,015	66,387
Professional development	4,129	3,260	2,555
Communication services and supplies	16,250	16,233	16,521
Services:			
Professional	21,602	53,787	15,522
Maintenance and repair	9,342	7,955	6,346
Equipment:			
Computer	4,066	200	20,640
Motorized	28,780	20,669	58,168
Office	7,794	0	9,132
Property and improvements	0	0	3,101
Rentals and leases	718	927	5,905
Miscellaneous expenses	8,648	7,403	8,270
Transfers (1)	1,272,719	1,346,930	1,236,479
Total Expenditures	\$ <u>1,532,090</u>	<u>1,582,889</u>	<u>1,480,639</u>

(1) Reimbursement for personnel services, employee benefits and allocated share of DPR operational costs that are paid from other funds.



Claire McCaskill

Missouri State Auditor

February 2006

ECONOMIC DEVELOPMENT

Division of Professional Registration

State Board of Barber Examiners



Office Of The
State Auditor Of Missouri
Claire McCaskill

February 2006

The following findings were included in our audit report on the Department of Economic Development, Division of Professional Registration, State Board of Barber Examiners.

The State Board of Barber Examiners did not ensure barber shops were inspected annually as required by board policy. The Central Investigative Unit (CIU) of the Division of Professional Registration (DPR) performs inspections and investigations of barber shops, and also performs services for other boards and commissions within the division. The DPR and the board use a licensure and inspection tracking management system to record and monitor license and inspection activity. Each shop cited for unlicensed activity or serious or repeat sanitation violations during an inspection is to be subjected to a follow-up inspection to determine if corrective action has been taken.

The board annually identifies barber shops that did not have the required annual inspection, referred to as overdue inspections. The DPR reported the number of overdue inspections as of June 30, 2005, was 400 of the licensed shops. In addition, of those 400 overdue inspections, at least 40 shops also had not received an inspection in 2004.

The board reported that 16.4 percent of the 1,814 inspections performed in fiscal year 2005 resulted in a violation, with 8.9 percent of inspections identifying unlicensed activity or a serious licensure or sanitation violation. The board indicated that only 1 license was revoked and 6 licenses were suspended as a result of violations. The audit suggested the board consider using their limited inspection resources to concentrate on newly licensed shops and shops with recent violations.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF PROFESSIONAL REGISTRATION
STATE BOARD OF BARBER EXAMINERS

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Greg Steinhoff, Director
Department of Economic Development
and
Alison Craighead, Director
Division of Professional Registration
and
Members of the State Board of Barber Examiners
Jefferson City, MO 65102

We have audited the Department of Economic Development, Division of Professional Registration, State Board of Barber Examiners. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2005, 2004, and 2003. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the efficiency and effectiveness of certain management practices, policies, and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the board, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed

and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the board's management and was not subjected to the procedures applied in the audit of the board.

The accompanying Management Advisory Report presents our finding arising from our audit of the Department of Economic Development, Division of Professional Registration, State Board of Barber Examiners.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

September 30, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Blattel, CPA, CFE
In-Charge Auditor:	Dennis Lockwood, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF PROFESSIONAL REGISTRATION
STATE BOARD OF BARBER EXAMINERS
MANAGEMENT ADVISORY REPORT –
STATE AUDITOR'S FINDINGS

Inspections

The State Board of Barber Examiners did not ensure barber shops were inspected annually as required by board policy. In addition, the licensure and inspection tracking system used by the Division of Professional Registration (DPR) cannot provide reports with historical data that could allow the board to include past licensure activity and inspection results when prioritizing inspections. The board should also consider changes in their inspection policy.

The Central Investigative Unit (CIU) of the DPR performs inspections and investigations of barber shops, and also performs services for other boards and commissions within the division. The DPR and the board use a licensure and inspection tracking management system (PROMO) to record and monitor license and inspection activity. The board estimates 1,814, 1,285, and 1,563 inspections were performed of barber shops during the years ended June 30, 2005, 2004, and 2003, respectively.

- A. Inspections of licensed barber shops are not performed in accordance with board policy. The policy requires shops to be inspected once a year. CIU inspectors examine shops for compliance with licensing and sanitary regulations. Inspectors also ensure the shops are licensed for the correct number of employees or as independent contractors, and that these individuals have a current license. Each shop cited for unlicensed activity or serious or repeat sanitation violations during an inspection is to be subjected to a follow-up inspection to determine if corrective action has been taken. Serious or continuing violations can lead to revocation, suspension, or probation of the shop's or the barber's license.

The board annually identifies barber shops that did not have the required annual inspection. The board refers to those as overdue inspections. The board notifies the inspectors to prioritize inspections of the overdue barber shops. The DPR reported the number of overdue inspections as of June 30, 2005, was 400 of the 1,636 licensed shops (24.4 percent). In addition, it was determined that of the 400 overdue inspections as of June 30, 2005, at least 40 shops also had not received an inspection in 2004. Furthermore, there were 17 shops which the last inspection date in the PROMO system was either missing or incorrect.

Board personnel indicated that effective immediately additional tracking procedures for annual inspections would be developed and used to identify overdue inspections and prioritize inspections. The board indicated that inspections have not been completed on a timely basis because the number of inspector positions was inadequate for the workload and employee turnover created vacancies in those positions.

To preserve public safety and compliance with licensure and sanitation requirements, the board should ensure barber shops are inspected as required by board policy. The State Board of Barber Examiners is empowered by law to ensure that only licensed barbers and instructors are engaged in the occupation of barber and to require the inspection of barber shops to ensure sanitary conditions.

- B. The board reported that 299 of the 1,814 inspections (16.4 percent) performed in fiscal year 2005 resulted in a violation. They indicated that 165 of the inspections noted violations for unlicensed activity or serious or repeat sanitation violations that resulted in a follow-up inspection to ensure corrective action was taken. Based upon that information, 8.9 percent of inspections identified unlicensed activity or a serious licensure or sanitation violation. They also indicated that 1 license was revoked and 6 licenses were suspended as a result of violations. It appears only 0.4 percent of inspections result in a revocation or suspension. The board indicated that the total direct cost of the inspection program, including personnel service, benefits, and travel costs, for inspectors paid by the board in 2005 was \$49,313. That cost does not include recording the inspection and violation data, monitoring the inspection activity, or the cost of resolving violations.

As noted in Section A above, the board did not ensure annual inspections were performed due to lack of resources. However, the low number of instances in which significant violations are noted during the inspections that are being performed may indicate that available resources should be directed toward inspections of new licensees and those licensees with a history of noncompliance.

The board should consider alternative approaches to enforcement of licensure and sanitation requirements and policies on the frequency of inspections. For instance, the board might consider requiring inspections of newly licensed shops and shops with recent violations at least annually while requiring one inspection during the two-year licensure period for shops that do not have a history of violations.

WE RECOMMEND the board and the division:

- A. Ensure barber shop inspections are performed as required by board policy.

- B. Consider alternative approaches to enforcement of licensure and sanitation requirements such as basing the frequency of barber shop inspections upon violation history.

AUDITEE'S RESPONSE

- A. *The board and division concur. Prior to the conclusion of the audit, the board, as well as the Division of Professional Registration, recognized that administrative oversight of the inspectors should be under the direct supervision of the Missouri State Board of Cosmetology. State inspectors are now only responsible for inspecting barber and cosmetology establishments. Also, additional tracking procedures and reconciliations for annual inspections have been developed and will be used to identify overdue inspections in the future.*
- B. *With the implementation of the new tracking procedure and reconciliations, the board believes that inspections of all barber shops will be completed annually and barber schools will be inspected at least twice a year. In the event the board finds that the inspectors are unable to meet these goals, the board will consider alternative approaches to conducting inspections based on the establishment's violation history.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF PROFESSIONAL REGISTRATION
STATE BOARD OF BARBER EXAMINERS
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The State Board of Barber Examiners was created by an Act of the Legislature approved May 5, 1899, entitled "An act to establish a board of examiners for barbers and to regulate the occupation of a Barber in this state and to prevent the spreading of contagious diseases."

The board consists of three licensed practicing barbers and one public member. Board members are appointed by the Governor with the advice and consent of the Senate.

The responsibility of the board is to adopt and revise, as necessary, sanitary rules and regulations necessary to prevent the spread of contagious and infectious diseases in barber shops and barber schools; prescribe minimum standards for educating students of barbering, examine for licensure all qualified candidates, and renew the licenses of qualified applicants; respond to consumer complaints; make investigations and bring formal complaints against licensees who violated the barber law; license barber schools and barber shops which have met requirements for licensure, as well as provide for the inspections of barber schools and barber shops to insure compliance with the sanitary regulations.

It is the objective of the board to protect the public by ensuring that only qualified persons are examined and licensed to practice barbering in clean sanitary shops; and that the course of study in barber schools adequately prepares persons to practice barbering.

The board, which licenses barbers, barber shops, schools, instructors, and students, issued 677, 4,762, and 574 licenses during fiscal years 2005, 2004, and 2003, respectively. Licenses are renewed biennially and expire on February 28 of each even-numbered year. The board members as of June 30, 2005 were:

<u>Member</u>	<u>Term Expires</u>
Donald McCulloch, President	May 2006
Jasper Kee, Vice-President	April 2005*
Annie Dixon, Secretary, Public Member	September 2006
Arlene McClendon, Member	April 2008

* Continues to serve until a replacement is appointed.

Board members receive a \$50 per diem compensation and expenses while performing their duties. The board appoints an executive director to perform, on a part time basis, the executive and administrative duties of the board. The Executive Director at June 30, 2005, was Darla Fox. At June 30, 2005, the State Board of Barber Examiners had one full time employee.

Appendix A

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF PROFESSIONAL REGISTRATION
BOARD OF BARBER EXAMINERS FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

	Year Ended June 30,		
	2005	2004	2003
Revenues			
Licenses	\$ 39,491	448,660	37,920
Fees	10,960	9,999	7,504
Penalties	6,855	3,300	4,650
Total Revenues	<u>57,306</u>	<u>461,959</u>	<u>50,074</u>
Expenditures			
Travel	8,090	7,960	11,254
Supplies, Postage and Other	13,706	3,556	9,124
Professional development	2,195	965	400
Services	6,809	7,330	5,806
Equipment	2,104	0	394
Rental and leases	1,500	1,800	2,100
Transfers (1)	147,539	146,048	138,031
Total Expenditures	<u>181,943</u>	<u>167,659</u>	<u>167,109</u>
Revenues Over (Under) Expenditures	(124,637)	294,300	(117,035)
Fund Balance - Beginning	571,704	277,404	394,439
Fund Balance - Ending	<u>\$ 447,067</u>	<u>571,704</u>	<u>277,404</u>

- (1) Reimbursement for personnel services, employee benefits, and allocated share of DPR operational costs that are paid from other funds.

Appendix B

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF PROFESSIONAL REGISTRATION
BOARD OF BARBER EXAMINERS FUND
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

		Year Ended June 30,								
		2005			2004			2003		
		Appropriation	Lapsed		Appropriation	Lapsed		Appropriation	Lapsed	
		Authority	Expenditures	Balances	Authority	Expenditures	Balances	Authority	Expenditures	Balances
BOARD OF BARBER EXAMINERS FUND										
Board of Barber Examiners	\$	39,271	34,404	4,867	38,271	21,611	16,660	38,271	29,078	9,193
Total Board of Barber Examiners Fund	\$	39,271	34,404	4,867	38,271	21,611	16,660	38,271	29,078	9,193

Appendix C

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF PROFESSIONAL REGISTRATION
BOARD OF BARBER EXAMINERS FUND
COMPARATIVE STATEMENT OF EXPENDITURES
(FROM APPROPRIATIONS) AND TRANSFERS

	Year Ended June 30,		
	2005	2004	2003
Travel:			
In-State	\$ 4,339	4,403	7,496
Out-of-State	3,751	3,557	3,758
Supplies, including Postage	13,220	3,254	8,755
Professional development	2,195	965	400
Communication services and supplies	663	596	581
Services:			
Professional	5,552	6,116	4,607
Maintenance, repair & janitorial	594	618	618
Equipment:			
Computer	1,355	0	394
Office	749	0	0
Rentals and leases	1,500	1,800	2,100
Miscellaneous expenses	486	302	369
Transfers (1)	147,539	146,048	138,031
Total Expenditures	\$ <u>181,943</u>	<u>167,659</u>	<u>167,109</u>

- (1) Reimbursement for personnel services, employee benefits, and allocated share of DPR operational costs that are paid from other funds.



Claire McCaskill

Missouri State Auditor

February 2006

St. Louis County
Fire Protection Districts

Years Ended
December 31, 2004 and 2003



Office Of The
State Auditor Of Missouri
Claire McCaskill

February 2006

A review of audits of fire protections districts in St. Louis County has been completed. This review covered the reports for the year ended December 31, 2004 and 2003.

Fire protection districts in St. Louis County are required by law to have biennial audits performed if revenues exceed \$50,000. The State Auditor received, reviewed and accepted 22 reports for the year ended December 31, 2004. However, nine of the twenty-two reports for the year ending December 31, 2004 were received after the June 30, 2005, statutory deadline, with two districts more than 135 days late.

The Kinloch Fire Protection District failed to comply with state law and did not have an audit performed. Based on district records, total receipts were \$49,900 and \$128,000 for the years ended December 31, 2004 and 2003, respectively.

Additional objectives and information are included in this year's review including comparisons of salaries, numbers of employees, and numbers of vehicles between district and city fire departments located in St. Louis County. An evaluation of the 2005 district budgets for compliance with state law was also performed.

In 2004, 18 of 22 districts had increases in their General Fund balances; and the aggregate General Fund balance of all districts increased by 12 percent. In previous reviews, it was noted that several districts had large General Fund balances in relation to expenditures. For 2004, the ratio of unreserved, undesignated fund balance to expenditures has increased for 13 of the 22 fire districts. Although many districts reserved a portion of their General Fund balance for capital improvements and future years' operations, six still had unreserved fund balances greater than one year's cost of operations. As noted in prior reports, the districts should annually re-evaluate the propriety of their tax levies to ensure that excess revenues are not being received and accumulated.

Based on the pension plan notes in the audit reports, 11 districts with defined benefit plans do not have enough estimated actuarial assets to cover the estimated actuarial liability (pension benefits) in their Pension Fund, resulting in an unfunded liability.

There were large variances between pay ranges in district and city fire department employees. Salaries for district Fire Chiefs ranged from \$66,404 to \$136,401, with eight districts having salaries of \$100,000 or more. Salaries for city Fire Chiefs varied from \$49,433 to \$100,829, with two cities having salaries of \$100,000 or more. District firefighter/paramedics and firefighter salaries ranged from \$25,875 to \$94,959, while cities varied from \$30,454 to \$62,042. Overall salaries significantly vary among fire

YELLOW SHEET

districts and are higher than those paid to city employees.

Some fire protection district budgets are not totally in compliance with state law. Several districts did not have budgets for all funds, did not show comparative statements of revenues and expenditures for the two preceding years, did not include a budget message, or did not include a general budget summary. In addition, budgets did not include beginning and projected ending fund balances. Without this information, the districts can not demonstrate compliance with state law requiring a balanced budget.

Also included in the report are over 60 specific recommendations made by independent auditors to improve the overall management of the fire districts. These recommendations included concerns regarding expenditure procedures, various accounting records and procedures, investments and pensions, fixed assets, pledged securities, unclaimed property, budgets, payroll and employee benefits. Of the 65 recommendations made during the 2003, only 33 were implemented, the remaining recommendations were repeated in the 2004 reports.

All reports are available on our website: www.auditor.mo.gov

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION
DISTRICTS IN ST. LOUIS COUNTY

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STATE AUDITOR'S REPORTS



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the General Assembly
and
Boards of Directors of Fire Protection
Districts in St. Louis County

Fire protection districts in St. Louis County are required by Section 321.690, RSMo, to be audited. We have conducted a review of these independent audits of the fire protection districts in St. Louis County. The objectives of this review were to:

1. Evaluate the impact of, and the districts' compliance with, statutory audit requirements and the State Auditor's regulations on the effectiveness of financial reporting and auditing for fire protection districts in St. Louis County.
2. Notify the various fire protection districts and independent auditors of any specifically identifiable reporting deficiencies that should be considered and corrected in future audit reports.
3. Summarize and evaluate the financial data presented for the various fire districts and any comments for improvements made by the independent auditors.
4. Compare district salaries and pay plans, number of employees, and vehicles with the city fire departments located in St. Louis County.
5. Evaluate the district budgets for 2005 and determine their compliance with Section 67.010, RSMo.

Our review was limited to the specific matters described above and was based on selective procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The State Auditor's office has reviewed fire protection districts' audit reports for several years and noted many improvements. It appears that the fire protection districts, on the whole, are working to improve the quality of their financial reporting. Additional objectives (numbers 4 and 5) are new to our report this year with information included in schedules 11 through 14. Comments regarding these objectives and schedules are in the Executive Summary. We solicit from the readers of this report any suggestions for changes or requests for other new information that may benefit those involved with the St. Louis County fire protection districts.

Sincerely,

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire C. McCaskill
State Auditor

December 9, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA
In-Charge Auditor:	David W. Gregg
Audit Staff:	Michelle Franken

EXECUTIVE SUMMARY

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION
DISTRICTS IN ST. LOUIS COUNTY
EXECUTIVE SUMMARY

Section 321.690, RSMo, requires all fire protection districts with revenues in excess of \$50,000 annually to cause an audit to be performed on a biennial basis. For those districts with annual revenues of less than \$50,000, the State Auditor may exempt the district from the audit requirement, if the appropriate reports are filed.

The Kinloch Fire Protection District failed to comply with this statute and did not have a biennial audit performed for the two years ending December 31, 2004. Based on district records, approximately \$49,900 and \$128,000 in total receipts were received for the years ending December 31, 2004 and 2003, respectively. Total receipts include property tax receipts, federal grants, and miscellaneous fees received by the district.

For those districts for which an audit is required, the district must file a copy of the completed audit report and management letter with the State Auditor within six months after the close of the fiscal year. The audit reports and management letters are reviewed to determine that they are prepared according to guidelines contained within the Code of State Regulations (CSR) (Section 15 CSR 40-4). Any weaknesses noted during the review are communicated to the districts by letter. Should the weaknesses be of a serious enough nature to require the report to be amended, the district is granted a ninety-day period from the date of notification by the State Auditor to correct the report. The State Auditor accepted all 22 reports that were received for the years ended December 31, 2004 and 2003. However, instances of non-compliance including the lack of district responses to recommendations, the lack of follow up to previous recommendations, and the lack of complete and adequate footnote disclosures were still noted. These problems were communicated to the applicable fire protection district auditors. In addition, six districts did not submit copies of engagement letters to the State Auditor as required by 15 CSR 40-4.010.

Nine of the 22 reports for the year ending December 31, 2004, were received after the June 30, 2005, statutory deadline. One of these reports was received on December 5, 2005 (158 days late) and another was received on November 15, 2005 (138 days late.) Three reports for the year ending December 31, 2003, were received after the June 30, 2004, statutory deadline. The following table shows the districts that failed to meet the statutory deadline each year.

<u>District</u>	<u>2004 Report Received</u>	<u>2003 Report Received</u>
Eureka	August 26, 2005	
Florissant Valley	August 29, 2005	
Kinloch	No report received	No report received
Lemay	August 30, 2005	
Maryland Heights	August 29, 2005	
Metro North	December 5, 2005	
Monarch		November 2, 2004
Normandy	November 15, 2005	September 20, 2004
Pattonville/Bridgeton Terrace		July 12, 2004
Riverview	July 13, 2005	
Spanish Lake	August 10, 2005	
West Overland	September 9, 2005	

Districts and auditors indicated that the delinquent reports were, in part, a result of the implementation of Governmental Accounting Standards Board (GASB) 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, which required additional work. While not only required by statute, timely audits also provide information to the board and district taxpayers on the financial status of the district and ways to improve the management of the district. Fire district board members should ensure that audits are completed by the statutory deadline.

In 2004, 18 of 22 districts had increases in their General Fund balances, and the aggregate General Fund balances of all districts increased by 12 percent. Three districts had a voter approved increase in their General Fund tax levies and another 11 districts had slight increases in their tax levy due to decreased assessed valuations and the adjustments for Article X, Section 22 of the Missouri Constitution (commonly referred to as the Hancock Amendment) in 2004.

Since property tax is the main source of revenue, and is received at the end of each year, districts need larger fund balances to provide an adequate cash flow. However, 17 districts have fund balance to expenditures ratios greater than one which indicates the total fund balance is greater than one year's cost of operations (in 2003, 14 districts had ratios greater than one). In addition, although a large number of these districts have reserved or designated a portion of their 2004 fund balances for new firehouses, additional equipment, future years' operations and other uses, six still have unreserved, undesignated fund balances greater than one year's cost of operations (in 2003, four districts had ratios greater than one). This is reflected in the table below.

Fund Balances to Expenditures Ratio

<u>District</u>	<u>2002</u>		<u>2003</u>		<u>2004</u>	
	<u>Total</u>	<u>Unreserved/ Undesignated</u>	<u>Total</u>	<u>Unreserved/ Undesignated</u>	<u>Total</u>	<u>Unreserved/ Undesignated</u>
Affton	1.51	1.22	1.36	1.30	1.44	1.34
Black Jack	1.05	0.94	0.84	0.74	1.23	0.92
Community	1.24	0.44	1.26	0.47	1.30	0.66
Creve Coeur	1.88	1.16	2.30	1.62	2.47	1.57
Eureka	0.82	0.82	0.83	0.83	0.77	0.77
Fenton	1.34	1.25	1.33	1.16	1.58	1.35
Florissant Valley	0.95	0.01	1.04	0.15	2.30	0.84
Lemay	0.86	0.86	0.66	0.66	1.02	1.02
Maryland Heights	2.04	1.13	1.72	0.94	1.96	0.95
Mehlville	0.98	0.76	1.16	0.92	1.42	1.42
Metro North	0.84	0.84	0.88	0.88	0.90	0.90
Metro West	0.80	-0.05	0.90	0.12	0.97	0.03
Mid-County	1.01	1.01	0.90	0.90	0.87	0.87
Monarch	1.17	0.08	0.97	0.13	1.15	1.15
Normandy	1.07	0.12	1.50	0.20	1.29	0.43
Pattonville/Bridgeton						
Terrace	1.27	0.95	1.13	0.75	1.45	0.72
Riverview	1.66	0.42	1.55	0.41	1.42	0.42
Robertson	1.79	0.87	1.63	0.73	1.70	0.90
Spanish Lake	0.98	0.98	0.87	0.87	0.86	0.86
Valley Park	1.18	1.07	1.40	1.20	1.16	0.97
West County EMS	1.40	0.37	1.31	0.30	1.29	0.21
West Overland	1.80	0.84	1.65	0.87	1.83	0.83

During the year ending December 31, 2004, the ratio of unreserved, undesignated fund balance to expenditures has increased for 13 of the 22 fire districts. In addition, three fire districts have had unreserved/undesignated ratios greater than one for the last several years. As noted in previous reports, the districts should annually re-evaluate the propriety of their tax levies to ensure that excess revenues are not being received and accumulated.

Ten of the 22 districts had increases in their Ambulance Fund balances in 2004 resulting in an aggregate increase of approximately 15 percent. Nine districts experienced an increase in their tax levy due to decreased assessed valuations and the adjustments for Article X, Section 22 of the Missouri Constitution (commonly referred to as the Hancock Amendment). While most Ambulance Fund balances appear reasonable, eight districts have fund balances greater than one year's expenditures. Fire protection districts should assess their need for large balances. In addition, Florissant Valley and Maryland Heights Fire Protection Districts had negative balances in the Ambulance Fund. The independent auditor for Maryland Heights has made recommendations in several prior reports regarding the negative balance; however, no recommendation was noted in the Florissant Valley audit report. Maryland Heights Fire Protection District obtained a voter approved tax levy increase to their Ambulance Fund in 2005.

Twelve of the 22 districts had increases in their Dispatching Fund balance in 2004. However, the aggregate increase was less than 1 percent. The aggregate increase in revenues was offset by the increase in dispatching fees paid, resulting in the minimal change in the fund balances. Seven districts had fund balances greater than one year's expenditures. The Eureka and Maryland Heights Fire Protection Districts reduced their tax levies in 2004. In addition, the Mehlville Fire Protection District reduced its dispatching fund tax levy to zero in 2005. Districts should continue to assess their need for large balances.

Revenues of the Fiduciary Funds decreased 27 percent in 2004 despite the fact that nine districts increased their Pension Fund tax levy. Several factors led to the decrease. The accounting presentation for the Monarch Fire Protection District was changed and the monies held in trust for the employees were not presented along with the investment earnings on those funds in 2004. Some districts had large distributions from their pension funds in 2003 causing decreased investment income in 2004. Other districts also had losses in investment earnings. Deductions from such funds decreased by 5 percent, apparently due to reductions in the benefits paid.

Based on the pension plan notes in the audit reports, 11 of the 12 districts with defined benefit plans do not have enough estimated actuarial assets to cover the estimated actuarial liability (pension benefits) in their Pension Fund, resulting in an unfunded liability. The West Overland Fire Protection District has a defined benefit plan but failed to report the funding progress in the audit report notes. The remaining districts have defined contribution plans, in which no liability typically exists above that of the assets accumulated. The table below focuses on the unfunded liabilities of the district's with defined benefit plans.

Defined Benefit Plan Funding Progress

<u>District</u>	<u>Estimated Actuarial Value of Assets</u>	<u>Estimated Actuarial Liability</u>	<u>Estimated Unfunded Liability</u>	<u>Projected Funded Ratio</u>
Afton	\$4,241,547	6,482,133	(2,240,586)	65.4%
Black Jack	4,739,666	7,412,655	(2,672,989)	63.9%
Creve Coeur*	3,864,648	7,804,219	(3,939,571)	49.5%
Eureka	4,437,365	4,751,686	(314,321)	93.4%
Fenton	16,635,685	17,055,644	(419,959)	97.5%
Florissant Valley	6,506,405	12,787,246	(6,280,841)	50.9%
Mehlville*	38,046,481	43,378,524	(5,332,043)	87.7%
Metro West	22,539,751	32,689,199	(10,149,448)	69.0%
Mid-County*	738,785	1,340,837	(602,052)	55.1%
Pattonville/Bridgeton				
Terrace	12,527,319	17,372,554	(4,845,235)	72.1%
Valley Park	1,817,469	1,832,981	(15,512)	99.2%
West Overland*	**	**	**	**

Note: Information presented for the Pattonville/Bridgeton Terrace is as of January 1, 2004, their last actuarial valuation.

*These districts also have a Defined Contribution Plan.

**Information for West Overland was not included in their audit report.

In 7 of these 11 districts, the funded ratio is less than 80 percent. Even though six of these seven districts have increased their funded ratio from the previous year, it appears many of these districts are having problems adequately funding their liability.

There are 14 districts that have Capital Projects Funds which are funded with proceeds from bonds (see subsequent paragraph), certificates of participation (COPS) [Affton and Mehlville have issuances of COPS] and/or transfers from other district funds. Each district's Capital Projects Fund accounts for these financial resources to be used for the acquisition, construction, and/or renovation of major capital assets. Several districts currently have commitments to purchase or have already purchased fire trucks, ambulances, and other equipment. In addition, several districts have begun to or have plans to renovate their old fire houses or construct new or additional fire houses. The balances in these funds should be considered when analyzing the fund status of the district. Six districts that have total General Fund balance to expenditures ratios greater than one also have Capital Projects Funds with balances of over \$1 million at December 31, 2004.

Seventeen districts have outstanding bond debt. Two of these districts issued general obligation bonds totaling \$1.8 million in 2004. The bond principal and interest payments are to be funded by a dedicated tax. When districts are setting their debt service levies each year, they should ensure amounts available and to be collected are sufficient only to meet necessary obligations. Based on Eureka Fire Protection District's ending balance at December 31, 2004, and their 2005 obligation, it appears their debt service levy is excessive. In addition to the outstanding bond debt, two districts have outstanding certificates of participation (COPS).

Districts realized an increase in land and buildings; however, an overall decrease in the net Capital Assets balances was due to the implementation of GASB 34, which requires districts to report depreciation on capital assets. Since this was the first time that districts were required to report depreciation on capital assets, there is a large decrease in the net Capital Asset balance.

Assessed valuations have decreased slightly (less than 1 percent) from 2003 to 2004. The combined tax levies have increased approximately 6 percent.

Audit fees have slightly increased for most districts during fiscal years 2004 and 2003 with the apparent reason for most of the increase due to the implementation of GASB 34, which required additional work performed by independent auditors.

Fourteen of the 22 districts reported slight increases in the compensation paid to directors for the year ended December 31, 2004; the aggregate increase was approximately 5 percent. Director compensation is based on the number of meetings attended. Apparently, the number of meetings held varies by district.

There are large variances in pay ranges in district and city employees. In addition, the names or titles of various positions differ between districts and cities. Salaries for district Fire Chiefs ranged from \$66,404 to \$136,401, with eight districts having salaries of \$100,000 or more. Salaries for city Fire Chiefs varied from \$49,433 to \$100,829, with two cities having salaries of \$100,000 or more. Approximately 63 percent of district and 67 percent of city employees are

either firefighters or firefighter/paramedics. District firefighter/paramedics and firefighter salaries ranged from \$25,875 to \$94,959, while cities varied from \$30,454 to \$62,042. Overall salaries significantly vary among districts and are higher than those paid to city employees.

Cars, sport utilities, pickups, and vans make up 44 to 46 percent of both district and city vehicles, while fire apparatus, rescue trucks, and brush trucks make up 54 to 56 percent of vehicles. Minor differences were noted between the number and types of vehicles

Budgets are not being completed in compliance with Section 67.010, RSMo. Five districts did not prepare a budget for all funds. Eight of the 22 districts did not show comparative statements of revenues and expenditures for the two preceding years as required and 10 of the 22 districts did not include a budget message describing the important features of the budget and major changes from the previous year. Budgets did not include a general budget summary for 7 of the 22 districts.

Section 67.010, RSMo, requires each political subdivision of the state to prepare annual budgets with specific information. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A complete budget should include appropriate revenue and expenditure estimates by classification, and include the beginning available resources and reasonable estimates of the ending available resources for all funds. The budget should also include a budget message and a budget summary.

Budgets did not include beginning and projected ending fund balances. For 13 of 22 districts, fund balances were not included in the budgets. In addition, 6 of the 13 districts' budgets indicated expenditures exceeding revenues for one or more funds. Section 67.010, RSMo, states that in no event shall the total budgeted expenditures from any fund exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year. By not including the budgeted beginning and ending fund balances, the districts can not demonstrate compliance with this requirement and can not accurately present the financial position of the districts. In addition, 11 of the 22 audit reports did not include the budgeted fund balances in the budget to actual statements presented.

Some audit reports did not include budget to actual statements for all funds included on the government-wide financial statements. While several reports had budget to actual statements for the Dispatch and Debt Service Funds, others did not.

Independent auditors made specific recommendations to improve the overall management of the fire districts. However, many of the budget comments were not included in audit reports. In total, over 60 recommendations were made to the various districts. Recommendations included concerns regarding expenditure procedures, various accounting records and procedures, investments and pensions, fixed assets, pledged securities, unclaimed property, budgets, payroll and employee benefits, and other various policies and procedures. Of the 65 recommendations made during the 2003 audits, only 49 percent (33) were implemented in 2004. The remaining recommendations were repeated in the 2004 reports. Each fire district should review all of the recommendations and their applicability to their individual district and implement these

recommendations in an efficient and timely manner. Also, consideration should be given by individual districts to have their independent auditor review any areas where risk and citizen concern may be evident.

SCOPE AND METHODOLOGY

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY SCOPE AND METHODOLOGY

Scope

For the two years ended December 31, 2004, there were 23 fire protection districts in St. Louis County. Audit reports were received for 22 districts each year. The Kinloch Fire Protection District failed to comply with Section 321.690, RSMo, and did not have a biennial audit performed for the two years ending December 31, 2004. Based on district records, approximately \$49,900 and \$128,000 in total receipts were received for the years ending December 31, 2004 and 2003, respectively. In 2003, the Chesterfield Fire Protection District was renamed the Monarch Fire Protection District. In 2004, the Moline Fire Protection District was renamed the Metro North Fire Protection District.

Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, established effective dates for the fire districts based on their size. Four fire protection districts implemented GASB 34 in 2003 and the remaining 18 implemented GASB 34 in 2004. As a result of the implementation of GASB 34, the independent audit report format for fire districts changed.

During our review we: 1) considered Section 321.690, RSMo (Appendix A), 15 CSR 40-4 (Appendix B), and audit reports submitted to the State Auditor by the various fire districts for the years ended December 31, 2004 and 2003, 2) reviewed the supporting working papers of various independent auditors' reports for the year ended December 31, 2004 (information contained in the working papers constitutes the principal record of work the auditor has accomplished and provides evidence for conclusions that he has reached concerning significant matters), 3) obtained completed questionnaires from each of the fire protection districts regarding number of employees and salary levels, size of the district, vehicles, and audit fees, 4) obtained completed questionnaires from cities in St Louis County that have a fire department regarding number of employees and salary levels, size of the district, and vehicles, and 5) Obtained copies of the fire protection districts' 2005 budgets and evaluated them against the requirements in Section 67.010, RSMo, and 6) verified dispatching fees paid by the fire protection districts with the service contract providers.

Methodology

We compiled the following schedules to accomplish the objectives of this report:

- Schedule 1 presents revenues, expenditures, and fund balance for the General Funds in a combined format. The General Fund is the general operating fund of the district and is used to account for all resources except those accounted for in other funds.
- Schedule 2 presents revenues, expenditures, and fund balance for the Ambulance Funds in a combined format. This fund is a special revenue fund which is used to account for the

proceeds of a special tax levy which is restricted for ambulance operations. In addition, ambulance fees are charged by 17 of the 18 districts which offer ambulance services.

- Schedule 3 presents revenues, expenditures, and fund balance for the Dispatching Funds in a combined format. This fund is a special revenue fund which is used to account for the proceeds of a special tax levy which is restricted to dispatch operations. This is commonly accomplished by means of a contractual agreement with outside entities which provide dispatching services for several districts.
- Schedule 4 presents additions, deductions, and fund balance for Employee Benefit Funds in a combined format. This fiduciary fund accounts for assets held in trust by the fire district or by an outside agency for the payment of retirement benefits and long-term disability benefits to eligible fire fighters. The funds' primary sources of revenue are property taxes and investment income.
- Schedule 5 presents revenues, expenditures, and fund balance for the Capital Project Funds in a combined format. This fund is used to account for the revenues and expenditures needed to finance the acquisition or construction of capital assets and improvements. The primary sources of revenues for this fund are bond proceeds, certificate of participation proceeds, investment income, and transfers from other funds.
- Schedule 6 presents the operations of the Debt Service Funds for the year ended December 31, 2004 and 2003, the amount of bonds outstanding (principal only), and the debt obligations of the districts for 2005 (principal and interest). This fund is used to account for the accumulation of resources for the payment of general long-term debt principal and interest. The legal debt limit for a fire protection district is five percent of the fire protection district's assessed valuation. The reports submitted show that all fire protection districts with outstanding debt were within their statutory limits.
- Schedule 7 presents the capital asset balances of the districts at December 31, 2004 and 2003. The schedule represents capital assets acquired or constructed for general governmental purposes that are reported as expenditures in the fund that financed the acquisition or construction and capitalized at historical cost or estimated historical cost if actual historical cost is not available.
- Schedule 8 presents the assessed valuations of the individual fire protection districts as well as combined tax levies for each of the districts' various funds as reported in the audit reports for the years ended December 31, 2004 and 2003. For a listing of individual tax levies for districts see report number 2004-102, Review of 2004 Property Tax Rates, and report number 2003-124, Review of 2003 Property Tax Rates.
- Schedule 9 is a listing of the audit fees and the name of the audit firm for each fire protection district for the years ended December 31, 2004 and 2003. This information was obtained from a questionnaire sent to the districts.

- Schedule 10 is a listing of total compensation paid to the fire district directors by each district during the years ended December 31, 2004 and 2003. The independent audit reports included the names of the principal officeholders during the years ended December 31, 2004 and 2003 and the compensation received by each official in the performance of his or her duty as established by Sections 321.190 and 321.603, RSMo. There were instances when more than three names would be listed; however, this was due to a change in the officials serving on the board.

For Schedules 11 thru 13, district and city information is presented based on size. For districts, we based this on several factors combined including the number of square miles covered by the district, the 2004 General Revenue expenditures, the 2004 assessed valuations, and the number of employees. We did the same for cities using the following criteria; the number of square miles covered by the department, the 2004 assessed valuations, and the number of employees in the department. Information in Schedules 11 through 13 was obtained through a questionnaire sent to districts and cities.

- Schedules 11-A and 11-B present district and city salaries and pay levels as of December 31, 2004. Information presented for some districts and departments is actual amounts paid at these levels while for others the amounts represent base pay. In addition to the base pay, these employees may receive longevity pay, overtime pay, and additional benefits.
- Schedules 12-A and 12-B present the number of district and city employees by classification as of December 31, 2004.
- Schedule 13 presents the number and types of district and city vehicles as of December 31, 2004.
- Schedule 14 presents budget compliance with Section 67.010, RSMo, for the 2005 budgets obtained from the districts.
- Schedule 15 is a summary of the various comments contained in the independent auditor's reports on compliance and internal control and in the management letters submitted to the State Auditor for the year ended December 31, 2004. These comments apply to individual fire protection districts unless otherwise noted. These comments extracted from the reports and management letters were not verified by the State Auditor's Office via additional audit procedures for accuracy, validity, or completeness.

Interfund and equity transfers are included in the revenue and expenditure numbers on Schedules 1 through 6. Schedules 1, 2, 3, 5 and 6 represent governmental type funds and are accounted for on the modified accrual basis of accounting. The modified accrual basis recognizes revenues in the period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred. Schedule 4 represents a fiduciary fund and is accounted for on the accrual basis of accounting. The accrual basis recognizes revenues when they are earned and expenses when they are incurred.

Limitations

Some data presented in the schedules was compiled from information submitted by the various fire districts and cities and their independent auditors and was not verified by us via additional audit procedures. In analyzing these schedules, some disparity will result due to the different methods of presenting essentially the same information. Reasons for some problems in comparison are:

- 1) The Pension Fund is presented differently by the fire districts. Ten districts offer defined contribution plans and eight offer defined benefit plans. Three districts offer both types and another offers a defined contribution plan and a supplemental defined benefit plan.

Pension Revenue Funds for Affton, Community, Mehlville, Pattonville/Bridgeton Terrace, Spanish Lake and Valley Park Fire Protection Districts were not included in Schedule 4. These funds are revenue funds which present the pension levy taxes received and the payments to the fiduciary Pension Fund presented in Schedule 4. In two of these districts (Affton and Mehlville) revenues equaled expenditures and no fund balance was presented for this revenue fund; however, the remaining four districts did have fund balances at year end in these funds. Information pertaining to these fire district funds can be obtained from the applicable fire district.

In addition, four districts' (Lemay, Monarch, Normandy, and West County) audit reports do not include monies held in trust for employees in their fiduciary pension funds.

- 2) Some districts may have major bond issues or certificate of participation issues to finance capital improvements or major asset purchases. The proceeds from these monies are placed in a Capital Improvement Fund. Other districts save for these expenditures instead of issuing related debt by transferring monies to a Capital Improvement Fund or reserving the monies in the General Fund.
- 3) Some districts collect user fees and others may not.
- 4) Some districts have significant transfers to and from funds which causes disparity in comparison.
- 5) Some districts have reallocated expenses from the General Fund to the Ambulance Fund in an attempt to more accurately represent the actual use. This has caused increases in General Fund balances and decreases in Ambulance Fund balances.

In addition, the medical self-insurance/benefit funds (internal service funds) of the Eureka, Lemay, and Monarch Fire Protection Districts, and the deferred compensation fund (an agency fund) of the Riverview Fire Protection District have not been presented in the schedules noted

above. Information pertaining to these fire district funds can be obtained from the applicable fire district.

SCHEDULES

Schedule 1

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCE -
 GENERAL FUNDS

District	Year Ended December 31,							
	2003				2004			
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Adjustments *	Revenues	Expenditures	Ending Fund Balance
Affton	\$ 3,543,494	3,891,111	3,151,868	4,282,737	0	3,738,939	3,287,704	4,733,972
Black Jack	3,871,415	3,475,885	4,002,588	3,344,712	0	5,373,990	3,907,914	4,810,788
Community	5,462,203	4,739,135	4,512,507	5,688,831	0	5,150,963	4,712,786	6,127,008
Creve Coeur	17,391,079	7,105,253	7,433,748	17,062,584	0	7,111,046	6,969,375	17,204,255
Eureka	1,451,999	1,861,046	1,810,667	1,502,378	0	1,979,556	1,972,180	1,509,754
Fenton	4,803,695	4,525,004	4,001,804	5,326,895	0	5,576,322	4,231,591	6,671,626
Florissant Valley	4,831,722	4,549,721	4,607,728	4,773,715	0	5,369,867	3,077,444	7,066,138
Lemay	1,152,232	1,578,161	1,645,168	1,085,225	0	1,405,395	1,231,275	1,259,345
Maryland Heights	10,327,324	4,637,127	5,505,312	9,459,139	0	4,961,637	4,876,864	9,543,912
Mehlville	11,212,468	10,296,937	9,963,583	11,545,822	921,210	13,011,471	10,517,789	14,960,714
Metro North	1,204,097	1,389,595	1,382,094	1,211,598	0	1,511,524	1,433,026	1,290,096
Metro West	6,408,647	8,883,097	8,068,545	7,223,199	62,118	8,160,815	7,860,254	7,585,878
Mid-County	1,848,996	1,846,247	1,941,058	1,754,185	0	1,955,418	1,983,276	1,726,327
Monarch	11,061,334	8,094,922	9,839,494	9,316,762	0	9,721,502	8,850,215	10,188,049
Normandy	2,272,026	2,793,296	2,022,804	3,042,518	0	2,482,733	2,417,120	3,108,131
Pattonville/Bridgeton Terrace	6,750,937	7,154,871	6,516,007	7,389,801	0	8,076,857	6,300,622	9,166,036
Riverview	2,579,584	1,714,317	1,684,308	2,609,593	0	1,794,674	1,817,779	2,586,488
Robertson	4,869,040	2,445,524	2,785,842	4,528,722	0	3,835,890	3,094,242	5,270,370
Spanish Lake	2,019,339	1,946,446	2,115,619	1,850,166	0	2,397,665	2,285,658	1,962,173
Valley Park	1,770,430	1,268,881	1,266,092	1,773,219	0	1,635,711	1,581,093	1,827,837
West County EMS	7,194,217	4,757,943	5,174,225	6,777,935	25,564	4,978,933	5,143,688	6,638,744
West Overland	2,294,871	1,142,421	1,296,676	2,140,616	0	1,456,965	1,272,315	2,325,266
Total	\$ 114,321,149	90,096,940	90,727,737	113,690,352	1,008,892	101,687,873	88,824,210	127,562,907

* Prior period adjustments made by the CPA firms.

Schedule 2

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCE
 SPECIAL REVENUE FUNDS-AMBULANCE

District	Year Ended December 31,							
	2003				2004			
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Adjustments *	Revenues	Expenditures	Ending Fund Balance
Affton	\$ 1,730,362	1,198,708	1,171,822	1,757,248	0	1,302,013	1,124,148	1,935,113
Black Jack	0	0	0	0	0	0	0	0
Community	1,633,609	1,314,001	1,291,847	1,655,763	0	1,396,167	1,576,092	1,475,838
Creve Coeur	68,608	4,120,711	4,189,319	0	0	4,053,977	4,053,977	0
Eureka	742,001	1,087,847	1,095,781	734,067	0	1,227,039	1,223,741	737,365
Fenton	1,862,452	2,663,205	2,217,124	2,308,533	0	3,147,402	2,438,309	3,017,626
Florissant Valley	44,072	2,036,124	2,381,178	(300,982)	0	4,042,530	4,170,944	(429,396)
Lemay	526,151	664,206	613,687	576,670	0	607,955	751,724	432,901
Maryland Heights	(890,484)	1,509,366	1,442,534	(823,652)	0	1,377,479	1,410,042	(856,215)
Mehlville	2,789,303	5,705,292	4,867,821	3,626,774	387,204	6,103,458	4,807,426	5,310,010
Metro North	0	0	0	0	0	0	0	0
Metro West	3,643,902	4,548,787	3,823,703	4,368,986	111,824	4,283,461	3,796,206	4,968,065
Mid-County	0	188,776	188,776	0	0	205,927	205,927	0
Monarch	6,040,526	4,841,002	5,263,450	5,618,078	0	5,823,296	5,236,492	6,204,882
Normandy	633,741	773,993	789,090	618,644	0	736,339	961,237	393,746
Pattonville/Bridgeton Terrace	2,271,956	1,901,539	1,764,804	2,408,691	0	2,226,015	1,770,824	2,863,882
Riverview	0	0	0	0	0	0	0	0
Robertson	425,068	1,168,151	1,751,630	(158,411)	0	2,014,462	1,552,964	303,087
Spanish Lake	0	0	0	0	0	0	0	0
Valley Park	711,650	569,184	585,739	695,095	0	601,403	599,356	697,142
West County EMS	2,910,239	2,132,468	2,278,002	2,764,705	24,392	2,196,436	2,201,220	2,784,313
West Overland	285,232	514,500	659,536	140,196	0	639,285	776,506	2,975
Total	\$ 25,428,388	36,937,860	36,375,843	25,990,405	523,420	41,984,644	38,657,135	29,841,334

* Prior period adjustments made by the CPA firms.

Schedule 3

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARTIVE SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCE-
 SPECIAL REVENUE FUNDS-DISPATCHING

District	Year Ended December 31,							
	2003				2004			
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Adjustments *	Revenues	Expenditures	Ending Fund Balance
Affton	\$ 114,713	118,448	122,972	110,189	0	125,627	129,979	105,837
Black Jack	0	178,433	178,433	0	0	216,739	216,739	0
Community	11	137,477	101,276	36,212	0	149,248	169,249	16,211
Creve Coeur	48,506	542,916	542,916	48,506	0	538,836	538,836	48,506
Eureka	0	72,192	72,192	0	0	87,744	33,824	53,920
Fenton	493,774	327,862	338,193	483,443	0	364,843	327,932	520,354
Florissant Valley	224,502	316,211	281,931	258,782	0	375,320	320,354	313,748
Lemay	22,937	74,400	49,125	48,212	0	69,442	50,647	67,007
Maryland Heights	169,996	566,314	310,785	425,525	(284,509)	289,750	197,617	233,149
Mehlville	1,133,962	828,478	571,572	1,390,868	0	810,169	594,843	1,606,194
Metro North	0	33,631	33,631	0	0	31,329	31,329	0
Metro West	597,640	544,652	665,895	476,397	26,874	725,899	890,617	338,553
Mid-County	18,556	51,677	56,298	13,935	0	53,079	47,897	19,117
Monarch	822,363	709,092	739,527	791,928	0	859,429	805,745	845,612
Normandy	0	72,328	72,328	0	0	65,095	66,118	(1,023)
Pattonville/Bridgeton Terrace	233,005	264,443	337,442	160,006	0	303,449	443,283	20,172
Riverview	0	46,697	46,697	0	0	47,568	47,568	0
Robertson	60,391	99,527	128,262	31,656	0	160,578	157,546	34,688
Spanish Lake	50,116	72,299	56,408	66,007	0	84,754	82,132	68,629
Valley Park	49,173	55,464	63,415	41,222	0	59,517	57,657	43,082
West County EMS	205,868	280,925	176,687	310,106	0	331,134	325,005	316,235
West Overland	41,247	76,313	42,784	74,776	0	100,585	84,532	90,829
Total	\$ 4,286,760	5,469,779	4,988,769	4,767,770	(257,635)	5,850,134	5,619,449	4,740,820

* Prior period adjustments made by the CPA firms.

Schedule 4

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF ADDITIONS, DEDUCTIONS, AND FUND BALANCE-
 FIDUCIARY FUNDS (EMPLOYEE BENEFIT FUNDS)

District	Year Ended December 31,							
	2003				2004			
	Beginning Fund Balance	Additions	Deductions	Ending Fund Balance	Adjustments *	Additions	Deductions	Ending Fund Balance
Affton ***	\$ 3,333,855	823,052	121,187	4,035,720	0	446,868	140,592	4,341,996
Black Jack	3,314,643	1,098,916	257,042	4,156,517	0	945,935	276,277	4,826,175
Community ***	5,314,831	2,063,718	61,670	7,316,879	0	1,872,134	255,715	8,933,298
Creve Coeur	16,687,447	4,052,717	1,303,799	19,436,365	0	2,677,472	457,295	21,656,542
Eureka	3,541,049	727,942	43,121	4,225,870	0	674,762	66,960	4,833,672
Fenton	14,534,443	2,204,453	1,459,128	15,279,768	0	2,217,221	1,097,671	16,399,318
Florissant Valley	5,909,050	1,094,412	1,107,816	5,895,646	0	1,327,617	15,571	7,207,692
Lemay **	138,437	152,187	146,724	143,900	0	140,794	144,363	140,331
Maryland Heights	8,638,849	2,656,624	741,008	10,554,465	284,509	1,998,993	104,525	12,733,442
Mehlville ***	31,327,846	8,396,912	1,918,018	37,806,740	0	4,909,645	3,681,598	39,034,787
Metro North	3,020,091	395,578	13,912	3,401,757	0	437,943	19,036	3,820,664
Metro West	17,406,905	3,440,444	586,745	20,260,604	70,227	2,961,551	735,974	22,556,408
Mid-County	913,209	228,611	4,724	1,137,096	0	198,016	144,353	1,190,759
Monarch **	13,668,005	4,855,474	2,493,199	16,030,280	(16,030,280)	1,880,776	1,880,776	0
Normandy **	218,195	181,493	191,597	208,091	0	162,762	169,380	201,473
Pattonville/Bridgeton Terrace ***	10,141,614	3,344,155	158,262	13,327,507	(753,406)	3,082,397	693,227	14,963,271
Riverview	1,718,487	806,154	74,106	2,450,535	0	531,400	20,130	2,961,805
Robertson	3,901,943	1,623,210	92,047	5,433,106	0	1,296,406	3,201	6,726,311
Spanish Lake ***	3,902,311	884,154	57,985	4,728,480	62,820	574,992	311,481	5,054,811
Valley Park ***	1,563,428	307,174	19,624	1,850,978	0	341,021	17,171	2,174,828
West County EMS**	383,199	785,530	775,561	393,168	48,096	735,331	797,637	378,958
West Overland	4,227,501	1,068,479	106,611	5,189,369	0	709,163	122,957	5,775,575
Total	\$ 153,805,338	41,191,389	11,733,886	183,262,841	(16,318,034)	30,123,199	11,155,890	185,912,116

* Prior period adjustments made by the CPA firms.

** Monies held for employees are not included in the financial statements.

*** Districts have a Pension Revenue Fund that is not included on this schedule.

Schedule 5

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND FUND BALANCE-
 CAPITAL PROJECT FUNDS

District	Year Ended December 31,						
	2003				2004		
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Revenues	Expenditures	Ending Fund Balance
Affton	\$ 6,620,325	75,504	2,769,416	3,926,413	27,990	2,387,852	1,566,551
Black Jack	4,277,878	4,066,783	509,751	7,834,910	85,206	1,240,553	6,679,563
Community	4,836,271	5,056,651	555,102	9,337,820	129,545	1,136,610	8,330,755
Creve Coeur	0	0	0	0	0	0	0
Eureka	1,247,618	8,109	1,083,030	172,697	3,124	129,359	46,462
Fenton	0	0	0	0	0	0	0
Florissant Valley	4,870,280	46,889	617,284	4,299,885	34,766	1,626,643	2,708,008
Lemay	0	0	0	0	0	0	0
Maryland Heights	0	0	0	0	0	0	0
Mehlville	0	0	0	0	0	0	0
Metro North	155,684	788	65,344	91,128	344	6,170	85,302
Metro West	2,114,399	7,388,533	2,248,816	7,254,116	167,309	1,026,525	6,394,900
Mid-County	3,885,586	31,370	1,204,228	2,712,728	1,029,697	2,595,588	1,146,837
Monarch	16,256	237	0	16,493	4,347,953	72,836	4,291,610
Normandy	0	0	0	0	0	0	0
Pattonville/Bridgeton Terrace	0	0	0	0	0	0	0
Riverview	624,008	2,261	377,763	248,506	1,798	73,628	176,676
Robertson	1,103,510	197,027	420,719	879,818	9,096	30,449	858,465
Spanish Lake	938,992	2,922	526,964	414,950	360	96,728	318,582
Valley Park	0	0	0	0	0	0	0
West County EMS	6,864,985	2,057,257	4,018,077	4,904,165	42,107	2,030,368	2,915,904
West Overland	1,981,629	18,835	222,995	1,777,469	808,352	628,801	1,957,020
Total	\$ 39,537,421	18,953,166	14,619,489	43,871,098	6,687,647	13,082,110	37,476,635

Schedule 6

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 SCHEDULE OF REVENUES, EXPENDITURES, FUND BALANCE, AND BOND OBLIGATIONS-
 DEBT SERVICE FUNDS

District	Year Ended December 31,							Outstanding	
	2003				2004			2005	December 31, 2004
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Revenues	Expenditures	Ending Fund Balance	Obligations	
Affton*	\$ 0	0	0	0	0	0	0	0	0
Black Jack	917,506	958,278	660,426	1,215,358	706,776	614,021	1,308,113	613,756	8,275,000
Community	1,079,019	1,116,960	777,478	1,418,501	756,535	763,869	1,411,167	693,919	9,025,000
Creve Coeur	0	0	0	0	0	0	0	0	0
Eureka	477,564	386,173	267,812	595,925	395,359	267,903	723,381	272,306	2,885,000
Fenton	0	0	0	0	0	0	0	0	0
Florissant Valley	1,056,437	538,805	922,141	673,101	386,254	377,838	681,517	294,363	4,025,000
Lemay	271,929	172,323	155,986	288,266	127,106	158,182	257,190	159,069	300,000
Maryland Heights	0	0	0	0	0	0	0	0	0
Mehlville*	0	0	0	0	0	0	0	0	0
Metro North	124,604	60,342	64,690	120,256	57,336	63,856	113,736	62,530	410,000
Metro West	0	1,216,593	104,928	1,111,665	1,357,848	831,181	1,638,332	831,940	6,710,000
Mid-County	474,408	447,163	417,063	504,508	630,848	281,428	853,928	413,026	4,625,000
Monarch	761,230	1,366,111	425,831	1,701,510	839,188	1,875,269	665,429	581,032	4,300,000
Normandy	91,700	108,954	70,839	129,815	13,372	70,102	73,085	68,250	65,000
Pattonville/Bridgeton Terrace	438,164	17,729	356,797	99,096	64,009	72,588	90,517	70,688	950,000
Riverview	205,731	174,525	129,345	250,911	181,574	129,960	302,525	129,993	755,000
Robertson	594,815	257,659	344,352	508,122	570,622	356,932	721,812	346,150	2,900,000
Spanish Lake	372,565	485,082	299,608	558,039	379,446	300,731	636,754	301,860	2,475,000
Valley Park	143,507	73,124	71,813	144,818	80,231	73,879	151,170	75,211	210,000
West County EMS	1,303,441	938,016	809,825	1,431,632	1,101,105	835,505	1,697,232	855,006	10,825,000
West Overland	8	386,988	0	386,996	592,743	217,109	762,630	332,959	2,700,000
Total	\$ 8,312,628	8,704,825	5,878,934	11,138,519	8,240,352	7,290,353	12,088,518	6,102,058	61,435,000

* In addition to the bond obligations listed above, the Affton and Mehlville Fire Protection Districts have issued certificates of participation (COPS). As of December 31, 2004, Affton's outstanding COPS balance was \$6,375,000, with a 2005 obligation of \$529,799. Mehlville's outstanding COPS balance and 2005 obligation was \$3,160,000 and \$306,797, respectively.

Schedule 7

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
COMPARATIVE SCHEDULE OF CAPITAL ASSETS

District	December 31, 2004				December 31, 2003			
	Land and Buildings	Furniture and Equipment	Less Accumulated Depreciation	Total	Land and Buildings	Furniture and Equipment	Less Accumulated Depreciation	Total
Affton	\$ 5,286,461	1,403,823	1,223,022	5,467,262	3,145,705	1,366,074	0	4,511,779
Black Jack	1,978,782	1,956,588	1,061,811	2,873,559	928,381	2,276,758	1,266,186	1,938,953
Community	1,615,756	2,020,405	1,739,374	1,896,787	525,908	2,002,302	0	2,528,210
Creve Coeur	9,838,592	3,225,594	2,668,188	10,395,998	9,838,592	2,792,771	2,310,394	10,320,969
Eureka	2,612,440	2,621,093	2,604,724	2,628,809	4,529,630	3,294,429	0	7,824,059
Fenton	3,735,537	2,713,515	2,866,598	3,582,454	3,827,543	2,725,142	0	6,552,685
Florissant Valley	871,103	3,211,124	1,433,839	2,648,388	1,859,545	2,825,831	0	4,685,376
Lemay	1,809,195	888,966	1,126,515	1,571,646	1,783,448	1,013,436	0	2,796,884
Maryland Heights	3,896,115	2,833,306	3,536,455	3,192,966	3,548,051	3,796,528	0	7,344,579
Mehlville	7,822,571	5,951,567	5,512,500	8,261,638	7,704,791	6,042,435	5,117,508	8,629,718
Metro North	203,997	732,597	427,520	509,074	207,631	1,121,288	0	1,328,919
Metro West	7,285,528	5,807,280	4,768,445	8,324,363	6,710,452	5,616,378	4,338,091	7,988,739
Mid-County	3,238,461	1,296,953	681,184	3,854,230	920,093	1,890,105	0	2,810,198
Monarch	11,451,238	6,255,059	7,098,972	10,607,325	11,382,665	6,328,101	6,514,322	11,196,444
Normandy	767,546	1,563,360	1,017,876	1,313,030	767,546	1,884,923	0	2,652,469
Pattonville/Bridgeton Terrace	3,368,033	2,755,926	2,820,081	3,303,878	3,368,033	2,674,571	0	6,042,604
Riverview	1,206,198	1,340,608	1,812,845	733,961	1,169,587	1,273,201	0	2,442,788
Robertson	2,636,987	2,284,982	1,492,837	3,429,132	3,114,947	2,542,959	0	5,657,906
Spanish Lake	2,198,582	1,461,692	792,503	2,867,771	2,190,691	1,745,239	0	3,935,930
Valley Park	1,454,247	1,685,829	1,567,435	1,572,641	1,152,995	1,636,401	0	2,789,396
West County EMS	6,736,288	4,341,280	2,523,764	8,553,804	5,146,701	5,206,758	0	10,353,459
West Overland	1,200,943	3,211,124	1,134,032	3,278,035	318,518	1,251,788	0	1,570,306
Total	\$ 81,214,600	59,562,671	49,910,520	90,866,751	74,141,453	61,307,418	19,546,501	115,902,370

Schedule 8

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF ASSESSED VALUATION AND COMBINED TAX LEVIES
 YEARS ENDED DECEMBER 31, 2004 AND 2003

District	Assessed Valuation		Combined Tax Levy per \$100 of Assessed Valuation							
			Residential		Agricultural		Commercial		Personal Property	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Affton	\$ 422,433,234	425,735,680	1.0390	1.0200	1.5640	1.0640	1.4690	1.0600	1.4320	1.0670
Black Jack	487,892,862	487,768,518	1.2360	1.0650	1.2450	1.0750	1.2450	1.0750	1.2450	1.0750
Community	504,212,566	494,956,942	1.5110	1.6300	0.1310	0.2500	1.5110	1.6300	1.5110	1.6300
Creve Coeur	1,107,498,621	1,115,700,726	0.7940	0.9520	1.0770	1.0830	1.0130	1.0130	1.0540	1.0540
Eureka	270,936,248	261,235,340	1.2500	1.2320	1.2500	1.3300	1.2500	1.2810	1.2500	1.2810
Fenton	856,280,574	892,118,768	0.7700	0.7700	1.0030	0.7700	0.9390	0.8580	0.9470	0.9470
Florissant Valley	697,646,340	702,143,514	1.3270	1.0480	1.3850	1.1270	1.3750	1.0690	1.3520	1.0940
Lemay	148,783,355	147,105,431	1.4370	1.3980	1.4370	1.5020	1.4370	1.4260	1.4370	1.4510
Maryland Heights	561,551,419	573,017,428	1.0900	1.0690	1.1220	1.1300	1.0880	1.0590	1.0980	1.0960
Mehlville	1,872,122,159	1,842,290,688	0.8880	0.8480	1.1910	1.1500	0.9480	0.8810	0.9230	0.8840
Metro North	111,046,301	112,185,284	1.7783	1.4242	0.4040	0.0500	1.7668	1.4103	1.8240	1.4700
Metro West	1,315,351,833	1,354,253,319	1.0660	1.0670	1.2020	1.2090	1.1480	1.1280	1.0980	1.1050
Mid-County	118,505,334	121,210,252	2.1180	2.0030	2.1180	0.3730	2.1180	2.0030	2.1180	2.0030
Monarch	1,599,061,165	1,592,117,370	1.0030	1.0510	1.2200	1.2770	1.0990	1.1150	1.0670	1.1240
Normandy	181,221,802	175,917,208	1.9480	1.9800	1.9480	1.9800	1.9480	1.9800	1.9480	1.9800
Pattonville/Bridgeton Terrace	666,129,262	668,088,391	1.4320	1.4120	1.4320	1.4230	1.4320	1.4220	1.4320	1.4230
Riverview	126,413,271	128,192,993	1.8870	1.9032	1.8860	1.9032	1.8870	1.9032	1.8870	1.9032
Robertson	339,063,841	310,621,208	1.7730	1.6550	1.7730	1.6550	1.7730	1.6550	1.7730	1.6550
Spanish Lake	159,043,023	162,314,062	1.6390	1.7626	1.6359	1.7783	1.4798	1.7960	1.6410	1.7960
Valley Park	199,151,417	205,103,626	1.2400	1.1207	1.3500	1.1207	1.3500	1.1207	1.3500	1.1207
West County EMS	591,727,243	606,344,145	0.9540	0.9280	0.9680	0.9670	0.9820	0.9490	0.9500	0.9500
West Overland	163,270,667	166,981,097	1.4600	1.4300	0.0000	0.2700	1.4600	1.4300	1.4600	1.4300

Schedule 9

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
COMPARATIVE SCHEDULE OF FEES FOR AUDIT SERVICES

District	2004 Audit Firm	2004 Audit Fees	2003 Audit Fees
Affton	Hochschild, Bloom & Co.	\$ 7,200	7,000
Black Jack	Bergman Schraier & Co.	11,200	9,000
Community	Westerheide & Company	14,500	10,000
Creve Coeur	Bergman Schraier & Co.	13,500	15,200
Eureka	McCoy & Associates	7,000	4,775
Fenton	Ahrens & Hoelscher	7,000	7,300
Florissant Valley	McCoy & Associates	13,200	5,850
Lemay	Sailor, Khan & Co.	4,250	3,900
Maryland Heights	McCoy & Associates	6,000	6,000
Mehlville	Hochschild, Bloom & Co.	12,500	14,300
Metro North	McCoy & Associates	5,075	4,775
Metro West*	Hochschild, Bloom & Co.	7,200	20,000
Mid-County	Botz, Deal & Co.	5,700	5,425
Monarch**	Hochschild, Bloom & Co.	12,456	16,220
Normandy	McCoy & Associates	7,000	6,800
Pattonville/Bridgeton Terrace	Schowalter & Jabouri, P.C.	26,399	22,741
Riverview	Don Blair, CPA	2,300	2,300
Robertson	Botz, Deal & Co.	6,400	5,900
Spanish Lake	Kerber, Eck & Braeckel	9,000	6,300
Valley Park	Ahrens & Hoelscher	6,800	6,800
West County EMS	Schowalter & Jabouri, P.C.	15,360	15,675
West Overland	McCoy & Associates	5,800	4,800

*In 2003 the audit was performed by Schowalter & Jabouri, P.C.

**In 2003 the audit was performed by McCoy & Associates.

Schedule 10

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
COMPARATIVE SCHEDULE OF COMPENSATION PAID TO DIRECTORS BY DISTRICT

District	2004	2003
Affton	\$ 20,800	18,383
Black Jack	27,200	27,200
Community	32,000	30,300
Creve Coeur	30,167	25,942
Eureka	7,000	7,000
Fenton	13,800	14,500
Florissant Valley	25,050	28,350
Lemay	26,600	25,550
Maryland Heights	27,183	23,467
Mehlville	17,000	12,204
Metro North	30,800	29,883
Metro West	18,000	13,549
Mid-County	26,200	25,550
Monarch	25,535	23,566
Normandy	27,220	29,915
Pattonville/Bridgeton Terrace	32,000	30,800
Riverview	24,600	22,467
Robertson	31,060	27,200
Spanish Lake	32,000	32,000
Valley Park	15,900	16,100
West County EMS	31,558	32,000
West Overland	29,937	27,200

Schedule 11-A

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
COMPARATIVE SCHEDULE OF DISTRICT SALARIES AND PAY LEVELS
AS OF DECEMBER 31, 2004

District	Chief	Assistant Chief	Deputy Chief	Fire Marshal①	Fire Inspector	Battalion Chief	Captain②	Lieutenant	Firefighter/ Paramedic③	Firefighter④
Mehlville	\$ 121,835	100,376	89,021 to 90,685	87,109	58,449 to 59,552	0	75,976 to 78,129	75,970 to 78,092	71,228 to 73,949	61,593 to 74,630
Monarch	109,958	94,155	89,473	79,138 to 87,902	73,368	87,902	79,138	0	73,386	0
Metro West	115,000	105,928	98,276	0	47,237 to 59,806	93,139 to 97,139	41,049 to 84,956	78,936	60,204 to 71,648	67,478 to 69,687
Creve Coeur	136,401	133,761	124,763 to 127,731	116,924 to 122,784	101,437 to 107,968	103,310 to 112,535	85,314 to 96,335	0	0	58,492 to 89,577
Pattonville/ Bridgeton Terrace	104,770	89,648	97,656	0	0	65,520 to 67,850	58,635 to 83,346	0	36,712 to 58,490	52,395 to 60,590
Fenton	104,720	89,708	86,117 to 88,388	0	41,014	0	76,314 to 80,598	0	65,233 to 70,859	64,812 to 68,481
West County EMS	98,620	0	0	99,939	49,748	71,499 to 98,100	81,634 to 104,578	88,734 to 102,084	43,738 to 94,015	59,294 to 94,959
Florissant Valley	90,401	0	79,368	79,368	0	0	71,383	0	0	45,619 to 66,883
Maryland Heights	105,000	0	89,561 to 94,688	93,691	49,987	0	53,164	0	41,600 to 54,517	46,176 to 53,165
Community	94,048	94,400	0	95,195	0	81,100 to 88,474	78,004 to 88,044	0	38,811 to 90,370	70,811 to 89,792
Black Jack	97,800	0	0	0	0	95,595 to 107,622	81,913 to 92,989	0	0	25,875 to 84,272

District	Chief	Assistant Chief	Deputy Chief	Fire Marshal①	Fire Inspector	Battalion Chief	Captain②	Lieutenant	Firefighter/ Paramedic③	Firefighter④
Eureka	69,435	64,905	59,546	59,546	35,048	54,630	50,119	0	45,981	0
Robertson	101,885	100,108	0	97,195	0	83,240 to 83,990	76,208 to 93,857	74,728 to 75,786	56,278 to 73,906	73,222 to 76,985
Affton	82,992	76,502	0	0	0	0	44,512 to 47,050	43,638	42,702	42,702 to 44,283
Spanish Lake	74,461	72,641	0	0	0	0	55,474	0	0	50,506
Normandy	80,000	0	78,246	0	0	0	55,103	0	51,287	48,947
Valley Park	66,404	59,332	55,120	0	0	0	49,868 to 50,960	0	47,060 to 49,868	26,000 to 47,060
Riverview	74,500	63,000	0	0	0	0	53,000 to 56,000	0	0	31,500 to 51,500
West Overland	82,150	79,065	0	0	0	0	72,119	68,055	66,617	0
Mid-County	83,460	0	49,358	0	0	0	41,434 to 42,931	0	38,418 to 39,458	37,960
Lemay	84,674	0	0	0	0	0	39,707 to 39,582	37,794 to 40,061	0	36,795 to 37,461
Metro North	83,720	68,710	0	0	0	0	63,807	0	0	59,920 to 60,458

①Includes Fire Marshal and Deputy Fire Marshal.

②Includes Captains, Medical Officers, and Captain/Paramedics.

③Includes Paramedics, Engineer/Paramedics, and Paramedic/Firefighters.

④Includes Firefighters, Privates, Firefighter/Engineers, Engineers, and Firefighter/Drivers.

Schedule 11-B

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF CITY SALARIES AND PAY LEVELS
 AS OF DECEMBER 31, 2004

District	Chief	Assistant Chief	Deputy Chief	Fire Marshal	Fire Inspector	Battalion Chief	Captain①	Lieutenant	Firefighter/ Paramedic②	Firefighter③
Kirkwood	\$ 100,000	78,053	0	65,399	0	0	58,122 to 74,869	0	43,996 to 57,054	55,780 to 62,042
University City	76,140 to 88,920	69,384 to 77,100	66,708 to 74,112	0	0	61,620 to 67,872	50,892 to 63,480	0	46,944 to 54,972	42,120 to 49,776
Ladue	79,000 to 95,000	70,000 to 80,000	0	0	0	0	66,855 to 70,345	60,584 to 63,732	43,411 to 59,206	43,411 to 56,134
Webster Groves	85,001	77,088	0	0	0	69,807	42,868 to 62,660	0	42,868 to 59,677	43,235 to 55,176
Hazelwood	81,117	72,095	0	61,069	0	65,871 to 69,060	61,069	0	45,457 to 57,372	53,440 to 57,372
Clayton	83,970	82,056	0	0	0	72,284 to 75,794	63,278 to 65,171	0	43,622 to 59,084	51,339 to 57,867
Berkeley	63,241	0	0	0	0	50,089 to 58,531	41,464 to 48,452	0	32,645 to 42,028	30,454
Des Peres④										
Crestwood	72,101	62,028	0	0	0	0	61,480 to 66,906	49,220 to 50,645	44,803 to 55,805	43,688 to 49,265
Ferguson	54,850 to 75,525	50,989 to 73,732	0	0	0	49,824 to 68,578	40,826 to 56,202	0	33,808 to 48,863	0
Richmond Heights	81,155	0	0	0	0	73,041	65,650	0	45,924 to 56,684	0

District	Chief	Assistant Chief	Deputy Chief	Fire Marshal	Fire Inspector	Battalion Chief	Captain①	Lieutenant	Firefighter/ Paramedic②	Firefighter③
Frontenac	93,360	73,641	0	0	0	0	62,601	0	0	55,232
Olivette	83,491	0	0	0	0	67,487 to 67,780	62,633 to 64,032	0	46,488 to 56,778	58,228
Brentwood	100,829	80,559	69,590	0	0	0	64,995 to 69,590	63,120	61,900	60,115
Jennings	49,433 to 55,978	0	0	0	0	0	36,803 to 41,366	0	0	34,112 to 38,250
Maplewood	0	67,788	0	0	0	0	67,298	59,620 to 63,340	39,897 to 57,930	0
Shrewsbury	85,987	0	0	0	0	0	52,790 to 54,820	0	39,593 to 51,562	39,593
Glendale	69,523	71,077	0	0	0	0	58,073 to 65,449	53,592 to 57,681	0	50,435 to 52,297
Rock Hill	67,921	52,259	0	0		0	47,664 to 48,741	0	35,174 to 43,360	0

①Includes Captain/Paramedics and Captains.

②Includes Paramedics, Engineer/Paramedics, Medical Officers, and Paramedic/Firefighters.

③Includes Firefighters, Firefighter/Inspectors, Firefighter/Medic Officers, Fire Engineers, and Firefighter/Equipment Specialists.

④The city combined it's fire and police department staff, which does not make the salaries comparable to other cities.

Schedule 12-A

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
COMPARATIVE SCHEDULE OF EMPLOYEES BY DISTRICT
AS OF DECEMBER 31, 2004

District	Assistant Deputy Fire			Fire Marshal①	Fire Inspector	Battalion		Firefighter/			Non Firefighting	
	Chief	Chief	Chief			Chief	Captain②	Lieutenant	Paramedic③	Firefighter④	Staff	Total
Mehlville	1	2	4	1	2	0	28	15	17	58	9	137
Monarch	1	1	1	2	4	3	21	0	78	0	9	120
Metro West	1	2	1	0	4	3	18	6	52	8	5	100
Creve Coeur	1	1	2	2	2	3	15	0	0	30	3	59
Pattonville/Bridgeton Terrace	1	1	1	0	0	3	10	0	16	27	5	64
Fenton	1	1	3	0	1	0	12	0	12	30	4	64
West County EMS	1	0	0	1	1	3	9	3	27	18	2	65
Florissant Valley	1	0	3	1	0	0	10	0	0	46	1	62
Maryland Heights	1	0	2	1	1	0	6	0	23	17	1	52
Community	1	1	0	1	0	5	9	0	16	24	1	58
Black Jack	1	0	0	0	0	3	9	0	0	23	1	37
Eureka⑤	1	1	1	1	1	3	6	0	19	0	6	39
Robertson	1	1	0	1	0	3	4	3	18	4	1	36
Afton	1	1	0	0	0	0	10	2	9	12	1	36
Spanish Lake	1	1	0	0	0	0	6	0	0	15	1	24
Normandy	1	0	3	0	0	0	3	0	13	6	0	26
Valley Park	1	1	1	0	0	0	5	0	9	6	1	24
Riverview	1	1	0	0	0	0	6	0	0	15	0	23
West Overland	1	1	0	0	0	0	4	3	11	0	0	20
Mid-County	1	0	1	0	0	0	6	0	8	3	1	20
Lemay	1	0	0	0	0	0	3	5	0	12	1	22
Metro North	1	1	0	0	0	0	2	0	0	9	0	13

①Includes Fire Marshal and Deputy Fire Marshal.

②Includes Captains, Medical Officers, and Captain/Paramedics.

③Includes Paramedics, Engineer/Paramedics, and Paramedic/Firefighters.

④Includes Firefighters, Privates, Firefighter/Engineers, Engineers, and Firefighter/Drivers.

⑤In addition, the district has 80 volunteer firefighters, EMTs, and EMT-Paramedics.

Schedule 12-B

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
COMPARATIVE SCHEDULE OF EMPLOYEES BY CITY
AS OF DECEMBER 31, 2004

District	Assistant		Deputy	Fire	Fire	Battalion				Firefighter/ Paramedic②	Firefighter③	Non	
	Chief	Chief					Captain①	Lieutenant				Firefighting	Total
Kirkwood	1	1	0	1	0	0	9	0	24	9	1		46
University City	1	1	1	0	0	3	9	0	28	5	0		48
Ladue	1	1	0	0	0	0	7	2	17	4	0		32
Webster Groves	1	1	0	0	0	3	6	0	21	6	0		38
Hazelwood	1	1	0	1	0	3	3	0	12	12	0		33
Clayton	1	1	0	0	0	3	6	0	19	5	0		35
Berkeley	1	0	0	0	0	3	6	0	16	2	1		29
Des Peres④													
Crestwood	1	1	0	0	0	0	6	3	8	7	0		26
Ferguson	0	1	0	0	0	2	3	0	16	0	0		22
Richmond Heights	1	0	0	0	0	3	3	0	16	0	0		23
Frontenac	1	1	0	0	0	0	3	0	0	9	0		14
Olivette	1	0	0	0	0	3	3	0	14	1	0		22
Brentwood	1	1	1	0	0	0	2	4	7	6	0		22
Jennings	1	0	0	0	0	0	3	0	0	12	0		16
Maplewood	0	1	0	0	0	0	1	4	12	0	0		18
Shrewsbury	1	0	0	0	0	0	4	0	12	1	0		18
Glendale	1	1	0	0	0	0	3	3	0	5	0		13
Rock Hill	1	1	0	0	0	0	2	0	7	0	0		11

①Includes Captain/Paramedics and Captains.

②Includes Paramedics, Engineer/Paramedics, Medical Officers, and Paramedic/Firefighters.

③Includes Firefighters, Firefighter/Inspectors, Firefighter/Medic Officers, Fire Engineers, and Firefighter/Equipment Specialists.

④The city combined it's fire and police department staff, which does not make the numbers comparable to other cities.

Schedule 13

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
COMPARATIVE SCHEDULE OF VEHICLES BY DISTRICT AND CITY

AS OF DECEMBER 31, 2004

District	Cars	Sport Utilities	Pick ups and Vans	Rescue and Brush Trucks	Ambulances	Fire Apparatus *	Total
Mehlville	4	6	6	1	8	12	37
Monarch	7	5	8	2	8	9	39
Metro West	2	13	2	4	7	8	36
Creve Coeur	2	10	2	1	5	4	24
Pattonville/Bridgeton Terrace	0	6	1	0	3	4	14
Fenton	1	6	2	0	4	6	19
West County EMS	1	5	1	0	4	4	15
Florissant Valley	0	4	1	1	7	5	18
Maryland Heights	0	5	1	1	3	3	13
Community	1	4	1	0	4	4	14
Black Jack	0	5	1	0	0	5	11
Eureka	1	3	2	3	3	7	19
Robertson	0	4	1	0	2	3	10
Afton	2	0	0	1	3	4	10
Spanish Lake	1	1	1	0	0	2	5
Normandy	0	2	0	0	3	3	8
Valley Park	0	3	1	0	3	4	11
Riverview	1	1	1	0	0	3	6
West Overland	0	2	0	0	2	1	5
Mid-County	0	2	0	0	0	3	5
Lemay	1	1	0	0	2	2	6
Metro North	1	1	0	0	0	2	4
City							
Kirkwood	0	3	1	1	2	4	11
University City	1	2	1	0	3	3	10
Ladue	0	3	0	0	1	2	6
Webster Groves	1	1	1	0	1	3	7
Hazelwood	2	2	1	0	0	3	8
Clayton	2	1	0	0	2	2	7
Berkeley	1	2	1	1	0	2	7
Des Peres	0	1	0	0	2	2	5
Crestwood	1	2	0	0	0	3	6
Ferguson	0	1	2	0	0	3	6
Richmond Heights	0	3	0	0	2	2	7
Frontenac	0	1	1	0	0	2	4
Olivette	1	1	1	0	0	2	5
Brentwood	0	2	0	0	2	2	6
Jennings	0	1	1	0	0	2	4
Maplewood	1	0	0	0	1	1	3
Shrewsbury	0	1	1	0	2	1	5
Glendale	0	2	0	0	0	2	4
Rock Hill	2	0	1	0	0	2	5

* This includes pumper, tankers, and aerial trucks.

Schedule 14

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
SCHEDULE OF BUDGET COMPLIANCE
2005 BUDGET

	Actual or Estimated Revenues and Expenditures For Two Years	No Deficit Budgeting	Budgets Prepared For All Funds	Budget Message	Budget Summary	Includes Budgeted Fund Balance
Affton	Yes	*	Yes	Yes	Yes	No
Black Jack	Yes	*	No	Yes	Yes	No
Community	Yes	*	No	Yes	Yes	No
Creve Coeur	Yes	Yes	Yes	Yes	Yes	Yes
Eureka	No	*	Yes	No	No	No
Fenton	No	*	Yes	No	No	No
Florissant Valley	Yes	*	Yes	No	Yes	No**
Lemay	Yes	Yes	Yes	Yes	Yes	Yes
Maryland Heights	Yes	*	Yes	No	Yes	No
Mehlville	No	No	Yes	No	Yes	Yes
Metro North	No	Yes	No	No	No	Yes
Metro West	Yes	Yes	Yes	Yes	Yes	Yes
Mid-County	Yes	*	No	Yes	Yes	No
Monarch	Yes	Yes	Yes	Yes	Yes	Yes
Normandy	No	*	Yes	No	No	No
Pattonville/Bridgeton Terrace	Yes	*	Yes	Yes	Yes	No
Riverview	No	*	No	Yes	No	No**
Robertson	Yes	*	No	Yes	Yes	No
Spanish Lake	No	*	Yes	No	Yes	No
Valley Park	No	Yes	Yes	No	No	Yes
West County (EMS)	Yes	Yes	Yes	Yes	Yes	Yes
West Overland	Yes	Yes	Yes	No	No	Yes

* Was not applicable because fund balance was not included in the budgets.

** District included budget fund balances for some fund but not all funds.

Schedule 15

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY SUMMARY OF MANAGEMENT LETTER COMMENTS ISSUED BY AUDITORS IN CONNECTION WITH THE AUDITS OF THE YEAR ENDED DECEMBER 31, 2004

Expenditures/Purchasing

- Payments were made from past due notices which resulted in a payment being made twice.
- There was no notation on the invoice packets to indicate the general ledger account where payments should be charged.

Accounting Records and Procedures

- Two districts did not have a written accounting procedures manual.
- Bank accounts were not reconciled.
- Cash received from permits and inspections was not reconciled to a log of permits issued.
- The check summary that was given to the board for approval and signature did not allow the board to account for the check number sequence easily.
- Prior year audit adjustments were not posted to the district's accounting records upon completion of the annual audit.
- A policy was not adopted prohibiting the posting of entries to the fund balance accounts.
- Separate interfund balance accounts were not maintained and reasons for balances were not documented.
- Bank reconciliations were not reviewed by the Treasurer.
- Procedures were not in place to discover errors related to the understatement of tax revenues and taxes receivable, erroneous postings to fund balance accounts, erroneous postings to certificates of deposit accounts, and omitted investment reconciliations.
- A district and the contracted accountants were not using the same accounting software.
- A district was not periodically reviewing accounting documentation to ensure that amounts due were calculated properly and remitted in a timely fashion.

- A chart of accounts did not allow for the recording of grant revenues in the revenue section of the financial reports to properly track receipts and record amounts.

Ambulance Billings

- Uncollectible runs for two districts were not adjusted or written off in accordance with district policy.
- Two districts were not billing in accordance with the rates and terms approved by the districts.
- Two districts did not ensure that billed runs were either collected or otherwise made subject to collection procedures.
- Revenues for four districts for ambulance runs were not properly recognized.
- The billing and collection of revenues for ambulance runs for two districts were not accurately and timely reflected in accounting records.
- A system was not established for reconciling ambulance billings to actual amounts later collected or written off as uncollectible.
- Ambulance billing and collection procedures were not well documented.

Investments and Pensions

- Investment income was not recorded in the general ledger when it was paid.
- No written investment policy was adopted.
- Three districts did not obtain a qualified pension actuary to calculate the amounts that were required for the districts' financial statements.
- Investment policies were not being followed.
- No activity was recorded in the pension trust fund prior to the start of the audit.
- A district was not accurately estimating the total pension contribution for each year to properly match revenues and expenditures.
- A district needs to research balances shown as pension withholdings and determine if they are valid liabilities and needs to take steps necessary to recover payments to employees that were made in error or should be reimbursed to the district.

Capital Assets

- The threshold for capitalizing assets should be increased due to the size of the district.
- Employees were not properly trained in accounting for capital assets and assets were not tagged so they can be easily tracked.
- Two districts did not have policies for accounting for capital assets.
- A capital asset listing was not maintained.

Budgetary Procedures

- The budget did not contain provisions to eliminate the deficit fund balance at the beginning of the year in the Ambulance Fund.
- Expenditures for three districts exceeded the budgetary appropriations in various funds.
- Budgets for two districts did not include all of the funds.
- Changes to budgets were not clearly documented.

Payroll and Employee Benefits

- Manual payroll checks were not always immediately reported to the payroll service, resulting in duplicate payments. Also, some of these payments were not included on the respective employees' W-2 forms.
- Personnel files did not include documentation supporting employees' salaries.
- A district should reduce the frequency at which employees are paid.
- Loans were made to district employees.
- A district needs to review the job descriptions of accounting staff and contracted employees and determine whether appropriate tasks were completed by the appropriate position.

Pledged Securities

- Two districts and a component unit did not ensure that monies held by banks were fully collateralized.

Minutes

- Adoption of the district budget was not documented in board minutes. In addition, minutes did not include copies of ordinances and resolutions.

- Minutes were not maintained for some board meetings.

Fraud Detection Program

- Five districts did not have a proper fraud detection program.

Unclaimed Property

- Several checks outstanding for over one year were not written off or were not turned over to the state under the Unclaimed Property Law.

APPENDICES

Missouri Revised Statutes

Chapter 321 Fire Protection Districts Section 321.690

Audits to be performed, when--rules established by state auditor (Christian County fire protection districts exempt from audits).

321.690. 1. In counties of the first classification having a charter form of government and having more than nine hundred thousand inhabitants and in counties of the first classification which contain a city with a population of one hundred thousand or more inhabitants which adjoins no other county of the first classification, the governing body of each fire protection district shall cause an audit to be performed consistent with rules and regulations promulgated by the state auditor.

2. (1) All such districts shall cause an audit to be performed biennially. Each such audit shall cover the period of the two previous fiscal years.

(2) Any fire protection district with less than fifty thousand dollars in annual revenues may, with the approval of the state auditor, be exempted from the audit requirement of this section if it files appropriate reports on its affairs with the state auditor within five months after the close of each fiscal year and if these reports comply with the provisions of section 105.145, RSMo. These reports shall be reviewed, approved and signed by a majority of the members of the governing body of the fire protection district seeking exemption.

3. Copies of each audit report must be completed and submitted to the fire protection district and the state auditor within six months after the close of the audit period. One copy of the audit report and accompanying comments shall be maintained by the governing body of the fire protection district for public inspection at reasonable times in the principal office of the district. The state auditor shall also maintain a copy of the audit report and comment. If any audit report fails to comply with the rules promulgated by the state auditor, that official shall notify the fire protection district and specify the defects. If the defects specified are not corrected within ninety days from the date of the state auditor's notice to the district, or if a copy of the required audit report and accompanying comments have not been received by the state auditor within six months after the end of the audit period, the state auditor shall make, or cause to be made, the required audit at the expense of the fire protection district.

4. The provisions of this section shall not apply to any fire protection district based and substantially located in a county of the third classification with a population of at least thirty-one thousand five hundred but not greater than thirty-three thousand.

(L. 1977 H.B. 216, A.L. 1981 S.B. 200, A.L. 1986 H.B. 877, A.L. 1991 S.B. 34, A.L. 1993 H.B. 177 merged with S.B. 346, A.L. 1998 H.B. 1847)

**Rules of
Elected Officials
Division 40—State Auditor
Chapter 4—Audits of Fire Protection Districts
in St. Louis and Greene Counties**

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15 CSR 40-4.020 Standards for Auditing and Financial Reporting	3
15 CSR 40-4.030 Contents of Audit Reports	3
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Title 15—ELECTED OFFICIALS**Division 40—State Auditor
Chapter 4—Audits of Fire Protection
Districts in St. Louis and Greene
Counties****15 CSR 40-4.010 Requirements for Districts**

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth requirements to be met directly by the district.

(1) The district is responsible for preparing and providing financial information to be included in the audit report. The district shall maintain adequate accounting records for that purpose. These records may be maintained on the bases of accounting deemed appropriate by the district but the records shall provide adequate information to allow the district to report in accordance with generally accepted accounting principles.

(2) The district shall engage an independent auditor to conduct the audit. The state auditor does not recommend, select or approve the district's auditor or the auditor's fee, except as provided in 15 CSR 40-4.010(4). The district is responsible for fulfilling all contractual obligations with the auditor, including payment of all earned fees.

(3) The district shall require from the independent auditor an engagement letter which sets out all essential particulars. A copy of the engagement letter shall be submitted to the state auditor for his/her review before commencement of audit fieldwork. The purpose of this review is to provide reasonable assurance that the district has contractually committed an auditor to provide services to satisfy requirements of 15 CSR 40-4. The contents of this letter should include, but are not limited to:

(A) Period for which the financial statements are audited;

(B) Purpose of the audit;

(C) Scope of the audit, including consideration of the internal control structure and tests of compliance with applicable laws and regulations;

(D) Provisions that the auditor will communicate, in writing, to the district material weaknesses or reportable conditions in the internal control structure, instances of non-compliance with applicable laws and regulations and other areas of possible improvement;

(E) Provision that all workpapers, etc., will be made available to the state auditor for his/her review upon his/her request;

(F) Provision that the auditor will comply with applicable rules issued by the state auditor under 15 CSR 40;

(G) Provision that the auditor will discuss with the district any factors s/he may discover which would prevent him/her from issuing an unqualified opinion on the financial statements and allow the district and the auditor the opportunity to arrive at a resolution acceptable to both;

(H) Statement of the auditor's responsibility for detection of errors, irregularities and illegal acts; and

(I) The estimated cost of the audit and the rates which are the basis for that estimate.

(4) The district must file a copy of the completed audit report with the state auditor within six (6) months after the close of the audit period. If any audit report fails to comply with promulgated rules, the state auditor will notify the district and specify the defects. If the specified defects are not corrected within ninety (90) days from the date of the state auditor's notice to the district, or if a copy of the required audit report has not been received by the state auditor within the specified time, the state auditor will make, or cause to be made, the required audit at the expense of the district.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). *Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

15 CSR 40-4.020 Standards for Auditing and Financial Reporting

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth standards for the auditing and financial reporting of the district.

(1) The independent auditor shall meet all requirements of Chapter 326, RSMo. The auditor must be able to demonstrate that s/he meets the independence criteria contained in the code of professional ethics and rules of conduct promulgated by the Missouri State Board of Accountancy.

(2) The independent auditor shall provide to the state auditor reasonable notification of any entrance or exit conferences held with the district. This notification shall be sufficiently

in advance to allow the state auditor to attend the entrance or exit conference at his/her discretion. Upon request, the independent auditor shall provide a draft copy of the audit report and management letter to the state auditor prior to the exit conference.

(3) The audit shall conform to the standards for auditing of governmental organizations, programs, activities and functions as established by the comptroller general of the United States.

(4) The financial statements, supplementary data and accompanying notes shall be presented in conformity with generally accepted accounting principles.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). *Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

15 CSR 40-4.030 Contents of Audit Reports

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule describes required and suggested information to be included in the audit reports.

(1) Standards for auditing and financial reporting of fire protection districts are given in 15 CSR 40-4.020.

(2) All audit reports shall contain:

(A) A table of contents;

(B) A report on the financial statements;

(C) Combined financial statements and appropriate note disclosures;

(D) Other financial information which includes, but is not limited to, the following:

1. Supplemental schedule of expenditures/expenses by object, if not included in the financial statements;

2. Tax rates and assessed valuation;

3. Schedule of insurance in force which shall include, in addition to other information, the agent for each policy; and

4. Principal officeholders who held office during the period under audit, compensation received by each official in performance of his/her duty and all other compensation or reimbursement of expenses made by the district to each officeholder; and

(E) A report on the consideration of the internal control structure, a report on the tests of compliance with applicable laws and regulations and a management letter communicating areas of possible improvement not otherwise reported. The required scope of audit for the reports and management letter is set forth in 15 CSR 40-4.040(3). The reports and management letter shall include the findings and recommendations, if any, which the auditor developed during his/her audit and the district's responses to those findings and recommendations. The reports and management letter shall also indicate the nature of previous recommendations and the extent to which the district has implemented those recommendations.

(3) If the district or the auditor deems it appropriate, audit reports may contain or utilize the following:

(A) A history and organization section prepared by the district (unaudited);

(B) Comparative financial data for one (1) or more years; and

(C) Other statements, exhibits, schedules or analyses as deemed necessary or appropriate by the district or the auditor.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

15 CSR 40-4.040 Scope of Audit

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth the scope of the audit.

(1) Nothing in the rules promulgated for audits of fire protection districts shall be construed as restricting, limiting or relieving the independent auditor of his/her professional judgment or responsibility.

(2) The audit shall include those tests of the accounting records and other auditing procedures which the independent auditor considers necessary in the circumstances to conform to the standards for auditing of governmental organizations, programs, activities and functions as established by the comptroller general of the United States.

(3) As part of the audit described in section (2), the auditor will obtain an understanding of the internal control structure, assess control risk and report any material weaknesses or reportable conditions. The auditor will also test compliance with applicable laws and regulations and report all material instances of noncompliance. As a part of, or in addition to, audit tests or procedures which may be necessary for the audit, the auditor shall—

(A) Review systems, procedures and management practices, including:

1. Review cash management practices to the extent necessary to determine whether significant improvements appear practicable and economically justifiable;

2. Evaluate the purchasing function to the extent necessary to determine that the district generally receives fair value, for example, bidding of significant purchases; that purchases generally represent items consistent with the function of the district; and that there is not significant likelihood of misuse or misappropriation of the district's resources through the purchasing process;

3. Review fixed asset records and procedures to the extent necessary to determine that fixed assets are properly recorded, physically controlled and in the possession of the district;

4. Review fidelity bond coverages to determine that all persons with access to assets of the district appear covered in sufficient amounts;

5. Evaluate the budgeting practices to the extent necessary to determine whether significant improvements appear practicable and economically justifiable;

6. Review related party transactions;

7. Review evaluate other areas as required by the district; and

8. Review significant areas or matters which come to the attention of the auditor;

(B) The auditor will note areas of possible improvement in the district's systems, procedures and management practices. In evaluating district systems, procedures and management practices, the auditor should consider whether improvements appear practicable and economically justifiable.

(C) Test compliance with applicable laws and regulations, including:

1. Design the audit to provide reasonable assurance of detecting errors, irregularities and illegal acts that could have a direct and material effect on the financial statements;

2. Be aware of the possibility of illegal acts that could have an indirect and material effect on the financial statements; and

3. Test compliance with other legal provisions as s/he deems necessary or appropriate in the circumstances.

(D) Legal provisions which the auditor should consider in his/her audit include, but are not limited to, the following:

1. Article III, Sections 38(a) and 39(3) and Article VI, Section 25, *Constitution of Missouri* limitations on use of funds and credit;

2. Article VI, Section 26, *Constitution of Missouri* limitations on indebtedness without popular vote;

3. Article VI, Section 29, *Constitution of Missouri* application of funds derived from public debts;

4. Article VII, Section 6, *Constitution of Missouri* penalty for nepotism;

5. Chapter 67, RSMo budgetary requirements;

6. Sections 70.210 to 70.230 and Section 432.070, RSMo contracts;

7. Section 105.145, RSMo annual report;

8. Chapter 105, RSMo conflict of interest;

9. Chapter 108, RSMo bond issues;

10. Chapter 321, RSMo fire protection districts;

11. Other applicable portions of the *Constitution of Missouri* and the *Missouri Revised Statutes*;

12. Applicable sections of *Code of State Regulations*; and

13. Other applicable legal provisions.

(4) The auditor shall report on the reviews and examinations required by this rule in a management letter as set forth in 15 CSR 40-4.030 (2)(E).

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

MISSOURI



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2005**

On the Cover:

Upper Left – Watkins Woolen Mill State Historic Site near Lawson

Upper Right – Missouri River Bridge near Hermann

Center – Lake of the Ozarks

Lower Left – Grand Shoals Creek near Joplin

Lower Right – Dillard Mill State Historic Site near Davisville

Photos courtesy of the Missouri Division of Tourism

This report can be viewed on the internet at www.oa.mo.gov/acct/cafr.htm

STATE OF MISSOURI
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Fiscal Year Ended June 30, 2005



MATT BLUNT
Governor

MICHAEL N. KEATHLEY
Commissioner
Office of Administration

THOMAS J. SADOWSKI
Director
Division of Accounting

STATE OF MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2005

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*The **Introductory Section** includes material to familiarize the reader with the organizational structure of the State, the nature and scope of services the State provides, and a summary of the financial activities of the State and the factors that influence these activities.*

Matt Blunt
Governor



Michael N. Keathley
Commissioner

State of Missouri
OFFICE OF ADMINISTRATION
Division of Accounting
570 Truman Building, 301 West High Street
Post Office Box 809
Jefferson City, Missouri 65102
(573) 751-2971
INTERNET: <http://www.oa.mo.gov/acct>
E-MAIL: acctmail@mail.mo.gov

Thomas J. Sadowski
Director

January 20, 2006

The Honorable Matt Blunt
The Honorable Members of the Legislature
Citizens of the State of Missouri

In accordance with generally accepted accounting principles, I submit to you the Comprehensive Annual Financial Report of the State of Missouri for the fiscal year ended June 30, 2005. This report was prepared by the Office of Administration, Division of Accounting, whose management is responsible for its contents.

The report is prepared to show the financial position and operating results of the State. The State's internal accounting controls provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposal and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefit. We believe the data presented is accurate in all material respects and that all disclosures necessary to enable the reader to gain a reasonable understanding of the State's financial activities have been included.

An annual audit of the basic financial statements is completed each year by the State of Missouri Auditor's Office. The State Auditor conducts the audit in accordance with generally accepted government auditing standards, and her opinion has been included in this report. The State Auditor conducts a "Single Audit" of all federal funds in accordance with the Federal Single Audit Act of 1984, and the U.S. Office of Management and Budget Circular A-133, "Audit of State and Local Governments and Non-Profit Organizations."

A narrative introduction, overview, and analysis of the basic financial statements is presented in the *Management's Discussion and Analysis (MD&A)* section of this report. This letter of transmittal is intended to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

PROFILE OF THE GOVERNMENT

Missouri was organized as a territory in 1812 and was the second state (after Louisiana) of the Louisiana Purchase to be admitted to the Union. Statehood was granted on August 12, 1821, making Missouri the 24th state. The State encompasses 68,945 square miles.

The State operates under three branches of government: executive, legislative, and judicial. The executive branch consists of the Governor, Lieutenant Governor, Secretary of State, State Auditor, State Treasurer, and Attorney General. The legislative branch consists of 34 members of the Senate, and 163 members of the House of Representatives. The judicial branch is a three-tier court system. The Supreme Court, the State's highest court, has statewide jurisdiction; a court of appeals that consists of districts established by the General Assembly; and a system of circuit courts that has original jurisdiction over all cases and matters, civil and criminal.

The State provides a range of services in the areas of agriculture, education, health and social services, transportation systems, public safety, law enforcement, judicial systems, economic development, conservation and natural resources, labor relations, and general administration.

The State operates on a legally adopted budget in order to ensure compliance with legal provisions embodied in the annual appropriated budget passed by the General Assembly and approved by the Governor prior to the beginning of the fiscal year. If appropriations are not sufficient for a fiscal year, supplemental amounts are requested during the next legislative session by the same process that original appropriations are requested. Budgetary control is maintained at the departmental level. Expenditures cannot exceed the appropriation amount at the individual appropriation level. Also, the Governor has the authority to reduce the allotments of appropriations in any fund if it appears that the revenue estimate will not be met. Unexpended appropriations lapse at the end of each appropriation year, unless reappropriated to the following appropriation year.

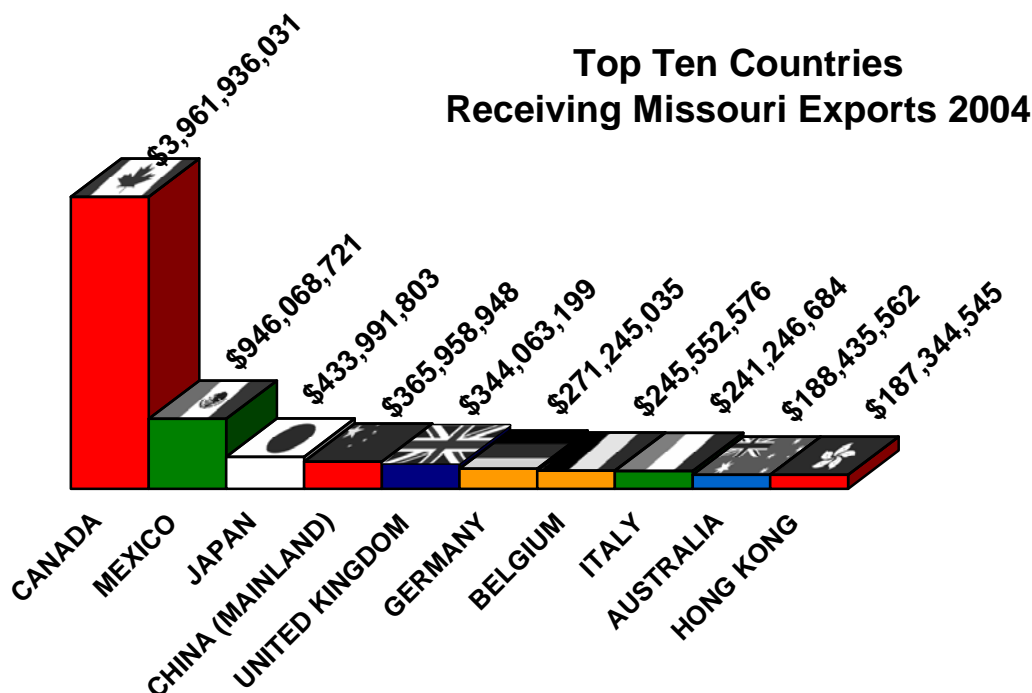
The financial reporting entity of the State includes all of the funds of the primary government as well as component units for which the State is financially accountable. The transmittal letter, MD&A, and the financial statements focus on the primary government and its activities. Although information pertaining to the component units is provided, their separately issued financial statements should be read to obtain a complete overview of their financial position.

ECONOMIC CONDITION

State Economy

Missouri's economy is both strong and diverse, the 5th most diversified in the nation. As a major manufacturing, financial, and agricultural state, Missouri's economic health is tied closely to that of the nation.

Missouri's exports totaled nearly \$9 billion in 2004, with products and services sold to over 180 countries. This represents an increase of over \$1.7 billion compared to 2003. Several factors can be attributed to this increase, including the improvement of the global economy in general as well as the diversity of Missouri's economy. The top five exports in 2004 were transportation equipment, chemicals, machinery, computer and electronic products, and electrical equipment. The majority of exports in 2004 were sold to Canada – nearly \$4 billion, while substantial exports were sold to Mexico for approximately \$946 million.



Source: MERIC and the World Institute for Strategic Economic Research (WISER)

Both Missouri and the nation experienced employment figures which bottomed out in 2003. Missouri's employment growth began in early 2004, slightly later than the national growth trend. Although Missouri's employment growth during 2004 was somewhat irregular, it has shown strong growth in 2005, with nearly 40,000 jobs being added during the calendar year.

Additional evidence of an improving economy is supported by personal income statistics. Personal income is seen as an indicator of the economic well-being of the residents of a state, of which the largest portion is earnings and wages. Missouri's personal income rose 4.5% in 2004, to nearly \$176 billion annually. Along with higher personal income, Missourians saw a decrease in unemployment. Missouri's unemployment rate peaked in January 2005 at 6.0%, but dropped to a rate of 5.4% in June, the lowest since early 2003. Missouri's per capita personal income averaged \$30,516 in 2004. Although Missouri's per capita income is below the national average, Missourians live and work where the cost of living ranks 6th lowest in the nation.

Long-Term Financial Planning

Missouri funding priorities include education, health care, corrections, and economic development. In order to maintain adequate funding for those programs, reorganizing state government, reducing expenses, and maximizing use of state resources, have been emphasized. Consolidation of similar functions has resulted in more efficient use of personnel and equipment, increased efficiency, and reduced duplication of efforts.

Relevant Financial Policies

The ability of the State to raise additional money through new taxes enacted by the General Assembly is severely limited due to Article X of the Missouri State Constitution. Article X establishes revenue limitations based on a formula, which if exceeded, requires cash refunds to the citizens. Any significant new tax must be approved through a vote of the people.

Missouri will continue to focus on controlling the growth of mandatory programs through various cost-effective alternatives. Missouri has implemented many cost control strategies in the Medicaid program to ensure quality services are provided to the State's neediest residents.

Major Initiatives

Education. Funding for elementary and secondary education is the State's top priority. In response to recently filed lawsuits questioning the adequacy and fairness of the current school funding formula, legislation was passed which guarantees funding for all students consistent with the amount spent by districts that meet all of the State's performance standards. The new school funding formula will be phased in with the 2006-2007 school year. For the 2005-2006 school year, funding to Missouri schools was increased by 4.4% or \$158 million.

Transportation. The voters of the State approved a Constitutional amendment during November 2004 which redirects certain revenue such as vehicle sales taxes to the Missouri Department of Transportation. The Department has developed the "Smoother, Safer, Sooner" road initiative, which will result in 2,200 miles of new pavement, shoulders with rumble strips, brighter stripes and signs, and the acceleration of road improvement projects. The amendment will be phased in over four years and will be in full effect in 2009.

Economic Development. In an effort to promote a positive business environment, laws affecting litigation including medical malpractice and workers' compensation were enacted. Some of the most significant litigation changes include strict rules for establishing venue, limits on joint and several liability only when the defendant is 51% at fault, and a cap on non-economic damages to \$350,000. For cases involving medical malpractice, the law also requires the plaintiff to file an affidavit from a qualified health care provider which states the defendant failed to use reasonable care. Additional medical malpractice reforms state that physicians providing free health care are not liable for civil damages unless damages were caused by gross negligence or willful or wanton acts. Workers' compensation reforms include modifying the definition of "accident" and "injury", requiring compensation only when the prevailing factor of the condition was work related, and severely limiting the compensation when the injured party did not obey safety rules or was under the influence of drugs or alcohol.

Human Services. Since Medicaid expenses have been increasing at an unsustainable rate, the legislature passed several Medicaid cost containment measures and established the Medicaid Reform Commission. The Commission was required to make recommendations related to reforming, redesigning, and restructuring the current Medicaid system by January 1, 2006. In the meantime, legislation has enacted reforms including yearly income eligibility reviews, the reduction of income levels to be eligible for Medicaid, and the requirement for recipients to share medical costs through co-pays and premiums.

Government. In January 2005, the Governor established the Missouri State Government Review Commission by executive order. The Commission consists of twenty individuals from across the State. The executive order states the Commission's task is "reviewing every Executive Department within our state government to identify opportunities to restructure, retool, reduce, consolidate, or eliminate state government functions in accordance with what will result in the best and most cost-effective service for Missouri citizens." The Commission's report was issued November 23, 2005, identifying 84 suggestions for improving state government. This report can be found at http://review.mo.gov/pdf/MSGRC_FinalReport.pdf.

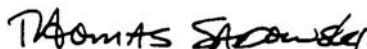
Prior to the Commission's final report, efficiencies were achieved by consolidating in-home health services provided to the elderly and disabled. These services were merged into one agency rather than three, thereby reducing duplication of efforts. Transitioning the State's revenue license offices into offices run by contract agents will save millions of dollars each year, without decreasing customer service. Further cost savings have been achieved by restricting the purchase of non-emergency vehicles, cell phones, and the purchase and leasing of new office space. The State is also moving toward providing more services online, such as implementing a new online application system for state merit job openings. This new system will speed up the process for job applicants as well as increase efficiency and cut costs to state government.

ACKNOWLEDGEMENTS

While the Office of Administration, Division of Accounting, is responsible for the contents of this report, no one division could do it alone. Many people were involved in the compilation of materials necessary to complete the report.

We want to issue a special thanks to all the personnel at the State agencies who provided us with information quickly and accurately so that we could issue the CAFR in a timely manner. We also owe thanks to the professionalism and dedication demonstrated by technical and management personnel within the State Auditor's Office, the State Treasurer's Office, Office of Administration, Information Technology Services Division, and the State Printing Center. We are greatly appreciative to all.

Sincerely,

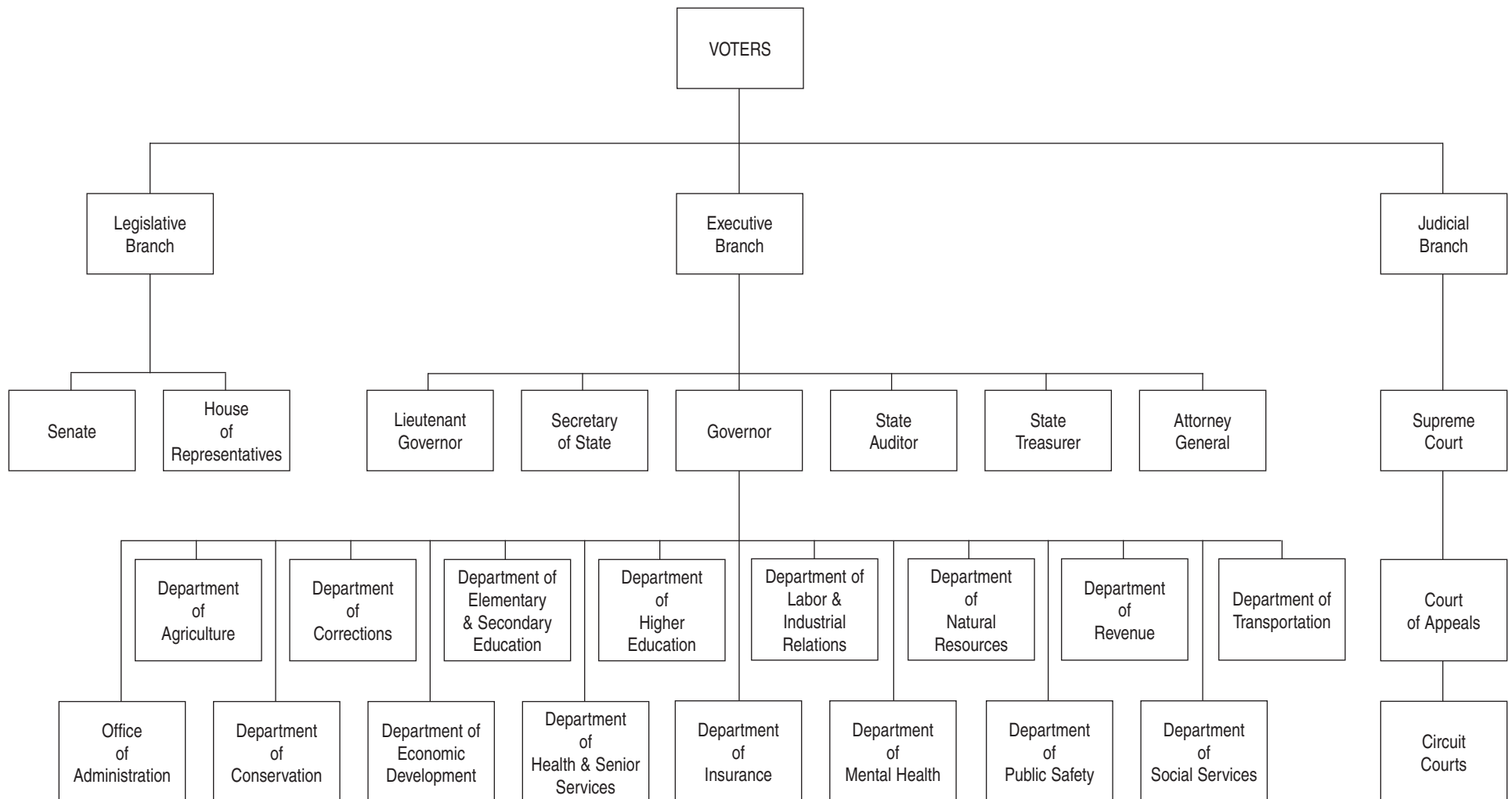


Thomas Sadowski, CGFM, CPA
Director

STATE OF MISSOURI

ORGANIZATIONAL CHART

June 30, 2005



STATE OF MISSOURI
PRINCIPAL STATE OFFICIALS
as of June 30, 2005

EXECUTIVE

Matt Blunt
Governor

Peter Kinder
Lieutenant Governor

Robin Carnahan
Secretary of State

Claire McCaskill
State Auditor

Sarah Steelman
State Treasurer

Jeremiah W. (Jay) Nixon
Attorney General

LEGISLATIVE

Michael Gibbons
President Pro Tem of the Senate

Rod Jetton
Speaker of the House of Representatives

JUDICIAL

Michael A. Wolff
Chief Justice of the Supreme Court



*The **Financial Section** includes the Independent Auditor's Report, Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, and Supplementary Information.*



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT

Honorable Matt Blunt, Governor
and
Members of the General Assembly

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of and for the year ended June 30, 2005, which collectively comprise the state's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the state's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Missouri Department of Transportation, the Consolidated Health Care Plan, the State Employees' Insurance Plan, the Transportation Employees' and Highway Patrol Insurance Plan, and the Transportation Self-Insurance Plan which represents 79 percent and 12 percent of the assets and revenues, respectively, of the governmental activities. We did not audit the State Lottery and the Petroleum Storage Tank Insurance Fund, which represents 41 percent and 59 percent of the assets and revenues, respectively, of the business-type activities. We did not audit the component units. We did not audit the pension (and other employee benefit) trust funds and the Missouri Department of Transportation Local Fund, which represents 95 percent and 97 percent of the assets and additions, respectively, of the fiduciary funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to these amounts, are based on the reports of the other auditors.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

We were not allowed access to tax returns and related source documents for income taxes. Access was denied by the Director of Revenue based on her interpretation of the decision rendered by the Missouri Supreme Court in the case of Director of Revenue v. State Auditor 511 S.W.2d 779 (Mo. 1974). Approximately 27 percent of governmental activity revenues are from this source. We were unable to satisfy ourselves by appropriate audit tests or other means as to the income tax revenue beyond the amounts recorded.

In our opinion, based on our audit and the reports of other auditors, and except for the effects of such adjustments, if any, as might have been necessary had we been allowed access to tax returns and related source documents for income taxes, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the state of Missouri implemented the Government Accounting Standards Board statement Number 46, *Net Assets Restricted by Enabling Legislation*.

In accordance with *Government Auditing Standards*, our report on our consideration of the state of Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters is issued under separate cover in the Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the state's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, and except for the effects, if any, of the matter discussed in paragraph three, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The information in the introductory section and statistical section, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

January 19, 2006 (fieldwork completion date)



The Management's Discussion and Analysis provides a narrative overview and analysis of the financial activities of the State.

Management's Discussion and Analysis

The following is a discussion and analysis of the State of Missouri's (the State's) financial activities for the fiscal year ended June 30, 2005. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal.

HIGHLIGHTS

Government-Wide:

- Assets of the State's governmental activities exceeded liabilities by \$27.4 billion; however this represents a decrease in net assets of \$92.2 million or 0.34% from the prior year. This decrease can be accounted for by an increase in accounts payable of \$115.6 million, an increase in long-term liabilities of \$42.3 million (primarily leases and claims liabilities), and a decrease in capital assets of \$36.1 million.
- Liabilities of the State's business activities exceeded assets by \$71 million; however this represents an increase in net assets of \$18.6 million or 20.75% from the prior year. This increase can be explained primarily by a significant decrease to unemployment compensation benefits.

Fund-Level:

- Governmental fund assets exceeded liabilities by \$3.1 billion, a decrease of \$291.2 million or 8.66% from the prior year. The decrease was primarily due to the increase of \$389.6 million in liabilities from which \$252.9 million were deferred revenue.

Debt Issued and Outstanding:

- The primary government's total long-term obligations related to bonds payable decreased \$115.7 million or 4.66% over the prior year. The outstanding bonds payable represents 41.0% of financial assets (cash, receivables, and investments) and 7.10% of total assets. The net decrease in bonds payable resulted from decreases of \$107,070,000 due to bond payments and \$166,250,000 due to bond refundings and increases of \$157,605,000 due to issuances of General Obligation, State Road, and Other Bonds. Additional detail is available in *Note 12*.

Revenue Limit:

- The State Constitution limits the State's ability to retain revenue collected over an amount set by a constitutional amendment known as Article X or the Hancock Amendment. Excess revenue must be refunded to the taxpayers each year. During fiscal year 2005, the State did not exceed the revenue limit.

OVERVIEW OF THE FINANCIAL STATEMENTS

The State's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the State's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the State's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of the State's financial position.

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of when the cash is received. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements report three activities:

Governmental Activities are primarily supported by taxes and intergovernmental revenues. They include general government, education, natural and economic resources, transportation and law enforcement, and human services.

Business-Type Activities are intended to recover all or a significant portion of their costs through user fees and charges. They include constructing and operating state park facilities, fairgrounds, historical properties and office buildings, hospital services, warehousing, merchandising, publishing maps and documents, insurance coverage, and the operation of the State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance funds.

Discretely Presented Component Units are operations for which the State has financial accountability, but are legally separate. They include colleges and universities, the Missouri Development Finance Board, Agricultural and Small Business Development Authority, and various highway transportation corporations.

Fund Financial Statements:

The fund financial statements present more detail about the government's operations than the government-wide statements. The State uses fund accounting to ensure and demonstrate compliance with statutory requirements. All of the funds of the State can be divided into three categories: governmental, proprietary, and fiduciary funds.

Governmental funds are used to account for most of the basic services provided by the State. Unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of current financial resources and utilize the modified accrual basis of accounting. This presentation focuses on when cash will be received and disbursed making the statements useful in evaluating a government's financing requirements in the near future.

Governmental funds include the general, special revenue, capital projects, debt service, and permanent funds. Major Funds include general, public education, conservation and environmental protection, transportation and law enforcement, and the State Road Fund which are presented in separate columns. Data from other governmental funds are combined into a single column for aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements.

In order for the user to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements, a reconciliation to facilitate this comparison is provided on the page immediately following each governmental fund financial statement.

Proprietary funds. Proprietary funds are used to account for activities similar to private businesses in which goods and services are sold for specified fees. Generally, the State uses enterprise funds to account for activities that provide goods and services to the general public. These include constructing and operating state park facilities, fairgrounds, historical properties and office buildings, hospital services, warehousing, merchandising, publishing maps and documents, and the operation of the State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance funds. Internal service funds report activities that provide supplies and services for the State's other programs and activities. The State uses internal service funds to account for insurance and health-care plans, as well as administrative services for other state agencies, such as fleet management, data processing, and telecommunication services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds focus on economic resources and utilize the full accrual basis of accounting. The proprietary fund financial statements provide separate information for the State Lottery, Unemployment Compensation, and Petroleum Storage Tank Insurance, which are considered major enterprise funds. All internal service funds are combined into a single column in the proprietary fund financial statements. Non-major enterprise funds are combined into a single column for aggregated presentation. Individual fund data for the non-major enterprise and internal service funds is provided in the form of combining statements in supplementary information.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the State's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information (RSI) including a budgetary comparison schedule for the general fund and major special revenue funds. Other supplementary information includes the combining statements for the general, non-major governmental, non-major enterprise, internal service, fiduciary, and non-major component unit funds. It also includes the statistical section as well as budgetary comparison schedules for the State Road, non-major special revenue, debt service, and permanent funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets:

The following table displays the current and prior year government-wide condensed Statement of Net Assets.

STATEMENT OF NET ASSETS						
(In Thousands of Dollars)						
	Governmental Activities		Business-Type Activities		Total	
	2005	2004*	2005	2004*	2005	2004*
ASSETS:						
Current and Other Assets	\$ 5,465,458	\$ 5,350,225	\$ 426,345	\$ 400,457	\$ 5,891,803	\$ 5,750,682
Capital Assets, Net	27,396,609	27,432,714	39,053	39,601	27,435,662	27,472,315
<i>Total Assets</i>	<u>32,862,067</u>	<u>32,782,939</u>	<u>465,398</u>	<u>440,058</u>	<u>33,327,465</u>	<u>33,222,997</u>
LIABILITIES:						
Other Liabilities	1,378,000	1,248,997	302,782	305,120	1,680,782	1,554,117
Long-Term Liabilities						
Outstanding	4,074,019	4,031,712	233,646	224,574	4,307,665	4,256,286
<i>Total Liabilities</i>	<u>5,452,019</u>	<u>5,280,709</u>	<u>536,428</u>	<u>529,694</u>	<u>5,988,447</u>	<u>5,810,403</u>
NET ASSETS:						
Invested in Capital Assets,						
Net of Related Debt	25,486,977	25,476,294	39,053	38,266	25,526,030	25,514,560
Restricted	3,208,685	3,257,562	12,407	13,673	3,221,092	3,271,235
Unrestricted	(1,285,614)	(1,231,626)	(122,490)	(141,575)	(1,408,104)	(1,373,201)
<i>Total Net Assets</i>	<u>\$ 27,410,048</u>	<u>\$ 27,502,230</u>	<u>\$ (71,030)</u>	<u>\$ (89,636)</u>	<u>\$ 27,339,018</u>	<u>\$ 27,412,594</u>
*Fiscal year 2004 amounts have been restated.						

The State's total net assets decreased \$73.6 million or 0.27% during fiscal year 2005. This decrease resulted primarily from an increase of \$178.0 million in liabilities. Capital assets net of related debt and restricted assets, which do not represent resources available to pay day-to-day operating expenses, decreased by \$38.7 million or 0.13%.

The largest component of the State's net assets at \$25.5 billion or 93.37% is invested in capital assets net of related debt, such as bonds payable or capital lease obligations. These assets include land, infrastructure, buildings, and equipment which are not easily converted to cash nor readily available to pay state debts as they come due.

Restricted net assets of the primary government totaled \$3.2 billion or 11.78% of total net assets, vs. 11.93% from the prior year. Net assets are restricted for several reasons including constitutional, legal, or external requirements. Examples of restricted net assets include lottery proceeds restricted for public education, funds restricted for debt service, and certain sales taxes restricted for the maintenance of highways or state parks and conservation areas. Also, many federal funds are restricted to funding certain programs.

Changes in Net Assets:

The following table displays the current and prior year government-wide condensed Statement of Activities.

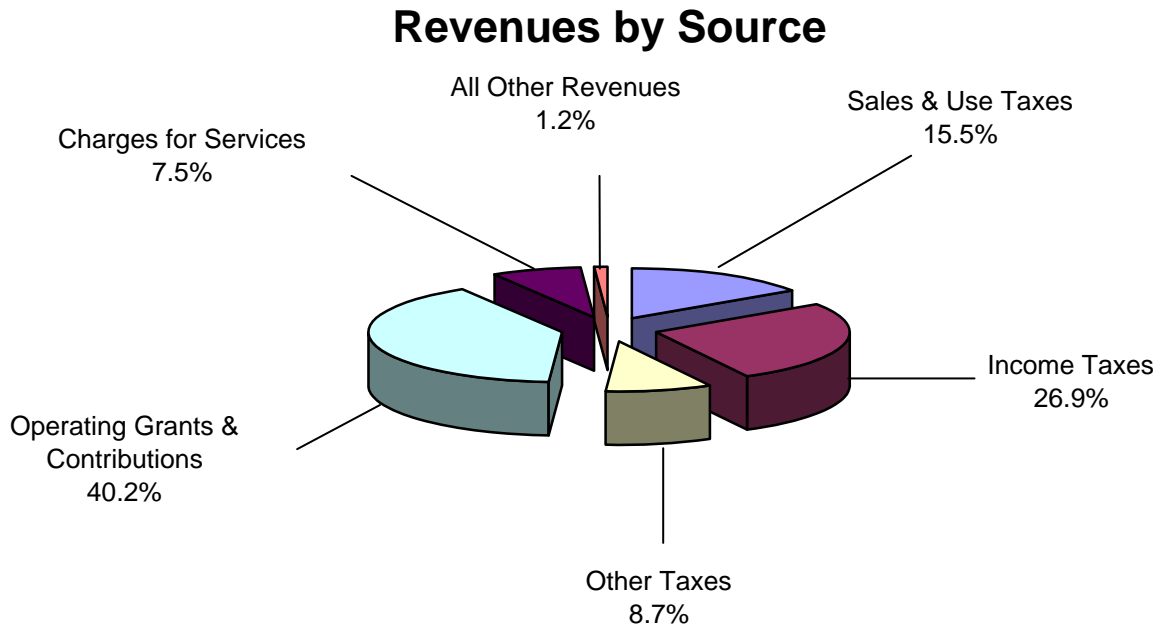
STATEMENT OF ACTIVITIES						
(In Thousands of Dollars)						
	Governmental Activities		Business-Type Activities		Total	
	2005	2004*	2005	2004*	2005	2004*
REVENUES:						
Program Revenues:						
Charges for Services	\$ 1,450,194	\$ 1,446,601	\$ 855,468	\$ 861,917	\$ 2,305,662	\$ 2,308,518
Operating Grants and Contributions	7,767,844	7,328,176	544,697	538,949	8,312,541	7,867,125
General Revenues:						
Sales and Use Taxes	3,003,405	2,827,294	---	---	3,003,405	2,827,294
Income Taxes	5,172,616	4,713,162	---	---	5,172,616	4,713,162
Unemployment and Other Taxes	1,686,767	1,598,491	---	---	1,686,767	1,598,491
Other Revenues	237,680	66,827	3,951	(5,722)	241,631	61,105
<i>Total Revenues</i>	<u>19,318,506</u>	<u>17,980,551</u>	<u>1,404,116</u>	<u>1,395,144</u>	<u>20,722,622</u>	<u>19,375,695</u>
EXPENSES:						
General Government	754,664	719,349	---	---	754,664	719,349
Education	5,669,602	5,377,304	---	---	5,669,602	5,377,304
Natural and Economic	624,461	1,030,696	---	---	624,461	1,030,696
Transportation and Law Enforcement	2,009,647	1,737,859	---	---	2,009,647	1,737,859
Human Services	9,731,318	8,830,104	---	---	9,731,318	8,830,104
State Lottery	---	---	575,678	575,071	575,678	575,071
Unemployment Compensation	---	---	501,098	695,647	501,098	695,647
Petroleum Storage Tank	---	---	25,916	12,281	25,916	12,281
Veterans' Homes	---	---	58,745	51,962	58,745	51,962
All Other Expenses	828,155	838,572	16,914	15,947	845,069	854,519
<i>Total Expenses</i>	<u>19,617,847</u>	<u>18,533,884</u>	<u>1,178,351</u>	<u>1,350,908</u>	<u>20,796,198</u>	<u>19,884,792</u>
Excess (Deficiency) of Net Assets before Transfers	(299,341)	(553,333)	225,765	44,236	(73,576)	(509,097)
<i>Transfers</i>	<u>207,159</u>	<u>219,003</u>	<u>(207,159)</u>	<u>(219,003)</u>	<u>---</u>	<u>---</u>
Change in Net Assets	(92,182)	(334,330)	18,606	(174,767)	(73,576)	(509,097)
<i>Beginning Net Assets</i>	<u>27,502,230</u>	<u>27,836,560</u>	<u>(89,636)</u>	<u>85,131</u>	<u>27,412,594</u>	<u>27,921,691</u>
<i>Ending Net Assets</i>	<u>\$ 27,410,048</u>	<u>\$ 27,502,230</u>	<u>\$ (71,030)</u>	<u>\$ (89,636)</u>	<u>\$ 27,339,018</u>	<u>\$ 27,412,594</u>
*Fiscal year 2004 amounts have been restated.						

As shown on the above schedule, total revenue collections increased by \$1.3 billion or 6.95% during fiscal year 2005. Total expenses increased by \$911.4 million or 4.58% during fiscal year 2005. Those functions with the largest percentage increase include Human Services with 46.79% of total expenses in 2005 vs. 44.41% of total expenses in 2004 and Transportation and Law Enforcement with 9.66% of total expenses in 2005 vs. 8.74% of total expenses in fiscal year 2004.

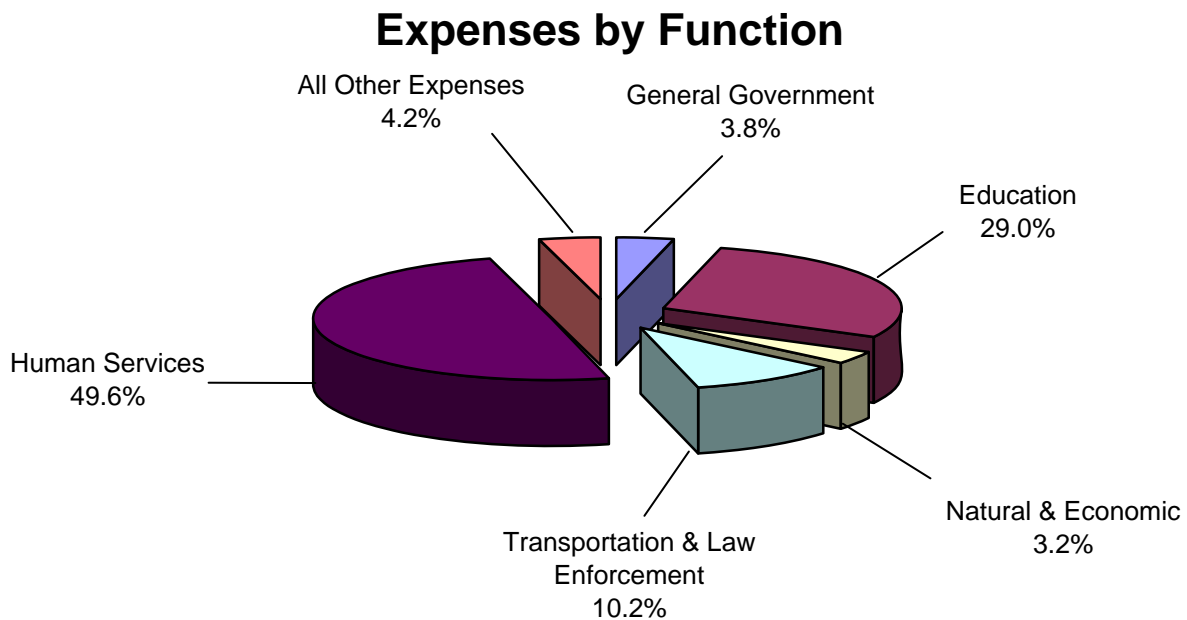
Governmental Activities:

Governmental activities decreased the State's net assets by \$92.2 million due primarily to the increase of \$1.1 billion in expenses of which \$901.2 million relates to the increase in human services expenses.

The following chart depicts revenues of the governmental activities for the fiscal year:



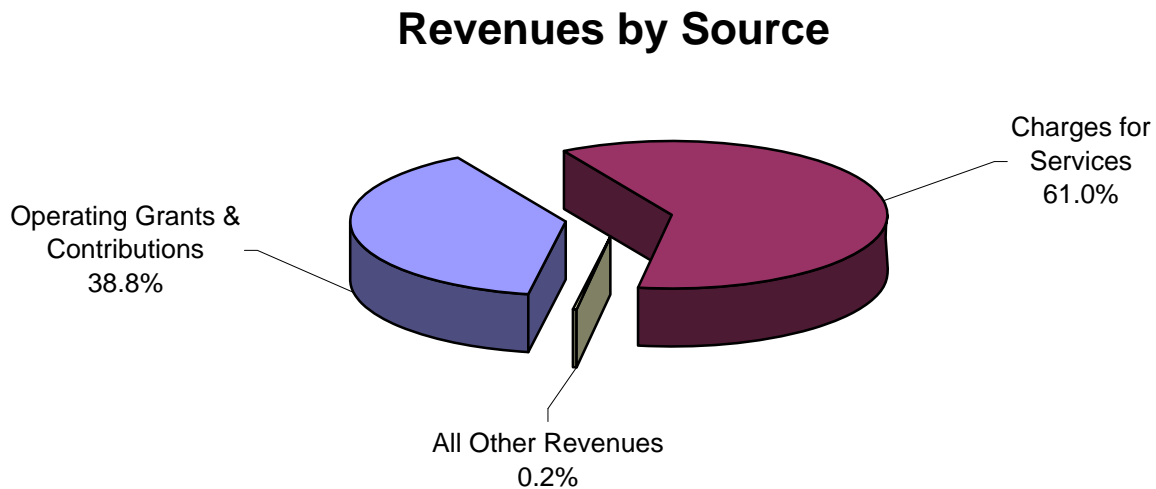
The following chart depicts expenses of the governmental activities for the fiscal year:



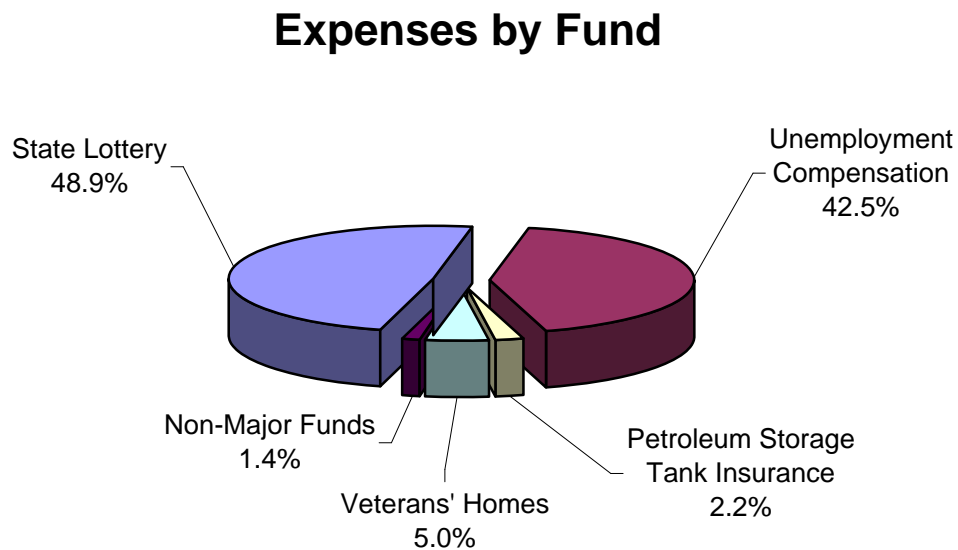
Business-Type Activities:

Net assets of the business-type activities increased by \$18.6 million during the fiscal year due primarily to the increase of \$9 million in total revenues and to the decrease of \$172.5 million in total expenses.

The following chart depicts revenues of the business-type activities for the fiscal year:



The following chart depicts expenses of the business-type activities for the fiscal year:



FUND STATEMENT ANALYSIS

Governmental Funds:

At the end of fiscal year 2005, the State's governmental funds reported combined ending fund balances of \$3.1 billion, a decrease of \$291.2 million or 8.66% over fiscal year 2004. Approximately 52.63% is unreserved and available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) for budget reserve, 2) to pay debt service, 3) for loans receivable, and 4) for a variety of other purposes.

Fund balances (in thousands) for governmental funds are as follows:

	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	State Road	Non- Major	Total
Unreserved	\$ 326,907	\$ 229,885	\$ 386,770	\$ 187,699	\$ 120,202	\$ 364,518	\$ 1,615,981
Reserved	577,561	46	604,357	6,950	111,007	154,499	1,454,420
Total	\$ 904,468	\$ 229,931	\$ 991,127	\$ 194,649	\$ 231,209	\$ 519,017	\$ 3,070,401

The General Fund is the chief operating fund of the State. At the end of fiscal year 2005, the State's General Fund reported a total fund balance of \$904.5 million. The net decrease in fund balance during fiscal year 2005 was \$270.6 million. Revenues of the general fund totaled \$14.8 billion in fiscal year 2005, an increase of \$892 million from fiscal year 2004. Factors contributing to this increase included the following:

- Revenue from taxes increased \$476.6 million from fiscal year 2004 to fiscal year 2005. The most significant increase was Individual Income Tax, which increased \$288.3 million, and an increase of \$63.1 million in revenue from sales and use tax.
- Contributions and intergovernmental revenues increased by \$398.7 million during fiscal year 2005 due primarily to an increase of \$514.3 million in revenue from federal receipts for grants or programs financed by the U.S. Department of Health and Human Services and a decrease of \$138.5 million from federal receipts for grants or programs financed by other federal sources.

Expenditures of the General Fund totaled \$12.7 billion in fiscal year 2005, an increase of \$1.2 billion from fiscal year 2004. The major factor that contributed to this was an increase of \$937.3 million to human services expenditures due primarily to two factors:

- An increase of \$138.6 million paid to individual recipients for social welfare.
- An increase of \$471 million in payments to doctors, hospitals, consultants and optical companies, and similar institutions who also provide medical treatment to social welfare recipients.

The public education fund category provides general and special education services to the children of the State and other related functions such as library services and student loans. Total fund balance increased by \$32.3 million. Expenditures of the public education funds totaled \$3.8 billion in fiscal year 2005, an increase of \$156.1 million from fiscal year 2004. The major factor that contributed to this was an increase of \$143.7 million in the education expenditures for an increase in aid to educational institutions and school districts for expenditures by the institution or the district.

The conservation and environmental protection fund category provides for the preservation of the State's wildlife and environment. The fund balance increased by \$52 million. Revenues of the conservation and environmental protection funds totaled \$321 million for fiscal year 2005, a decrease of \$21.7 million from fiscal year 2004. The major contributing factor is a decrease of \$31 million in contributions and intergovernmental revenues due mainly to a decrease of \$34.5 million in federal receipts for grants or programs financed by the U.S. Environmental Protection Agency and an increase of \$3 million in revenue from conservation sales and use tax.

Expenditures of the conservation and environmental protection funds totaled \$272 million for fiscal year 2005, an increase of \$4.1 million. The major factor that contributed to this was an increase of \$61.4 million in natural and economic resources and a decrease of \$47.7 million in intergovernmental expenditures.

The transportation and law enforcement fund category provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety. The fund balance increased by \$62.3 million. Revenues increased \$24.5 million during fiscal year 2005. The major factor contributing to this was an increase of \$15.6 million in revenue from license fees and permits. Out of this amount, \$3 million is revenue from motor vehicle license and permits and \$2 million is in the form of charges to owners and operators of motor vehicle and trailers operated in interstate or combined interstate/intrastate commerce.

The State Road Fund accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system. The fund balance decreased by \$98.7 million in fiscal year 2005. Revenues of the State Road Fund increased during fiscal year 2005 by \$127.1 million primarily due to an increase of \$108.2 million in revenues from contributions and intergovernmental. Out of this amount, \$95.5 million are from federal receipts for grants or programs financed by the U.S. Department of Transportation.

Proprietary Funds:

The State has three major proprietary funds: State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance Fund. The State Lottery was established in 1986 to account for the sale of lottery tickets and lottery operations. Since 1992, public education has been the sole beneficiary of lottery proceeds. Unemployment Compensation accounts for contributions and payments collected from Missouri employers under the provision of the "Unemployment Compensation Law". This tax finances benefits for workers who become unemployed through no fault of their own. The Petroleum Storage Tank Insurance Fund accounts for moneys collected from transport load fees and participating owners of petroleum storage tanks. The fund pays cleanup expenses from petroleum leaks or spills from underground storage tanks and certain above ground storage tanks as well as third party property damage or bodily injury resulting from such discharges. This fund is one of the largest insurers of tanks in the country.

The State Lottery Fund's net assets increased by \$630,000. Revenues decreased by \$5.9 million during the year because of the decrease of \$5.6 million in lottery ticket sales.

The Unemployment Compensation Fund's net assets increased by \$18.3 million due primarily to a decrease of \$194.5 million in unemployment benefit expenses.

The Petroleum Storage Tank Insurance Fund's net assets increased by \$946,000. Expenses increased by \$13.8 million primarily due to an increase of \$13.4 million in specific programs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget is the first complete appropriated budget that is truly agreed to and finally passed, and signed by the Governor. The final budget includes emergency and supplemental appropriations, transfers, and increases to estimated appropriations.

Budgeted appropriations for fiscal year 2005 from the general fund were \$16.6 billion original budget and \$17 billion revised budget. Actual spending was \$15.9 billion. Reasons for the budget variances include:

- Federal grants received were lower than appropriation authority.
- Multiple year grants are appropriated in one year but the expenditures may occur over several years.
- Appropriation authority exceeded cash available for expenditures.
- Federal moneys related to Medicaid were lost because the Department of Social Services did not have available the money for the required state match.

Budgeted revenues/transfers in for fiscal year 2005 for the general fund was \$15.6 billion original budget and \$15.6 billion revised budget. Actual revenue/transfers in was \$15.7 billion. Reasons for the budget variances include:

- Revenue growth in fiscal year 2005 outpaced economic growth forecasts for the State. Many economic forecasting experts predicted strong growth in production, but slow growth in jobs. Since Missouri's revenues are highly dependent on withholding and sales taxes, continued conservatism in the forecast was justified.
- Tax changes at the Federal level, particularly the Jobs and Growth Tax Relief Reconciliation Act of 2003, created uncertainty and posed substantial downside risk. While some provisions of the Act benefited Missouri's revenues, the Act also raised the standard deduction for many filers and enhanced depreciation allowances.

Refer to the *Notes to RSI*, Budgetary Reporting, on page 92 for more information on budgetary variances.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2005, was \$27.4 billion (net of accumulated depreciation). This investment in capital assets includes construction in progress, infrastructure in progress, land, land improvements, buildings and improvements, equipment, and infrastructure.

Capital Assets of the State include (in thousands):

	Governmental Activities	Business-Type Activities	Total
Construction in Progress	\$ 440,480	\$ 5,836	\$ 446,316
Infrastructure in Progress	3,046,299	---	3,046,299
Land	2,400,996	5,748	2,406,744
Land Improvements	137,088	4,818	141,906
Buildings and Improvements	2,046,814	26,069	2,072,883
Equipment	1,116,926	46,569	1,163,495
Infrastructure	38,064,362	---	38,064,362
<i>Subtotal</i>	47,252,965	89,040	47,342,005
Less Accumulated Depreciation	(19,856,356)	(49,987)	(19,906,343)
<i>Total Capital Assets, Net</i>	\$ 27,396,609	\$ 39,053	\$ 27,435,662

Additional information on capital assets can be found in *Note 5* of this report.

Long-Term Debt:

At the end of fiscal year 2005, the State had total general obligation and other bonded debt outstanding of \$2.4 billion. Of this amount, \$790.9 million comprises debt backed by the full faith and credit of the government.

During fiscal year 2005, \$157,605,000 of general obligation refunding bonds were issued to refund \$166,250,000 of general obligation bonds and to take advantage of lower interest rates. Principal amounts retired in fiscal year 2005 were \$55,560,000 for general obligation bonds and \$51,510,000 for other revenue bonds.

The State of Missouri is proud to be one of only six states to maintain a Triple-A credit rating from all three major credit rating agencies (Moody's Investor Services, Inc., Standard and Poor's, and Fitch Ratings, Inc.) on the State's General Obligation Bonds.

Outstanding Bonds Payable of the State include (in thousands):

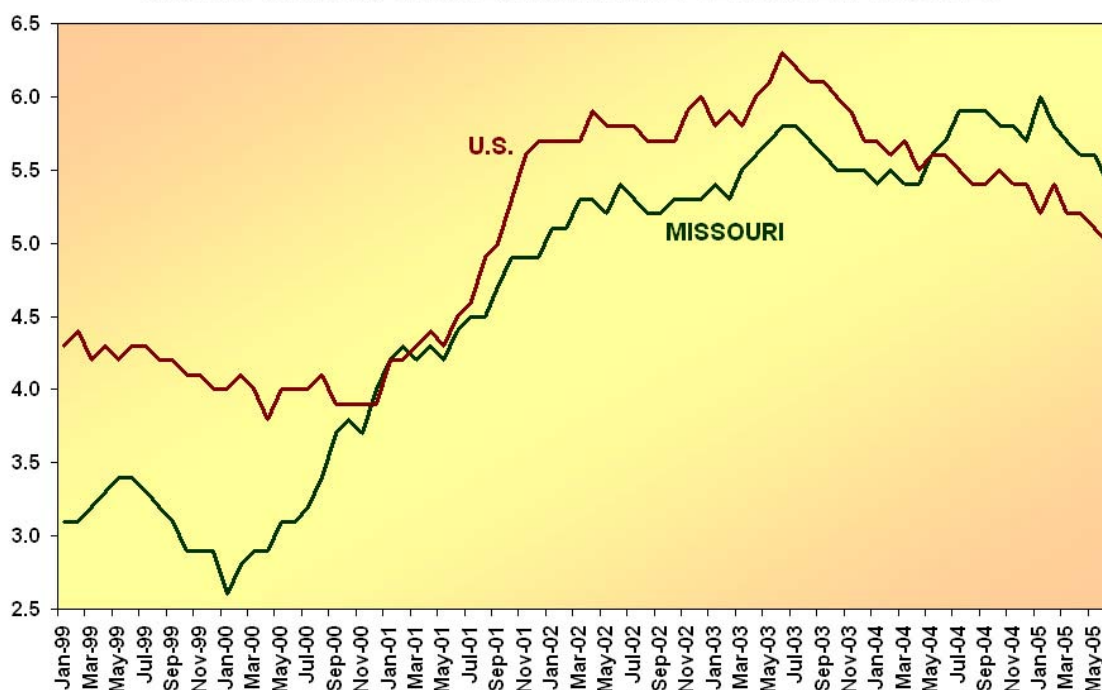
	Governmental Activities	Component Units	Total
General Obligation Bonds	\$ 790,910	\$ ---	\$ 790,910
Other Bonds	1,577,000	1,005,041	2,582,041
Total	\$ 2,367,910	\$ 1,005,041	\$ 3,372,951

Additional information on long-term debt can be found in *Notes 11, 12, and 13* of this report.

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

Missouri's economic future remains positive as evidenced by economic indicators and statistics. Missouri's exports totaled approximately \$9.7 billion in fiscal year 2005 which is nearly a half a billion ahead of the record sales of fiscal year 2004. Missouri ranked No. 21 nationally in personal income growth with an increase of 1.1% from the fourth quarter of 2004 to the first quarter of 2005. This outpaced the national average of 0.7%. Cost of living in Missouri is the 6th lowest in the nation and the Purchaser Manager's Index (PMI) for June was 56. A score of above 50 indicates an expanding economy.

U.S. AND MISSOURI UNEMPLOYMENT RATE, SEASONALLY ADJUSTED



Source: MERIC & U.S. Bureau of Labor Statistics

After fairly irregular employment growth in 2004, Missouri's employment is beginning to show strong growth in 2005. Approximately 39,700 jobs have been added to Missouri's economy, on a seasonally adjusted basis, representing an annual growth rate of about 3.5%. During that period, all major industry groups, except "other services" and government expanded; private sector industry employment increased by 42,800 jobs between January and June of this year.

During fiscal year 2005, Missouri's unemployment rate peaked in January at 6%. Since then, the unemployment rate has been decreasing, dropping to 5.4% in June. This is a 0.3% decrease from the end of June in fiscal year 2004 and the lowest the unemployment rate has been since February 2003 when it was 5.3%. Historically, Missouri's unemployment rate has been lower than the nation's rate and has mirrored its changes. However, since June 2004, Missouri's unemployment rate has exceeded the U.S. unemployment rate, thanks in part to a growing labor force.

The State of Missouri completed fiscal year 2005 with a growth in revenues of 5.8% from fiscal year 2004 and a balanced budget. Balancing the budget included cuts in the state workforce of 1,456 positions, debt management, and a reduction to Medicaid. However, significant funding challenges are still on the horizon involving education, Medicaid, and correctional facilities.

Funding for Missouri schools remains a challenge. Elementary and secondary education became the top public priority in 2005 with a revision of the school funding formula. This revision calls for an increase in spending by about \$800 million to be phased in by the 2012-13 school year. This revision came in response to a lawsuit filed by 257 of the 524 Missouri schools against the State in January 2004 over both the equity of funding between schools and the overall adequacy of school funding. An amended lawsuit filed in November 2005, by 231 of the schools is still pending. In fiscal year 2006, lawmakers have increased education spending by 4.4% or \$158 million.

State universities and community colleges have experienced several substantial funding cuts during past years. In the last two years, tuition has increased by 23.8% for four-year institutions and 16.2% at community colleges. However, the level of funding for higher education will remain the same for 2006 as it was for 2005.

The percentage growth for Medicaid is expected to continue to outpace growth in general revenue for fiscal year 2006. In response, the State has implemented changes in order to sustain the program, including reducing the income eligibility levels and certain optional services for the working disabled and general relief medical assistance programs and reverification of eligibility. The Medicaid Reform Commission was also formed with the purpose of making recommendations to the General Assembly on redesigning, reforming, or restructuring a new Medicaid system to be enacted on June 30, 2008. These changes impact 90,000 Missourians and will cut approximately \$474 million dollars from Medicaid in fiscal year 2006.

Tougher crime laws have made it increasingly costly for the State's correctional facilities. The prison population has doubled since 1990 to around 31,000 inmates. The cost of maintaining these facilities has also doubled to a total of \$589 million in fiscal year 2006. Rising costs and budgetary pressures have led to the closing of several inefficient state prisons in fiscal year 2005 including the Missouri State Penitentiary, the Chillicothe Correctional Center, and Church Farm. Inmates at these closed prisons were moved to other correctional facilities.

Despite funding challenges, the State is working to stimulate the economy, increase efficiency, and decrease costs. In the past year, Missouri has passed Senate Bill 343 – the Missouri Quality Jobs Act which creates a new incentive program that rewards businesses for new jobs created, House Bill 393 – Tort Reform to address Missouri's medical malpractice insurance crisis and moderate the litigation environment, and Senate Bill 1 – Worker's Compensation Reform which creates a reasonable balance between the rights of workers to be compensated for their legitimate work-related injuries and the needs of businesses to have an affordable worker's compensation system. These measures should encourage economic development in Missouri, and benefit workers and employers alike.

Events taking place after the State's fiscal year end include:

- Information Technology Resources will be consolidated within the Office of Administration for a more effective use of state resources and lower cost.
- In November 2005, the Report and Recommendations of the Missouri State Government Review Commission will be issued. This report gives a comprehensive review of state government functions for the purpose of restructuring, consolidating, or eliminating these functions in order to provide better and more cost effective services to Missouri citizens.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of Administration, Division of Accounting, P.O. Box 809, Jefferson City, MO 65102.



*The **Basic Financial Statements** include the Government-Wide Financial Statements, the Governmental Fund Financial Statements, the Proprietary Fund Financial Statements, the Fiduciary Fund Financial Statements, the Component Unit Financial Statements, and the accompanying notes to the statements.*

STATE OF MISSOURI
STATEMENT OF NET ASSETS
June 30, 2005
(In Thousands of Dollars)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Cash and Cash Equivalents (Note 3)	\$ 770,615	\$ 104,699	\$ 875,314	\$ 265,798
Investments (Note 3)	1,915,607	57,705	1,973,312	719,132
Receivables, Net (Note 14)	2,538,751	202,412	2,741,163	441,155
Internal Balances	20,217	(20,217)	---	---
Inventories	75,577	1,587	77,164	43,642
Deposits and Prepaid Expenses	51	748	799	17,292
Invested Securities Lending Collateral (Note 3)	---	---	---	81,611
Restricted Assets:				
Cash and Cash Equivalents (Note 3)	34,204	---	34,204	276,735
Investments (Note 3)	67,691	79,296	146,987	882,365
Receivables, Net	---	---	---	2,437
Deferred Costs and Other Assets	42,745	---	42,745	20,281
Assets Held for Resale	---	115	115	---
Capital Assets (Note 5):				
Non-depreciable	5,887,775	11,584	5,899,359	401,819
Depreciable, Net	21,508,834	27,469	21,536,303	2,561,297
Total Assets	<u>32,862,067</u>	<u>465,398</u>	<u>33,327,465</u>	<u>5,713,564</u>
Liabilities				
Payables (Note 14)	1,301,466	302,186	1,603,652	486,195
Securities Lending Collateral (Note 3)	---	---	---	81,611
Unearned Revenue (Note 1)	76,534	596	77,130	58,088
Long-Term Liabilities (Note 11):				
Due within one year	421,764	63,763	485,527	56,800
Due in more than one year	3,652,255	169,883	3,822,138	970,098
Total Liabilities	<u>5,452,019</u>	<u>536,428</u>	<u>5,988,447</u>	<u>1,652,792</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	25,486,977	39,053	25,526,030	2,054,870
Restricted for:				
Budget Reserve	464,405	---	464,405	---
Debt Service	187,272	---	187,272	---
Loans Receivable	604,335	---	604,335	---
Permanent Trusts:				
Expendable	87	---	87	---
Non-Expendable	47,740	---	47,740	---
Colleges and Universities:				
Expendable	---	---	---	379,793
Non-Expendable	---	---	---	586,897
Other Purposes	1,904,846	12,407	1,917,253	109,694
Unrestricted	(1,285,614)	(122,490)	(1,408,104)	929,518
Total Net Assets	<u>\$ 27,410,048</u>	<u>\$ (71,030)</u>	<u>\$ 27,339,018</u>	<u>\$ 4,060,772</u>

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 754,664	\$ 703,448	\$ 24,770	\$ ---	\$ (26,446)	\$ ---	\$ (26,446)	\$ ---
Education	5,669,602	148,160	997,684	---	(4,523,758)	---	(4,523,758)	---
Natural and Economic	624,461	42,676	328,830	---	(252,955)	---	(252,955)	---
Transportation and Law Enforcement	2,009,647	133,962	1,051,748	---	(823,937)	---	(823,937)	---
Human Services	9,731,318	421,389	5,364,812	---	(3,945,117)	---	(3,945,117)	---
Intergovernmental	703,922	---	---	---	(703,922)	---	(703,922)	---
Interest on Debt (Excluding Direct Expense)	124,233	559	---	---	(123,674)	---	(123,674)	---
Total Governmental Activities	19,617,847	1,450,194	7,767,844	---	(10,399,809)	---	(10,399,809)	---
Business-Type Activities:								
State Lottery Fund	575,678	793,750	---	---	---	218,072	218,072	---
Unemployment Compensation Fund	501,098	---	518,338	---	---	17,240	17,240	---
Petroleum Storage Tank Insurance	25,916	25,570	---	---	---	(346)	(346)	---
Veterans' Homes	58,745	21,616	24,771	---	---	(12,358)	(12,358)	---
Non-Major Funds	16,914	14,532	1,588	---	---	(794)	(794)	---
Total Business-Type Activities	1,178,351	855,468	544,697	---	---	221,814	221,814	---
Total Primary Government	\$ 20,796,198	\$ 2,305,662	\$ 8,312,541	\$ ---	(10,399,809)	221,814	(10,177,995)	---
Component Units:								
Colleges and Universities	\$ 2,772,556	\$ 1,618,551	\$ 1,291,674	\$ 38,308	---	---	---	175,977
Non-Major Component Units	21,680	8,537	22,207	---	---	---	---	9,064
Total Component Units	\$ 2,794,236	\$ 1,627,088	\$ 1,313,881	\$ 38,308	---	---	---	185,041
General Revenues:								
Taxes:								
Sales and Use					3,003,405	---	3,003,405	---
Individual Income					4,821,500	---	4,821,500	---
Corporate Income					351,116	---	351,116	---
County Foreign Insurance					163,952	---	163,952	---
Alcoholic Beverage					28,045	---	28,045	---
Corporate Franchise					118,343	---	118,343	---
Inheritance					41,832	---	41,832	---
Miscellaneous Taxes					1,334,595	---	1,334,595	---
Grants and Contributions not Restricted to Specific Programs					158,140	---	158,140	---
Unrestricted Investment Earnings					79,540	4,129	83,669	105,299
Gain (Loss) on Sale of Capital Assets					---	(178)	(178)	(10,433)
Transfers					207,159	(207,159)	---	---
Total General Revenues and Transfers					10,307,627	(203,208)	10,104,419	94,866
Change in Net Assets					(92,182)	18,606	(73,576)	279,907
Net Assets - Beginning					27,502,230	(89,636)	27,412,594	3,780,865
Net Assets - Ending					\$ 27,410,048	\$ (71,030)	\$ 27,339,018	\$ 4,060,772

The notes to the financial statements are an integral part of this statement.



*The **Governmental Funds** focus on current financial resources.*

Governmental Fund Financial Statements

Major Funds

General Fund – Accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

See the General Fund Combining Statements presented as part of Supplementary Information for listings of all funds included in the General Fund.

Major Special Revenue Fund Categories:

Public Education – Provides general and special education needs of the State and other related areas such as library services and student loans.

Conservation and Environmental Protection – Provides for the preservation of the State's wildlife and environment.

Transportation and Law Enforcement – Provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

The State has numerous individual Special Revenue Funds. Therefore, the funds have been combined into specific functional areas. See the following pages for a listing of the individual funds that make up our Major Special Revenue Fund categories.

Major Capital Projects Fund:

State Road – Accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system.

Non-Major Funds

Non-Major Governmental Funds are presented in the Combining and Individual Fund Statements and Schedules for non-major funds as part of Supplementary Information.

Special Revenue – Public Education: Provides general and special education needs of the State and other related areas such as library services and student loans.

Marguerite Ross Barnett Scholarship – Accounts for moneys refunded from scholarships to be reissued.

School District Bond – Accounts for moneys to be used by the Missouri Health and Educational Facilities Authority for the issuance of school district bonds.

School Building Revolving – Accounts for moneys transferred from the Gaming Proceeds for Education Fund to be used for loans to school districts for specific capital improvement projects.

Gaming Proceeds for Education – Accounts for proceeds of taxes paid and interest earned from taxes paid on the gross receipts of excursion boat gambling to be used for education.

Outstanding Schools Trust – Accounts for moneys to be used to revise the mechanism which distributes basic state aid to schools and for various education programs.

Bingo Proceeds for Education – Accounts for fees and taxes collected relating to bingo to be used for education.

Lottery Proceeds – Accounts for the net proceeds from the State Lottery to be used for public institutions of elementary, secondary, and higher education.

Missouri Community College Job Training Program – Accounts for moneys to be used for the New Jobs Training Program administered by the Department of Economic Development.

Professional and Practical Nursing Student Loan and Nurse Loan Repayment – Moneys will be used to make student loans to nursing students and for the repayment of principal and interest for students who work in specified areas of nursing.

Video Instructional Development and Educational Opportunity – Accounts for sales tax revenues on rental of sound or picture transcriptions and used for instructional television programming.

Missouri Job Development – Accounts for moneys from any source and used for vocational training or retraining.

State School Money – Accounts for funds distributed to public school districts.

Department of Social Services Educational Improvement – Accounts for moneys from the Department of Elementary and Secondary Education, and is used for school foundation money for children placed in Division of Youth Services' custody.

State Seminary Money – Accounts for interest earnings to be spent for maintenance of the State university.

State Guaranty Student Loan – Accounts for funds from any source to assist students in financing their education.

Excellence in Education – Accounts for moneys to be spent for education programs.

Missouri Prospective Teachers Loan – Accounts for funds from any source to assist students in financing their education to become teachers.

Fair Share – Accounts for additional tax on cigarettes for distribution to schools.

School District Trust – Accounts for sales tax moneys to be distributed to the public school districts of the State.

GEAR UP Scholarship – Accounts for moneys to be used for awarding scholarships who meet the requirements of the GEAR UP for Education Program.

Schools for the Future – Accounts for moneys received as a result of the amnesty program to be transferred to the State Schools Money Fund, and subsequently paid out to school districts as part of the monthly school foundation formula.

Veterans' Historical Education Trust – Accounts for moneys received for financing veterans' outreach and education programs.

Library Networking – Accounts for bequests received to be used for library networking expenses.

Student Grant – Accounts for moneys used to provide financial aid to eligible students.

Academic Scholarship – Accounts for moneys to be used to provide scholarships based on academic ability.

U.S. Department of Education/Coordinating Board for Higher Education P.L. 105-33 Recall Account – Accounts for Federal recalled reserve funds. The Coordinating Board for Higher Education will transfer an amount equal to 20% of the total recalled reserve to this fund. These funds cannot be withdrawn without the U.S. Department of Education's written approval.

U.S. Department of Education/Coordinating Board for Higher Education P.L. 105-33 Interest Account – Accounts for moneys earned on and transferred from the U.S. Department of Education P.L. 105-33 Recall Account Fund. The moneys are used for the sole purpose of performing default reduction activities applicable to the Title IV student loan programs.

Advantage Missouri Trust – Accounts for moneys to provide loans and loan forgiveness programs.

Missouri College Guarantee – Accounts for moneys transferred from the Gaming Commission Fund to be used by the Coordinating Board of Higher Education for awarding scholarships to eligible students.

Early Childhood Development Education and Care – Accounts for moneys transferred from the Gaming Commission Fund to be used for programs that prepare children for kindergarten.

Kids Chance Scholarship – Accounts for moneys transferred from the Workers' Compensation Fund to be used for children of job injured workers.

Guaranty Agency Operating – Accounts for moneys transferred from the State Guaranty Student Loan Fund to be used for administrative purposes.

Federal Student Loan Reserve – Accounts for moneys to pay lender claims.

Secretary of State – Wolfner State Library – Accounts for moneys to be used to ensure library services to the eligible blind and physically handicapped residents of the State.

Special Revenue – Conservation and Environmental Protection: Provides for the preservation of the State's wildlife and environment.

Missouri Air Emission Reduction – Accounts for fees collected under the Emissions Inspections Program.

Natural Resources Protection – Accounts for moneys collected for examinations, applications, certifications, and inspections used for the purpose of protecting the air, water, and land resources of the State.

Natural Resources Protection – Water Pollution Permit Fee Subaccount – Accounts for moneys to be used for the protection of State water.

Solid Waste Management – Scrap Tire Subaccount – Accounts for moneys to be used for the protection of the State's public health and safety in regards to the disposition of scrap tires.

Solid Waste Management – Accounts for moneys used to promote the development of markets for recovered materials and other activities to protect the environment.

Metallic Minerals Waste Management – Accounts for moneys collected from any forfeiture of a financial assurance instrument, civil penalties collected and administrative penalties collected for the safe disposal of waste from metallic minerals.

Natural Resources Protection – Air Pollution Asbestos Fee Subaccount – Accounts for moneys to be used to administer requirements relating to asbestos abatement projects that protect public health and the environment.

Underground Storage Tank Regulation Program – Accounts for fees collected for registration of underground storage tanks and used for costs related to their regulation.

Chemical Emergency Preparedness – Accounts for moneys provided to the Missouri Response Commission and Department of Natural Resources for expenses of the commission.

Natural Resources Protection – Air Pollution Permit Fee Subaccount – Accounts for moneys to be used to protect the air, water, and land resources of the State.

Water and Wastewater Loan Revolving – Accounts for loans and loan repayments under the Wastewater Loan Program.

Conservation Commission – Accounts for fees and a special sales tax used to administer laws and regulations pertaining to forestry and wildlife resources.

Parks Sales Tax – Accounts for sales tax moneys spent to control, manage, and regulate state parks.

Soil and Water Sales Tax – Accounts for sales tax moneys used for the conservation and management of the soil and water resources of the State.

Water and Wastewater Loan – Accounts for moneys from any source received for wastewater construction loans.

Groundwater Protection – Accounts for fees collected for permits and is used for the administration and enforcement of water well drillers' laws.

Energy Set-Aside Program – Accounts for moneys appropriated and any gifts, grants, and bequests. These moneys are loaned to public school districts to implement energy conservation projects.

State Land Survey Program – Accounts for fees collected from state recorders and used for land survey programs.

Petroleum Violation Escrow – Accounts for fines collected from petroleum companies for petroleum violations and is used for energy programs.

Hazardous Waste – Accounts for moneys from fees and permits and from any other source for hazardous waste management and cleanup.

Safe Drinking Water – Accounts for fees and grants from any source for the administration of safe drinking water laws.

Coal Mine Land Reclamation – Accounts for fees assessed on the amount of coal processed and is used to restore the land.

Hazardous Waste Remedial – Accounts for moneys from fees, penalties, and from any other source for administering hazardous waste services.

Missouri Air Pollution Control – Accounts for fees collected from automobile emissions inspection stations and is used for air pollution control programs.

Meramec-Onondaga State Parks – Accounts for proceeds from the sale of this land by the federal government and is used for the support and maintenance of these parks by the State.

Oil and Gas Remedial – Accounts for the proceeds from the sale of illegal oil products and used for costs of administering these laws.

Biodiesel Fuel Revolving – Accounts for moneys to be used to pay for incremental cost of biodiesel fuel for use in state vehicles, and for administration costs of the program.

Stormwater Loan Revolving – Accounts for the receipt of repayment for stormwater control project loans to be used for the construction of stormwater control projects.

Rural Water and Sewer Loan Revolving – Accounts for the receipt of repayment for rural water and sewer control project loans to be used for the construction of rural water and sewer loan projects.

Concentrated Animal Feeding Operation Indemnity – Accounts for moneys to be used to close concentrated animal feeding operation waste water lagoons.

Missouri Alternative Fuel Vehicle Loan – Accounts for moneys to be used to issue loans to political subdivisions in order to purchase new vehicles capable of using alternative fuels.

Petroleum Violation Escrow Interest Subaccount – Accounts for interest earnings to be used for administrative costs of energy programs.

Missouri Lead Abatement Loan – Accounts for moneys to be used in carrying out lead abatement projects.

Dry-Cleaning Environmental Response Trust – Accounts for moneys received from surcharges, fees, gifts, bequests, donations, and moneys recovered by the State to be used to protect human health and natural resources.

Mined Land Reclamation – Accounts for fees, forfeiture of bonds, penalties, and gifts and used for the administration and enforcement of these laws.

Babler State Park – Accounts for assets donated, bequeathed, or devised to the State for the benefit of the Doctor Edmund A. Babler Memorial State Park used solely for the maintenance and development of this park.

Special Revenue – Transportation and Law Enforcement: Provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

Peace Officer Standards and Training Commission – Accounts for fees assessed as court costs to be used for training peace officers or other law enforcement employees.

Transportation Department Grade Crossing Safety Account – Accounts for moneys to be used to improve safety at the crossings of public roads with railroad tracks.

Highway Patrol Inspection – Accounts for fees collected for certificates of inspection and approval used by the State Highway Patrol for administration and enforcement of the various motor vehicle inspection programs.

Firing Range Fee – Accounts for fees collected from law enforcement agencies for use of the firing range operated by the Department of Public Safety to be used for its operations.

Highway and Transportation Department – Accounts for fees paid by highway users to operate the Highway Commission and the Department of Transportation. Also used to administer and enforce state motor vehicle laws or traffic regulations.

Railroad Expense – Accounts for assessments used to administer and enforce railroad regulations.

Motor Fuel Tax – Accounts for motor fuel taxes to be distributed to other governments and to the Department of Transportation Funds.

Highway Patrol Academy – Accounts for fees charged for the training of peace officers and is used solely for the maintenance and operation of the Highway Patrol Academy.

State Transportation – Accounts for moneys from sales taxes and other sources to be used for state transportation purposes other than construction or maintenance of roads.

Highway Patrol's Motor Vehicle and Aircraft Revolving – Accounts for proceeds from government agencies to be used solely for the purchase of Highway Patrol vehicles or aircraft.

Highway Patrol Traffic Records – Accounts for copy fees received by the Highway Patrol for reports, photographs, and other data relating to investigated motor vehicle accidents.

Antiterrorism – Accounts for individual contributions received to be used for antiterrorism and emergency response activities undertaken by State and local law enforcement, fire protection, and public health agencies.

Missouri Public Safety Officer Medal of Valor – Accounts for moneys for members of the Medal of Valor Review Board.

DNA Profiling Analysis – Accounts for money collected from criminal cases in circuit courts for DNA profiling analysis of convicted offender samples.

Department of Revenue Specialty Plate – Accounts for moneys received by the Department of Revenue for the reviewing and development of specialty plates.

Transportation Revenue Collection – Accounts for moneys and transfers for expenses and equipment related to motor vehicles and drivers' licenses.

Highway Patrol Expense Fund – Accounts for moneys advanced to employees for expenses, and moneys received for rewards, prizes, and gifts paid to Patrol member.

State Transportation Assistance Revolving – Accounts for moneys to be used for loans for the development of transportation of elderly or handicapped persons or the purchase of rolling stock for transit purposes.

Aviation Trust – Accounts for fuel taxes not refunded to the users of fuel used in aircraft engines. These moneys are used as matching funds for the preventive maintenance of runways, taxiways, aprons, and safety-related items.

**STATE OF MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2005
(In Thousands of Dollars)**

	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	State Road	Non-Major Funds	Totals June 30, 2005
ASSETS							
Cash and Cash Equivalents (Note 3)	\$ 291,561	\$ 61,294	\$ 86,374	\$ 18,253	\$ 34,807	\$ 113,575	\$ 605,864
Investments (Note 3)	736,092	151,075	297,491	48,229	206,376	407,815	1,847,078
Accounts Receivable, Net	1,603,367	54,378	22,025	131,836	54,113	10,358	1,876,077
Interest Receivable	7,869	942	2,511	449	2,760	2,423	16,954
Due from Other Funds (Note 15)	65	19,042	9	47	4,064	228	23,455
Due from Component Units (Note 15)	---	---	654	---	1,168	---	1,822
Inventories	23,626	46	624	4,407	35,030	543	64,276
Advance to Component Units (Note 15)	---	---	3,570	---	7,942	---	11,512
Loans Receivable	---	---	601,177	2,543	---	615	604,335
Restricted Assets:							
Cash and Cash Equivalents (Note 3)	---	---	---	---	8,484	---	8,484
Investments (Note 3)	---	---	---	---	67,493	---	67,493
Total Assets	<u>\$ 2,662,580</u>	<u>\$ 286,777</u>	<u>\$ 1,014,435</u>	<u>\$ 205,764</u>	<u>\$ 422,237</u>	<u>\$ 535,557</u>	<u>\$ 5,127,350</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 878,903	\$ 37,786	\$ 3,493	\$ 4,946	\$ 101,782	\$ 7,434	\$ 1,034,344
Accrued Payroll	56,044	489	4,916	4,903	15,656	3,084	85,092
Due to Other Funds (Note 15)	31,115	283	1,366	521	287	1,501	35,073
Due to Component Units (Note 15)	---	---	---	---	8,655	---	8,655
Deferred Revenue (Note 1)	730,443	18,288	13,533	745	26,383	4,521	793,913
Advance from Other Funds (Note 15)	61,607	---	---	---	---	---	61,607
Advance from Component Units (Note 15)	---	---	---	---	38,265	---	38,265
Total Liabilities	<u>1,758,112</u>	<u>56,846</u>	<u>23,308</u>	<u>11,115</u>	<u>191,028</u>	<u>16,540</u>	<u>2,056,949</u>
Fund Balances:							
Reserved for:							
Budget Reserve	464,405	---	---	---	---	---	464,405
Inventories	23,626	46	624	4,407	35,030	543	64,276
Future Distribution	83,449	---	---	---	---	---	83,449
Forfeited Assets	917	---	2,556	---	---	---	3,473
Taxes	5,164	---	---	---	---	---	5,164
Debt Service	---	---	---	---	75,977	105,601	181,578
Loans Receivable	---	---	601,177	2,543	---	615	604,335
Trust Principal	---	---	---	---	---	47,740	47,740
Unreserved, Reported In:							
General Fund	326,907	---	---	---	---	---	326,907
Special Revenue Funds	---	229,885	386,770	187,699	---	260,808	1,065,162
Capital Projects Funds	---	---	---	---	120,202	103,623	223,825
Permanent Funds	---	---	---	---	---	87	87
Total Fund Balances	<u>904,468</u>	<u>229,931</u>	<u>991,127</u>	<u>194,649</u>	<u>231,209</u>	<u>519,017</u>	<u>3,070,401</u>
Total Liabilities and Fund Balances	<u>\$ 2,662,580</u>	<u>\$ 286,777</u>	<u>\$ 1,014,435</u>	<u>\$ 205,764</u>	<u>\$ 422,237</u>	<u>\$ 535,557</u>	<u>\$ 5,127,350</u>

The notes to the financial statements are an integral part of this statement.

**STATE OF MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2005
(In Thousands of Dollars)**

Total Fund Balances – Governmental Funds \$ 3,070,401

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental funds are not financial resources and they are not reported in the funds. These assets consist of (Note 5):

Construction in Progress	269,644	
Infrastructure in Progress	3,046,299	
Land	2,392,561	
Land Improvements	134,130	
Buildings and Improvements	1,807,662	
Equipment	1,039,919	
Infrastructure	38,064,362	
Accumulated Depreciation	<u>(19,657,811)</u>	
		27,096,766

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds (Note 1). 741,426

Long-term assets held for the State with a paying agent to make interest payments on bonds. 19,113

Bonds issued by the State have associated cost that are paid from current available financial resources in the funds. However, these costs are deferred on the Statement of Net Assets. 42,745

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of (Notes 11 and 12):

Due to Other Entities	(31,311)	
General Obligation and Other Bonds Payable	(2,367,910)	
Obligation under Lease Purchases	(229,661)	
Compensated Absences	(158,018)	
Net Pension Obligation	(101,266)	
Contingent Liabilities	(972,010)	
Claims Liability	(14,617)	
Accrued Interest on Bonds	(32,396)	
Unamortized Bond Premium	<u>(98,977)</u>	
		(4,006,166)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities are included in governmental activities in the Statement of Net Assets.

445,763

Net Assets of Governmental Activities \$ 27,410,048

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	State Road	Non-Major Funds	Totals June 30, 2005
Revenues:							
Taxes	\$ 7,340,546	\$ 1,071,276	\$ 173,637	\$ 775,703	\$ 129,248	\$ 156,042	\$ 9,646,452
Licenses, Fees and Permits	71,813	2,320	72,499	178,076	110,168	153,637	588,513
Sales	2,597	---	7,597	5,201	---	1,454	16,849
Leases and Rentals	2,021	2	106	14	---	---	2,143
Services	181,894	---	---	---	---	218	182,112
Contributions and Intergovernmental	7,011,147	52,086	53,570	2,101	768,559	13,659	7,901,122
Investment Earnings:							
Net Increase (Decrease) in the Fair Value of Investments	910	2	(45)	(192)	63	2,414	3,152
Interest	31,024	3,493	9,022	1,997	1,139	22,451	69,126
Penalties and Unclaimed Properties	1,705	1,702	1,852	548	---	20,044	25,851
Cost Reimbursement/ Miscellaneous	182,066	26,041	2,554	832	57,766	171,381	440,640
Total Revenues	<u>14,825,723</u>	<u>1,156,922</u>	<u>320,792</u>	<u>964,280</u>	<u>1,066,943</u>	<u>541,300</u>	<u>18,875,960</u>
Expenditures:							
Current:							
General Government	410,648	1,057	4,394	52,683	---	77,914	546,696
Education	1,938,765	3,722,038	62	9	---	2,427	5,663,301
Natural and Economic Resources	256,592	15,817	83,587	3	---	195,252	551,251
Transportation and Law Enforcement	150,235	4	278	498,445	273,881	33,124	955,967
Human Services	9,547,980	18,369	712	50	---	158,654	9,725,765
Capital Outlay:							
Current Expenditures	78,822	6,139	24,567	17,133	857,112	31,392	1,015,165
Capital Lease Purchases	8,088	---	226	109	44,473	129	53,025
Debt Service:							
Principal	28,044	---	869	236	32,500	56,050	117,699
Interest	33,706	---	268	80	45,096	39,865	119,015
Underwriter's Discount	---	---	---	---	---	326	326
Intergovernmental	229,677	13	157,067	195,145	99,427	17,282	698,611
Total Expenditures	<u>12,682,557</u>	<u>3,763,437</u>	<u>272,030</u>	<u>763,893</u>	<u>1,352,489</u>	<u>612,415</u>	<u>19,446,821</u>
Excess Revenues (Expenditures)	<u>2,143,166</u>	<u>(2,606,515)</u>	<u>48,762</u>	<u>200,387</u>	<u>(285,546)</u>	<u>(71,115)</u>	<u>(570,861)</u>
Other Financing Sources (Uses):							
Proceeds from Capital Leases	8,088	---	226	109	44,473	129	53,025
Issuance of Refunding Bonds	---	---	---	---	---	157,605	157,605
Payments to Refunded Bonds	---	---	---	---	---	(175,553)	(175,553)
Escrow Agent	---	---	---	---	---	18,274	18,274
Bond Premium	---	---	---	---	---	---	---
Proceeds from Capital Asset Sale	---	---	---	---	5,920	---	5,920
Transfers In (Note 16)	103,548	2,641,270	4,634	6,441	136,487	170,225	3,062,605
Transfers Out (Note 16)	(2,528,275)	(2,502)	(1,578)	(142,493)	---	(167,712)	(2,842,560)
Total Other Financing Sources (Uses)	<u>(2,416,639)</u>	<u>2,638,768</u>	<u>3,282</u>	<u>(135,943)</u>	<u>186,880</u>	<u>2,968</u>	<u>279,316</u>
Net Change in Fund Balances	(273,473)	32,253	52,044	64,444	(98,666)	(68,147)	(291,545)
Fund Balances – Beginning (Note 17)	1,175,105	197,681	939,267	132,383	329,875	587,274	3,361,585
Increase (Decrease) in Reserve for Inventory	2,836	(3)	(184)	(2,178)	---	(110)	361
Fund Balances – Ending	<u>\$ 904,468</u>	<u>\$ 229,931</u>	<u>\$ 991,127</u>	<u>\$ 194,649</u>	<u>\$ 231,209</u>	<u>\$ 519,017</u>	<u>\$ 3,070,401</u>

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES IN
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

Net Change in Fund Balances – Total Governmental Funds	\$	(291,545)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Inventories, which are recorded under the purchases method for governmental fund reporting, are reported under the consumption approach on the Statement of Activities. As a result of this change, the Increase in Reserve for Inventories on the fund statement has been reclassified as a functional expense on the government-wide statement.		361
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Governmental funds report capital outlays as expenditures. In the Statement of Activities, however, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount that capital outlays of \$763,473 is exceeded by depreciation of \$801,753 in the current period.		(38,280)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		243,787
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Proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. In governmental funds, repayment of principal is an expenditure, but the repayment reduces long-term liabilities in the Combined Statement of Net Assets (Note 12).

Bonds Issued	(157,605)	
Bond Premiums, Issuance, and Refunding Costs	(7,568)	
Bond Principal Payments	273,320	
Capital Leases Issued	(53,025)	
Capital Lease Payments	18,644	
	73,766	73,766

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds (Notes 11 and 12).

Amortization of Bond Premiums, Issuance, and Refunding Costs	8,085	
Decrease in Restricted Cash	(18,775)	
Decrease in Accrued Interest	4,313	
Decrease in Due to Other Entities	917	
Increase in Compensated Absences	(7,959)	
Increase in Contingent Liabilities	(81,379)	
Increase in Claims Liability	(3,541)	
Increase in Net Pension Obligation	(2,248)	
	(100,587)	(100,587)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue and expense of internal service funds are reported with governmental activities.		20,316
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Change in Net Assets of Governmental Activities	\$	(92,182)
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The notes to the financial statements are an integral part of this statement.



*The **Proprietary Funds** focus on economic resources and are operated in a manner similar to private business enterprises.*

Proprietary Fund Financial Statements

Major Funds

State Lottery – Accounts for proceeds from the sale of lottery tickets and all other moneys credited or transferred to this fund. A minimum of 45% of the moneys are used for prizes.

Unemployment Compensation – Accounts for contributions and payments collected under the provisions of the “Unemployment Compensation Law” to pay benefits.

Petroleum Storage Tank Insurance – Accounts for moneys collected from transport load fees and participating owners of petroleum storage tanks for cleanup of contamination caused by releases from petroleum storage tanks.

Non-Major Funds

Non-major enterprise funds and all internal service funds are presented in our combining non-major fund financial statements as part of Supplementary Information.

**STATE OF MISSOURI
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2005
(In Thousands of Dollars)**

Business-Type Activities – Enterprise Funds						
	Major Funds				Totals	Governmental
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	June 30, 2005	Activities – Internal Service Funds
ASSETS						
Current Assets:						
Cash and Cash Equivalents (Note 3)	\$ 11,265	\$ 75,971	\$ 15,420	\$ 2,043	\$ 104,699	\$ 164,751
Investments (Note 3)	11,065	---	41,656	4,984	57,705	68,529
Accounts Receivable, Net	40,422	156,550	4,029	494	201,495	15,052
Interest Receivable	80	---	320	17	417	285
Due from Other Funds (Note 15)	---	---	---	38	38	18,435
Inventories	---	---	---	1,588	1,588	11,301
Prepaid Items	725	---	---	23	748	51
Loans Receivable	---	---	---	500	500	---
Non-Current Assets:						
Restricted:						
Cash and Cash Equivalents (Note 3)	---	---	---	---	---	6,608
Investments (Note 3)	79,296	---	---	---	79,296	198
Assets Held for Resale	---	---	---	115	115	---
Capital Assets (Note 5):						
Construction in Progress	---	---	---	5,836	5,836	170,836
Land	353	---	---	5,395	5,748	8,435
Land Improvements	---	---	---	4,818	4,818	2,958
Buildings	4,355	---	---	21,714	26,069	239,152
Equipment	15,792	---	210	30,567	46,569	77,007
Less Accumulated Depreciation (Note 5)	(17,205)	---	(180)	(32,602)	(49,987)	(198,545)
Total Capital Assets (Net of Accumulated Depreciation)	3,295	---	30	35,728	39,053	299,843
Total Assets	146,148	232,521	61,455	45,530	485,654	585,053
LIABILITIES						
Current Liabilities:						
Accounts Payable	2,192	297,276	---	200	299,668	14,147
Accrued Payroll	260	---	45	1,515	1,820	1,375
Due to Other Funds (Note 15)	19,161	---	21	645	19,827	599
Unearned Revenue (Note 1)	---	---	555	41	596	24,047
Claims Liability (Note 11)	---	---	20,000	---	20,000	61,080
Grand Prize Winner Liability (Note 11)	41,423	---	---	---	41,423	---
Obligations under Lease Purchase (Note 11)	---	---	---	---	---	1,041
Compensated Absences (Note 11)	549	---	70	1,721	2,340	2,886
Non-Current Liabilities:						
Claims Liability (Note 11)	---	---	101,054	---	101,054	33,221
Grand Prize Winner Liability (Note 11)	68,822	---	---	---	68,822	---
Obligations under Lease Purchase (Note 11)	---	---	---	---	---	1,434
Compensated Absences (Note 11)	---	---	---	7	7	586
Total Liabilities	132,407	297,276	121,745	4,129	555,557	140,416
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	3,295	---	30	35,728	39,053	297,368
Restricted for:						
Revenue Bonds	---	---	---	---	---	5,694
Other Purposes	10,323	---	---	---	10,323	1,112
Unrestricted	123	(64,755)	(60,320)	5,673	(119,279)	140,463
Total Net Assets	\$ 13,741	\$ (64,755)	\$ (60,290)	\$ 41,401	\$ (69,903)	\$ 444,637
Total Net Assets Reported Above					\$ (69,903)	
Consolidation Adjustment of Internal Service Activities Related to Enterprise Funds					(1,127)	
Net Assets of Business-Type Activities					<u>\$ (71,030)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

	Business-Type Activities – Enterprise Funds					
	Major Funds				Totals	Governmental Activities – Internal Service Funds
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	June 30, 2005	
Operating Revenues:						
Employer Contributions	\$ ---	\$ 499,250	\$ ---	\$ ---	\$ 499,250	\$ 428,145
Employee Contributions	---	---	---	---	---	137,167
Licenses, Fees and Permits	---	---	25,569	7,535	33,104	2,079
Sales	785,598	---	---	5,454	791,052	27,466
Leases and Rentals	---	---	---	2,833	2,833	20,511
Charges for Services	---	---	---	21,482	21,482	102,922
Cost Reimbursement/Miscellaneous	341	---	3	78	422	2,605
Total Operating Revenues	<u>785,939</u>	<u>499,250</u>	<u>25,572</u>	<u>37,382</u>	<u>1,348,143</u>	<u>720,895</u>
Operating Expenses:						
Cost of Goods Sold	17,543	---	---	1,078	18,621	14,741
Personal Service	9,086	---	1,498	47,264	57,848	52,122
Operations	50,909	---	3,563	18,366	72,838	113,679
Prizes Expense	487,926	---	---	---	487,926	---
Inventories	---	---	---	4,997	4,997	1,737
Specific Programs	---	---	20,774	447	21,221	2,104
Insurance Benefits	---	---	---	---	---	502,003
Unemployment Benefits	---	501,098	---	---	501,098	---
Depreciation	1,086	---	22	2,933	4,041	14,430
Other Charges	9,148	---	78	637	9,863	3,207
Total Operating Expenses	<u>575,698</u>	<u>501,098</u>	<u>25,935</u>	<u>75,722</u>	<u>1,178,453</u>	<u>704,023</u>
Operating Income (Loss)	<u>210,241</u>	<u>(1,848)</u>	<u>(363)</u>	<u>(38,340)</u>	<u>169,690</u>	<u>16,872</u>
Non-Operating Revenues (Expenses):						
Contributions and Intergovernmental	---	19,088	---	26,359	45,447	212
Interest Expense	---	---	---	---	---	(551)
Investment Earnings:						
Net Increase (Decrease) in the Fair Value of Investments	1,041	---	(4)	9	1,046	121
Interest	611	1,030	1,321	121	3,083	4,700
Penalties and Unclaimed Properties	---	---	---	1	1	1
Disposal of Capital Assets	20	---	---	(198)	(178)	(115)
Miscellaneous Revenues	7,811	---	---	87	7,898	---
Total Non-Operating Revenues (Expenses)	<u>9,483</u>	<u>20,118</u>	<u>1,317</u>	<u>26,379</u>	<u>57,297</u>	<u>4,368</u>
Income (Loss) Before Transfers	219,724	18,270	954	(11,961)	226,987	21,240
Transfers In (Note 16)	---	---	---	12,000	12,000	---
Transfers Out (Note 16)	(219,094)	---	(8)	(57)	(219,159)	(5)
Change in Net Assets	630	18,270	946	(18)	19,828	21,235
Total Net Assets – Beginning (Note 17)	13,111	(83,025)	(61,236)	41,419	(89,731)	423,402
Total Net Assets – Ending	<u>\$ 13,741</u>	<u>\$ (64,755)</u>	<u>\$ (60,290)</u>	<u>\$ 41,401</u>	<u>\$ (69,903)</u>	<u>\$ 444,637</u>
Total Net Change in Net Assets Reported Above					\$ 19,828	
Consolidation Adjustment of Internal Services Activities Related to Enterprise Funds					(1,222)	
Change in Net Assets of Business-Type Activities					<u>\$ 18,606</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)**

	Business-Type Activities – Enterprise Funds					
	Major Funds				Totals	Governmental Activities – Internal Service Funds
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	June 30, 2005	
Cash Flows from Operating Activities:						
Receipts from Customers and Users	\$ 784,350	\$ 453,139	\$ 25,041	\$ 37,231	\$ 1,299,761	\$ 722,106
Payments to Suppliers	(554,107)	---	(3,579)	(26,864)	(584,550)	(142,906)
Payments to Employees	(9,097)	---	(1,535)	(45,927)	(56,559)	(52,142)
Payments Made for Program Expense	---	(502,353)	(13,386)	(447)	(516,186)	(474,641)
Other Receipts (Payments)	(8,807)	---	(75)	(559)	(9,441)	(602)
Net Cash Provided (Used) by Operating Activities	212,339	(49,214)	6,466	(36,566)	133,025	51,815
Cash Flows from Non-Capital Financing Activities:						
Due to/from Other Funds	785	---	(1)	188	972	356
Contributions and Intergovernmental	---	19,088	---	26,359	45,447	212
Transfers to/from Other Funds	(219,094)	---	(8)	11,943	(207,159)	(5)
Other Receipts (Expenses)	7,811	---	---	12	7,823	---
Net Cash Provided (Used) by Non-Capital Financing Activities	(210,498)	19,088	(9)	38,502	(152,917)	563
Cash Flows from Capital and Related Financing Activities:						
Interest Expense	---	---	---	---	---	(551)
Purchases and Construction of Capital Assets	(230)	---	---	(4,814)	(5,044)	(21,903)
Capital Lease Downpayment/Obligations	---	---	---	---	---	(1,175)
Disposal of Capital Assets	20	---	19	(1)	38	5,182
Net Cash Provided (Used) by Capital and Related Financing Activities	(210)	---	19	(4,815)	(5,006)	(18,447)
Cash Flows from Investing Activities:						
Proceeds from Investment Maturities	---	---	---	2,507	2,507	527,582
Purchase of Investments	(3,981)	---	(7,040)	(680)	(11,701)	(512,608)
Interest and Dividends Received	572	1,030	1,137	112	2,851	4,627
Other Receipts	---	---	---	87	87	1
Net Cash Provided (Used) by Investing Activities	(3,409)	1,030	(5,903)	2,026	(6,256)	19,602
Net Increase (Decrease) in Cash	(1,778)	(29,096)	573	(853)	(31,154)	53,533
Cash and Cash Equivalents, Beginning of Year	13,043	105,067	14,847	2,896	135,853	117,826
Cash and Cash Equivalents, End of Year	\$ 11,265	\$ 75,971	\$ 15,420	\$ 2,043	\$ 104,699	\$ 171,359
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ 210,241	\$ (1,848)	\$ (363)	\$ (38,340)	\$ 169,690	\$ 16,872
Depreciation Expense	1,086	---	22	2,933	4,041	14,430
Changes in Assets and Liabilities:						
Accounts Receivable	(1,248)	(46,111)	(521)	(73)	(47,953)	(490)
Inventories	---	---	---	(108)	(108)	535
Prepaid Items	(635)	---	---	---	(635)	2
Accounts Payable	(115)	(1,255)	(16)	(1,149)	(2,535)	(13,287)
Accrued Payroll	(18)	---	(3)	146	125	(47)
Unearned Revenue	---	---	(7)	---	(7)	4,306
Grand Prize Winner Liability	3,020	---	---	---	3,020	---
Claims Liability	---	---	7,388	---	7,388	29,467
Compensated Absences	8	---	(34)	25	(1)	27
Net Cash Provided (Used) by Operating Activities	\$ 212,339	\$ (49,214)	\$ 6,466	\$ (36,566)	\$ 133,025	\$ 51,815

Non-Cash Financing Activities:

During fiscal year 2005, a capital lease agreement was renegotiated in the Office of Administration Revolving Fund for Central Printing. This resulted in a \$17,000 increase to the obligation under lease purchase in this fund as of June 30, 2005.

The notes to the financial statements are an integral part of this statement.



*The **Fiduciary Funds** account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.*

Individual fund financial statements for pension (and other employee benefit) trust funds, private-purpose trust funds, and agency funds are presented as part of Supplementary Information.

STATE OF MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2005
(In Thousands of Dollars)

	Pension (and Other Employee Benefit) Trust Funds	Private- Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents (Note 3)	\$ 564,838	\$ 6,722	\$ 49,493
Investments at Fair Value: (Note 3)			
U.S. Government Securities	994,968	10,943	55
Repurchase Agreements	---	1,925	276,877
Stocks	1,548,235	---	42
Bonds	578,909	---	---
International Equities	1,041,283	---	---
Mutual and Index Funds	1,271,076	---	---
Venture Capital Limited Partnership	2,280,557	---	---
Other Investments	806,215	3,753	1,043
Receivables:			
Accounts Receivable	577,993	---	208,777
Interest Receivable	20,259	20	609
Due from Other Funds (Note 15)	8,483	---	26,293
Advance to Other Funds (Note 15)	---	61,607	---
Invested Securities Lending Collateral (Note 3)	1,258,035	---	---
Prepaid Expenses	51	---	---
Capital Assets:			
Land	351	---	---
Buildings	3,934	---	---
Equipment	2,079	24	---
Accumulated Depreciation	(2,215)	(17)	---
Total Capital Assets, Net	4,149	7	---
Total Assets	10,955,051	84,977	\$ 563,189
LIABILITIES			
Accounts Payable	622,990	684	\$ 26
Securities Lending Collateral (Note 3)	1,257,802	---	---
Due to Other Entities	---	---	492,335
Due to Individuals	---	---	49,636
Due to Other Funds (Note 15)	---	12	21,192
Obligations under Lease Purchase	14	---	---
Escheats/Unclaimed Property	---	71,092	---
Compensated Absences	391	---	---
Total Liabilities	1,881,197	71,788	\$ 563,189
Net Assets Held in Trust for Benefits and Other Purposes	\$ 9,073,854	\$ 13,189	

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

	Pension (and Other Employee Benefit) Trust Funds	Private- Purpose Trust Funds
Additions:		
Contributions:		
Employer	\$ 330,991	\$ ---
Plan Member	65,352	---
Other	26,267	---
Investment Earnings:		
Increase/Decrease in Appreciation of Assets	1,022,224	65
Securities Lending Income	30,181	---
Total Investment Earnings	<u>1,052,405</u>	<u>65</u>
Less Investment Expenses:		
Investment Activity Expense	(63,560)	---
Securities Lending Expense	(26,424)	---
Total Investment Expense	<u>(89,984)</u>	<u>---</u>
Net Investment Earnings	<u>962,421</u>	<u>65</u>
Unclaimed Property	---	30,404
Cost Reimbursement/Miscellaneous	1,276	10,271
Transfers In	<u>---</u>	<u>1,401</u>
Total Additions	<u>1,386,307</u>	<u>42,141</u>
Deductions:		
Benefits	556,937	---
Administrative Expenses	7,962	1,209
Program Distributions	49,546	9,824
Service Transfer Payments	199	---
Depreciation	298	2
Transfers Out (Note 16)	<u>---</u>	<u>20,301</u>
Total Deductions	<u>614,942</u>	<u>31,336</u>
Change in Net Assets	771,365	10,805
Net Assets held in Trust – Beginning of Year (Note 17)	<u>8,302,489</u>	<u>2,384</u>
Net Assets held in Trust – End of Year	<u>\$ 9,073,854</u>	<u>\$ 13,189</u>

The notes to the financial statements are an integral part of this statement.



*The **Component Units** account for all transactions relating to legally separate entities which for reporting purposes are a part of the State.*

Component Unit Financial Statements

Major

Colleges and Universities

Non-Major

Non-Major proprietary component unit statements are found in the combining fund financial statements as part of Supplementary Information.

STATE OF MISSOURI
STATEMENT OF NET ASSETS
COMPONENT UNITS
June 30, 2005
(In Thousands of Dollars)

	Colleges and Universities	Non-Major	Totals June 30, 2005
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 3)	\$ 244,107	\$ 21,691	\$ 265,798
Investments (Note 3)	127,560	17,172	144,732
Receivables, Net	246,500	13,604	260,104
Invested Securities Lending Collateral (Note 3)	81,611	---	81,611
Due from Primary Government/Component Unit (Note 15)	---	10,345	10,345
Inventory	43,642	---	43,642
Restricted Assets:			
Cash and Cash Equivalents (Note 3)	219,863	---	219,863
Investments (Note 3)	148,125	---	148,125
Receivables, Net	57	---	57
Deposits and Prepaid Expenses	16,895	68	16,963
Deferred Costs and Other Assets	879	---	879
Noncurrent Assets:			
Investments (Note 3)	574,400	---	574,400
Receivables, Net	101,593	24,848	126,441
Advance to Primary Government/Component Unit (Note 15)	---	44,265	44,265
Restricted Assets:			
Cash and Cash Equivalents (Note 3)	14,873	41,999	56,872
Investments (Note 3)	670,239	64,001	734,240
Receivables, Net	2,380	---	2,380
Deposits and Prepaid Expenses	329	---	329
Deferred Costs and Other Assets	19,249	153	19,402
Capital Assets, Net of Accumulated Depreciation (Note 5)	2,919,022	44,094	2,963,116
Total Assets	<u>5,431,324</u>	<u>282,240</u>	<u>5,713,564</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	268,712	3,080	271,792
Securities Lending Collateral (Note 3)	81,611	---	81,611
Due to Primary Government/Component Unit (Note 15)	---	3,513	3,513
Unearned Revenue (Note 1)	55,009	---	55,009
Deposits	63,691	---	63,691
Compensated Absences	13,724	---	13,724
Capital Lease Obligations (Note 6)	899	---	899
Bonds and Notes Payable (Note 12)	34,022	8,155	42,177
Noncurrent Liabilities:			
Accounts Payable and Accrued Liabilities	97,928	---	97,928
Advance from Primary Government/Component Unit (Note 15)	---	17,512	17,512
Unearned Revenue (Note 1)	3,079	---	3,079
Deposits and Reserves	320	31,439	31,759
Compensated Absences	6,566	---	6,566
Capital Lease Obligations (Note 6)	20,961	---	20,961
Bonds and Notes Payable (Note 12)	883,311	59,260	942,571
Total Liabilities	<u>1,529,833</u>	<u>122,959</u>	<u>1,652,792</u>
NET ASSETS			
Invested in Capital Assets, Net	2,045,376	9,494	2,054,870
Restricted for:			
Expendable	379,793	---	379,793
Non-Expendable	586,897	---	586,897
Other Purposes	---	109,694	109,694
Unrestricted	889,425	40,093	929,518
Total Net Assets	<u>\$ 3,901,491</u>	<u>\$ 159,281</u>	<u>\$ 4,060,772</u>

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS/STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

	Colleges and Universities	Non-Major	Totals June 30, 2005	Adjustments	Statement of Activities
Revenues:					
Operating Revenues:					
Licenses, Fees and Permits	\$ ---	\$ 1,402	\$ 1,402	\$ ---	\$ 1,402
Student Tuition and Fees (Net of Scholarship Allow.)	588,038	---	588,038	---	588,038
Sales and Services of Educational Departments	36,981	---	36,981	---	36,981
Auxiliary Enterprises	912,000	---	912,000	---	912,000
Leases and Rentals	---	1,901	1,901	---	1,901
Cost Reimbursement/Miscellaneous	80,016	5,213	85,229	1,516	86,745
Transfers In	---	---	---	21	21
Total Charges for Services					1,627,088
Federal Appropriations, Grants and Contracts	260,045	---	260,045	43,158	303,203
State Grants and Contracts	54,177	---	54,177	748,932	803,109
Private Gifts, Grants and Contracts	66,032	---	66,032	84,390	150,422
Additions to Endowments	---	---	---	34,940	34,940
Contributions and Intergovernmental	---	---	---	22,207	22,207
Total Operating Grants and Contributions					1,313,881
Interest Revenue	1,295	1,807	3,102	(3,102)	---
Total Operating Revenues	1,998,584	10,323	2,008,907	932,062	
Expenses:					
Operating Expenses:					
Personal Service	1,692,732	870	1,693,602	---	1,693,602
Operations	---	6,087	6,087	---	6,087
Specific Programs	---	1,831	1,831	---	1,831
Scholarships and Fellowships	66,608	---	66,608	---	66,608
Utilities	26,076	---	26,076	---	26,076
Supplies and Other Services	738,066	---	738,066	---	738,066
Contracted Services	16,184	---	16,184	---	16,184
Interest Expense	---	2,028	2,028	37,252	39,280
Depreciation and Amortization	168,295	705	169,000	---	169,000
Bad Debt Expense	---	9,449	9,449	---	9,449
Miscellaneous	27,894	159	28,053	---	28,053
Total Operating Expenses	2,735,855	21,129	2,756,984	37,252	2,794,236
Operating Loss	(737,271)	(10,806)	(748,077)	894,810	
Non-Operating Revenues (Expenses):					
Federal Appropriations, Grants and Contracts	43,158	---	43,158	(43,158)	---
State Appropriations, Grants and Contracts	748,932	---	748,932	(748,932)	---
Private Gifts, Grants and Contracts	84,390	---	84,390	(84,390)	---
Contributions and Intergovernmental	---	22,207	22,207	(22,207)	---
Investment Earnings:					
Increase (Decrease) in the Fair Value of Investments	(13)	96	83	---	83
Interest/Investment and Endowment Income	99,689	2,425	102,114	3,102	105,216
Interest and Bond Related Expenses	(36,701)	(551)	(37,252)	37,252	---
Interest Expense on Capital Related Items	---	---	---	---	---
Gain (Loss) on Sale of Capital Assets	(10,433)	---	(10,433)	---	(10,433)
Miscellaneous Revenues	1,516	---	1,516	(1,516)	---
Total General Revenues					94,866
Total Non-Operating Revenues (Expenses)	930,538	24,177	954,715	(859,849)	
Income Before Other Revenues (Expenses) Or Gains (Losses)	193,267	13,371	206,638	34,961	
State Capital Appropriations	38,308	---	38,308	---	38,308
Total Capital Grants and Contributions					38,308
Additions to Endowments	34,940	---	34,940	(34,940)	---
Transfers In (Note 16)	---	21	21	(21)	---
Change in Net Assets	266,515	13,392	279,907	---	279,907
Net Assets – Beginning of Year (Note 17)	3,634,976	145,889	3,780,865	---	3,780,865
Net Assets – End of Year	\$ 3,901,491	\$ 159,281	\$ 4,060,772	---	4,060,772

The notes to the financial statements are an integral part of this statement.



The Notes to the Financial Statements provide a summary of significant accounting policies and other disclosures required for a fair presentation of the basic financial statements.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

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STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 1 – Significant Accounting Policies

A. Financial Statements and Reporting Entity

The accompanying financial statements of the State of Missouri (primary government) and its component units have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The State has elected not to follow the Financial Accounting Standards Board's pronouncements issued after November 30, 1989 for proprietary activities.

The financial statements include the departments, agencies, boards, commissions, and other organizational units over which the State has financial accountability. GASB set forth the following criteria in Statement No. 14 – *The Financial Reporting Entity* for determining financial accountability: appointment of a voting majority of an organization's governing body and either: 1) the ability to impose the State's will on the organization or; 2) the organization's ability to provide specific benefits to, or impose specific burdens on, the primary government. Where the State does not appoint a voting majority of the governing body, the entity would still be included if it is fiscally dependent on the State. Statement No. 39 – *Determining Whether Certain Entities are Component Units* added a requirement to include all entities whose relationship with the State would make it misleading to exclude it.

In addition to the legislative, executive and judicial branches, the following organizations are included in these financial statements:

Component Units (Blended):

Blended component units are legally separate entities from the State, but are so intertwined with the State that they are, for all practical purposes, the same as the State. They are reported as part of the primary government and blended into the appropriate funds. The following component units are blended because they provide services entirely or almost entirely to the primary government:

Internal Service Funds:

Board of Public Buildings – This is reported with the State Facility Maintenance and Operation Fund. The Board was created by state law and its governing body is made up of the Governor, the Lieutenant Governor, and the Attorney General. Its purpose is to provide state buildings by issuing revenue bonds and to supervise the operations of these facilities. All construction contracts must be approved by the Division of Facilities Management, Design and Construction and its projects must be approved by the General Assembly. The Board can require state agencies to occupy its projects. The General Assembly appropriates to the Board, on behalf of the state agencies, amounts sufficient to pay the principal and interest on the bonds, maintain certain required reserves, and pay the costs of operations. Copies of the Board of Public Buildings' financial statements can be requested from:

Office of Administration
Division of Accounting
P.O. Box 809
Jefferson City, Missouri 65102

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 1 – Significant Accounting Policies (cont.)

Conservation Employees' Insurance Plan – The Plan provides health and life insurance coverage to eligible employees and retirees of the Missouri Department of Conservation. The Plan is administered by a five member board of trustees made up of two members determined by the Board and Commission from insurance members, the Business and Support Services Chief, the Human Resources Division Administrator, and the Internal Auditor. Copies of the Plan's financial statements can be requested from:

Missouri Department of Conservation
P.O. Box 180
Jefferson City, Missouri 65102

Transportation Self-Insurance Plan – The Plan provides fleet vehicle liability, workers' compensation, and general liability. The Plan is administered by the Risk Management Division of the Missouri Department of Transportation. Copies of the financial statements can be requested from:

Missouri Department of Transportation
Highway Building, 2nd Floor
105 West Capitol Avenue
Jefferson City, Missouri 65101

Missouri Consolidated Health Care Plan (MCHCP) – The Plan was created by state law to provide medical benefits to its members and is administered by a board of trustees. The board consists of two members of the Senate, two members of the House, six members appointed by the Governor, the Director of the Department of Health and Senior Services, the Director of the Department of Insurance, and the Commissioner of Administration. The management of MCHCP is the responsibility of the Executive Director who is appointed by the board. Copies of the Plan's financial statements can be requested from:

Missouri Consolidated Health Care Plan
P.O. Box 104355
832 Weathered Rock Court
Jefferson City, Missouri 65110-4355

Highway and Transportation Employees' and Highway Patrol Insurance Plan – The Plan provides health and life insurance coverage to eligible employees, retirees and their dependents of the Missouri Department of Transportation (MoDOT) and the Missouri State Highway Patrol (MSHP). The Plan is administered by a board of trustees consisting of four active MoDOT employees and one retired MoDOT employee appointed by the Director of MoDOT, two active MSHP employees and one retired MSHP employee appointed by the Superintendent of MSHP. Copies of the Plan's financial statements can be requested from:

Missouri Department of Transportation
Highway Building, 2nd Floor
105 West Capitol Avenue
Jefferson City, Missouri 65101

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 1 – Significant Accounting Policies (cont.)

Pension (and other employee benefit) trust funds:

Missouri State Employees' Retirement System (MOSERS) – The System was created by state law and provides retirement, survivor, disability, and life insurance to its members and is administered by a board of trustees. The board consists of two members of the Senate, two members of the House, two members appointed by the Governor, three members elected by the System's members, the State Treasurer, and the Commissioner of Administration. The management of MOSERS is the responsibility of the Executive Director who is appointed by the board. Copies of the System's financial statements can be requested from:

Missouri State Employees' Retirement System
P.O. Box 209
907 Wildwood
Jefferson City, Missouri 65102-0209

Missouri Department of Transportation and Patrol Employees' Retirement System – The System provides retirement, death, and disability benefits to qualified employees of the Missouri Highways and Transportation Commission (includes employees of the Department of Transportation), and both uniformed and non-uniformed members of the State Highway Patrol. The System is administered by a board of trustees consisting of three members of the Missouri Highways and Transportation Commission, the Director of the Missouri Department of Transportation, the superintendent of the State Highway Patrol, one member of the Senate, one member of the House, one member elected by MoDOT employees, one member elected by Patrol employees, and one retired member elected by retirees of the system. Copies of the System's financial statements can be requested from:

Missouri Department of Transportation
and Patrol Employees' Retirement System
P.O. Box 1930
Jefferson City, Missouri 65102-1930

Missouri State Public Employees' Deferred Compensation Commission – The Commission consists of one member of the House of Representatives, one member of the Senate, and three other members appointed by the Governor with the advice and consent of the Senate. The Commission offers all employees the opportunity to participate in the Missouri State Public Employees' Deferred Compensation Plan. Under this Plan, employees are permitted to defer a portion of their current salary until future years. This Plan's fiscal year ends December 31, therefore, financial statements for its reporting period ending December 31, 2004, have been included in this report. In addition, the Commission offers eligible employees the opportunity to participate in the Missouri State Employees' Deferred Compensation Incentive Plan. Under this Plan, the State contributes \$25 per month on behalf of any employee who contributes at least that amount to the Missouri State Public Employees' Deferred Compensation Plan and who has been an employee of the State for at least one year. Copies of financial statements for both Plans can be requested from:

PEBSO – A Division of Nationwide
Retirement Solutions, Inc.
One Nationwide Plaza, 1-13-G1
Columbus, Ohio 43215-2220

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 1 – Significant Accounting Policies (cont.)

Component Units (Discretely Presented):

Discretely presented component units are legally separate entities for which the State is financially accountable. The financial data for these entities is reported separately from the financial data of the primary government.

Major

Colleges and Universities – The Coordinating Board for Higher Education has certain responsibilities for these institutions and they receive State support. Following are the public colleges and universities included in the financial statements:

Central Missouri State University
213 Administration Building
Warrensburg, Missouri 64093

Northwest Missouri State University
105 Administration Building
800 University Drive
Maryville, Missouri 64468-6001

Harris-Stowe State College
3026 Laclede Avenue
St. Louis, Missouri 63103

Southeast Missouri State University
One University Plaza, Mail Stop 3000
Cape Girardeau, Missouri 63701

Lincoln University
207 Young Hall
Jefferson City, Missouri 65101

Southwest Missouri State University
901 South National, Room 119
Springfield, Missouri 65804

Linn State Technical College
1 Technology Drive
Linn, Missouri 65051

Truman State University
McClain Hall, Room 105
Kirksville, Missouri 63501

Missouri Southern State University
3950 East Newman Road
Joplin, Missouri 64801-1595

University of Missouri System
118 University Hall
Columbia, Missouri 65211-3020

Missouri Western State College
4525 Downs Drive
St. Joseph, Missouri 64507

Non-Major

Missouri Development Finance Board – The Board was created by state law as an independent, self-supporting, body corporate and politic to promote economic development of the State and was created within the Department of Economic Development. The twelve member board is made up of the Lieutenant Governor and the Directors of the Department of Economic Development and the Department of Agriculture, who serve as ex-officio voting members, and nine members appointed by the Governor and confirmed by the Senate. The Board is empowered to issue taxable and tax-exempt industrial revenue bonds or notes; provide loans or loan guarantees to eligible businesses; provide loans and grants to political subdivisions to fund public infrastructure improvements; and issue tax credits against certain state income taxes in exchange for contributions made to the Board. Copies of the Board's financial statements can be requested from:

Missouri Development Finance Board
Governor Office Building
200 Madison Street, Suite 1000
Jefferson City, Missouri 65101

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 1 – Significant Accounting Policies (cont.)

Agricultural and Small Business Development Authority – The Authority was created by state law and is authorized to issue bonds to finance agricultural and small business development loans for property acquisitions/renovations and pollution control facilities throughout the State. Its governing body consists of seven members appointed by the Governor with the advice and consent of the Senate. If for any reason, the Authority ceases to exist, all rights and properties of the Authority will pass to the State. Copies of the Authority's financial statements can be requested from:

Missouri Agricultural and Small
Business Development Authority
P.O. Box 630
1616 Missouri Boulevard
Jefferson City, Missouri 65102

Fulton 54 Transportation Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. The Corporation issued revenue bonds for the purpose of paying all or any part of the cost for the acquisition and construction of an overpass at the intersection of Route HH and U.S. Highway 54. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed has been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
Highway Building, 2nd Floor
105 West Capitol Avenue
Jefferson City, Missouri 65101

Missouri Transportation Finance Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Nonprofit Corporation Law. The Corporation is financed by federal highway and transit dollars, plus state and local matching funds. It is authorized to issue revenue bonds. The Corporation provides loans to assist public and private entities fund highway and transportation projects throughout the State. The Missouri Highways and Transportation Commission determines which applicants are extended loans from the Missouri Transportation Finance Corporation. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
Highway Building, 2nd Floor
105 West Capitol Avenue
Jefferson City, Missouri 65101

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 1 – Significant Accounting Policies (cont.)

Missouri Highway 179 Transportation Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. The Corporation issued revenue bonds to finance the extension of Highway 179 from Highway 50 to Route B in Jefferson City. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed has been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
Highway Building, 2nd Floor
105 West Capitol Avenue
Jefferson City, Missouri 65101

Missouri Highway 63 Transportation Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. The Corporation was formed to facilitate the addition of two lanes to US Highway 63 from Macon, Missouri to Millard, Missouri. The Corporation entered into an agreement with the City of Kirksville for passage of a sales tax to fund the project. The Corporation is governed by a board of directors consisting of fifteen representatives from cities and counties along the expansion area, who are selected by the Kirksville Chamber of Commerce. When the purpose for which the Corporation was formed has been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
Highway Building, 2nd Floor
105 West Capitol Avenue
Jefferson City, Missouri 65101

Missouri Highway 67 Transportation Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. The Corporation was formed to facilitate the construction of a 50-mile, four-lane corridor extending from south Fredericktown to north of Poplar Bluff. There has been no activity in the Corporation to date. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. The Corporation will be dissolved, with the approval of the Commission, once the purpose for which the Corporation was formed has been complied with and all obligations have been paid. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
Highway Building, 2nd Floor
105 West Capitol Avenue
Jefferson City, Missouri 65101

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 1 – Significant Accounting Policies (cont.)

Springfield, MO State Highway Improvement Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. The Corporation issued revenue bonds to finance lane expansions, interchange improvements and relocations, and drainage projects in the City of Springfield. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed has been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
Highway Building, 2nd Floor
105 West Capitol Avenue
Jefferson City, Missouri 65101

Wentzville Parkway Transportation Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. The Corporation issued bonds to finance the expansion and reconstruction of the Pearce Boulevard Interchange. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed has been complied with and all obligations have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
Highway Building, 2nd Floor
105 West Capitol Avenue
Jefferson City, Missouri 65101

Related Organizations

Related organizations are excluded from the financial reporting entity because the State's accountability does not extend beyond appointing a voting majority of the organization's board members. Related organizations of the State of Missouri include:

Missouri Health and Educational Facilities Authority – finances health and educational facilities.

Missouri Higher Education Loan Authority – provides a secondary market for loans made under the Federal Family Education Loan Program.

Missouri Housing Development Commission – makes, purchases, and insures mortgage loans which are used to develop new or rehabilitate low and moderate income housing.

Missouri Technology Corporation – promotes the modernization of businesses through the development of science and technology applications.

Missouri Public Entity Risk Management Fund – provides liability protection to participating public entities, their officials, and employees.

Public School Retirement System – provides retirement benefits to employees of public school districts except those in St. Louis and Kansas City.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 1 – Significant Accounting Policies (cont.)

State Environmental Improvement and Energy Resources Authority – finances, acquires, constructs, and equips projects to reduce, prevent, and control pollution and develop the energy resources of the State.

Jackson County Sports Complex Authority – responsible for construction, operation, and financing of the Jackson County Sports Complex.

Kansas City Regional Sports Complex Authority – responsible for the study and review of all current major sports leagues, clubs, or franchises in Kansas City.

St. Charles County Convention and Sports Facility Authority – responsible for planning, constructing, and managing convention and sports facilities in the St. Charles area.

Missouri Cotton Growers Organization, Inc. – organized for boll weevil eradication.

KCT Intermodal Transportation Corporation – organized to pay for a railroad bridge in the Blue Valley Industrial District in Kansas City.

Lake of the Ozarks Community Bridge Corporation – organized to pay for the acquisition and construction of a toll bridge across the Lake of the Ozarks.

Westside Intermodal Transportation Corporation – organized to pay for rail additions and improvements of the Kansas City Terminal Railway.

Highway 19 Missouri River Bridge Transportation Corporation – organized to acquire, construct, own, and operate highway projects and facilities.

Universal Service Board – organized to ensure just, reasonable, and affordable rates for comparable essential local telecommunication services throughout the State.

Interstate Commission for Adult Offender Supervision – responsible for promoting public safety and protecting the rights of victims through the control and regulation of the interstate movement of adults placed under community supervision.

Missouri Access to Higher Education Trust Board – responsible for administering the funds of the Higher Education Trust.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements:

The government-wide financial statements focus on the government as a whole. The Statement of Net Assets and Statement of Activities report information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Governmental activities include governmental type funds and internal service funds. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services and consist of enterprise funds.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 1 – Significant Accounting Policies (cont.)

The **Statement of Net Assets** presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets.

The **Statement of Activities** demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Indirect costs, such as depreciation expense, are included in the direct expenses reported for individual functions. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues.

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when incurred. Fiduciary funds have been excluded from the government-wide financial statements because, by definition, the resources of these funds cannot be used to support government operations. Generally, interfund transactions have also been eliminated. Some interfund transactions, such as the exchange of services, were not eliminated because doing so would mistakenly understate both expenses of the buyer and revenues of the seller.

The difference between fund assets and liabilities is reported as "Net Assets" on the government-wide, proprietary, and fiduciary fund statements, and "Fund Balance" on the governmental fund financial statements.

Fund Financial Statements:

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. For governmental and proprietary fund financial statements, the emphasis is on major individual governmental and enterprise fund categories, with each displayed in a separate column. All remaining governmental and enterprise fund categories are aggregated and reported as non-major funds. Internal service fund categories are also aggregated and reported in a separate column on the proprietary fund financial statements.

The governmental fund financial statements are presented using the current financial resources measurement focus and modified accrual basis of accounting. With the current financial resources measurement focus, only current assets and current liabilities are included on the balance sheet. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to pay current period liabilities. Operating statements of governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance. Material revenues susceptible to accrual include federal grants, and sales and income taxes. Expenditures are recognized when the related fund liability is incurred except for the following:

- Principal and interest on general long-term debt is recorded as an expenditure when due.
- Compensated absences (accumulated vacation and compensatory time) and sick pay are recorded as expenditures when paid.
- Inventories are reported as expenditures when purchased, except for the State Road Fund, which updates inventory perpetually under the consumption method.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 1 – Significant Accounting Policies (cont.)

The proprietary, pension (and other employee benefit) trust, and private-purpose trust fund financial statements are presented using the economic resources measurement focus and accrual basis of accounting. With the economic resources measurement focus, assets and liabilities associated with the operation of these funds are included on the Statement of Net Assets. Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred. Proprietary fund-type operating statements present revenues and expenses in total net assets. Operating revenues and expenses in proprietary funds are classified as those activities that make up the primary ongoing operations associated with those funds. Non-operating revenues and expenses in proprietary funds are classified as those activities that are deemed incidental or unusual for those funds.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. The agency fund financial statements are presented on the accrual basis of accounting.

The discretely presented component unit financial statements are presented using the economic resources measurement focus and accrual basis of accounting with the following exception in regard to colleges and universities. Revenues and related expenditures in connection with the summer sessions in progress at June 30 are deferred at that date.

The State reports the following major funds categories:

General Fund – accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

Public Education – provides general and special education needs of the State and other related areas such as library services and student loans.

Conservation and Environmental Protection – provides for the preservation of the State's wildlife and environment.

Transportation and Law Enforcement – provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

State Road – accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system.

State Lottery – accounts for proceeds from the sale of lottery tickets and all other moneys credited or transferred to this fund. A minimum of 45% of the moneys are used for prizes.

Unemployment Compensation – accounts for contributions, payments, and federal loans collected under the provisions of the "Unemployment Compensation Law" to pay benefits.

Petroleum Storage Tank Insurance – accounts for moneys collected from transport load fees and participating owners of petroleum storage tanks for cleanup of contamination caused by releases from petroleum storage tanks.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 1 – Significant Accounting Policies (cont.)

C. Basis of Presentation

The State's financial practices are based upon fund accounting concepts. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and fund balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The accompanying financial statements are structured into three categories of funds and discretely presented component units:

Primary Government:

Governmental Funds include the General Fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. These funds account for the revenues and expenditures, capital outlay, and certain debt service of the State.

Proprietary Funds include enterprise funds and internal service funds. These funds account for the cost of certain services provided by the State.

Fiduciary Funds include pension (and other employee benefit) trust funds, private-purpose trust funds, and agency funds. These funds account for assets held by the State in a trustee capacity or as an agent for individuals, other governments, and other funds.

Discretely Presented Component Units:

Major

Colleges and Universities account for moneys from federal and state grants, debt proceeds, gifts and contributions, state appropriations, investments, and endowments. Assets and liabilities are accounted for on the Statement of Net Assets. Revenues, expenses, gains, and losses are reported on the Statement of Revenues, Expenses, and Changes in Fund Net Assets.

Non-Major

Non-Major Component Units account for moneys from bond proceeds, loans, contributions, gifts, grants, and sales tax proceeds. Assets and liabilities are accounted for on the Statement of Net Assets. Revenues, expenses, gains, and losses are reported on the Statement of Revenues, Expenses, and Changes in Fund Net Assets.

D. Cash and Cash Equivalents

For reporting purposes, cash and cash equivalents include bank accounts, petty cash, and all investments with an original maturity of three months or less, such as certificates of deposit, money market certificates, and repurchase agreements. Cash and cash equivalents on the Proprietary Fund Statement of Cash Flows are also reported under this definition. Cash balances of most state funds are pooled and invested by the State Treasurer (see *Note 3*).

E. Investments

These are long-term investments which are expected to be held to maturity and redeemed at face value. The majority of investments are reported in pension (and other employee benefit) trust funds, however, investments are held in all fund types. All investments are reported at fair value (see *Note 3*).

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 1 – Significant Accounting Policies (cont.)

F. Interfund Receivables/Payables

The State makes various transactions between funds or between primary government and component units to distribute interest earnings, finance operations, provide services, service debt, and acquire capital assets. These receivables at June 30 are classified as "due from other funds" or "due from primary government/component units" on the Balance Sheet and Statements of Net Assets. Payables are classified as "due to other funds" or "due to primary government/component units" on the Balance Sheet and Statements of Net Assets (see *Note 15*).

G. Advances to/from Other Funds

Long-term interfund receivables are classified as "advances to other funds" or "advances to primary government/component units" on the Balance Sheet and Statements of Net Assets. Long-term interfund payables are classified as "advances from other funds" or "advances from primary government/component units" on the Balance Sheet and Statements of Net Assets (see *Note 15*).

H. Inventories

Inventories in the governmental funds consist of expendable supplies held for consumption, the cost of which is recorded as an expenditure at the time of purchase, except for the State Road Fund, which updates inventory perpetually under the consumption method. Reserves of fund balance have been established for the inventory balances in governmental funds. Inventories in the proprietary funds consist of both expendable supplies held for consumption and the cost of goods held for resale, the cost of which is recorded as an expense as they are used. Inventories are valued at cost using various methods such as moving average, weighted average, and first-in, first-out.

I. Restricted Assets

These moneys are restricted by donors and applicable bond indentures.

J. Capital Assets

Capital assets, which include construction in progress, infrastructure in progress, land, land improvements, buildings, equipment, and infrastructure assets, are valued at historical cost or estimated historical cost if actual historical cost is not available. The estimate of historical cost was based on current appraised value indexed to the date of acquisition. Donated capital assets are reported at estimated fair value at the time received. Capital assets acquired through lease agreements are capitalized at the inception of the agreement (see *Notes 5 and 6*).

Infrastructure assets (including highways, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items) are capitalized. Interest costs incurred during construction of capital assets are not capitalized.

The capitalization threshold for all capital assets is as follows: land improvements – \$15,000, buildings and improvements – \$15,000, and equipment – \$1,000. No dollar threshold is set for land or infrastructure.

Capital assets are depreciated using the straight-line method of depreciation over the following useful lives: buildings – 40 years, land improvements and building improvements – 20 years, equipment – 5 years, and infrastructure 12 to 50 years. Construction in progress, infrastructure in progress, and land are not depreciated.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 1 – Significant Accounting Policies (cont.)

Most works of art and historical treasures are not capitalized or depreciated. The State's non-capitalized collections include the historical artifacts at the various state museums and historical sites, monuments, and other art throughout the capital grounds. Assets that were previously capitalized continue to be reported in the government-wide financial statements.

Component unit capital assets are stated at cost and are depreciated using the straight-line method of depreciation over the following useful lives: buildings – 40 years, land improvements and building improvements – 20 years, and equipment – 5 years.

K. Deferred/Unearned Revenues

Governmental Funds

Deferred revenues are those for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met for governmental funds, which use the modified accrual basis of accounting. Therefore, such amounts are reported within the governmental fund financial statements as receivables and offset by a deferred revenue account. These amounts include \$688,246,000 within the General Fund, \$31,956,000 within the major special revenue funds, \$16,703,000 within the State Road Fund, and \$4,521,000 within non-major governmental funds which totals \$741,426,000 for governmental funds. Such amounts have been deemed to be measurable but not available. All major sources of revenue, including taxes; licenses, fees, and permits; and governmental contributions; are susceptible to accrual when available within 60 days.

Deferred revenues also include amounts collected in advance of the year in which earned. The State has reported as such deferred revenues of \$42,197,000 within the General Fund, \$610,000 within major special revenue funds, \$9,680,000 within the State Road Fund totaling \$52,487,000.

Proprietary Funds

Unearned revenue amounts collected in advance of the year in which earned are reported in the amount of \$24,047,000 within the internal service funds included in governmental activities. Total unearned revenue for enterprise funds is \$596,000 which includes \$555,000 within the Petroleum Storage Tank Insurance Fund, \$41,000 within the non-major enterprise funds.

Component Units

Unearned revenue amounts collected in advance of the year in which earned are reported in the amount of \$58,088,000 within the college and university funds which is the total unearned revenue amount for component units.

L. Long-Term Debt

Long-term liabilities that will be financed from governmental funds are not reported on the fund financial statements. However, the long-term liabilities are reported on the government-wide financial statements. The reconciliation between fund financial statements and government-wide financial statements includes a line item for the long-term liabilities of governmental funds. These long-term liabilities include the following:

1. Due to Other Entities includes outstanding principal on advances from other governments, contractual obligations to other governments, and loans from other entities. The expenditures are recorded in the appropriate governmental funds when the liability is paid (see *Note 11*).

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 1 – Significant Accounting Policies (cont.)

2. Outstanding principal for general obligation debt. The expenditure for payment of principal and interest for general obligation debt is recorded in the debt service funds when paid (see *Note 12*).
3. Outstanding principal for revenue bonds issued by the Board of Public Buildings, State Road bonds issued by the Missouri Highways and Transportation Commission, and bonds issued by the Health and Educational Facilities Authority and the Regional Convention and Sports Complex Authority. The expenditure for payment of principal and interest for these bonds is recorded in the appropriate governmental funds when paid (see *Note 12*).
4. Bond premiums are deferred and amortized over the life of the bonds using the effective interest rate method in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium.

In the fund financial statements, governmental fund types recognize bond premiums during the current period. Premiums on debt issuances are reported as other financing sources (see *Note 11*).

5. Obligations under lease/purchases reported include the present value of net minimum future lease payments, which will be paid from the General Fund, various special revenue funds, and the State Road Fund (see *Notes 6 and 11*).
6. Compensated absences include accumulated unpaid vacation and compensatory time accruals and related employer payroll taxes. These amounts are not accrued in the governmental funds but are recorded as expenditures when paid (see *Note 11*).

Vacation leave is accumulated at a rate of 10 to 14 hours per month depending on the number of years of employment. Accumulated vacation leave cannot exceed twice the number of vacation hours earned annually. Compensatory time is accumulated as earned by an individual employee.

Sick leave is accumulated at a rate of 10 hours per month with no limit to the amount which can be accumulated. Accumulated sick leave is not paid upon employee termination and does not represent a liability of the State.

7. Claims and contingency liabilities include estimates of the risk of loss related to tort liability, general liability, motor vehicle liability, contractor liability, and injuries to employees. These liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Expenditures are recorded in the fund from which the liability is paid (see *Notes 11, 21, and 23*).

Long-term liabilities of all proprietary, pension (and other employee benefit) trust, and private-purpose trust funds are accounted for in the respective funds.

M. Net Assets

Enabling legislation authorizes the State to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. At June 30, 2005, net assets restricted by enabling legislation equaled \$738,092,000 for governmental activities and \$2,084,000 for business-type activities.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 1 – Significant Accounting Policies (cont.)

N. Revenues

The revenues of the General Fund include federal grants and contributions of \$6,993,296,000. Revenues for all funds are reported net of refunds of \$1,641,045,000.

O. Interfund Transactions

During the fiscal year the State incurs various transactions between funds, including expenditures and transfers of resources to distribute interest earnings, finance operations, provide services, construct assets, and service debt. Interfund transactions basically consist of these two types:

1. Transactions that would be treated as revenues or expenditures/expenses if they involved organizations external to the State are similarly treated when involving other funds of the State. Major transactions that fall into this category include payments to internal service funds from other funds for services rendered and to agency funds for contributions for employee benefits.
2. Transfers from funds receiving revenues to funds through which the resources are to be expended and operating subsidies are classified as transfers (see *Note 16*).

P. Expenditures and Expenses

Expenditures and expenses are reported net of revenue over collections of \$1,222,708,000 and \$260,000, respectively. Expenditures and expenses are reported net of overpayments to vendors, individuals, school districts and for cost reimbursements of \$417,298,000 and \$779,000, respectively.

Q. Property Taxes

Presently there is a state property tax of three cents on each hundred dollars assessed valuation on all real estate and personal property. The tax collected is deposited into the Blind Pension Fund.

The property taxes in Missouri are levied by October 31 of each year on assessed valuation as of January 1 of that year. Property taxes are due and payable by December 31 and penalties on unpaid taxes are imposed after that date. Assessed values are established by each county assessor's office and are calculated as a percent of market value except for agricultural land which is calculated on productive capability. The percentage for real property varies according to use: residential at 19%, commercial at 32%, and agricultural at 12%. Personal property is assessed according to type with the majority at 33 1/3% of market value.

Note 2 – Reporting Changes and Reclassifications

The Administrative Law Judges and Legal Advisors' Plan (ALJLAP) was terminated on April 26, 2005, per Senate Bill 202. Under this legislation, individuals who assume an administrative law judges or legal advisors position after April 26, 2005, who would have otherwise been covered by ALJLAP will instead participate in the Missouri State Employees' Plan. All net assets of ALJLAP were transferred to the Missouri State Employees' Plan. The ALJLAP and the Missouri State Employees' Plan are reported as pension (and other employee benefit) trust funds.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 2 – Reporting Changes and Reclassifications (cont.)

The State of Missouri implemented the following new accounting standard issued by the Governmental Accounting Standards Board (GASB) for the fiscal year ended June 30, 2005:

- Statement No. 46, *Net Assets Restricted by Enabling Legislation*.

Statement No. 46 amends Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

Paragraph 34 of GASB Statement No. 34 requires the fund reporting of restricted net assets when constraints are placed on net asset use through enabling legislation. One of the conditions of enabling legislation is that it needs to include a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Statement No. 46 clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government – such as citizens, public interest groups, or the judiciary – can compel a government to honor. In addition, Statement No. 46 also requires governments to disclose the portion of total net assets that is restricted by enabling legislation.

Note 3 – Deposits, Investments and Securities Lending Program

The State Treasurer maintains a cash and short-term investment pool that is used by substantially all state funds. These funds do not include accrued interest. Certain organizational units are authorized to administer assets designated to their organization in a manner similar to the deposit and investment activities of the State as a whole. Summarized below is the portfolio that represents the "Cash and Cash Equivalents", "Investments", "Restricted Assets – Cash and Cash Equivalents", and "Restricted Assets – Investments" as reported at June 30, 2005.

A. Deposits

The State minimizes custodial credit risk by restrictions set forth in state law. Custodial credit risk is risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, the State would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties. Statutes restrict the State Treasurer to deposit funds in financial institutions that are physically located in Missouri which are selected based on financial stability and community involvement. The financial institution's loan to deposit ratio must exceed 50% at the time of deposit and deposits must be collateralized at least 100% with approved securities. Deposits must have a maturity of five years or less and earn interest at a rate equal to that paid on U.S. Treasury securities with equivalent maturities.

Primary Government

At June 30, 2005, the reported amount of the primary government's deposits was \$533,676,000 and the bank balance was \$541,835,000. Of the bank amount, \$175,000 was uncollateralized, and \$93,000 was collateralized with securities held by the counterparty's trust department or agent but not in the State's name.

Fiduciary

At June 30, 2005, the reported amount of the deposits of the fiduciary funds was \$53,963,000 and the bank balance was \$62,502,000. Of the bank amount, \$2,476,000 was uncollateralized, and \$1,503,000 was collateralized with securities held by the counterparty's trust department or agent in the State's name.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 3 – Deposits, Investments and Securities Lending Program (cont.)

Component Units

At June 30, 2005, the reported amount of the deposits of the component units was \$364,448,000 and the bank balance was \$375,878,000. Of the bank amount, \$898,000 was uncollateralized, and \$19,182,000 was collateralized with securities held by the counterparty's trust department or agent in the component units' name.

B. Investments

Statutes authorize the State Treasurer to invest in U.S. Treasury or Agency securities maturing within five years, commercial paper and banker's acceptances maturing within 180 days, or in repurchase agreements maturing within ninety days secured by U.S. Treasury or Agency securities of any maturity. The internal service funds, the agency and pension (and other employee benefit) trust funds, and the component units, in accordance with statutory authority, invest primarily in U.S. Government securities, repurchase agreements, preferred and common stocks, bonds, real estate, and fixed income securities. There have been no violations of these investment restrictions during fiscal year 2005.

The State Treasurer minimizes credit risk, the risk of loss due to the failure of the security issuer or backer, by establishing a pre-approved list of financial institutions and companies that will be used to purchase commercial paper. The State Treasurer also conducts regular credit monitoring, pre-qualifies the financial institutions and brokers/dealers with which the Treasurer's Office will do business for broker services and repurchase agreements, and diversifies the portfolio to reduce potential losses on individual securities.

Primary Government

At June 30, 2005, the reported amount of the primary government's investments was \$2,496,141,000. Of the amount, \$609,000 was uninsured and unregistered.

Fiduciary

At June 30, 2005, the reported amount of the fiduciary funds investments was \$9,382,971,000. Of the amount, \$581,000 was uninsured and unregistered with securities held by the counterparty's trust department or agent but not in the State's name.

Component Units

At June 30, 2005, the reported amount of the component units investments was \$1,779,582,000. Of the amount, \$179,590,000 was uninsured and unregistered, \$27,013,000 was uninsured and unregistered with securities held by the counterparty's trust department or agent in the component units' name, and \$13,744,000 was uninsured and unregistered with securities held by the counterparty's trust department or agent but not in the component units' name.

The following table (in thousands of dollars) provides information about the interest rate risks associated with the State's investments. The investments include certain short-term cash equivalents, various long-term items, and restricted assets by maturity in years. The State Treasurer minimizes the risk of the market value of securities falling due to changes in interest rates by maintaining an effective duration of less than 1.5 years, and holding at least 40% of the portfolio's total market value in securities with a maturity of 12 months or less.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 3 – Deposits, Investments and Securities Lending Program (cont.)

	Maturities in Years					Fair Value
	Less than 1	1-5	6-10	More than 10	No Maturity	
All Fund Types except Fiduciary Funds and Component Units:						
U.S. Government						
Securities	\$ 1,071,622	\$ 527,151	\$ 34,874	\$ 14,943	\$ ---	\$ 1,648,590
Repurchase						
Agreements	311,283	---	---	---	---	311,283
Stocks	---	---	---	---	2,799	2,799
Commercial Paper	507,674	---	---	---	---	507,674
Mutual Funds	---	---	---	---	25,631	25,631
Short-Term						
Securities	164	---	---	---	---	164
Subtotal	<u>1,890,743</u>	<u>527,151</u>	<u>34,874</u>	<u>14,943</u>	<u>28,430</u>	<u>2,496,141</u>
Fiduciary Funds:						
U.S. Government						
Securities	6,077	290,359	706,675	2,855	---	1,005,966
Repurchase						
Agreements	279,206	---	---	---	---	279,206
Stocks	---	---	---	---	1,548,276	1,548,276
Commercial Paper	3,772	---	---	---	---	3,772
Bonds	1,346	554,847	9,035	13,681	---	578,909
International						
Equities	1,041,283	---	---	---	---	1,041,283
Mortgages/ Real Estate	56,708	129,457	2,900	38,343	306,749	534,157
Short-Term						
Securities	583,384	---	---	---	---	583,384
Deferred						
Compensation	---	---	---	---	6,529	6,529
Foreign						
Securities	---	---	---	---	13,388	13,388
Mutual Funds	---	---	---	---	1,143,757	1,143,757
EAFE Index Fund	---	---	---	---	127,319	127,319
Venture Capital						
Limited						
Partnership	---	---	---	---	2,280,557	2,280,557
Absolute Return	---	---	---	---	236,468	236,468
Subtotal	<u>1,971,776</u>	<u>974,663</u>	<u>718,610</u>	<u>54,879</u>	<u>5,663,043</u>	<u>9,382,971</u>
Component Units:						
U.S. Government						
Securities	295,452	355,374	65,743	37,194	1,317	755,080
Repurchase						
Agreements	34,477	---	---	---	---	34,477
Stocks	186	---	---	---	572,809	572,995
Bonds	58,202	109,114	19,390	11,254	---	197,960
Mutual Funds	7,375	885	225	---	6,935	15,420
Commercial Paper	179,590	---	---	---	---	179,590
Other	23,880	---	---	177	3	24,060
Subtotal	<u>599,162</u>	<u>465,373</u>	<u>85,358</u>	<u>48,625</u>	<u>581,064</u>	<u>1,779,582</u>
Total Investments	<u>\$ 4,461,681</u>	<u>\$ 1,967,187</u>	<u>\$ 838,842</u>	<u>\$ 118,447</u>	<u>\$ 6,272,537</u>	<u>\$ 13,658,694</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 3 – Deposits, Investments and Securities Lending Program (cont.)

The State minimizes concentration of credit risk, the risk attributed to the magnitude of an investment in a single issuer. State statute prohibits the State Treasurer from investing more than 5% of the total investment portfolio into any single financial institution or issuer, excluding U.S. securities and repurchase agreements. There are no restrictions in the amount that can be invested in U.S. securities, however, there can be no more than 15% of the total portfolio invested in repurchase agreements. During fiscal year 2005, the State did not have more than 5% of total investments in a single issuer.

The State Treasurer requires investments in commercial paper and bankers' acceptances have the highest letter and numerical ranking (A1/P1) as rated by Moody's Investor Service, Inc. (Moody's) and Standard & Poor's Corporation (S & P). The Treasurer does not have any additional policies regarding credit ratings of investments. The following table (in thousands of dollars) provides information on the credit ratings associated with the State's investments in debt securities.

	Moody's	S & P	Fair Value
Primary Government/Fiduciary:			
Bonds	Aaa	AAA	\$ 1,490,853
	AAA		29,057
	AA		179,984
	A		427,669
	BBB		45,699
	BB		70,963
	B		157,276
	CCC		76,972
	CC		475
	unrated		2,114
		AAA	15,066
		A	9,432
		BBB	11,608
		BB	1,541
		B	243
		unrated	1,810
Commercial Paper	P-1	A-1 +	451,805
	P-1	A-1	321,815
Mortgage/Real Estate	AAA		7,877
		AAA	4,654
		unrated	2,602
Subtotal			<u>3,309,515</u>
Component Units:			
Bonds	AAA	AAA	175
	Aaa		34,185
	Aa3	A+	157
	Aa3	AA-	111
	Aa1	AA-	51
	Aa		70,583
	A2	A	187
	A1	A+	31
	A		85,880
	Baa		925
	unrated	unrated	5,676
Subtotal			<u>197,961</u>
Total Rated Investments			<u>\$ 3,507,476</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 3 – Deposits, Investments and Securities Lending Program (cont.)

The State Treasurer does not have a policy regarding foreign currency risk, which is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The following table (in thousands of dollars) provides information on deposits and investments held in various foreign currencies, which are stated in U.S. dollars. The State Treasurer's Office does not have any deposits or investments in foreign currency, however, the Missouri State Employees' Retirement System and the Missouri Department of Transportation and Patrol Employees' Retirement System do have foreign currency deposits and investments which may be used for hedging purposes. In addition to the amounts provided in the table, the University of Missouri System had \$66,345,000 in government obligations and \$21,102,000 in bonds held in foreign currencies as of June 30, 2005.

Currency	Investment Type			Total
	Cash	Equities	Fixed Income	
Argentina Peso	\$ ---	\$ 246	\$ ---	\$ 246
Australian Dollar	25	43,206	---	43,231
Brazilian Real	1	22,273	---	22,274
British Pound Sterling	1,489	266,524	---	268,013
Canadian Dollar	810	51,482	---	52,292
Chilean Peso	---	4	---	4
Chinese Yuan	148	---	---	148
Czech Koruna	(2,044)	2,443	---	399
Danish Krone	(125)	25,663	---	25,538
Egyptian Pound	---	1,356	---	1,356
Euro	21,739	333,382	3	355,124
Hong Kong Dollar	151	81,006	---	81,157
Hungarian Forint	(380)	604	---	224
Indian Rupee	367	3,116	---	3,483
Indonesion Rupiah	48	4,291	---	4,339
Israeli Shekel	---	1,558	---	1,558
Japanese Yen	10,928	295,885	---	306,813
Jordanian Dinar	---	261	---	261
Lithuanian Litas	---	44	---	44
Malaysian Ringgit	(7)	---	---	(7)
Malysian Ringgit	---	7,283	---	7,283
Mexican Peso	9	15,751	34	15,794
New Taiwan Dollar	---	32	---	32
New Zealand Dollar	14	868	---	882
Norwegian krone	(102)	9,308	---	9,206
Norweign Krone	---	39,667	---	39,667
Pakistani Rupee	---	141	---	141
Peruvian Nuevo Sol	---	96	---	96
Philippine Peso	---	1,391	---	1,391
Pilippine peso	---	303	---	303
Polish Zloty	(1,498)	1,464	---	(34)
Russian Ruble	---	5	---	5
Singapore Dollar	(47)	41,627	---	41,580
South African Rand	10	17,301	---	17,311
South Korean Won	21	44,953	3,441	48,415
Sri Lanka Rupee	---	---	2	2
Swedish Krona	44	29,719	---	29,763
Swiss Franc	39	91,992	---	92,031
Taiwan New Dollar	318	28,600	---	28,918
Thai Baht	(21)	3,866	---	3,845
Turkish Lira	(1,880)	17,025	---	15,145
UK Pound Sterling	121	---	---	121
Venezuelan Bolivar	---	254	---	254
Total	\$ 30,178	\$ 1,484,990	\$ 3,480	\$ 1,518,648

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 3 – Deposits, Investments and Securities Lending Program (cont.)

C. Securities Lending Program

State Treasurer's Office:

The Missouri State Treasurer's Office participates in a securities lending program to augment investment income. Authority to participate rests in Section 30.260.5 RSMo. Until October 2004, the program was administered by U.S. Bank as the State Treasurer's custodial agent bank, which lends certain securities to registered broker-dealers as approved by the State Treasurer's Office in exchange for collateral. As of October 2004, Bank of New York began acting as the State Treasurer's custodial bank and securities lending agent. For securities which are received as collateral under a bonds borrowed program, at least 75% of the collateral received must match the maturities of the securities lent with a maximum duration gap between loans and investments of 15 days. The maximum life of term loans shall be 90 days.

Collateral may be in the form of cash, securities issued or guaranteed by the United States Government or its agencies, or bank letters of credit or equivalent obligation if pre-approved by the State Treasurer's Office. Collateral must be provided in the amount of 102% of the then market value of the loaned securities and accrued interest, if any. The Custodian provides for full indemnification to the State Treasurer's Office for any losses that might occur in the program due to borrower default, insolvency, or failure to return loaned securities.

At June 30, 2005, the State Treasurer's Office had an aggregate fair value of securities lent of \$316,540,000 and an aggregate fair value of collateral received of \$322,918,000.

Missouri State Employees' Retirement System:

The Missouri State Employees' Retirement System's (MOSERS) board of trustees' investment policies permit the pension trust funds to participate in a securities lending program. Certain securities of the Pension Trust Funds are loaned to participating brokers who provide collateral in the form of cash, U.S. Treasury or government agency securities, or letters of credit issued by approved banks. Collateral must be provided in the amount of 102% of market value for domestic loans and 105% of market value for international loans. MOSERS does not have the authority to pledge or sell collateral securities, without borrower default. On June 30, 2005, MOSERS had no credit risk exposure to borrowers because the collateral amounts received exceeded amounts out on loan.

Credit Suisse/First Boston, New York Branch (CSFBNY) served as the agent for the fixed income domestic equity, and international equity securities lending programs. MOSERS reduces credit risk by allowing CSFBNY to lend these securities to a diverse group of dealers on behalf of MOSERS. CSFBNY provides indemnification against dealer default.

Daily monitoring of securities that are on loan ensure proper collateralization levels and mitigate counterparty risk. The majority of the security loans are open loans and can be terminated on demand by either MOSERS or the borrower. Cash collateral is invested in short-term investment funds, managed by CSFBNY. On June 30, 2005, the cash collateral fund had a market value of \$1,099,842,000 and a weighted average maturity of 24 days. At June 30, 2005 and 2004 MOSERS earned \$3,251,000 and \$4,036,000, respectively, on the securities lending program.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 3 – Deposits, Investments and Securities Lending Program (cont.)

Missouri Department of Transportation and Patrol Employees' Retirement System:

In accordance with the investment policies set by the board of trustees, the Missouri Department of Transportation and Patrol Employees' Retirement System (the System), lends its securities to broker-dealers and banks pursuant to a form of loan agreement. The System's custodial bank is authorized to lend available securities to approved broker-dealers and banks subject to the receipt of acceptable collateral.

During the fiscal year, the System lent securities and received cash, securities insured or guaranteed by the U.S. government or its agencies, and irrevocable bank letters of credit as collateral. The System did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to deliver collateral for each loan equal to: (1) in the case of loaned securities denominated in dollars or whose primary trading market was located in the United States, 102% of the market value of the loaned securities plus any accrued interest; and (2) in the case of loaned securities not denominated in U.S. dollars or whose primary trading market was not located in the United States, 105% of the market value of the loaned securities plus any accrued interest.

The System did not impose any restrictions during the fiscal year on the amount of the loans that the custodial bank made on its behalf. There were no known failures by any borrowers to return loaned securities or pay distributions thereon during the year.

The System and borrowers maintained the right to terminate all securities lending transactions on demand. The collateral held at June 30, 2005, was \$164,438,000 and the market value of securities on loan for the System was \$158,705,000.

At June 30, 2005 and 2004, the System earned \$506,000 and \$333,000, respectively, on the securities lending program.

University of Missouri System:

The University participates in a securities lending program to augment income. The program is administered by the University's custodial agent bank, which lends certain securities for a predetermined period of time, to an independent broker/dealer (borrower) in exchange for collateral. Collateral may be cash, U.S. government securities, defined letters of credit or other collateral approved by the University. Loans of domestic securities are initially collateralized at 102% of the fair value of securities lent. Loans of international securities are initially collateralized at 105% of the fair value of securities lent. The University has minimized its exposure to credit risk from borrower default by having the custodial agent bank determine daily that required collateral meets a minimum of 100% of the market value of securities on loan for domestic securities lent and 105% for international securities lent.

The University continues to receive interest and dividends during the loan period as well as a fee from the borrower. The maturities of the investments made with the cash collateral generally match the maturities of the securities lent. At June 30, 2005, the University has no credit risk exposure since the collateral held exceeds the value of the securities lent. The University is fully indemnified by its custodial bank against any losses incurred as a result of borrower default. The University can pledge or sell cash and securities received as collateral absent a borrower default.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 3 – Deposits, Investments and Securities Lending Program (cont.)

At June 30, 2005, letters of credit and security collateral, not meeting the criteria for inclusion on the Combined Statement of Net Assets, totaled \$3,170,000. At June 30, 2005, the aggregate fair value of the securities lent was \$81,611,000 and the aggregate fair value of the collateral received was \$81,799,000.

D. Derivatives

Missouri State Employees' Retirement System (MOSERS), through its external investment managers, has an investment policy which holds investments in futures contracts, swap contracts, and forward foreign currency exchange contracts. MOSERS does not anticipate additional significant market risk from the swap arrangements. The forward foreign currency exchange contracts are used primarily to hedge against changes in exchange rates related to foreign equities. MOSERS could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. MOSERS anticipates that the counterparties will be able to satisfy their obligation as credit evaluations and credit limits are monitored by the investment managers. MOSERS also invests in mortgage-backed securities to diversify the portfolio and increase the return while minimizing the extent of risk.

The following table (in thousands of dollars) summarizes the various contracts in MOSERS portfolio as of June 30, 2005. The investments are reported at fair value and are included on the Statement of Plan Net Assets of the pension trust funds.

Futures Contracts:

<u>Notional Amount</u>	<u>Exposure</u>
\$198,458	\$(1,281)

Swaps:

<u>Notional Amount</u>	<u>Counterparty Exposure</u>
\$1,004,767	\$(660)

Note 4 – Federal Surplus Commodities Inventory

The federal surplus commodities inventory for the Department of Social Services and the Department of Health and Senior Services were \$122,000 and \$2,414,000, respectively, as of June 30, 2005. This inventory is not considered to be an asset of the State and is not included in the financial statements.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2005, was as follows (in thousands of dollars):

	*Balance July 1, 2004	Increases	Decreases	Balance June 30, 2005
Governmental Activities:				
Capital Assets not being Depreciated:				
Construction in Progress	\$ 579,137	\$ 89,601	\$ (228,258)	\$ 440,480
Infrastructure in Progress	3,011,466	866,342	(831,509)	3,046,299
Land.....	2,422,784	27,453	(49,241)	2,400,996
Total Capital Assets not being Depreciated	6,013,387	983,396	(1,109,008)	5,887,775
Capital Assets being Depreciated:				
Land Improvements.....	117,600	19,520	(32)	137,088
Buildings and Improvements	2,057,152	10,936	(21,274)	2,046,814
Equipment	1,109,413	100,352	(92,839)	1,116,926
Infrastructure	37,312,836	792,661	(41,135)	38,064,362
Total Capital Assets being Depreciated	40,597,001	923,469	(155,280)	41,365,190
Less Accumulated Depreciation for:				
Land Improvements.....	(55,766)	(3,955)	23	(59,698)
Buildings and Improvements	(721,590)	(58,454)	18,507	(761,537)
Equipment	(738,447)	(107,171)	77,836	(767,782)
Infrastructure	(17,661,871)	(646,603)	41,135	(18,267,339)
Total Accumulated Depreciation.....	(19,177,674)	(816,183)	137,501	(19,856,356)
Total Capital Assets being Depreciated, Net	21,419,327	107,286	(17,779)	21,508,834
Governmental Activities Capital Assets, Net.....	<u>\$ 27,432,714</u>	<u>\$ 1,090,682</u>	<u>\$ (1,126,787)</u>	<u>\$ 27,396,609</u>
Business-Type Activities:				
Capital Assets not being Depreciated:				
Construction in Progress	\$ 4,418	\$ 1,872	\$ (454)	\$ 5,836
Land.....	5,464	477	(193)	5,748
Total Capital Assets not being Depreciated	9,882	2,349	(647)	11,584
Capital Assets being Depreciated:				
Land Improvements.....	4,763	55	---	4,818
Buildings and Improvements	26,863	573	(1,367)	26,069
Equipment	45,680	2,552	(1,663)	46,569
Total Capital Assets being Depreciated	77,306	3,180	(3,030)	77,456
Less Accumulated Depreciation for:				
Land Improvements.....	(2,693)	(143)	---	(2,836)
Buildings and Improvements	(10,813)	(776)	---	(11,589)
Equipment	(34,081)	(3,122)	1,641	(35,562)
Total Accumulated Depreciation.....	(47,587)	(4,041)	1,641	(49,987)
Total Capital Assets being Depreciated, Net	29,719	(861)	(1,389)	27,469
Business-Type Activities Capital Assets, Net.....	<u>\$ 39,601</u>	<u>\$ 1,488</u>	<u>\$ (2,036)</u>	<u>\$ 39,053</u>

*Beginning balances as of July 1, 2004 have been restated (see *Note 17*).

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 5 – Capital Assets (cont.)

Depreciation expense of governmental activities was charged to functions as follows (in thousands of dollars):

General Government.....	\$ 36,759
Education	3,673
Natural and Economic Resources.....	12,868
Transportation and Law Enforcement	707,866
Human Services	<u>55,017</u>
Total	<u>\$ 816,183</u>

Discretely Presented Component Units

The following table summarizes net capital assets reported by the discretely presented component units (in thousands of dollars):

	College and Universities	Non-Major Component Units	Total
Capital Assets not being Depreciated:			
Construction in Progress.....	\$ 204,763	\$ 10,421	\$ 215,184
Land	119,929	9,271	129,200
Other Non-Depreciable Assets.....	<u>57,435</u>	<u>---</u>	<u>57,435</u>
Total Capital Assets not being Depreciated	<u>382,127</u>	<u>19,692</u>	<u>401,819</u>
Capital Assets being Depreciated:			
Land Improvements	17,511	---	17,511
Buildings and Improvements.....	3,154,292	26,769	3,181,061
Equipment, Fixtures, and Books.....	917,393	115	917,508
Infrastructure.....	<u>273,074</u>	<u>---</u>	<u>273,074</u>
Total Capital Assets being Depreciated	<u>4,362,270</u>	<u>26,884</u>	<u>4,389,154</u>
Less Total Accumulated Depreciation	<u>(1,825,375)</u>	<u>(2,482)</u>	<u>(1,827,857)</u>
Total Capital Assets being Depreciated, Net	<u>2,536,895</u>	<u>24,402</u>	<u>2,561,297</u>
Discretely Presented Component Units –			
Capital Assets, Net.....	<u>\$ 2,919,022</u>	<u>\$ 44,094</u>	<u>\$ 2,963,116</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 6 – Leases

Capital

The State has entered into various agreements to lease land, buildings and equipment. FASB Statement No. 13, *Accounting For Leases*, requires a lease that transfers substantially all of the benefits and risks of ownership to the lessee to be accounted for as the acquisition of a capital asset and the incurrence of an obligation by the lessee (a capital lease).

Capital leases for the internal service and college and university funds are reported as a long-term obligation in those funds along with the related assets. Capital leases and the related assets are not reported on the fund financial statements of governmental type funds. However, the capital leases and related assets of governmental funds are included on the government-wide financial statements and they are shown on the reconciliation between fund financial statements and government-wide statements.

Following is a summary of the future minimum lease payments for capital leases (in thousands of dollars):

Fiscal Year Ending June 30	Governmental Funds	Internal Service Funds	College and University
2006	\$ 35,049	\$ 1,148	\$ 1,904
2007	31,631	547	2,642
2008	29,647	163	2,508
2009	29,050	120	2,426
2010	28,699	120	2,426
2011–2015	106,187	598	12,130
2016–2020	48,847	119	11,099
2021–2025	---	---	1,052
Total Minimum Lease Payments	309,110	2,815	36,187
Less Amount Representing Interest	(79,448)	(340)	(14,327)
Present Value of Net Minimum Lease Payments	<u>\$ 229,662</u>	<u>\$ 2,475</u>	<u>\$ 21,860</u>

Assets acquired through these capital lease agreements are recorded as capital assets at the lower of the present value of the minimum lease payments or the fair value at the time of acquisition. The following is an analysis of the property under capital lease by asset category as of June 30, 2005 (in thousands of dollars):

	Governmental Funds	Internal Service Funds	College and University
Land	\$ ---	\$ ---	\$ 153
Buildings	228,962	1,318	26,291
Equipment	44,132	5,685	976
	<u>\$ 273,094</u>	<u>\$ 7,003</u>	<u>\$ 27,420</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 6 – Leases (cont.)

Operating

The State has entered into various operating leases for land, buildings, and equipment. Most of these leases are classified as operating because the lease period is one year with multiple renewal options. Future minimum commitments due under operating leases as of June 30, 2005, were as follows (in thousands of dollars):

<u>Year Ending June 30</u>	<u>Primary Government</u>	<u>Component Units</u>
2006	\$ 35,403	\$ 3,586
2007	216	884
2008	142	546
2009	119	541
2010	86	523
2011–2015	467	2,079
2016–2020	542	143
2021–2025	628	---
After 2025	<u>137</u>	<u>---</u>
Total Minimum Commitments	<u>\$ 37,740</u>	<u>\$ 8,302</u>

Expenditures for rent under operating leases for the years ended June 30, 2005 and June 30, 2004 were \$36,187,000 and \$33,788,000, respectively.

Rental Revenue

The State leases certain state owned facilities to entities outside the State. These lessor arrangements are generally long-term commitments which either generate revenue from otherwise idle property or better serve Missouri's citizens by providing convenient access to products and services. Future minimum receivables, payable from lessor arrangements as of June 30, 2005, were as follows (in thousands of dollars):

<u>Year Ending June 30</u>	<u>Primary Government</u>	<u>Component Units</u>
2006	\$ 541	\$ 1,076
2007	480	1,086
2008	396	1,097
2009	337	1,110
2010	275	1,019
2011–2015	1,106	5,231
2016–2020	1,100	5,534
2021–2025	1,066	3,901
After 2025	<u>59</u>	<u>15,209</u>
Total Minimum Receivables	<u>\$ 5,360</u>	<u>\$ 35,263</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 7 – Retirement Systems

The State has two major retirement systems which cover substantially all state employees. These systems are Missouri State Employees' Retirement System (MOSERS) and Missouri Department of Transportation and Patrol Employees' Retirement System (MPERS). The University of Missouri's Retirement Plan is included as the University is a component unit of the State. The Public School Retirement System of Missouri is included in this note disclosure as the State contributes to it.

Plan Descriptions

The Missouri State Employees' Plan (MSEP) and the Judicial Plan are single-employer defined benefit public employees' retirement plans administered by MOSERS. The Plans are administered in accordance with the Revised Statutes of Missouri Sections 104.010 and 104.312-104.1215, and 476.445-476.690, respectively.

The MSEP has two benefit structures known as MSEP (closed plan) and MSEP 2000 (new plan). The MSEP covers all full-time employees hired before July 1, 2000, who are not covered under another state-sponsored retirement plan. MSEP 2000 covers all full-time employees hired on or after July 1, 2000. Members in the closed plan have the option at retirement to choose between the benefit structure of the closed plan or new plan. Retirement benefits for members of the Judicial Plan are administered and paid by MOSERS.

MOSERS provides retirement, death, and disability benefits to its members. MOSERS employees are fully vested after 5 years of creditable service (4 years for elected officials and 6 years for legislators). The retirement eligibility requirements are as follows:

MSEP

Age 65 and active with 4 years of service
Age 65 with 5 years of service
Age 60 with 15 years of service
Age 48 with age and service equaling 80
or more (Rule of 80)
Employees may retire early at age 55 with at
least 10 years of service with reduced benefits.

MSEP 2000

Age 62 with 5 years of service
Age 48 with age and service equaling 80
or more (Rule of 80)
Employees may retire early at age 57 with at
least 5 years of service with reduced benefits.

Judicial Plan

Age 62 with 12 years of service
Age 60 with 15 years of service
Age 55 with 20 years of service
Employees may retire early at age 62 with less
than 12 years of service or age 60 with less
than 15 years of service with reduced benefit
that is based upon years of service relative to
12 or 15 years.

For members hired prior to August 28, 1997, cost of living adjustments (COLAs) are provided annually based on 80% of the change in the Consumer Price Index (CPI) with a floor of 4% and a ceiling of 5%, until the cumulative amount of COLAs equal 65% of the original benefit, thereafter the 4% floor is eliminated. For members hired on or after August 28, 1997, COLAs are provided annually based on 80% of the change in the CPI up to a maximum rate of 5%. Qualified, terminated-vested members of MSEP and the Judicial Plan may make a one-time election to receive the present value of benefit in a lump sum payment. To qualify, a member must have terminated with at least 5, but less than 10 years of service, be less than age 60, and have a benefit present value of less than \$10,000.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 7 – Retirement Systems (cont.)

The Missouri Department of Transportation and Patrol Employees' Retirement System (MPERS) is a single-employer defined benefit public employees' retirement system administered in accordance with the Revised Statutes of Missouri Sections 104.010-104.1093.

MPERS membership is composed of qualified employees of the Missouri Highways and Transportation Commission (includes employees of the Department of Transportation), and uniformed and non-uniformed members of the State Highway Patrol.

MPERS provides retirement, death and disability benefits to its members. Employees are fully vested after 5 years of creditable service. Employees may retire at age 65 with 4 years of service; age 60 with 15 years of service; age 55 with 4 years of service (uniformed members only); or age 48 with age and service equaling 80 or more. Employees may retire between the ages of 55 and 59 and receive a reduced benefit if they have at least 10 years and less than 30 years of service. For members hired prior to August 28, 1997, cost of living adjustments (COLAs) are provided annually based on 80% of the change in the Consumer Price Index (CPI) with a floor of 4% and a ceiling of 5%, until the cumulative amount of COLAs equal 65% of the original benefit, thereafter the 4% floor is eliminated. For members hired on or after August 28, 1997, COLAs are provided annually based on 80% of the CPI. Effective August 28, 2003, uniformed patrol members who previously were employed by a non-federal public entity will be allowed to purchase creditable service time of up to 4 years maximum.

Copies of financial reports issued by MOSERS and MPERS can be requested from:

Missouri State Employees' Retirement System
P.O. Box 209
907 Wildwood
Jefferson City, Missouri 65102-0209

Missouri Department of Transportation and
Patrol Employees' Retirement System
P.O. Box 1930
Jefferson City, Missouri 65102-1930

Funding Requirement

MOSERS administers plans which cover substantially all State of Missouri employees. The State of Missouri is obligated by state law to make all required contributions to the System. The actuarially determined contributions are expressed as a level percentage of covered payroll. Current year actuarially determined contribution rates for the MSEP and the Judicial Plan are 10.64% and 54.51%, respectively. Actual contribution rates are the same as the actuarially determined rates.

The State of Missouri makes all required contributions to MPERS. Current year calculated contribution rates are 43.54% for uniformed members of the Highway Patrol and 28.28% for non-uniformed members of the Highway Patrol and employees of the Missouri Department of Transportation. Actual contribution rates are the same as the actuarially determined rates.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 7 – Retirement Systems (cont.)

Annual Pension Cost and Net Pension Obligation

The annual pension cost and net pension obligation for the current year were as follows (in thousands of dollars):

	<u>MSEP</u>	<u>ALJLAP</u>	<u>Judicial Plan</u>	<u>MPERS</u>
Annual required contribution	\$ 194,524	\$ 1,125	\$ 21,853	\$ 102,240
Interest on net pension obligation	4,976	8	3,433	---
Actuarial adjustment to annual required contribution	(3,647)	(6)	(2,516)	---
Annual pension cost	195,853	1,127	22,770	102,240
Contributions made	(194,524)	(1,125)	(21,853)	(102,240)
Increase in net pension obligation	1,329	2	917	---
Net pension obligation, beginning of year	58,538	97	40,383	---
Transfer of assets and liabilities*	99	(99)	---	---
Net pension obligation, end of year	<u>\$ 59,966</u>	<u>\$ ---</u>	<u>\$ 41,300</u>	<u>\$ ---</u>

*All assets and liabilities of the ALJLAP were transferred to the MSEP per Senate Bill No. 202, et al that was signed into law on April 26, 2005 by Governor Matt Blunt. This Senate Bill terminated the ALJLAP for new hires.

The annual required contribution for MOSERS for the current year was determined as part of an actuarial valuation of the Systems as of June 30, 2003, using the entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation for MOSERS include (a) rate of return on the investment of present and future assets of 8.5% per year compounded annually, (b) projected salary increases of 4.0% per year annually, attributable to inflation, (c) additional projected salary increases ranging from 0% to 2.7% per year for MSEP and 0% to 1.6% for the Judicial Plan, depending on age, attributable to seniority and/or merit and (d) the assumption that benefits will increase 4.0% per year after retirement.

The actuarial valuation of the System dated June 30, 2005, will set the required contribution rates for the fiscal year ending June 30, 2007. The actuarial value of assets was determined using a 5-year valuation method which fully recognizes expected investment return and averages unanticipated market return. The unfunded actuarial accrued liabilities are amortized on a closed basis as a level percentage of payroll over 30 years.

The annual required contribution for MPERS for the current year was determined as part of an actuarial valuation as of June 30, 2003, using the normal entry age actuarial cost method. Significant actuarial assumptions used in the valuation for MPERS include (a) rate of return on the investment of 8.25% and (b) projected wage inflation rate of 3.75%.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 7 – Retirement Systems (cont.)

As of June 30, 2005, the actuarial valuation of assets was determined using a 3-year smoothed market average. The unfunded actuarial accrued liabilities are amortized as closed, level percentage over 30 years.

Trend Information (in thousands of dollars)

	MSEP (combined with ALJLAP)			Judicial Plan		
	Fiscal Year Ending			Fiscal Year Ending		
	<u>06/30/05</u>	<u>06/30/04</u>	<u>06/30/03</u>	<u>06/30/05</u>	<u>06/30/04</u>	<u>06/30/03</u>
Annual Pension Cost (APC)	\$ 196,980	\$ 167,120	\$ 158,950	\$ 22,770	\$ 21,656	\$ 21,748
Percentage of APC Contributed	99.32%	99.11%	99.10%	95.97%	95.29%	95.65%
Net Pension Obligation	\$ 59,996	\$ 58,635	\$ 57,153	\$ 41,300	\$ 40,383	\$ 39,363

	MPERS		
	Fiscal Year Ending		
	<u>06/30/05</u>	<u>06/30/04</u>	<u>06/30/03</u>
Annual Pension Cost (APC)	\$ 102,240	\$ 86,725	\$ 82,039
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	\$ ---	\$ ---	\$ ---

Public School Retirement System of Missouri:

The State of Missouri also made employer contributions to the Public School Retirement System of Missouri which is a cost-sharing multiple-employer defined benefit public employees' retirement system. The System includes all public school districts within the State except for the two districts covering the major metropolitan areas. It also includes certain public colleges and universities and some state employees.

The benefit provisions include retirement annuities, death benefits and disability benefits. A member is vested after acquiring five years of membership credit for Missouri service.

The System was created and is governed by Chapter 169 of the Revised Statutes of Missouri. State employees who elect to remain with the Public School Retirement System under the Revised Statutes of Missouri, Section 104.342, are covered by the System.

Employees of the State are not required to contribute. The State, as employer, contributed \$2,179,000, \$2,752,000, and \$2,951,000 for the years ending June 30, 2005, 2004 and 2003, respectively, to the System. These were equal to the required contributions for 2004 and 2003. Required contributions for 2005 were \$2,218,000.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 7 – Retirement Systems (cont.)

Copies of the System's June 30, 2005, Comprehensive Annual Financial Report can be requested from:

Public School Retirement System of Missouri
P.O. Box 268
3210 West Truman Boulevard
Jefferson City, Missouri 65109

College and University:

University of Missouri Retirement System

Plan Description

The University of Missouri Retirement, Disability and Death Benefit Plan is a single employer, defined benefit plan for all qualified employees. The University's Board of Curators establishes the terms of the Plan and administers it as authorized by state statute.

All full-time employees are eligible for benefits after five years of credited service. Full benefits are available to members who retire at age 65 or after. Early retirement may be taken, at member's option, after age 55 with at least ten years of credited service, or age 60 with five years of credited service. Benefits are reduced for those who retire early, unless they retire at age 62 or later with at least 25 years of credited service. At retirement, up to 30% of the value of the retirement annuity can be taken in a lump sum; also the single life annuity can be exchanged for an actuarially equivalent annuity option.

Separate financial statements and supplemental schedules are not prepared for the Plan.

Detailed information concerning the Plan is presented in the University's 2005 financial report, which is publicly available. Copies of this report can be requested from:

University of Missouri System
Office of the Controller
118 University Hall
Columbia, Missouri 65211

Funding Requirement

The University's contributions to the Plan are equal to the actuarially determined contribution requirement, as a percent of payroll, which averaged 6.4% for the year ended June 30, 2005. The Plan is funded 100% by University contributions and does not require employee contributions. The contribution rate is updated annually at the beginning of the University's fiscal year on July 1 to reflect the actuarially determined funding requirement from the most recent valuation, as of the preceding October 1, and the adoption of any Plan amendments during the interim.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 7 – Retirement Systems (cont.)

Annual Pension Cost and Net Pension Obligation

The annual pension cost and net pension obligation for the current year were as follows (in thousands of dollars):

Annual required contribution	\$ 49,075
Interest on net pension obligation	---
Adjustment to annual required contribution	---
Annual pension cost	49,075
Contributions made	(49,075)
Change in net pension obligation	---
Net pension obligation, beginning of year	---
Net pension obligation, end of year	\$ ---

The annual required contribution for the University for the current year was determined as part of an actuarial valuation of the System as of October 1, 2003, using the entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation include (a) assumed rate of return on investments of 8.0% per year, (b) projected salary increases for academic and administrative employees averaging 5.2% per year, (c) projected salary increases for clerical and service employees averaging 4.5% per year, and (d) assumed no future retiree ad-hoc increases or cost of living adjustments.

Trend Information (in thousands of dollars)

	Fiscal Year Ending		
	06/30/05	06/30/04	06/30/03
Annual Pension Cost (APC)	\$ 49,075	\$ 48,521	\$ 17,962
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	\$ ---	\$ ---	\$ ---

Note 8 – Other Postemployment Benefits

In addition to the retirement benefits described in *Note 7*, the State provides postemployment health care and life insurance benefits, in accordance with state statutes, to the majority of employees who either retire from the State or receive long-term disability benefits. These benefits are administered by the Missouri Consolidated Health Care Plan (MCHCP), the Missouri State Employees' Retirement System (MOSERS), the Highway and Transportation Employees' and Highway Patrol Insurance Plan (HEHIP), and the Conservation Employees' Insurance Plan (CEIP). The eligible number of retirees/long-term disability claimants for MCHCP, HEHIP, and CEIP for health care benefits are approximately 12,748, 4,026, and 525, respectively. The eligible number of retirees/long-term disability claimants for MOSERS, HEHIP, and CEIP for life insurance benefits are 14,495, 3,186, and 356, respectively. Health care benefits are funded through both employer and employee contributions. MOSERS life insurance benefits are funded through employer and employee contributions. HEHIP and CEIP life insurance benefits are funded through employee contributions. Employer contribution rates are set in accordance with Section 103.100 of the Revised Statutes of Missouri. Retiree contribution rates are established based on projected claims experience and funding provided by employer contributions. Insurance policies are purchased for life insurance benefits and are the liability of the insurance carrier. For fiscal year 2005 the State's contributions were 55.56% of the total (employer/employee) contributions made for other postemployment benefits.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 8 – Other Postemployment Benefits (cont.)

Currently, the number of retirees/long-term disability claimants participating in each plan is as follows:

	<u>Health Care</u>	<u>Life Insurance</u>
MCHCP	12,748	---
MOSERS	---	14,495
HEHPIP	4,026	3,186
CEIP	<u>525</u>	<u>356</u>
Total	<u><u>17,299</u></u>	<u><u>18,037</u></u>

During fiscal year 2005 the State contributed the following amounts (in thousands of dollars):

	<u>Health Care</u>	<u>Life Insurance</u>
MCHCP	\$ 48,128	\$ ---
MOSERS	---	1,893
HEHPIP	12,049	---
CEIP	<u>1,680</u>	<u>---</u>
Total	<u><u>\$ 61,857</u></u>	<u><u>\$ 1,893</u></u>

During fiscal year 2005 the expenditures recognized by the State for (employer/employee) other postemployment benefits were as follows (in thousands of dollars):

	<u>Health Care</u>	<u>Life Insurance</u>
MCHCP	\$ 69,646	\$ ---
MOSERS	---	---
HEHPIP	27,020	961
CEIP	<u>2,952</u>	<u>230</u>
Total	<u><u>\$ 99,618</u></u>	<u><u>\$ 1,191</u></u>

College and University Funds:

University of Missouri System

In addition to the retirement benefits described in *Note 7*, the University provides postemployment medical care, dental care, and life insurance benefits to eligible employees who retire from the University and to employees receiving long-term disability benefits. Currently, 5,475 retirees/long-term disability claimants meet the eligibility requirements. These postemployment benefits are funded through both employer and employee contributions. For fiscal year 2005 the University's contributions were 52.97% of the total (employer/employee) contributions made for other postemployment benefits.

Currently, the numbers of retirees/long-term disability claimants participating are 4,847 for medical care, 4,451 for dental care, 2,720 for life insurance, and 3,938 for accidental death and dismemberment, dependent life and long-term care insurance. During fiscal year 2005, the University contributed \$14,805,000 for other postemployment benefits. The expenditures recognized by the University for (employer/employee) other postemployment benefits were \$31,147,000.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 9 – Deferred Compensation

Missouri State Public Employees' Deferred Compensation Plan:

In accordance with Internal Revenue Code Section 457, the State offers all employees the opportunity to participate in the Missouri State Public Employees' Deferred Compensation Plan. Under the Plan, employees are permitted to defer a portion of their current salary until future years.

All amounts of compensation deferred under the Plan must be held in a trust, custodial account or annuity contract for the exclusive benefit of Plan participants and their beneficiaries. Investments are managed by the Plan's trustee under one of several investment options, or a combination thereof. The choice between the investment option(s) available by the Plan is made by the participants.

Copies of the Plan's financial statements can be requested from:

PEBSCO – A Division of Nationwide
Retirement Solutions, Inc.
One Nationwide Plaza, 1-13-G1
Columbus, Ohio 43215-2220

Missouri State Employees' Deferred Compensation Incentive Plan:

The Plan was established by the Missouri State Public Employees' Deferred Compensation Commission in July 1995 pursuant to Section 401(a) of the Internal Revenue Code. It is administered by the Public Employees Benefit Services Corporation (PEBSCO).

Under the Plan provisions, any employee of the State is eligible to participate in the Plan if he/she has been an employee of the State for at least 12 consecutive months immediately preceding any employer contributions to the Plan, and is making continuous monthly deferrals of at least \$25 to the Missouri State Public Employees' Deferred Compensation Plan. The State, subject to appropriation, contributes \$25 per month for each employee that meets these requirements. Participating employees are 100% vested.

The first employer contributions to the Plan were made in January 1996. During fiscal year 2005, employer contributions were \$11,249,000. No employee contributions are made to the Plan.

Copies of the Plan's financial statements can be requested from:

PEBSCO – A Division of Nationwide
Retirement Solutions, Inc.
One Nationwide Plaza, 1-13-G1
Columbus, Ohio 43215-2220

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 10 – Changes in Short-Term Liabilities

The State uses a bank overdraft line of credit to compensate for timing in cash payments and receipts. Budget reserve loans are also issued to the General Revenue Fund and other funds to maintain adequate cash balances for anticipated payments.

The following is a summary of the changes in short-term liabilities for the year ended June 30, 2005 (in thousands of dollars):

	Balance July 1, 2004	Increases	Decreases	Balance June 30, 2005
Governmental Activities:				
Bank Overdraft	\$ 3	\$ 526,850	\$ (526,853)	\$ ---
Budget Reserve Loans	---	266,951	(266,951)	---
Total Governmental Activities	<u>\$ 3</u>	<u>\$ 793,801</u>	<u>\$ (793,804)</u>	<u>\$ ---</u>

Note 11 – Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2005 (in thousands of dollars):

	*Balance July 1, 2004	Increases	Decreases	Balance June 30, 2005	Due Within One Year
Governmental Activities:					
Due to Other Entities	\$ 32,228	\$ 619	\$ (1,536)	\$ 31,311	\$ 10
General Obligation Bonds Payable	855,115	157,605	(221,810)	790,910	50,975
Other Bonds Payable	1,628,510	---	(51,510)	1,577,000	55,345
Unamortized Bond Premium	97,862	18,274	(17,159)	98,977	---
Obligations Under Lease/ Purchases	198,935	53,161	(19,959)	232,137	21,916
Compensated Absences	153,504	139,726	(131,740)	161,490	131,707
Claims Liabilities	75,911	305,113	(272,106)	108,918	75,066
Contingent Liabilities	141,031	---	(23,355)	117,676	23,355
2 nd Injury Fund					
Contingent Liabilities	749,600	168,124	(63,390)	854,334	63,390
Net Pension Obligation	99,018	321,990	(319,742)	101,266	---
Total Governmental Activities	<u>\$ 4,031,714</u>	<u>\$ 1,164,612</u>	<u>\$ (1,122,307)</u>	<u>\$ 4,074,019</u>	<u>\$ 421,764</u>
Business-Type Activities:					
Claims Liability	\$ 113,666	\$ 20,774	\$ (13,386)	\$ 121,054	\$ 20,000
Grand Prize Winner Liability	107,225	44,772	(41,752)	110,245	41,423
Obligations Under Lease/ Purchases	1,335	---	(1,335)	---	---
Compensated Absences	2,348	4,322	(4,323)	2,347	2,340
Total Business-Type Activities	<u>\$ 224,574</u>	<u>\$ 69,868</u>	<u>\$ (60,796)</u>	<u>\$ 233,646</u>	<u>\$ 63,763</u>

*Beginning balances as of July 1, 2004 have been restated (see *Note 17*).

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 12 – Bonds Payable

Bonds are long-term liabilities and are reconciling items from fund financial statements to government-wide financial statements. These bonds are included as long-term liabilities because the principal and interest payments required for retirement of the bonds are made from governmental funds. On the Government-Wide Statement of Net Assets, the long-term liabilities are shown as the amounts due within one year from the date of the statement and the amounts due in more than one year from the date of the statement.

General Obligation Bonds:

The Board of Fund Commissioners of the State of Missouri, upon voter approval and subsequent authorization of the General Assembly, issues general obligation bonds that are secured by a pledge of the full faith, credit and resources of the State. The principal and interest amounts are transferred one year in advance from the General Fund to the debt service funds from which principal and interest payments are made. Four types of general obligation bonds are currently outstanding. Proceeds from the Water Pollution Control Bonds were used to provide funds for the protection of the environment through the control of water pollution. Proceeds from the \$600,000,000 Third State Building Bonds were used to provide funds for improvements of state buildings and property. Proceeds from the \$250,000,000 Fourth State Building Bonds were used to provide funds for improvements of buildings and property of higher education institutions, Department of Corrections, and the Division of Youth Services. Proceeds from the Stormwater Control Bonds were used to provide funds to protect the environment through the control of stormwater.

To take advantage of lower interest rates, the Board of Fund Commissioners has issued bonds to refund various outstanding bond issues. The following indicates the refunding bonds issued by the Board (in thousands of dollars):

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Series Refunded</u>	<u>Amount Refunded</u>
Water Pollution Control Bonds:				
Series A 1987 Refunding	8/1/87	\$ 49,715	A 1981	\$ 16,940
			B 1983	9,625
			A 1985	19,575
Series B 1991 Refunding	11/1/91	17,435	A 1983	16,415
Series C 1991 Refunding	11/1/91	33,575	B 1987	30,695
Series B 1992 Refunding	8/15/92	50,435	A 1986	46,400
Series B 1993 Refunding	8/1/93	109,415	A 1987 Refunding	33,240
			A 1989	27,280
			A 1991	27,350
			B 1991 Refunding	11,355
Series B 2002 Refunding	10/15/02	147,710	C 1991 Refunding	21,875
			A 1992	26,560
			B 1992 Refunding	33,595
			A 1993	22,350
			A 1995	22,520
			A 1996	25,900
Series A 2003 Refunding	10/29/03	74,655	B 1993 Refunding	76,540
Series A 2005 Refunding	6/29/05	95,100	A 1996	2,160
			A 1998	28,680
			A 1999	17,595
			A 2003 Refunding	51,535

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 12 – Bonds Payable (cont.)

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Series Refunded</u>	<u>Amount Refunded</u>
Third State Building Bonds:				
Series A 1987 Refunding	8/1/87	170,115	B 1983	33,675
			A 1984	48,130
			A 1985	73,375
Series A 1991 Refunding	11/1/91	34,870	A 1983	32,835
Series B 1991 Refunding	11/1/91	71,955	B 1987	65,780
Series A 1992 Refunding	8/15/92	273,205	A 1986	251,355
Series A 1993 Refunding	8/1/93	148,480	A 1987 Refunding	113,725
			A 1991 Refunding	22,935
Series A 2002 Refunding	10/15/02	211,630	B 1991 Refunding	47,320
			A 1992 Refunding	181,170
Series A 2003 Refunding	10/29/03	75,650	A 1993 Refunding	79,380
Fourth State Building Bonds:				
Series A 2002 Refunding	10/15/02	154,840	A 1995	56,300
			A 1996	92,485
Series A 2005 Refunding	6/29/05	45,330	A 1996	7,715
			A 1998	40,970
Stormwater Control Bonds:				
Series A 2005 Refunding	6/29/05	17,175	A 1999	17,595

The additional principal amount of the refunding bonds does not decrease the amount of the authorization.

As of June 30, 2005, \$544,494,240 of the Water Pollution Control Bonds; \$600,000,000 of the Third State Building Bonds; \$250,000,000 of the Fourth State Building Bonds; and \$45,000,000 of the Stormwater Control Bonds have been issued. The remaining authorization for the Water Pollution Control Bonds is \$180,505,760 and for Stormwater Control Bonds is \$155,000,000. There is no remaining authorization for the Third State Building Bonds or the Fourth State Buildings Bonds.

General obligation bonds issued and outstanding as of June 30, 2005, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Water Pollution Control Bonds:						
Series A 2001	4.0 – 7.0%	12/1; 6/1	6/01	6/1/26	\$ 20,000	\$ 18,025
Series A 2002	3.0 – 5.25%	2/1; 8/1	8/02	8/1/27	30,000	28,580
Series B 2002 – Refunding	3.375– 5.0%	4/1; 10/1	10/02	10/1/21	147,710	142,080
Series A 2003 – Refunding	3.25 – 6.0%	2/1; 8/1	10/03	8/1/16	74,655	20,405
Series A 2005 – Refunding	5.0%	10/1; 4/1	6/05	10/1/16	95,100	95,100
Third State Building Bonds:						
Series A 2002 – Refunding	4.0 – 5.0%	4/1; 10/1	10/02	10/1/12	211,630	179,010
Series A 2003 – Refunding	3.25 – 6.0%	2/1; 8/1	10/03	8/1/12	75,650	67,065
Fourth State Building Bonds:						
Series A 2002 – Refunding	3.375– 5.0%	4/1; 10/1	10/02	10/1/21	154,840	154,840
Series A 2005 – Refunding	5.0%	10/1; 4/1	6/05	10/1/16	45,330	45,330
Stormwater Control Bonds:						
Series A 2001	4.0 – 7.0%	12/1; 6/1	6/01	6/1/26	10,000	9,010
Series A 2002	3.0 – 5.25%	2/1; 8/1	8/02	8/1/27	15,000	14,290
Series A 2005 – Refunding	5.0%	10/1; 4/1	6/05	10/1/15	17,175	17,175
Total General Obligation Bonds					<u>\$ 897,090</u>	<u>\$ 790,910</u>
Less: Amount in Sinking Fund for payment of Principal						<u>(50,975)</u>
						<u>\$ 739,935</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 12 – Bonds Payable (cont.)

As of June 30, 2005, general obligation debt service requirements for principal and interest in future years were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 50,975	\$ 34,634	\$ 85,609
2007	55,420	33,999	89,419
2008	66,395	31,231	97,626
2009	63,950	28,250	92,200
2010	70,010	24,904	94,914
2011–2015	268,145	80,687	348,832
2016–2020	163,280	28,219	191,499
2021–2025	42,305	6,328	48,633
2026–2028	<u>10,430</u>	<u>743</u>	<u>11,173</u>
Totals	<u>\$ 790,910</u>	<u>\$ 268,995</u>	<u>\$ 1,059,905</u>

Other Bonds:

The Board of Public Buildings of the State of Missouri, upon the approval of the General Assembly, issues revenue bonds for building projects and commits state agencies to lease space in these buildings. The General Assembly appropriates to the Board, on behalf of the state agencies, amounts sufficient to pay the principal and interest on the bonds, maintain certain required reserves and to pay the costs of operations. The total amount authorized for the Board equals \$825,000,000.

To take advantage of lower interest rates, the Board of Public Buildings has issued bonds to refund various outstanding bond issues. The following indicates the refunding bonds issued by the Board (in thousands of dollars):

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Series Refunded</u>	<u>Amount Refunded</u>
Board of Public Buildings:				
Series A 1983 Refunding	10/1/83	\$ 43,445	A 1981	\$ 43,445
Series A 1985 Refunding	12/1/85	150,560	1966	2,160
			1967	825
			A 1978	11,745
			A 1979	2,260
			A 1980	3,795
			A 1983 Refunding	39,875
			A 1984	89,900
Series A 1991 Refunding	12/1/91	148,500	A 1985 Refunding	107,700
			A 1988	19,165
			B 1988	2,550
			C 1988	2,145
Series B 2001 Refunding	10/1/01	83,465	A 1991 Refunding	86,810

The additional principal amount of the refunding bonds does not decrease the amount of the authorization.

As of June 30, 2005, the Board of Public Buildings Bonds had issued \$751,205,000 of the bond authorization. The remaining authorization is \$73,795,000.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 12 – Bonds Payable (cont.)

The Board of Public Buildings Bonds issued and outstanding as of June 30, 2005, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Board of Public Buildings:						
Series A 2001	4.25 – 5.5%	5/1; 11/1	5/01	5/1/26	\$ 173,870	\$ 157,620
Series B 2001 – Refunding	3.5 – 5.5%	6/1; 12/1	10/01	12/1/12	83,465	57,875
Series A 2003	4.0 – 6.0%	4/15;10/15	4/03	10/15/28	387,425	387,425
Total Board of Public Buildings Bonds					<u>\$ 644,760</u>	<u>\$ 602,920</u>

As of June 30, 2005, the debt service requirements for principal and interest in future years for the Board of Public Buildings Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 14,130	\$ 29,891	\$ 44,021
2007	25,715	29,043	54,758
2008	26,535	27,764	54,299
2009	27,500	26,353	53,853
2010	28,560	24,860	53,420
2011–2015	102,800	106,839	209,639
2016–2020	118,865	78,991	197,856
2021–2025	149,440	46,763	196,203
2026–2029	109,375	10,398	119,773
Totals	<u>\$ 602,920</u>	<u>\$ 380,902</u>	<u>\$ 983,822</u>

The Health and Educational Facilities Authority issued \$35,000,000 of Educational Facilities Revenue Bonds (University of Missouri–Columbia Arena Project), Series 2001, dated November 1, 2001. These bonds are limited obligations of the Authority and do not constitute a pledge of the full faith and credit of the State. However, under a financing agreement dated November 1, 2001, the Office of Administration will request that the Governor’s annual budget request to the General Assembly include the State’s financing amount for principal and interest each year. These bonds are included as long-term liabilities since they will be repaid with moneys from the General Fund.

The Educational Facilities Revenue Bonds issued and outstanding as of June 30, 2005 were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Educational Facilities Revenue Bonds:						
Series 2001	3.0 – 5.0%	5/1; 11/1	11/01	11/1/21	<u>\$ 35,000</u>	<u>\$ 33,665</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 12 – Bonds Payable (cont.)

As of June 30, 2005, the debt service requirement of the State for principal and interest in future years for the Educational Facilities Revenue Bonds (based on the financing agreement between the State and the Authority) were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 1,380	\$ 1,493	\$ 2,873
2007	1,430	1,450	2,880
2008	1,485	1,402	2,887
2009	1,545	1,349	2,894
2010	1,610	1,281	2,891
2011–2015	9,195	5,164	14,359
2016–2020	11,545	2,793	14,338
2021–2022	5,475	264	5,739
Totals	\$ 33,665	\$ 15,196	\$ 48,861

The Regional Convention and Sports Complex Authority issued \$132,910,000 of Convention and Sports Facility Project Bonds, Series A 1991, dated August 15, 1991. On December 15, 1993, the Authority issued \$121,705,000 of Convention and Sports Facility Project Refunding Bonds, Series A 1993 for the purpose of refunding the callable portions of the outstanding bonds issued in August 1991 and to pay the costs of additions and enhancements to the project. The outstanding principal amount refunded was \$101,410,000. On July 30, 2003, the Authority issued \$116,030,000 of Convention and Sports Facility Project Refunding Bonds, Series A 2003 for the purpose of refunding Convention and Sports Facility Project Bonds, Series A 1991 and Series A 1993 Refunding Bonds and to pay the costs of additions and enhancements to the project. The outstanding principal amount refunded was \$2,845,000 for the Series A 1991 Bonds and \$113,170,000 for the Series A 1993 Refunding Bonds. These bonds are limited obligations of the Authority and do not constitute a pledge of the full faith and credit of the State. However, these bonds are included as long-term liabilities since they will be repaid with moneys from the General Fund.

The Convention and Sports Facility Project Bonds issued and outstanding as of June 30, 2005 were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Convention and Sports Facility Project Bonds:						
Series A 2003 – Refunding	1.42–5.375%	2/15; 8/15	7/03	8/15/21	\$ 116,030	\$ 111,915

As of June 30, 2005, the debt service requirements for these bonds are as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 4,395	\$ 5,518	\$ 9,913
2007	4,565	5,336	9,901
2008	4,755	5,127	9,882
2009	4,985	4,894	9,879
2010	5,225	4,654	9,879
2011–2015	30,290	18,912	49,202
2016–2020	39,065	9,897	48,962
2021–2022	18,635	901	19,536
Totals	\$ 111,915	\$ 55,239	\$ 167,154

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 12 – Bonds Payable (cont.)

Under a financing agreement dated August 1, 1991, the Office of Administration will request that the Governor's annual budget request to the General Assembly include the State's financing amount of \$10,000,000 for principal and interest and \$2,000,000 for maintenance each year. Future payments to the Authority related to the bond repayment are as follows (in thousands of dollars):

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>State</u> <u>Debt Service</u> <u>Payments</u>
2006	\$ 10,000
2007	10,000
2008	10,000
2009	10,000
2010	10,000
2011–2015	50,000
2016–2020	50,000
2021–2022	<u>15,000</u>
Total	<u>\$ 165,000</u>

The Missouri Highways and Transportation Commission authorized by Section 226.133 of the State Highway Act, issues bonds for highway construction and repairs. Under the Missouri Constitution, the principal and interest of the State Road Bonds are payable solely from the revenues of the State Road Fund.

The total amount authorized for the Commission equals \$2,250,000,000. On December 1, 2000, the Commission issued \$250,000,000 principal amount of State Road Bonds, Series A 2000. In October 2001, the Commission issued \$200,000,000 principal amount of State Road Bonds, Series A 2001. State Road Bonds, Series A 2002, were issued by the Commission in June 2002 with principal amount of \$203,000,000. In November 2003, the Commission issued \$254,000,000 principal amount of State Road Bonds, Series A 2003. As of June 30, 2005, the Missouri Highways and Transportation Commission had used \$907,000,000 of the bond authorization.

The State Road Bonds issued and outstanding as of June 30, 2005, were as follows (in thousands of dollars):

	<u>Interest</u> <u>Rates</u>	<u>Payment</u> <u>Dates</u>	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Issued</u>	<u>Outstanding</u>
Missouri Highways and Transportation Commission:						
State Road Bonds						
Series A 2000	4.30–5.625%	2/1; 8/1	12/00	2/1/20	\$ 250,000	\$ 216,615
Series A 2001	2.25–5.125%	2/1; 8/1	10/01	2/1/21	200,000	178,060
Series A 2002	3.00–5.25%	2/1; 8/1	6/02	2/1/22	203,000	187,950
Series A 2003	2.00–5.00%	2/1; 8/1	11/03	2/1/23	<u>254,000</u>	<u>245,875</u>
Total Missouri Highways and Transportation Commission					<u>\$ 907,000</u>	<u>\$ 828,500</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 12 – Bonds Payable (cont.)

As of June 30, 2005 debt service requirements for principal and interest in future years for the Missouri Highways and Transportation Commission State Road Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 35,440	\$ 40,537	\$ 75,977
2007	36,740	39,086	75,826
2008	38,005	37,519	75,524
2009	39,540	35,740	75,280
2010	41,280	33,787	75,067
2011–2015	236,530	136,313	372,843
2016–2020	300,110	70,822	370,932
2021–2023	<u>100,855</u>	<u>8,215</u>	<u>109,070</u>
Totals	<u>\$ 828,500</u>	<u>\$ 402,019</u>	<u>\$ 1,230,519</u>

Component Units' Long-Term Debt – The following bonds are included in the balance sheet of the College and University Funds and the Non-Major Component Units.

Major

College and University Funds:

The colleges and universities of the State issue revenue bonds for various projects on each respective campus. Bonds are payable, both principal and interest, only out of net income and revenues arising from operations of facilities funded by the bonds. As of June 30, 2005, debt service requirements for principal and interest for the colleges and universities were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 29,392	\$ 40,504	\$ 69,896
2007	29,731	39,028	68,759
2008	28,900	37,884	66,784
2009	30,124	36,686	66,810
2010	31,098	35,397	66,495
2011–2015	158,652	156,681	315,333
2016–2020	168,144	119,489	287,633
2021–2025	204,735	78,104	282,839
2026–2030	173,370	32,393	205,763
2031–2035	<u>83,480</u>	<u>4,974</u>	<u>88,454</u>
Totals ⁽¹⁾	<u>\$ 937,626</u>	<u>\$ 581,140</u>	<u>\$ 1,518,766</u>

⁽¹⁾ The bond schedule does not include notes payable, therefore, it differs from the bonds and notes payable amount reported in the statements.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 12 – Bonds Payable (cont.)

Non-Major

Missouri Development Finance Board:

In December 2000, the Board issued \$6,500,000 and \$14,600,000 in Facilities Revenue Bonds Series 2000B and 2000C, respectively for the purpose of paying the costs of acquiring land and constructing parking garages. Bonds are payable, both principal and interest, only out of revenues derived from the operation of the parking garages.

In October 2004, the Board issued \$9,500,000 in Ninth Street Garage Series 2004A, taxable infrastructure facilities revenue bonds; and \$7,000,000 Ninth Street Garage Series 2004B, tax exempt infrastructure facilities revenue bonds.

The Missouri Development Finance Board Revenue Bonds issued and outstanding as of June 30, 2005, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Missouri Development Finance Board:						
Revenue Bonds						
Series 2000B	up to 8.5%	12/1	12/00	12/1/20	\$ 6,500	\$ 5,200
Series 2000C	up to 6.7%	12/1	12/00	12/1/20	14,600	12,900
Series 2004A	up to 10%	10/1	10/04	10/1/21	9,500	9,500
Series 2004B	up to 10%	10/1	10/04	10/1/21	7,000	7,000
Total Missouri Development Finance Board Revenue Bonds					<u>\$ 37,600</u>	<u>\$ 34,600</u>

As of June 30, 2005, the debt service requirements for principal and interest in future years for the Missouri Development Finance Board Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ ---	\$ 498	\$ 498
2007	---	498	498
2008	240	2,783	3,023
2009	255	941	1,196
2010	270	934	1,204
2011-2015	1,630	4,538	6,168
2016-2020	4,755	4,073	8,828
2021-2025	18,695	1,824	20,519
2026-2030	4,270	872	5,142
2031-2034	4,485	194	4,679
Totals	<u>\$ 34,600</u>	<u>\$ 17,155</u>	<u>\$ 51,755</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 12 – Bonds Payable (cont.)

In December 2002, the Missouri Development Finance Board purchased a rate cap agreement of 8.5% for Series 2000B bonds and 6.7% for Series 2000C bonds with an expiration date of December 1, 2007. The Board has the option in the future to restructure the bond debt to acquire a fixed interest rate. The annual debt service schedule assumes an interest rate of 2.75%, representing the interest rate at June 30, 2005, for the Series 2000B and Series 2000C bonds, which represents the maximum interest rate under the rate cap agreement. The annual debt service schedule also assumes an interest rate of 2.77%, representing the interest rate as of June 30, 2005, for the Ninth Street Garage Series 2004A and 2004B bonds.

Transportation Corporations:

The Fulton 54 Transportation Corporation issued \$8,705,000 of Highway Revenue Bonds Series 2000 dated September 1, 2000. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Fulton 54 Transportation Corporation Highway Revenue Bonds issued and outstanding as of June 30, 2005, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Fulton 54 Transportation Corporation:						
Highway Revenue Bonds Series 2000	4.60–5.00%	9/1	9/00	9/1/07	<u>\$ 8,705</u>	<u>\$ 6,540</u>

As of June 30, 2005, debt service requirements for principal and interest in future years for the Fulton 54 Transportation Corporation Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 2,165	\$ 262	\$ 2,427
2007	2,180	158	2,338
2008	<u>2,195</u>	<u>52</u>	<u>2,247</u>
Totals	<u>\$ 6,540</u>	<u>\$ 472</u>	<u>\$ 7,012</u>

Under a financing agreement dated September 1, 2000, the Missouri Highways and Transportation Commission will make payments to the Fulton 54 Transportation Corporation in the amount of \$7,695,000 to pay a portion of the principal on the bonds. The future payments to the Corporation are as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Commission Payments</u>
2006	\$ 2,165
2007	2,165
2008	<u>1,200</u>
Total	<u>\$ 5,530</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 12 – Bonds Payable (cont.)

The Missouri Highway 179 Transportation Corporation issued \$22,930,000 of Highway Revenue Bonds Series 1997 dated September 1, 1997. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Missouri Highway 179 Transportation Corporation Highway Revenue Bonds issued and outstanding as of June 30, 2005, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Missouri Highway 179 Transportation Corporation: Highway Revenue Bonds Series 1997	3.95 – 5.25%	3/1; 9/1	9/97	9/1/08	<u>\$ 22,930</u>	<u>\$ 10,380</u>

As of June 30, 2005, debt service requirements for principal and interest in future years for the Missouri Highway 179 Transportation Corporation Highway Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 2,420	\$ 456	\$ 2,876
2007	2,530	344	2,874
2008	2,645	216	2,861
2009	<u>2,785</u>	<u>73</u>	<u>2,858</u>
Totals	<u>\$ 10,380</u>	<u>\$ 1,089</u>	<u>\$ 11,469</u>

Under a financing agreement dated August 1, 1997, the Missouri Highways and Transportation Commission will make payments to the Highway 179 Transportation Corporation in the amount of \$24,910,000 to pay a portion of the principal and interest on the bonds. The remaining payments are as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Commission's Total Payments</u>
2006	\$ 1,755	\$ 759	\$ 2,514
2007	1,709	880	2,589
2008	1,580	1,088	2,668
2009	<u>1,742</u>	<u>1,358</u>	<u>3,100</u>
Totals	<u>\$ 6,786</u>	<u>\$ 4,085</u>	<u>\$ 10,871</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 12 – Bonds Payable (cont.)

On August 1, 1999, the Springfield, MO State Highway Improvement Corporation issued \$17,240,000 of Transportation Revenue Bonds, Series 1999. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Springfield, MO State Highway Improvement Corporation Transportation Revenue Bonds issued and outstanding as of June 30, 2005, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Springfield, MO State Highway Improvement Corporation: Transportation Revenue Bonds Series 1999	3.6 – 4.75%	2/1; 8/1	8/99	8/1/05	<u>\$ 17,240</u>	<u>\$ 3,470</u>

As of June 30, 2005, debt service requirements for principal and interest in future years for the Springfield, MO State Highway Improvement Corporation Transportation Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	<u>\$ 3,470</u>	<u>\$ 78</u>	<u>\$ 3,548</u>

Under an amended financing agreement dated August 5, 1999, the Missouri Highways and Transportation Commission will make payments to the Springfield, MO Highway Improvement Corporation in the amount of \$28,667,000 to pay a portion of the principal of the bonds. The remaining payments are as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Commission Payments</u>
2006	<u>\$ 3,667</u>

The Wentzville Parkway Transportation Corporation issued \$12,935,000 of Transportation Revenue Bonds, Series 2001 dated May 1, 2001. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Wentzville Parkway Transportation Corporation Transportation Revenue Bonds issued and outstanding as of June 30, 2005, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Wentzville Parkway Transportation Corporation: Transportation Revenue Bonds Series 2001	3.4 – 4.9%	2/1; 8/1	5/01	8/1/10	<u>\$ 12,935</u>	<u>\$ 12,425</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 12 – Bonds Payable (cont.)

As of June 30, 2005, debt service requirements for principal and interest in future years for the Wentzville Parkway Transportation Corporation Transportation Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 100	\$ 562	\$ 662
2007	8,935	362	9,297
2008	485	152	637
2009	515	129	644
2010	535	104	639
2011	<u>1,855</u>	<u>45</u>	<u>1,900</u>
Totals	<u>\$ 12,425</u>	<u>\$ 1,354</u>	<u>\$ 13,779</u>

Under a funding agreement dated April 6, 2001, the Missouri Highways and Transportation Commission will make a fixed sum payment to the Wentzville Parkway Transportation Corporation in the amount of \$8,850,000 to pay a portion of the principal of the bonds. The future payments to the Corporation are as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Commission Payments</u>
2006	\$ ---
2007	<u>8,850</u>
Total	<u>\$ 8,850</u>

Bond Transactions of the State of Missouri – The following schedule is a summary of bond activity for the fiscal year ended June 30, 2005 (in thousands of dollars):

	<u>Governmental Funds</u>		<u>Component Units</u>	
	<u>General Obligation Bonds</u>	<u>Other Bonds</u>	<u>Revenue Bonds</u>	<u>Totals</u>
Bonds Payable at July 1, 2004	\$ 855,115	\$ 1,628,510	\$ ---	\$ 2,483,625
Bond Issuance	157,605	---	---	157,605
Bonds Retired	<u>(221,810)</u>	<u>(51,510)</u>	<u>---</u>	<u>(273,320)</u>
Subtotal	790,910	1,577,000	---	2,367,910
College and University ⁽¹⁾	---	---	937,626	937,626
Missouri Development Finance Board	---	---	34,600	34,600
Fulton 54 Transportation Corporation	---	---	6,540	6,540
Highway 179 Transportation Corporation	---	---	10,380	10,380
Springfield, MO State Highway Improvement	---	---	3,470	3,470
Wentzville Parkway Transportation Corporation	<u>---</u>	<u>---</u>	<u>12,425</u>	<u>12,425</u>
Bonds Payable at June 30, 2005	<u>\$ 790,910</u>	<u>\$ 1,577,000</u>	<u>\$ 1,005,041</u>	<u>\$ 3,372,951</u>

⁽¹⁾ Detailed information for College and University Funds are not shown.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 13 – Defeased Debt

A. Current Year Debt Defeasance

On June 29, 2005, the State of Missouri issued \$95,100,000 in Water Pollution Control General Obligation Refunding Bonds, Series A 2005, with an interest rate of 5.00% to refund \$2,160,000 of outstanding Water Pollution Control, Series A 1996 with interest rates ranging from 5.20% to 6.25%, \$28,680,000 of outstanding Water Pollution Control, Series A 1998 with interest rates ranging from 4.25% to 6.25%, \$17,595,000 of outstanding Water Pollution Control, Series A 1999 with interest rates ranging from 4.50% to 7.50%, and \$51,535,000 of outstanding Water Pollution Control, Series A 2003–Refunding with interest rates ranging from 3.25% to 6.00%. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liabilities for the bonds have been removed from the financial statements. The State reduced its total debt service payments over the next 20 years by \$2,706,000 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$4,641,000.

On June 29, 2005, the State of Missouri issued \$17,175,000 in Stormwater Control General Obligation Refunding Bonds, Series A 2005, with an interest rate of 5.00% to refund \$17,595,000 of outstanding Stormwater Control, Series A 1999 with interest rates ranging from 4.50% to 7.50%. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liabilities for the bonds have been removed from the financial statements. The State reduced its total debt service payments over the next 20 years by \$4,541,000 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$1,922,000.

On June 29, 2005, the State of Missouri issued \$45,330,000 in Fourth State Building General Obligation Refunding Bonds, Series A 2005, with an interest rate of 5.00% to refund \$7,715,000 of outstanding Fourth State Building, Series A 1996 with interest rates ranging from 5.20% to 6.25%, and \$40,970,000 of outstanding Fourth State Building, Series A 1998 with interest rates ranging from 4.25% to 6.25%. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liabilities for the bonds have been removed from the financial statements. The State reduced its total debt service payments over the next 18 years by \$4,280,000 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$3,249,000.

On June 30, 2005, Southwest Missouri State University issued \$32,850,000 of bonds as Series 2005 A. The Series 2005 A bonds refunded \$13,960,000 and \$16,835,000 of series 1997 A and 1999 A, respectively. The outstanding balances of the defeased bonds are not reflected on the statement of net assets of the University. The difference in cash flows required to service the old debt and those required to service the new debt was \$2,929,000. The net present value savings of the aggregate decreased debt service payments were \$2,128,000.

On June 1, 2005, the Missouri Southern State University issued \$5,395,000 of bonds as the Series 2005 A. The Series 2005 A bonds refunded \$5,240,000 of outstanding 1997 series bonds. Bonds maturing in the year 2016 and thereafter, are callable for redemption and payment, at the University's option, on or after October 1, 2015. The economic gain on the refunding is \$274,000. The economic gain is the difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at the effective interest rate of the new debt. The difference in cash flows between the old debt service requirements and the new debt requirements is \$374,000.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 13 – Defeased Debt (cont.)

B. Cumulative Debt Defeasances

Various bond issues have been defeased by creating separate irrevocable trust funds.

Either new debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds or sufficient funds have been deposited in an irrevocable escrow to pay principal and interest as they become due.

For financial reporting purposes, the following debt has been defeased and therefore removed as a liability from the governmental activities and college and university funds Statement of Net Assets.

Governmental Activities – As of June 30, 2005, bonds outstanding of \$289,940,000 are defeased.

College and University Funds – As of June 30, 2005, bonds outstanding of \$115,963,000 are defeased.

Note 14 – Payables and Receivables

A summary of accounts payable and accounts receivable at June 30, 2005, is shown below (in thousands of dollars):

	Governmental Activities	Business-Type Activities	Balance June 30, 2005
Accounts Payable:			
Taxpayers	\$ 99,798	\$ ---	\$ 99,798
Other Governments	237,678	730	238,408
Vendors	828,403	299,635	1,128,038
Beneficiaries	25	---	25
Employees	86,467	1,821	88,288
Other	49,095	---	49,095
	<u>\$ 1,301,466</u>	<u>\$ 302,186</u>	<u>\$ 1,603,652</u>
Total Accounts Payable			
	<u>\$ 1,301,466</u>	<u>\$ 302,186</u>	<u>\$ 1,603,652</u>
Accounts Receivable:			
Taxpayers	\$ 1,755,782	\$ 4,029	\$ 1,759,811
Other Governments	551,365	3	551,368
Vendors	981,123	---	981,123
Customers	20,840	197,464	218,304
Other	758,441	916	759,357
	<u>4,067,551</u>	<u>202,412</u>	<u>4,269,963</u>
Accounts Receivable			
	4,067,551	202,412	4,269,963
Amounts not expected to be collected	<u>(1,528,800)</u>	<u>---</u>	<u>(1,528,800)</u>
Accounts Receivable, net	<u>\$ 2,538,751</u>	<u>\$ 202,412</u>	<u>\$ 2,741,163</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 15 – Interfund Assets and Liabilities

A summary of interfund assets and liabilities at June 30, 2005, is shown below (in thousands of dollars):

	Due From Other Funds, Component Units, and Primary Government				
	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	State Road Fund
Due To Other Funds, Component Units, and Primary Government					
General Fund	\$ ---	\$ 6	\$ 1	\$ 47	\$ 3,848
Public Education	1	---	---	---	---
Conservation and Environmental Protection	20	---	---	---	14
Transportation and Law Enforcement	---	---	---	---	202
State Road Fund	---	---	3	---	---
Non-Major Governmental Funds	43	---	---	---	---
State Lottery	---	19,023	---	---	---
Petroleum Storage Tank	---	---	---	---	---
Non-Major Enterprise Funds	---	---	1	---	---
Internal Service Funds	---	2	4	---	---
Fiduciary Funds	1	11	---	---	---
Non-Major Component Units	---	---	654	---	1,168
Totals	\$ 65	\$ 19,042	\$ 663	\$ 47	\$ 5,232

Continues Below

	Non-Major Governmental Funds	Non-Major Enterprise Funds	Internal Service Funds	Fiduciary Funds	Non-Major Component Units	Totals
Due To Other Funds, Component Units, and Primary Government						
General Fund	\$ 50	\$ 16	\$ 4,380	\$ 22,767	\$ ---	\$ 31,115
Public Education	100	---	39	143	---	283
Conservation and Environmental Protection	---	17	207	1,108	---	1,366
Transportation and Law Enforcement	35	---	180	104	---	521
State Road Fund	---	1	283	---	8,655	8,942
Non-Major Governmental Funds	39	1	471	947	---	1,501
State Lottery	---	---	40	98	---	19,161
Petroleum Storage Tank	---	---	3	18	---	21
Non-Major Enterprise Funds	---	---	62	582	---	645
Internal Service Funds	4	3	69	517	---	599
Fiduciary Funds	---	---	12,701	8,491	---	21,204
Non-Major Component Units	---	---	---	1	1,690	3,513
Totals	\$ 228	\$ 38	\$ 18,435	\$ 34,776	\$ 10,345	\$ 88,871

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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Note 15 – Interfund Assets and Liabilities (cont.)

	<u>Advance From Other Funds, Component Units, and Primary Government</u>			
	<u>General Fund</u>	<u>State Road Fund</u>	<u>Non-Major Component Units</u>	<u>Totals</u>
<u>Advance To Other Funds, Component Units, and Primary Government</u>				
Conservation and Environmental Protection	\$ ---	\$ ---	\$ 3,570	\$ 3,570
State Road Fund	---	---	7,942	7,942
Fiduciary Funds	61,607	---	---	61,607
Non-Major Component Units	---	38,265	6,000	44,265
Totals	<u>\$ 61,607</u>	<u>\$ 38,265</u>	<u>\$ 17,512</u>	<u>\$ 117,384</u>

The loans from the component units were for the construction of additional state highways. Loans from the Unclaimed Property Fund were to provide resources for cash flow requirements.

During the consolidation process for the Government-Wide Combined Statement of Net Assets, interfund payables and receivables were eliminated as follows: Governmental activities in the amount of \$10,049,000 and Component Units in the amount of \$1,690,000.

Advances between non-major component units of \$6,000,000 have been eliminated on the Government-Wide Combined Statement of Net Assets.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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Note 16 – Interfund Transfers

All transfers must be legally authorized by the legislature through transfer appropriations. Interfund transfers for the fiscal year ended June 30, 2005 were as follows (in thousands of dollars):

	Transfers In:				
	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	State Road Fund
Transfers Out:					
General Fund	\$ ---	\$ 2,383,556	\$ ---	\$ 6,441	\$ ---
Public Education	2,500	---	---	---	---
Conservation and Environmental Protection	585	---	---	---	---
Transportation and Law Enforcement	4	---	---	---	136,487
Non-Major Governmental Funds	81,018	38,620	4,634	---	---
State Lottery	---	219,094	---	---	---
Petroleum Storage Tank	---	---	---	---	---
Non-Major Enterprise Funds	40	---	---	---	---
Internal Service Funds	---	---	---	---	---
Fiduciary Funds	19,401	---	---	---	---
Totals	\$ 103,548	\$ 2,641,270	\$ 4,634	\$ 6,441	\$ 136,487

Continues Below

	Non-Major Governmental Funds	Non-Major Enterprise Funds	Fiduciary Funds	Non-Major Component Units	Totals
Transfers Out:					
General Fund	\$ 136,856	\$ ---	\$ 1,401	\$ 21	\$ 2,528,275
Public Education	2	---	---	---	2,502
Conservation and Environmental Protection	993	---	---	---	1,578
Transportation and Law Enforcement	4	---	5,998	---	142,493
Non-Major Governmental Funds	31,440	12,000	---	---	167,712
State Lottery	---	---	---	---	219,094
Petroleum Storage Tank	8	---	---	---	8
Non-Major Enterprise Funds	17	---	---	---	57
Internal Service Funds	5	---	---	---	5
Fiduciary Funds	900	---	---	---	20,301
Totals	\$ 170,225	\$ 12,000	\$ 7,399	\$ 21	\$ 3,082,025

Principal reasons for interfund transfers include:

- moving general revenue funds to support elementary and secondary education
- moving State Lottery funds to support elementary and secondary education
- moving general revenue funds to support social assistance programs reported in non-major governmental funds
- moving funds related to the construction of capital assets.

During fiscal year 2005, unusual transfers of \$12.0 million from capital projects funds to Missouri Veterans' Homes, a non-major enterprise fund, occurred to pay for operations.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 17 – Restatements

During fiscal year 2005, additional information became available which required the restatement of fund equity amounts. The following table presents a summary of these restatements by fund categories (in thousands of dollars):

	June 30, 2004 Fund Balance/ Net Assets Previously Reported	Prior Period Adjustments	June 30, 2004 Fund Balance/ Net Assets Restated
GOVERNMENTAL FUNDS			
Major Governmental Funds			
General Fund	\$ 1,175,353	\$ (248)	\$ 1,175,105
Conservation and Environmental Protection	939,203	64	939,267
Transportation and Law Enforcement	132,382	1	132,383
Non-Major Governmental Funds			
Special Revenue	246,532	2,082	248,614
PROPRIETARY FUNDS			
Non-Major Proprietary Funds			
Enterprise	55,142	(13,723)	41,419
Internal Service	418,438	4,964	423,402
FIDUCIARY FUNDS			
Pension (and Other Employee Benefit) Trust	8,311,875	(9,386)	8,302,489
Private-Purpose Trust	2,389	(5)	2,384
DISCRETELY PRESENTED COMPONENT UNITS			
Colleges and Universities	3,785,734	(150,758)	3,634,976
Non-Major Funds	139,676	6,213	145,889

Breakdown of restatements by type:

- General Fund, the restatement was a decrease to cash of \$253,000 and a decrease to accounts payable of \$5,000.
- Conservation and environmental protection, the restatement was a decrease to deferred revenue of \$64,000.
- Transportation and law enforcement, the restatement was a decrease to accounts payable of \$1,000.
- Non-major special revenue funds, the restatement was an increase to investments of \$2,082,000.
- Non-major enterprise funds, the restatement was an increase to inventory of \$302,000 and a decrease to capital assets (net of accumulated depreciation) of \$14,025,000.
- Internal service funds, the restatement was a decrease to accounts receivable of \$454,000, an increase to capital assets (net of accumulated depreciation) of \$1,691,000, a decrease to accounts payable of \$3,108,000, a decrease to accrued payroll of \$170,000, and a decrease to compensated absences of \$449,000.
- Pension (and other employee benefit) trust funds, the restatement was a decrease to investments of \$9,386,000.
- Private-purpose trust funds, the restatement was a decrease to investments of \$5,000.
- Colleges and universities, the restatement was a decrease to receivables of \$46,669,000, a decrease to deposits and prepaid expenses of \$9,313,000, a decrease to capital assets (net of accumulated depreciation) of \$107,662,000, an increase to accounts payable and accrued liabilities of \$2,076,000, and a decrease to deferred revenues of \$14,962,000.
- Non-major component units, the restatement was a decrease to receivables of \$36,000, a decrease to investments of \$1,000, a decrease to payables of \$1,000, and a decrease to deferred revenue of \$6,249,000.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 17 – Restatements (cont.)

Purposes for restatements:

The items on the schedule were restated as a result of additional information received this year related to prior year corrections. The deferred revenue restatement for non-major component units was to correct past year amounts previously reported as deferred revenue, which related to receivables. Deferred revenue relating to receivables should only be reported for governmental funds, since that is the only fund type under the modified accrual basis of accounting.

On the Government-Wide Statement of Activities, net assets for governmental activities were restated by the amounts shown on the restatement schedule for governmental funds and internal service funds. In addition, capital assets and other long-term assets held in governmental funds increased by \$115,379,000. Long-term liabilities held in governmental funds decreased by \$61,748,000.

Note 18 – Fund Deficit

The following funds had deficit balances:

Enterprise Fund – Unemployment Compensation – At June 30, 2005, this fund had a net asset deficit of \$64,755,000. The deficit was \$83,025,000 at June 30, 2004. This deficit occurred when revenue from employers' state unemployment contributions were not sufficient to cover the cost of unemployment benefits paid. In order to continue paying unemployment benefits, the fund borrowed from the U.S. Treasury (in 2004) as allowed by Title XII of the Social Security Act. The fund's Title XII liability was \$288,557,000 on June 30, 2005. Legislation passed during the 2004 legislative session and signed by the Governor, House Bills 1268 and 1211, increased employer contributions into the fund and authorized the refinancing of this liability through the issuance of debt instruments. On June 29, 2005, the Governor applied for avoidance of FUTA credit reduction pursuant to 20 CFR 606.24. As stipulated in the avoidance application, a \$50.3 million payment by the State was made on October 9, 2005, bringing the outstanding Title XII debt to \$238,257,000. The United States Department of Labor approved the application and payment, and will continue to give the FUTA tax credits to the state's employers.

Enterprise Fund – Petroleum Storage Tank – At June 30, 2005, this fund had a net asset deficit of \$60,290,000. The deficit at June 30, 2004 was \$61,236,000. The deficit occurred when transport load fees collected were not sufficient to cover the estimated claims liability for clean up of petroleum storage tank leaks. This liability amount is the cumulative result of numerous years of petroleum storage tank leaks. Per Section 319.129, RSMo, this fund will be closed on December 31, 2010, or upon revocation of federal regulation 40 CFR, whichever occurs first, unless extended by action of the general assembly. Various alternatives are being considered to pay off the claims liability amount of this fund. Per Section 319.131, RSMo, the liability of the petroleum storage tank fund is not the liability of the State. Upon dissolution of this fund, the liability would be liquidated.

Enterprise Fund – Missouri Veterans' Homes – At June 30, 2005, this fund had a net asset deficit of \$429,000. The restated deficit at June 30, 2004 was \$96,000. The deficit occurred due to rising medical costs, along with salary and overtime expenses needed to meet federal staffing requirements in the veterans' homes. Per Section 313.835, RSMo, the Veterans' Commission Capital Improvement Trust Fund is authorized to make fund transfers to the Missouri Veterans' Home Fund as necessary to maintain solvency. The current situation is being monitored closely by the Department of Public Safety. Possible solutions include cost containment of medical costs, increased general revenue funding, and increased funding from the federal government. A last resort may involve higher charges to residents.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 18 – Fund Deficit (cont.)

Internal Service Fund – Transportation Self-Insurance Plan – At June 30, 2005, this fund had a net asset deficit of \$5,194,000. This deficit was \$3,143,000 at June 30, 2004. The deficit occurred when revenue from insurance premiums were not sufficient to cover the cost of claims. The self-insurance plan is subject to annual actuarial review which is done on a calendar year basis. An actuarial study was completed in July 2005. The fiscal year 2006 appropriations were based on the 2004 actuarial study and budget availability. Increases in appropriations should eliminate the deficit over time.

Component Unit – Missouri Highway 63 Transportation Corporation – At June 30, 2005, the transportation corporation had a net asset deficit of \$61,000. This deficit was \$87,000 at June 30, 2004. This deficit initially occurred because the corporation was established during fiscal year 2003 and incurred one-time start up expenses. According to the Missouri Highway 63 Transportation Corporation's audited financial statements, the City of Kirksville has agreed to fund any corporation net asset deficits.

Note 19 – Related Party Transactions

The Missouri State Public Employees' Deferred Compensation Plan is administered by the Public Employees Benefit Services Corporation of Missouri (PEBSCO) under a contract for a term ending December 31, 2005. PEBSCO is a wholly-owned subsidiary of Nationwide Corporation of Columbus, Ohio. Nationwide Life Insurance Company, one of the guaranteed fixed annuity and variable annuity underwriters for the Plan, is also a subsidiary of Nationwide Corporation. At December 31, 2004, total investments of the Plan were \$934,330,000 and investments in Nationwide Life Insurance Company were \$831,511,000.

Note 20 – Commitments

Contracts

The Department of Conservation had contracts outstanding of \$1,064,000 for land acquisition and \$7,961,000 for construction contracts at June 30, 2005. These contracts are funded through the special revenue funds from specific sales tax, fees and permits.

The Department of Transportation had long-term contracts of \$918,791,000 outstanding at June 30, 2005. These contracts are paid from capital projects funds with approximately 61.64% federal reimbursement expected.

The Office of Administration, Division of Facilities Management, Design and Construction, had construction contracts outstanding at June 30, 2005, of \$53,372,000. Approximately 48% will be paid from the General Fund, 2% from special revenue funds, 48% from capital projects funds, 1% from enterprise funds, and 1% from internal service funds.

The Department of Elementary and Secondary Education has desegregation payments outstanding of \$55 million at June 30, 2005. These payments are due to the St. Louis Public School District based upon Court Order L(266)99 approving the 1999 settlement agreement requiring annual payments. The payments are as follows:

July 1, 2005	\$13 million
July 1, 2006	\$12 million
July 1, 2007	\$11 million
July 1, 2008	\$10 million
July 1, 2009	\$ 9 million

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 20 – Commitments (cont.)

On March 10, 1988, the State of Missouri entered into a contract with the United States Army Corps of Engineers confirming an assurance agreement of April 8, 1965. The State obtained rights to a portion of the water supply storage from the Clarence Cannon Dam and Mark Twain Lake Project. The State agreed to pay up to \$10.8 million plus interest for the investment costs allocated to the water supply storage, the amount of such payments to be determined by the portion of the water storage space put in use by the State for that purpose. The contract provided a ten year interest free period running from 1984 to 1994. In fiscal year 1995, the State began making interest payments. The interest payment amount for fiscal year 2005 was \$367,000. Payment of principal and interest must be completed by the end of a 50 year period beginning from the date of the contract (March 1988).

The Department of Natural Resources – State Parks had contracts outstanding of \$142,000 for land acquisition and \$396,000 for construction contracts at June 30, 2005. These contracts are funded through enterprise funds, with the exception of \$16,000 in construction contracts to be funded through special revenue funds.

As of June 30, 2005, the University of Missouri has outstanding commitments for the acquisition, usage, and ongoing support of certain software for its patient clinical systems totaling \$21,180,000. The payments are as follows:

2006	\$ 4,351,000
2007	\$ 3,960,000
2008–2011	\$12,869,000

Note 21 – Risk Management and Insurance

The State is exposed to various risks of loss related to tort liability, general liability, motor vehicle liability, contractor liability, and injuries to employees. The State assumes its own liability for risks except for the purchase of surety bond, aircraft, and boiler coverage. The State Office of Administration (OA), Risk Management Unit, self-insures its workers' compensation program for all state employees, with the exception of the Missouri Department of Transportation (MoDOT) and the State Highway Patrol. Liability insurance is also provided by OA-Risk Management, pursuant to State statute, through the State's legal expense fund, which is a component of the General Fund for CAFR purposes. This insurance covers all state employees.

The workers' compensation and legal expense fund claims liability is based upon actual claims that have been submitted to OA-Risk Management. IBNR (incurred but not reported) liability is not included since workers' compensation and liability insurance claims are reported timely, and therefore any potential IBNR liability amount would be considered immaterial. The State has not had any insurance settlements exceed the coverage during the past three fiscal years. OA-Risk Management also procures property insurance for 3% of the total values of the State's property with the remainder uninsured. The buildings that are insured are mainly the buildings backed with bonded debt through the Board of Public Buildings.

The Transportation Self-Insurance Plan covers workers compensation for employees of MoDOT and the State Highway Patrol, and covers vehicle liability, general liability, inverse condemnation, and contractor tort liability insurance for the employees of MoDOT. The Transportation Self-Insurance Plan is presented as an Internal Service Fund. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Estimated claims payable is based on known claims pending as well as an estimate of IBNR claims from data provided by an actuary. Liabilities are reported at their discounted value, assuming an investment yield of 4%.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 21 – Risk Management and Insurance (cont.)

The Missouri Consolidated Health Care Plan (MCHCP) provides health care insurance to all state employees, except for MoDOT, the State Highway Patrol, and the Department of Conservation. The Plan is presented as an Internal Service Fund. Estimated claims payable is based on known medical claims pending as well as an estimate of IBNR claims from data provided by an actuary.

The Highway Employees' and Highway Patrol Insurance Plan (HEHPIP) accounts for the medical coverage provided on a self-insured basis and life insurance benefits, underwritten by a commercial insurance company, for employees of MoDOT and the State Highway Patrol. The Plan is presented as an Internal Service Fund. Estimated claims payable is based on known insurance claims pending as well as an estimate of IBNR claims from data provided by an actuary.

The Conservation Employees' Insurance Plan (CEIP) provides health care and life insurance to employees of the Department of Conservation. The Plan is presented as an Internal Service Fund. Estimated claims payable is based on known claims pending as well as an estimate of IBNR claims.

The Petroleum Storage Tank Insurance Fund (PSTIF) has claims liability for the cost of contamination cleanup for policyholders and other eligible site owners who have submitted notice of a contamination. The PSTIF is presented as a major enterprise fund.

The University of Missouri System provides workers' compensation, liability, and medical insurance for its employees. The University funds this through a combination of self-insurance and commercially purchased insurance. The amount of coverage is based upon analysis of historical information and actuarial estimates. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The claims liability is the present value of the claims, using discounted rates ranging between 3% and 4% based on future investment yields. The University of Missouri System is included with colleges and universities as a major component unit of the State.

Changes in the balances of claims liability (in thousands of dollars) during the current and prior fiscal years are as follows:

<u>Governmental Activities</u>	Type of Insurance Claims	Fiscal Year Claims Liability 6/30/2004	Current Year Claims and Estimated Changes	Claim Payments	Fiscal Year Claims Liability 6/30/2005
OA Workers Compensation	Workers Comp.	\$ 9,735	\$ 24,154	\$ (20,517)	\$ 13,372
OA Legal Expense Fund	Liability	1,341	518	(614)	1,245
MoDOT Self-Insurance Plan	Workers Comp. and Liability	39,948	20,406	(14,427)	45,927
MCHCP	Health Care	14,451	178,077	(155,821)	36,707
HEHPIP	Health Care and Life Insurance	8,250	73,999	(73,130)	9,119
CEIP	Health Care and Life Insurance	2,186	7,959	(7,597)	2,548
Total Governmental Activities		<u>\$ 75,911</u>	<u>\$ 305,113</u>	<u>\$ (272,106)</u>	<u>\$ 108,918</u>
<u>Business-Type Activities</u>					
PSTIF	Contamination Cleanup	<u>\$ 113,666</u>	<u>\$ 20,774</u>	<u>\$ (13,386)</u>	<u>\$ 121,054</u>
<u>Component Units</u>					
University of Missouri System	Workers Comp. and Liability	<u>\$ 68,996</u>	<u>\$ 155,415</u>	<u>\$ (146,221)</u>	<u>\$ 78,190</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 21 – Risk Management and Insurance (cont.)

<u>Governmental Activities</u>	Type of Insurance Claims	Fiscal Year Claims Liability 6/30/2003	Current Year Claims and Estimated Changes	Claim Payments	Fiscal Year Claims Liability 6/30/2004
OA Workers Compensation	Workers Comp.	\$ 11,877	\$ 18,962	\$ (21,104)	\$ 9,735
OA Legal Expense Fund	Liability	627	1,172	(458)	1,341
MoDOT Self-Insurance Plan	Workers Comp. and Liability	37,388	14,426	(11,866)	39,948
MCHCP	Health Care	9,635	95,146	(90,330)	14,451
HEHPIP	Health Care and Life Insurance	8,866	60,673	(61,289)	8,250
CEIP	Health Care and Life Insurance	2,124	8,787	(8,725)	2,186
Total Governmental Activities		<u>\$ 70,517</u>	<u>\$ 199,166</u>	<u>\$ (193,772)</u>	<u>\$ 75,911</u>
<u>Business-Type Activities</u>					
PSTIF	Contamination Cleanup	<u>\$ 119,990</u>	<u>\$ 7,418</u>	<u>\$ (13,742)</u>	<u>\$ 113,666</u>
<u>Component Units</u>					
University of Missouri System	Workers Comp. and Liability	<u>\$ 58,275</u>	<u>\$ 137,746</u>	<u>\$ (127,025)</u>	<u>\$ 68,996</u>

Risk Management Pool:

The State of Missouri participates in the property program of the Midwestern Higher Education Compact (MHEC) as defined in Section 173.700, RSMo. This program was formed to expand coverage, reduce costs, and stabilize property insurance rates over extended time periods at higher education institutions in all member states. The program offers loss limit coverage tailored to individual institutions as well as self-insured retention by institution. The MHEC Risk Management Oversight Committee directs the major operations of the program overseeing the development of program policies, premium allocations, new program memberships, and selection of program administrators and insurance underwriters.

Note 22 – Landfill Closure and Postclosure

The State does not own any municipal solid waste landfills (MSWLF), however in the event the owner/operator refuses or is unable to properly maintain the landfill, the owner/operator forfeits the required financial assurance instrument(s) to fund closure and/or post-closure maintenance activities.

Each landfill owner/operator is required to obtain a financial assurance instrument, which is held by the State as security in the case of a default or forfeiture. Financial assurance instruments can include financial guarantee or performance bonds, letters of credit, insurance policies, corporate guarantees, contracts of obligations, trust funds, and escrow accounts. At June 30, 2005, the Missouri Department of Natural Resources, Solid Waste Program tracked the value of the secured financial assurance instruments held by the State to be \$259,265,000. This amount is disclosed, but not reported by the State in the financial statements because these instruments do not meet all the necessary fiduciary fund criteria for reporting assets held in a trustee capacity on behalf of a third party.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 22 – Landfill Closure and Postclosure (cont.)

At June 30, 2005, ten MSWLFs and two waste tire facilities have defaulted. The owners/operators failed to properly close or maintain post-closure care for these facilities, so the State took possession of the forfeited financial assurance instruments to initiate the closure or post-closure activities as required by Missouri Revised Statutes Chapter 260, Section 228. The State will monitor and pay post-closure care costs of these facilities for the next 30 years in accordance with Missouri Department of Natural Resources Solid Waste Management Law and Regulations. At June 30, 2005, it is expected that \$917,000 will be paid over the remaining monitoring periods. This is the amount of fund balance that has been reserved on the general fund balance sheet for landfill closure and post-closure care costs.

Note 23 – Contingencies

Contingent claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported including the effects of specific, incremental claim adjustment expenditures/expenses, salvage, subrogation, and other allocated or unallocated claim adjustment expenditures/expenses. Liabilities of governmental funds are reported as a reconciling item to the Government-Wide Statement of Net Assets. Expenditures are recognized as payments are made.

At June 30, 2005, the amount of the contingent liabilities was \$118 million. Changes in the reported liability since June 30, 2004, resulted from the following (in thousands of dollars):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance Fiscal Year End
2004-2005	\$ 141,031	\$ (17,119)	\$ (6,236)	\$ 117,676
2003-2004 *	99,280	55,673	(13,922)	141,031
2002-2003 *	219,322	(107,619)	(12,423)	99,280

*Restated to move items to *Note 21* – Risk Management and Insurance.

RSMo 287.220.6 requires that an actuarial study of the Second Injury Fund be made every three years to determine the solvency of the Fund. Figures presented below for current year claims and changes in estimates are based on the 2001 and 2004 actuarial studies. At June 30, 2005, the amount of liabilities for the Second Injury Fund was \$854 million. Changes in the reported liability since June 30, 2004, resulted from the following (in thousands of dollars):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance Fiscal Year End
2004-2005	\$ 749,600	\$ 168,124	\$ (63,390)	\$ 854,334
2003-2004	201,128	605,454	(56,982)	749,600
2002-2003	242,596	8,741	(50,209)	201,128

The State receives federal grants which are subject to review and audit by federal grantor agencies. This could result in requests for reimbursements to the grantor agency for expenditures which are disallowed under grant terms. The State believes that such disallowances, if any, would be immaterial in the next fiscal year.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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Note 23 – Contingencies (cont.)

Loan Guarantees:

The State appropriates money to the Missouri Development Finance Board for the purpose of making loan guarantees. Upon default of a guaranteed loan, the Board makes the payment for default from state appropriations. The total loans outstanding at June 30, 2005, for which the Board has guaranteed payment is \$391,000. During 2005, no loans defaulted.

The State appropriates money to the Agricultural and Small Business Development Authority for the purpose of making loan guarantees. Upon default of a guaranteed loan, the Authority makes the payment for default from State appropriations. The Authority administers the Single-Purpose Animal Facilities Loan Program and the Value Added Loan Guarantee Program, which provides a 50% first-loss guarantee on loans up to \$250,000. This is an increase from fiscal year 2004 when only 25% of the loan was guaranteed. The total of loans outstanding at June 30, 2005, for which the Authority has guaranteed payment is \$2,972,000 and \$1,216,000, respectively. There were no loan default payments for the Value Added Loan Guarantee Program, however the Authority did make payments in the amount of \$21,000 for defaults in the Single-Purpose Animal Facilities Loan Program.

Sales Tax Lawsuits:

Southwestern Bell Telephone Company vs. Director of Revenue (Case No. SC83859). The Administrative Hearing Commission ruled that Southwestern Bell Telephone Company was entitled to a refund of sales and use tax paid on machinery and equipment used to create its digital phone service product. Manufacturing was found to include producing taxable services as well as tangible personal property products. This decision is on appeal to the Supreme Court. Refunds to Southwestern Bell and other related companies could adversely affect the State's General Revenue Fund by \$87 million.

The State is also involved in Sales Tax litigation not included in the fiscal year 2005 liability amount, where it is reasonably possible that an adverse court decision may incur an estimated loss of \$11.8 million.

Education Lawsuits:

Two education lawsuits are pending; Board of Education of the City of St. Louis and Voluntary Interdistrict Choice Corporation (VICC) vs. the State of Missouri and the Missouri State Board of Education (Case No. 034-00284), filed in the Circuit Court of St. Louis City, and Committee for Educational Equality, et al vs. the State of Missouri, et al (Case No. 04CV323022), filed in the Circuit Court of Cole County. Decisions in these cases may require additional state money or a revision to the current school aid formula.

Note 24 – Joint Ventures

The Regional Convention and Sports Complex Authority was created by state law for the purpose of financing, constructing, operating, and maintaining a multipurpose convention and sports facility to be located in the City of St. Louis. The Authority operates under a board of commissioners of whom five are appointed by the Governor of the State, three by the County Executive of St. Louis County, and three by the Mayor of the City of St. Louis. The Authority is granted all rights and powers necessary to plan, finance, construct, equip, and maintain the facility.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 24 – Joint Ventures (cont.)

The Authority is considered a joint venture of the State, County and City because it constitutes a contractual agreement for public benefit in which the State, County and City retain an ongoing financial responsibility for the Convention and Sports Facility Project Bonds. In August 1991, the Authority issued \$258,670,000 of Convention and Sports Facility Project Bonds. The bonds were sponsored in the amount of \$132,910,000 by the State (Series A), \$65,685,000 by the County (Series B) and \$60,075,000 by the City (Series C). In December 1993, the Authority issued \$181,885,000 in Convention and Sports Facility Project and Refunding Bonds to advance refund \$101,410,000 and \$50,275,000 of the outstanding 1991 Series A and Series B bonds, respectively, and for additional construction costs. The bonds were sponsored in the amount of \$121,705,000 by the State (Series A) and \$60,180,000 by the County (Series B). In February 1997, the Authority issued \$61,285,000 in Series C Refunding bonds to advance refund \$47,155,000 of the outstanding 1991 Series C bonds. In August 2003, the Authority issued \$116,030,000 of Convention and Sports Facility Project and Refunding Bonds, Series A 2003 to refund \$2,845,000 and \$113,170,000 of Series A 1991 and Series A 1993 Refunding Bonds, respectively, and for additional construction costs.

Pursuant to a financing agreement entered into in August 1991, the Authority leased the facility to the sponsors who subleased the facility back to the Authority. The payments made by the State, County and City under the financing agreement are sufficient to pay the principal and interest on the bonds. See *Note 12* for more information on the 1991, 1993, and 2003 Series A Bonds sponsored by the State.

Summary financial information for the Authority as of, and for the fiscal year ended December 31, 2004, is presented below (in thousands of dollars):

Total Assets	\$ 314,905
Total Liabilities	\$ 219,111
Total Net Assets	95,794
Total Liabilities and Net Assets	\$ 314,905
Total Revenues	\$ 25,517
Total Expenses	26,766
Net Decrease in Net Assets	\$ (1,249)

Copies of the Authority's financial statements can be requested from:

St. Louis Regional Convention
and Sports Complex Authority
901 North Broadway
St. Louis, Missouri 63101

Note 25 – Endowments

Donor-restricted endowments for Missouri reside primarily within the higher education institutions, which are reported as a discretely presented component unit of the State. The net appreciation of the endowments available for expenditure is \$26,851,000, and of this amount, \$24,486,000 is reported as restricted non-expendable net assets and \$2,365,000 is reported as restricted expendable net assets. The Revised Statutes of Missouri authorize the acceptance of donations at State agencies or public institutions. The governing boards of these institutions and the donor agreements determine whether net appreciation can be spent and the acceptable spending rate as detailed in RSMo 402.035. These policies are entity specific and vary with each institution.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 26 – Conduit Debt

As of June 30, 2005, the Missouri Development Finance Board issued \$714,327,000 in Single Issue Industrial Revenue Bonds, \$58,810,000 in Private Activity Composite Industrial Revenue Bonds, and \$1,073,593,000 in Public Purpose Capital Improvement and Refunding Leasehold Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2005, were approximately \$413,318,000, \$1,680,000, and \$555,128,000, respectively.

The Missouri Development Finance Board and the State have no liability for repayment of these revenue bonds and funding notes aside from reserve fund deposits and, accordingly, these bonds and notes have not been recorded as a liability on the financial statements for the Missouri Development Finance Board. The debtor pays all debt service requirements. Security for the bondholders consists of insurance, letters of credit, annual appropriation pledges, and certain funds held through trustees under the various indentures.

Note 27– Subsequent Events

Lincoln University

On September 29, 2005, the University issued \$9,800,000 of insured Auxiliary System Revenue Bonds, Series 2005. These bonds bear interest, payable semiannually, at rates of 3.0% to 4.1% and are due in semiannual installments beginning December 1, 2005. Principal maturities will begin June 1, 2007, and continue until 2021.

Missouri Department of Transportation

On July 1, 2005, the Department issued \$278,660,000 of First Lien State Road Bonds, Series A 2005. These bonds are callable and bear interest, payable semiannually, at rates of 2.5% to 5% and are due in semiannual installments beginning May 1, 2006.

On July 1, 2005, the Department issued \$72,000,000 of Multimodal Third Lien State Road Bonds, Series B 2005. These bonds bear interest at a variable rate and are due May 1, 2015.

Missouri Development Finance Board

On November 1, 2005, the Board issued \$28,995,000 of Leasehold Revenue Bonds, Series 2005. These bonds bear interest, payable semiannually, beginning April 1, 2006.

University of Missouri

On July 1, 2005, the University sold \$80,000,000 of capital project notes at an effective interest rate of 2.6%. The notes will be repaid in full by June 30, 2006.

Missouri Southern State University

On July 6, 2005, the University issued \$3,630,000 of Series 2005 B bonds. These bonds bear interest, payable semiannually, at rates of 3.0% to 4.0% beginning October 1, 2005.

Harris–Stowe State College

On August 23, 2005, the College issued \$15,000,000 of Student Housing Facilities Revenue Bonds, Series 2005. These bonds bear interest, payable monthly, beginning October 1, 2005.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 27- Subsequent Events (cont.)

Deferred Compensation Funds

On December 12, 2005, the Missouri Deferred Compensation Commission awarded the third-party administrator (TPA) contract to CitiStreet and the Fixed Annuity contract to ING Life Insurance and Annuity Company, effective June 1, 2006. A transfer of funds to the new fixed annuity will be automatically handled by CitiStreet who replaces PEBSO as the TPA. The Fixed Annuity Plan will now own the securities in the account and will receive 100% of the income from those securities less a fixed fee of 0.9%. CitiStreet is a joint venture between Citigroup and State Street Corporation and has become the fastest growing TPA in the government market.



Required Supplementary Information (RSI) includes the Budgetary Comparison Schedule for the General Fund and Major Special Revenue Fund Categories, as well as the Budget to Generally Accepted Accounting Principles (GAAP) reconciliation, and the Notes to RSI on Budgetary Reporting.

STATE OF MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND, MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

	General				Public Education				Conservation and Environmental Protection				Transportation and Law Enforcement			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Budgetary Fund Balance	\$ 1,212,093	\$ 1,212,093	\$ 1,212,093	\$ ----	\$ 183,995	\$ 183,995	\$ 183,995	\$ ----	\$ 412,190	\$ 412,190	\$ 412,190	\$ ----	\$ 53,501	\$ 53,501	\$ 53,501	\$ ----
Resources (Inflows):																
Taxes:																
Sales and Use	1,893,256	1,899,047	1,957,694	58,647	696,976	696,976	717,076	20,100	169,403	169,403	173,743	4,340	50,108	50,108	51,332	1,224
Individual Income	4,699,971	4,714,349	4,859,939	145,590	6,347	6,347	6,530	183	---	---	---	---	---	---	---	---
Corporate Income	342,725	343,774	354,390	10,616	---	---	---	---	---	---	---	---	---	---	---	---
County Foreign Insurance	160,034	160,523	165,481	4,958	---	---	---	---	---	---	---	---	---	---	---	---
Beer	7,903	7,927	8,172	245	---	---	---	---	---	---	---	---	---	---	---	---
Liquor	18,375	18,432	19,001	569	---	---	---	---	---	---	---	---	---	---	---	---
Cigarette	---	---	---	---	73,768	73,768	75,895	2,127	---	---	---	---	---	---	---	---
Fuel	6	6	6	---	---	---	---	---	---	---	---	---	733,757	733,757	751,690	17,933
Corporation Franchise	115,515	115,868	119,446	3,578	---	---	---	---	---	---	---	---	---	---	---	---
Inheritance	40,832	40,957	42,222	1,265	---	---	---	---	---	---	---	---	---	---	---	---
Reimbursement/Miscellaneous	850,463	853,064	879,409	26,345	265,242	265,242	272,892	7,650	155	155	158	3	2,734	2,734	2,801	67
Total Taxes	8,129,080	8,153,947	8,405,760	251,813	1,042,333	1,042,333	1,072,393	30,060	169,558	169,558	173,901	4,343	786,599	786,599	805,823	19,224
Licenses, Fees and Permits	72,817	73,037	75,235	2,198	2,256	2,256	2,321	65	71,068	71,068	72,888	1,820	170,520	170,520	174,687	4,167
Sales	2,112	2,118	2,183	65	---	---	---	---	7,067	7,067	7,248	181	5,065	5,065	5,188	123
Leases and Rentals	147	148	152	4	---	---	---	---	101	101	103	2	101	101	104	3
Services	182,303	182,603	182,725	122	---	---	---	---	---	---	---	---	---	---	---	---
Contributions and																
Intergovernmental	6,414,743	6,418,216	6,270,860	(147,356)	54,310	54,310	55,876	1,566	52,637	52,637	53,985	1,348	1,866	1,866	1,912	46
Interest	28,395	28,477	29,268	791	3,135	3,135	3,225	90	8,000	8,000	8,205	205	1,845	1,845	1,890	45
Penalties and Unclaimed Property	1,788	1,793	1,839	46	1,654	1,654	1,702	48	1,810	1,810	1,857	47	437	437	448	11
Cost Reimbursement/																
Miscellaneous	538,090	538,336	524,996	(13,340)	27,774	27,774	28,575	801	67,674	67,674	69,408	1,734	1,223	1,223	1,254	31
Transfers In	230,741	252,041	171,737	(80,304)	2,623,745	2,644,764	2,640,464	(4,300)	56,141	56,685	4,666	(52,019)	5,220	7,908	6,453	(1,455)
Total Resources (Inflows)	15,600,216	15,650,716	15,664,755	14,039	3,755,207	3,776,226	3,804,556	28,330	434,056	434,600	392,261	(42,339)	972,876	975,564	997,759	22,195
Amount Available for Appropriation	16,812,309	16,862,809	16,876,848	14,039	3,939,202	3,960,221	3,988,551	28,330	846,246	846,790	804,451	(42,339)	1,026,377	1,029,065	1,051,260	22,195
Charges to Appropriations (Outflows):																
Current:																
General Government	1,673,009	1,686,831	1,431,229	255,602	612	636	175	461	1,981	3,031	2,726	305	56,478	57,037	56,380	657
Education	2,055,045	2,036,872	1,898,073	138,799	3,765,673	3,766,997	3,728,225	38,772	---	---	---	---	---	---	---	---
Natural and Economic																
Resources	274,511	288,176	228,803	59,373	26,006	26,006	16,485	9,521	310,056	439,525	194,717	244,808	---	---	---	---
Transportation and Law																
Enforcement	179,191	204,845	132,963	71,882	5	5	---	5	315	315	215	100	567,834	579,145	543,629	35,516
Human Services	8,801,083	9,151,714	8,705,522	446,192	22,977	21,341	20,806	535	437	437	221	216	---	---	---	---
Capital Outlay	96,100	107,153	79,625	27,528	6,242	6,223	6,154	69	38,673	54,848	24,546	30,302	17,893	18,246	17,145	1,101
Debt Service	57,802	57,535	50,164	7,371	---	---	---	---	---	---	---	---	41	42	39	3
Intergovernmental	297,945	336,587	225,691	110,896	45	46	13	33	249,862	353,892	156,944	196,948	196,040	198,032	195,493	2,539
Transfers Out	3,153,115	3,166,692	3,117,773	48,919	6,260	6,780	5,792	988	42,191	44,819	39,890	4,929	240,174	235,071	174,363	60,708
Total Charges to																
Appropriations	16,587,801	17,036,405	15,869,843	1,166,562	3,827,820	3,828,034	3,777,650	50,384	643,515	896,867	419,259	477,608	1,078,460	1,087,573	987,049	100,524
Ending Budgetary Fund Balance	\$ 224,508	\$ (173,596)	\$ 1,007,005	\$ 1,180,601	\$ 111,382	\$ 132,187	\$ 210,901	\$ 78,714	\$ 202,731	\$ (50,077)	\$ 385,192	\$ 435,269	\$ (52,083)	\$ (58,508)	\$ 64,211	\$ 122,719
Reconciling Items:																
Reclassifying Cash Equivalents as Investments			(715,444)				(149,607)				(298,818)				(45,958)	
Investments at Fair Value			736,092				151,075				297,491				48,229	
Receivables			1,611,236				55,320				625,713				134,828	
Due from Other Funds			65				19,042				9				47	
Due from Component Units			---				---				654				---	
Inventory			23,626				46				624				4,407	
Advance to Component Units			---				---				3,570				---	
Accounts Payable			(878,903)				(37,786)				(3,493)				(4,946)	
Accrued Payroll			(56,044)				(489)				(4,916)				(4,903)	
Due to Other Funds			(31,115)				(283)				(1,366)				(521)	
Deferred Revenue			(730,443)				(18,288)				(13,533)				(745)	
Advance from Other Funds			(61,607)				---				---				---	
Fund Balance – GAAP Basis			\$ 904,468				\$ 229,931				\$ 991,127				\$ 194,649	

STATE OF MISSOURI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING
June 30, 2005

The Budgetary Comparison Schedule in Required Supplementary Information (RSI) presents comparisons of the original and revised legally adopted budgets with actual data on a budgetary basis for the General Fund, and the major special revenue funds. The major special revenue fund categories presented for the State of Missouri are: public education, conservation and environmental protection, and transportation and law enforcement. The General Fund is composed of two fund categories, general and federal. The State Road Fund is a major capital projects fund, but must be presented on a separate schedule in Supplementary Information.

The Budgetary Comparison Schedule reports revenues and expenditures on a budgetary basis where “actual” revenues are recognized when cash is received, and “actual” expenditures are recognized for cash disbursements. The accounting principles applied for reporting on a budgetary basis differ from those used to present the financial statements in accordance with GAAP. A reconciliation of the two for the fiscal year ended June 30, 2005, has been presented at the bottom of the Budgetary Comparison Schedule shown on the previous pages of RSI and includes data presented, on this basis, for the fiscal year, and for adjustments made in the one-month lapse period, July 1 through July 31.

The budgetary expenditures are included in the current year’s Appropriation Activity Report, which demonstrates legal compliance with the current year’s budget. This report can be viewed at <http://www.oa.mo.gov/acct/AAR>. The “original budget” expenditures and transfers are for what was originally appropriated for each fund. The “final budget” expenditures and transfers takes into account any increases and decreases to appropriations during the fiscal year less what was re-appropriated to the next fiscal year less the Governor’s amounts reverted (withheld) for each fund.

On the Budgetary Comparison Schedule, “original” and “revised” budget revenues are equal for all funds except the State’s General Revenue Fund. Once a year the Office of Administration–Division of Budget and Planning receives budgeted revenues from state agencies for each of their funds as well as a revised revenue estimate in the spring for the State’s General Revenue Fund. The revised revenue estimate is used in the “final budget” column for the General Fund and is very comparable to actual revenue resulting in a small positive variance on this Schedule.

In accordance with state statute, all state funds must have an appropriation before amounts can be expended or transferred to another state fund, therefore variances between “budgeted” and “actual” expenditures and transfers on the budgetary schedule will always be positive. The variance amounts in RSI this year are large for the general fund due to agency-imposed withholding or “reverted” amounts not being taken into account on this schedule. “Reverted” amounts are Governor withheld funds, which an agency does not have the authority to spend.

Non-major governmental funds with an annual appropriated budget are also required to have budgetary comparisons with similar information to the RSI schedule with the exception of the original budget data, which is not required under GASB Statement 34. Therefore the following fund categories have budget to actual statements provided in the Supplementary Information section of CAFR: special revenue, debt service, and permanent funds.

Budgetary comparisons are not included for non-major capital projects funds. These funds are funded by bond proceeds or grants for various projects that require several years to complete. Generally, the bond authorization or grant is appropriated in total the first year even though the bond sales or grant receipts are received over a period of years as required by the projects. Therefore, these funds do not have annual budgets and their budget data is not comparable to the actual data for the fiscal year.



Supplementary Information includes the Budgetary Comparison Schedule and Reconciliation for the Major Capital Projects Fund (State Road), as well as the Combining and Individual Fund Statements and Schedules for the General Fund and all Non-Major Funds.

**STATE OF MISSOURI
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR CAPITAL PROJECT FUND
STATE ROAD FUND
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)**

	State Road			Variance with Final Budget
	Original Budget	Final Budget	Actual	
Beginning Budgetary Fund Balance	\$ 389,874	\$ 389,874	\$ 389,874	\$ ---
Resources (Inflows):				
Taxes:				
Vehicle Sales and Use	139,595	139,595	131,573	(8,022)
Fuel	240	240	101	(139)
Total Taxes	139,835	139,835	131,674	(8,161)
Licenses, Fees and Permits	98,527	98,527	104,134	5,607
Contributions and Intergovernmental	856,034	856,034	775,119	(80,915)
Interest	5,655	5,655	7,934	2,279
Cost Reimbursment/Miscellaneous	101,548	101,548	74,769	(26,779)
Transfers In	121,886	136,487	136,487	---
Total Resources (Inflows)	1,323,485	1,338,086	1,230,117	(107,969)
Amount Available for Appropriation	1,713,359	1,727,960	1,619,991	(107,969)
Charges to Appropriations (Outflows):				
Current:				
Transportation and Law Enforcement	277,842	290,628	284,493	6,135
Capital Outlay	824,539	862,483	844,274	18,209
Debt Service	76,288	76,285	76,285	---
Intergovernmental	93,224	97,514	95,455	2,059
Total Charges to Appropriations	1,271,893	1,326,910	1,300,507	26,403
Ending Budgetary Fund Balance	\$ 441,466	\$ 401,050	\$ 319,484	\$ (81,566)
Reconciling Items:				
Reclassifying Cash Equivalents as Investments			(276,193)	
Investments at Fair Value			273,869	
Receivables			56,873	
Due from Other Funds			4,064	
Due from Component Units			1,168	
Inventories			35,030	
Advance to Component Units			7,942	
Accounts Payable			(101,782)	
Accrued Payroll			(15,656)	
Due to Other Funds			(287)	
Due to Component Units			(8,655)	
Deferred Revenue			(26,383)	
Advance from Component Units			(38,265)	
Fund Balance – GAAP Basis			\$ 231,209	



The Combining and Individual Fund Statements and Schedules

Major Funds

General Fund – Accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

Non-Major Funds

This includes all non-major governmental and enterprise funds, as well as the non-major component units. It also includes all internal service and fiduciary funds because the “major fund” classification, created under GASB Statement 34, does not apply to these funds.

A budgetary comparison schedule is provided for all non-major governmental funds with the exception of capital project funds.

General Fund:

General:

General Revenue – All moneys received by the State unless required by statute or constitutional provision to be deposited elsewhere in a specifically named fund.

Budget Reserve – Moneys used when there are revenue shortfalls that require the Governor to reduce expenditures of agencies below the level of their appropriations or when there is a financial need due to a disaster.

Uncompensated Care – Accounts for moneys used for the non-federal share of uncompensated care and other services under the Title XIX Medicaid Program.

Department of Health Interagency Payments – Accounts for reimbursed moneys to be used for program disbursements.

Facilities Maintenance Reserve – General Revenue moneys to be used for maintaining, repairing and renovating State facilities.

Intergovernmental Transfers – Moneys from publicly owned nursing facilities to be used for Medicaid and other related charges.

Federal Reimbursement Allowance – Moneys received for payment of Title XIX services.

Pharmacy Reimbursement Allowance – Tax moneys received from retail pharmacies to be used for funding payments under the Medicaid fee-for-service and managed care programs.

Title XIX–Patient Placement – General Revenue – Moneys received from the federal government to be used for medical assistance to eligible recipients pursuant to Title XIX.

State Treasurer’s General Operations – Accounts for moneys received to pay for responsibilities of the state treasurer.

Child Support Enforcement Collections – Moneys received from individuals to be used for the expenditures of the Division of Child Support Enforcement.

Missouri Technology Investment – Moneys received from various sources to be used for technology development programs.

Missouri Water Development – General Revenue moneys to be used to purchase water supply storage.

General Revenue Reimbursements – Federal moneys received by the Department of Mental Health and the Department of Social Services to be used by the Department of Mental Health as appropriated.

Missouri Humanities Council Trust – Moneys from various sources to be used for promotion of the humanities.

Nursing Facility Federal Reimbursement Allowance – Tax moneys used for expenditures of nursing facilities.

Post Closure – Moneys from forfeited collateral to be used for costs related to closure and post closure activities of landfills.

Attorney General’s Court Cost – General Revenue moneys to be used for the payment of court costs.

Attorney General’s Anti-Trust – General Revenue moneys to be used for expenses related to anti-trust activities.

State Elections Subsidy – Appropriated moneys to be used for payment of advance election costs.

State Legal Expense – General Revenue, Transportation and Conservation moneys to be used for claims against state departments or employees.

General Fund – Federal: Accounts for moneys received or reimbursed by the federal government to cover costs of federally funded grants and programs. Each program or grant has its own fund to account for its operations as follows:

Vocational Rehabilitation – Federal
Elementary and Secondary Education –
Federal and Other
General Assembly – Federal
Division of Youth Services –
Federal and Other
Office of the State Public Defender –
Federal and Other
Pharmacy Rebates
State Auditor – Federal
Department of Higher Education – Federal
Department of Labor and Industrial
Relations – Commission on Human
Rights – Federal
Department of Economic Development –
Community Development Block Grant
(Passthrough)
Department of Economic Development –
Women’s Council – Federal
Third Party Liability Collections
Department of Public Safety – Juvenile
Accountability Incentive Block Grant
Department of Labor and Industrial
Relations Administrative
Department of Economic Development –
Community Development Block Grant
(Administration)
Multimodal Operations – Federal
Department of Elementary and Secondary
Education – Medicaid
Department of Economic Development –
Federal and Other
Department of Corrections – Federal
Department of Revenue – Federal
Department of Agriculture –
Federal and Other
Office of Administration – Federal and Other
Attorney General – Federal and Other
Supreme Court – Federal and Other
Department of Economic Development –
Missouri Council of the Arts –
Federal and Other
Department of Natural Resources –
Federal and Other

Department of Economic Development –
Management Information Systems –
Federal and Other
Department of Health – Federal
State Emergency Management –
Federal and Other
Mental Health Intergovernmental Transfer
Department of Mental Health – Federal
Department of Transportation –
Highway Safety
Secretary of State Records – Federal
Department of Public Safety – Federal
Division of Aging – Federal and Other
Homeland Security
Job Development and Training
Department of Social Services – Federal and Other
Election Administration Improvement
Title XIX – Federal
Division of Family Services Donations
Division of Aging Donations
Medicaid Fraud Reimbursements
Revenue Sharing Trust
Missouri Veterans Commission – Federal
MCSAP/Division of Transportation – Federal
Division of Labor Standards – Federal
Governor’s Committee on Employment of the
Handicapped – Federal
Federal and Other
Adjutant General – Federal
Department of Labor and Industrial Relations –
Crime Victims – Federal
Federal – MDI
Federal Drug Seizure
Secretary of State – Federal
Community Service Commission – Federal and Other
Temporary Assistance for Needy Families – Federal
Division of Family Services – Administrative
Missouri Disaster
Abandoned Mined Reclamation
Unemployment Compensation Administration

**STATE OF MISSOURI
BALANCE SHEET
GENERAL FUND
June 30, 2005
(In Thousands of Dollars)**

	General Fund		Totals
	General	Federal	June 30, 2005
ASSETS			
Cash and Cash Equivalents	\$ 244,651	\$ 46,910	\$ 291,561
Investments	620,041	116,051	736,092
Accounts Receivable, Net	1,031,980	571,387	1,603,367
Interest Receivable	7,523	346	7,869
Due from other funds	4	61	65
Inventories	22,508	1,118	23,626
Total Assets	<u>\$ 1,926,707</u>	<u>\$ 735,873</u>	<u>\$ 2,662,580</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 385,820	\$ 493,083	\$ 878,903
Accrued Payroll	42,667	13,377	56,044
Due to Other Funds	19,991	11,124	31,115
Deferred Revenue	629,065	101,378	730,443
Advance from Other Funds	61,607	---	61,607
Total Liabilities	<u>1,139,150</u>	<u>618,962</u>	<u>1,758,112</u>
Fund Balances:			
Reserved for:			
Budget Reserve	464,405	---	464,405
Inventories	22,508	1,118	23,626
Future Distribution	83,449	---	83,449
Forfeited Assets	917	---	917
Taxes	5,164	---	5,164
Unreserved	211,114	115,793	326,907
Total Fund Balances	<u>787,557</u>	<u>116,911</u>	<u>904,468</u>
Total Liabilities and Fund Balances	<u>\$ 1,926,707</u>	<u>\$ 735,873</u>	<u>\$ 2,662,580</u>

STATE OF MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

	General Fund			Totals
	General	Federal	Eliminations	June 30, 2005
Revenues:				
Taxes	\$ 7,340,540	\$ 6	\$ ---	\$ 7,340,546
Licenses, Fees and Permits	70,998	815	---	71,813
Sales	2,566	31	---	2,597
Leases and Rentals	2,021	---	---	2,021
Services	102,017	79,877	---	181,894
Contributions and Intergovernmental	1,172,742	5,838,405	---	7,011,147
Investment Earnings:				
Net Increase in the Fair				
Value of Investments	808	102	---	910
Interest	29,598	1,426	---	31,024
Penalties and Unclaimed Properties	1,648	57	---	1,705
Cost Reimbursement/Miscellaneous	69,736	112,330	---	182,066
Total Revenues	8,792,674	6,033,049	---	14,825,723
Expenditures:				
Current:				
General Government	394,673	15,975	---	410,648
Education	1,041,212	897,553	---	1,938,765
Natural and Economic Resources	42,489	214,103	---	256,592
Transportation and Law Enforcement	60,413	89,822	---	150,235
Human Services	4,917,109	4,630,871	---	9,547,980
Capital Outlay:				
Current Expenditures	40,438	38,384	---	78,822
Capital Lease Purchases	7,944	144	---	8,088
Debt Service:				
Principal	27,204	840	---	28,044
Interest	32,634	1,072	---	33,706
Intergovernmental	84,529	145,148	---	229,677
Total Expenditures	6,648,645	6,033,912	---	12,682,557
Excess Revenues (Expenditures)	2,144,029	(863)	---	2,143,166
Other Financing Sources (Uses):				
Proceeds from Capital Leases	7,944	144	---	8,088
Transfers In	171,258	10,415	(78,125)	103,548
Transfers Out	(2,536,958)	(69,442)	78,125	(2,528,275)
Total Other Financing				
Sources (Uses)	(2,357,756)	(58,883)	---	(2,416,639)
Net Change in Fund Balances	(213,727)	(59,746)	---	(273,473)
Fund Balances – Beginning	998,342	176,763	---	1,175,105
Increase (Decrease) in Reserve for Inventory	2,942	(106)	---	2,836
Fund Balances – Ending	\$ 787,557	\$ 116,911	\$ ---	\$ 904,468

STATE OF MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS – BY FUND TYPE
June 30, 2005
(In Thousands of Dollars)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals June 30, 2005
ASSETS					
Cash and Cash Equivalents	\$ 72,716	\$ 19,917	\$ 20,520	\$ 422	\$ 113,575
Investments	192,181	85,325	82,906	47,403	407,815
Accounts Receivable, Net	10,358	---	---	---	10,358
Interest Receivable	930	670	820	3	2,423
Due from Other Funds	228	---	---	---	228
Inventories	543	---	---	---	543
Loans Receivable	615	---	---	---	615
Total Assets	<u>\$ 277,571</u>	<u>\$ 105,912</u>	<u>\$ 104,246</u>	<u>\$ 47,828</u>	<u>\$ 535,557</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 7,416	\$ ---	\$ 18	\$ ---	\$ 7,434
Accrued Payroll	3,043	---	41	---	3,084
Due to Other Funds	1,317	---	184	---	1,501
Deferred Revenue	3,829	311	380	1	4,521
Total Liabilities	<u>15,605</u>	<u>311</u>	<u>623</u>	<u>1</u>	<u>16,540</u>
Fund Balances:					
Reserved for Inventories	543	---	---	---	543
Reserved for Debt Service	---	105,601	---	---	105,601
Reserved for Loans Receivable	615	---	---	---	615
Reserved for Trust Principal	---	---	---	47,740	47,740
Unreserved	260,808	---	103,623	87	364,518
Total Fund Balances	<u>261,966</u>	<u>105,601</u>	<u>103,623</u>	<u>47,827</u>	<u>519,017</u>
Total Liabilities and Fund Balances	<u>\$ 277,571</u>	<u>\$ 105,912</u>	<u>\$ 104,246</u>	<u>\$ 47,828</u>	<u>\$ 535,557</u>

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS – BY FUND TYPE
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

					Totals
	Special Revenue	Debt Service	Capital Projects	Permanent	June 30, 2005
Revenues:					
Taxes	\$ 156,042	\$ ---	\$ ---	\$ ---	\$ 156,042
Licenses, Fees and Permits	153,637	---	---	---	153,637
Sales	1,454	---	---	---	1,454
Services	218	---	---	---	218
Contributions and Intergovernmental	13,503	---	156	---	13,659
Investment Earnings:					
Net Increase (Decrease) in the Fair Value of Investments	302	(138)	346	1,904	2,414
Interest	17,337	2,008	3,090	16	22,451
Penalties and Unclaimed Properties	19,875	---	---	169	20,044
Cost Reimbursement/Miscellaneous	171,380	---	1	---	171,381
Total Revenues	533,748	1,870	3,593	2,089	541,300
Expenditures:					
Current:					
General Government	32,633	---	45,281	---	77,914
Education	2,424	---	3	---	2,427
Natural and Economic Resources	195,245	---	7	---	195,252
Transportation and Law Enforcement	30,276	---	2,848	---	33,124
Human Services	158,425	---	224	5	158,654
Capital Outlay:					
Current Expenditures	7,366	---	24,026	---	31,392
Capital Lease Purchases	129	---	---	---	129
Debt Service:					
Principal	490	55,560	---	---	56,050
Interest	277	39,588	---	---	39,865
Underwriter's Discount	---	326	---	---	326
Intergovernmental	1,119	---	16,163	---	17,282
Total Expenditures	428,384	95,474	88,552	5	612,415
Excess Revenues (Expenditures)	105,364	(93,604)	(84,959)	2,084	(71,115)
Other Financing Sources (Uses):					
Issuance of Refunding Bonds	---	157,605	---	---	157,605
Payments to Refunded Bonds					
Escrow Agent	---	(175,553)	---	---	(175,553)
Bond Premium	---	18,274	---	---	18,274
Proceeds from Capital Leases	129	---	---	---	129
Transfers In	59,047	101,278	9,000	900	170,225
Transfers Out	(151,078)	---	(16,634)	---	(167,712)
Total Other Financing Sources (Uses)	(91,902)	101,604	(7,634)	900	2,968
Net Change in Fund Balances	13,462	8,000	(92,593)	2,984	(68,147)
Fund Balances – Beginning	248,614	97,601	196,216	44,843	587,274
Decrease in Reserve for Inventory	(110)	---	---	---	(110)
Fund Balances – Ending	\$ 261,966	\$ 105,601	\$ 103,623	\$ 47,827	\$ 519,017



*The **Special Revenue Funds** account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The State has numerous individual Special Revenue Funds. Therefore, the funds have been combined into specific functional areas.*

Non-Major Special Revenue Funds:

Professional Registration: Provides for the control and regulation of various professions. Each profession has its own fund to account for its operation.

<i>Hearing Instrument Specialist</i>	<i>Board of Pharmacy</i>
<i>State Committee of Interpreters</i>	<i>Missouri Real Estate Commission</i>
<i>Board of Geologist Registration</i>	<i>Veterinary Medical Board</i>
<i>Missouri Commission for the Deaf</i>	<i>Committee of Professional Counselors</i>
<i>Board of Certification of Interpreters</i>	<i>Dental Board</i>
<i>Real Estate Appraisers</i>	<i>State Board of Architects, Engineers and Land Surveyors</i>
<i>Clinical Social Workers</i>	<i>Athletic</i>
<i>State Committee of Psychologists</i>	<i>Athletic Agent</i>
<i>Board of Accountancy</i>	<i>Marital and Family Therapists'</i>
<i>Board of Barber Examiners</i>	<i>Respiratory Care Practitioners</i>
<i>State Board of Podiatric Medicine</i>	<i>Board of Occupational Therapy</i>
<i>Board of Chiropractic Examiners</i>	<i>Dietitian</i>
<i>Board of Cosmetology</i>	<i>Interior Designer Council</i>
<i>Board of Embalmers and Funeral Directors</i>	<i>Acupuncturist</i>
<i>Board of Registration for Healing Arts</i>	<i>Tattoo</i>
<i>Board of Nursing</i>	<i>Massage Therapy</i>
<i>Board of Optometry</i>	

Judicial Protection and Assistance: Provides for protection of public employees by the Attorney General's Office, conviction of criminal offenders by prosecuting attorneys and assistance to victims of criminal offenses.

Missouri Crime Prevention Information and Programming – Accounts for moneys from various sources to be used by local government/school district partnerships to operate crime prevention programs.

Statewide Court Automation – Accounts for additional court costs assessed in certain cases. Moneys are used for a statewide court automation system.

Missouri CASA – Accounts for money to be used for Court Appointed Special Advocate (CASA) Programs.

State Forensic Laboratory – Accounts for moneys used to defray costs of registered laboratories.

Services to Victims – Accounts for fees assessed as costs in criminal cases. Moneys are used to provide services to victims of crimes.

Tort Victims' Compensation – Accounts for a portion of any final judgment awarding punitive damages after the deduction of attorneys' fees and expenses.

Merchandising Practices Revolving – Accounts for general revenues and moneys required to be deposited in this fund. These moneys are used to pay costs incurred by the Attorney General in cases concerning merchandising practices.

Legal Defense and Defender – Accounts for moneys from services rendered. The moneys are used for training public defenders and for other lawful expenses as authorized by the Public Defender Commission.

Criminal Record System – Accounts for fees collected from federal and non-state agencies for administering criminal history record information and fingerprint searches.

Missouri Office of Prosecution Services – Accounts for fees assessed as costs in most criminal proceedings. These moneys are used to assist the prosecuting attorneys throughout the State in their efforts against criminal activity.

Crime Victims' Compensation – Accounts for fees assessed as costs against a convicted criminal. These moneys are used to compensate victims of crime.

Drug Court Resources – Accounts for moneys available for distribution by the Drug Courts Coordinating Commission to the various drug courts operating within the State.

Legal Services for Low Income People – Accounts for moneys to be used to provide legal services for individuals with low income.

Investors Restitution – Accounts for fines collected relating to securities fraud to be used to reimburse the victims of the fraudulent acts.

Basic Civic Legal Services – Accounts for filing fees received on civil and criminal court cases to be disbursed to State legal services organizations that provide legal representation to low-income individuals.

Attorney General Trust Fund – Accounts for moneys received from court settlements to be paid to entities or individuals.

Child Labor Enforcement – Accounts for moneys to be used for investigations and enforcement of child labor laws.

Inmate Incarceration Reimbursement Act Revolving – Accounts for moneys collected for reimbursement of the expenses of the State for the cost of care of offenders.

State Courts Administration Revolving – Accounts for moneys received for registration fees, grants, or other sources to be used to provide training and purchase goods and services related to the training and education of court personnel.

Criminal Justice Network and Technology Revolving – Accounts for moneys to be used for the procurement of telecommunications and computer equipment, services, and software associated with connection to the criminal justice network.

Missouri Office of Prosecution Services Revolving – Accounts for moneys received by or on behalf of the Missouri Office of Prosecution Services.

Judiciary Education and Training – Accounts for fees collected to be used for training and education of judicial personnel.

Fine Collections Center Interest Revolving – Accounts for interest moneys to be used for goods and services related to the administration of the judicial system by the judicial branch.

Agriculture and State Fair: Provides for inspections of products, market development and awards for competition at the State fair.

Animal Health Laboratory Fee – Accounts for laboratory fees to be used to defray expenses of diagnosing animal disease.

Animal Care Reserve – Accounts for fees from businesses engaged in breeding, selling and caring for cats and dogs to be used to administer the Animal Care Program.

Livestock Brands – Accounts for fees collected for brand applications, transfer of brand ownership and maintenance of brands. The fees are used by the Division of Animal Health for program administration.

Commodity Council Merchandising – Accounts for fees imposed under the Commodity Merchandising Program for the use and benefit of the commodity councils.

Missouri Qualified Fuel Ethanol Producer Incentive – Accounts for moneys used to provide subsidies to Missouri qualified fuel ethanol producers.

Aquaculture Marketing Development – Accounts for fees collected on fish food purchased by commercial producers and used for the marketing of fish and fish products.

Livestock Sales and Markets Fees – Accounts for license fees collected for the licensing of livestock sales and markets used for the benefit of the Division of Animal Health.

Missouri Breeders – Accounts for moneys received for horse racing application and handling fees.

Apple Merchandising – Accounts for fees imposed on apples grown in the State which are sold for consumption. These moneys are used only for the costs of administering and enforcing laws concerning apple merchandising.

Livestock Dealer Law Enforcement and Administration – Accounts for penalties assessed for violations of the "Missouri Livestock Dealer Law" and is used for the benefit of the Division of Animal Health.

Milk Inspection Fees – Accounts for fees received from State milk inspections and is used to pay the costs of performing this inspection.

Grain Inspection Fees – Accounts for fees received for providing grain inspection services and is used to pay the cost of providing this service.

Marketing Development – Accounts for moneys received by the Department of Agriculture from any source to be spent for marketing development only.

Organic Production and Certification Fee – Accounts for fees collected for certification or participation in organic farming to be used by the Department of Agriculture to develop standards and labeling for organic farming purposes.

Missouri Qualified Biodiesel Producer Incentive – Accounts for moneys appropriated from funds other than general revenue funds to provide economic subsidies to Missouri qualified biodiesel producers.

Boll Weevil Suppression and Eradication – Accounts for moneys for a sound program of eradication and suppression of the boll weevil.

Missouri Wine Marketing and Research Development – Accounts for pro rata charges to commercial grape producers in Missouri to be used for enology research, education, and marketing of wine produced in Missouri.

Agriculture Development – Accounts for assets from the Federal Secretary of Agriculture and earnings from those assets to be used for agricultural development in accordance with a written agreement with the U.S. Department of Agriculture.

State Fair Trust – Accounts for moneys received as gifts, grants, legacies or devises to be used as prizes to the winners of five-gaited saddle horse stakes at the State fair.

Social Assistance: Provides financial, health and other services to qualifying individuals.

Utilicare Stabilization – Moneys from various sources to be used for financial assistance of heating and cooling costs for the needy.

Motorcycle Safety Trust – Accounts for fees collected from persons who violate laws relating to motorcycles or cause accidents involving motorcycles.

Compulsive Gamblers – Accounts for moneys received from cities and counties that have licensed excursion gambling boats. These moneys are used to provide services for compulsive gamblers and their families.

Missouri Housing Trust – Accounts for moneys received from any source to be used for loans or grants for assistance to low-income families.

Health Initiatives – Accounts for additional taxes on cigarettes and other moneys to fund health care incentives and other programs.

Health Access Incentive – Accounts for moneys appropriated and received by law to be used to implement a program to provide incentives in exchange for location of health providers who agree to serve all persons in need of health services regardless of ability to pay.

Mental Health Housing Trust – Accounts for moneys received from the sale of surplus real property formerly used by the Department of Mental Health. Moneys are used for the construction or renovation of Mental Health Centers, or to finance the rental, purchase, construction or renovation of community based housing for clients.

Family Support Loan Program – Accounts for moneys appropriated to be used for low interest, short-term loans to families having a member with a developmental disability.

Independent Living Center – Accounts for fees received from persons convicted of or pleading guilty to a drug-related or an intoxicated-related traffic offense. Moneys are used to establish and maintain independent living centers for persons with disabilities.

Mental Health Earnings – Accounts for fees assessed on individuals due to alcohol and drug-related traffic offenses. Moneys are used to develop and certify alcohol related traffic offender programs and provide rehabilitation services to persons unable to pay.

Division of Aging Elderly Home Delivered Meals Trust – Accounts for moneys contributed by taxpayers and other designated moneys to be used in preparing and delivering meals to elderly persons.

Missouri Public Health Services – Accounts for fees collected for health purposes.

Part C Early Intervention System Fund – To fund the Infant and Toddler Program, Part C of the Individuals with Disabilities Education Act (IDEA), 20 U.S.C. Section 1431, et seq.

Deaf Relay Service and Equipment Distribution Program – Accounts for fees collected to fund a program that provides a telecommunications device for the deaf to transmit messages over basic telephone lines.

Veterans' Trust – Accounts for moneys contributed by taxpayers, grants, gifts, bequests, federal sources or other sources to be used for the benefit of the State's veterans.

Medical School Loan and Loan Repayment Program – Accounts for moneys used to pay the principal, interest and related costs of government and commercial loans on behalf of individuals working in a specified area of need.

Children's Service Commission – Accounts for gifts and grants from various sources to be spent for children's services as provided by law.

Handicapped Children's Trust – Accounts for grants, gifts, donations, or bequests to be spent as requested by the donor of the handicapped children.

Blind Pension – Accounts for State property tax moneys used to provide a pension to certain blind people.

Healthy Families Trust Funds – To account for moneys received from the Tobacco Settlement.

Department of Health – Donated – Accounts for moneys received from donations and spent for various health programs.

Children's Trust – Accounts for grants or gifts from any source used to establish programs to prevent or alleviate child abuse or neglect.

ADA Compliance – Accounts for moneys from various funds to be used for projects to comply with the Americans with Disabilities Act.

Head Injury – Accounts for fees, grants, donations, and other moneys designated for the Head Injury Fund. Moneys are spent by the Head Advisory Council to help support individuals with traumatic head injury and their families by providing a wide range of services.

Missouri Commission for the Deaf and Hard of Hearing – Accounts for fees and contributions received by the Commission to provide goods and services to government entities or the public.

Coordinating Board for Early Childhood – Accounts for moneys received for expenses of the Coordinating Board for Early Childhood.

Infection Control Advisory Panel – Accounts for private donations to the Infection Control Advisory Panel for reasonable expenses of the panel.

Missouri Rx Plan – Accounts for moneys received for administration of the Missouri Rx Plan.

Organ Donor Program – Accounts for moneys used to implement organ donor awareness programs.

Property Reuse – Accounts for moneys appropriated and gifts, contributions, grants or bequests from federal, private, or other sources for direct loans, guarantees and grants to create and preserve jobs, attract and retain businesses, and improve economic welfare.

Domestic Relations Resolution – Accounts for moneys received from surcharges and fines for disputes in marriage dissolutions and custody orders. Moneys are used for creating and approving a handbook dealing with divorce and child custody and to reimburse local judicial circuits for the costs associated with the implementation of this act.

Correctional Substance Abuse Earnings – Accounts for fees charged to persons required by the court to begin an Educational Assessment and Community Treatment Program. Moneys are used solely for assistance in securing alcohol and drug rehabilitation services.

Assistive Technology Loan Revolving – Accounts for appropriated moneys to be used for loans to qualified individuals for the purchase of assistive technology devices and services.

Blindness Education, Screening and Treatment Program – Accounts for donated moneys used to provide blindness prevention education, screenings, and treatments for persons not covered under a healthcare benefit plan.

Childhood Lead Testing – Accounts for federal or other contributions received to fund childhood lead programs, blood tests to uninsured children, educational materials, and case management.

Missouri National Guard Trust – Accounts for moneys received through contributions, gifts, bequests, grants and federal funds to be used for providing military honors at veterans' burials, interments, or memorial services.

School for the Blind – Accounts for grants, gifts, donations or bequests for the sole use of the Missouri School for the Blind.

School for the Deaf – Accounts for grants, gifts, donations or bequests for the sole use of the Missouri School for the Deaf.

Governor's Council on Physical Fitness – Institution Gift Trust – Accounts for gifts, bequests, or donations to the Governor's Council on Physical Fitness to be spent as requested by the donor.

Institution Gift Trust – Accounts for grants, gifts, donations, devises or bequests to various institutions to be spent as requested by the donor.

Mental Health Trust – Accounts for moneys to be used for the purpose of carrying out the objects for which the grants, gifts, donations or bequests were made, or for the purposes of funding special projects or purchasing special equipment from escheated moneys.

Crippled Children's Services – Accounts for moneys from various sources to be used for costs of crippled children's services.

Unemployment and Workers' Compensation: Provides for the administration of these laws and benefits to workers who qualify for workers' compensation.

Workers' Compensation – Accounts for taxes paid by insurance carriers and is used for victims of industrial injuries.

Workers' Compensation – Second Injury – Accounts for taxes paid by insurance carriers and is used for victims of industrial injuries where permanent disability occurs.

Special Employment Security – Bond Proceeds – Accounts for bond proceeds to pay unemployment benefits, maintain adequate balance in the Unemployment Compensation Fund, and to refinance loans from the federal Unemployment Trust Fund.

Special Employment Security – Accounts for moneys paid as interest and penalties by the employer for unemployment fees not paid. These moneys are used to pay interest on advances from the federal government and for other costs necessary and proper under the unemployment compensation laws.

Reimbursements and Other: Provides various reimbursements of costs to other governments and various regulatory commissions not included in other functional areas.

Treasurer's Information – Accounts for funds received for the preparation, reproduction, or dissemination of information or publications.

Elevator Safety Board – Accounts for moneys collected for inspections, permits, licenses and certificates to be used for the operation and expenses of the board.

Residential Mortgage Licensing – Accounts for fees set and collected for application fees, investigation of license applicant fees, examination fees, contingent fees, and any other miscellaneous fee.

Missouri Arts Council Trust – Accounts for moneys to be used for the administration of the Missouri Arts Council.

Gaming Commission Bingo – Accounts for moneys collected for license fees, penalties and administration fees to be used for the administration cost of the commission.

Secretary of State's Technology Trust – Accounts for fees received from the issuance of notary commissions to be used for establishing and maintaining a data processing system and other administrative costs for services.

Missouri National Guard Training Site – Accounts for fees collected for use of training sites from persons or organizations not connected with the militia. The moneys are used for operating costs of the facilities.

Nursing Facility Quality of Care – Accounts for certification fees collected from nursing home facilities to be used for assistance to the facilities and for conducting surveys and inspections.

Division of Tourism Supplemental Revenue – Accounts for additional sales tax collected from tourism-oriented goods and services to be used for promotional marketing strategies.

Business Extension Service Team – Accounts for moneys used to help Missouri companies in financial difficulty to regain financial stability by a plan developed by a team of knowledgeable and experienced persons.

Gaming Commission – Accounts for moneys received from licenses, fees, and permits to be used to fund the administrative costs of the Gaming Commission.

Mammography – Accounts for fees collected from licensing of specific sources of ionizing radiation and from other nonrefundable fees collected in connection with mammography authorization to be used for program administration.

Statutory Revision – Accounts for moneys received from the sale of the Revised Statutes of Missouri and supplements and from fees for any services rendered by the Committee on Legislative Research. The moneys are used for enhancing or producing the statutes and supplements.

Division of Credit Unions – Accounts for moneys assessed on credit unions and used for costs related to their regulation.

Division of Savings and Loan Supervision – Accounts for moneys assessed on savings and loan associations and other corporations and used for costs related to their regulation.

Division of Finance – Accounts for moneys assessed on banks, trust companies and other corporations and used for costs related to their regulation.

Insurance Examiners – Accounts for fees assessed against organizations which are engaged in the business of insurance within the State. The moneys are used for costs incurred by insurance examiners.

Design and Construction – Donated – Accounts for donations to be used for the repair, replacement and refurbishing of artwork, statuary work and monuments of historical importance to Missouri.

Endowed Care Cemetery Audit – Accounts for fees from the issuance of birth and death certificates. The moneys are used to administer the auditing of endowed care cemetery funds.

Department of Insurance Dedicated – Accounts for moneys from licensing, renewals and regulatory fees and used for expenditures of the Department of Insurance.

International Promotions Revolving – Accounts for moneys from gifts, contributions, grants and other sources and is used for costs associated with attendance at international trade shows.

Local Records Preservation – Accounts for moneys charged and collected for the recording of various deeds and documents and used by the Secretary of State for additional preservation of local records.

Spinal Cord Injury – Accounts for moneys to be used to fund research projects that promote an advancement of knowledge in the area of spinal cord injury.

Manufactured Housing – Accounts for fees collected for seals or inspection of manufacturing and dealer premises for manufactured homes, recreational vehicles and modular homes.

Motor Vehicle Commission – Accounts for fees established by the Missouri Motor Vehicle Commission to pay its operational costs.

Health Spa Regulatory – Accounts for health spa registration fees. These moneys are used to administer the regulation of health spas.

Missouri Main Street Program – Accounts for moneys appropriated and gifts, contributions, grants or bequests from federal, private, or other sources to accomplish community and economic revitalization and development of older business districts and neighborhoods.

Public Service Commission – Accounts for moneys assessed on public utilities and used for costs related to their regulation.

Department of Health Document Services – Accounts for fees collected for publications and used to pay the costs of providing this information.

Petition Audit Revolving Trust – Accounts for moneys received and costs incurred as a result of audits petitioned by the requisite percentage of the qualified voters of a subdivision.

Tourism Marketing – Accounts for receipts from promotional items and used for the marketing of items which promote and develop tourism in the State.

Petroleum Inspection – Accounts for fees collected for inspections of petroleum products and equipment. The fees are used for costs of administering, regulating, testing and inspecting these products and equipment.

Missouri Senior Rx – Accounts for moneys collected to be used by the commission for medical assistance to seniors covered under the Missouri Senior Rx program.

Boiler and Pressure Vessels Safety – Accounts for licenses, permits, and fees established by the Boiler and Pressure Vessels Safety Board for the purpose of regulating boiler and pressure vessels.

Korean Conflict Veterans' Recognition Award – Accounts for moneys to sponsor medallions, medals, and certificates for veterans who served in the Korean Conflict.

Missouri State Archives – St. Louis Trust – Accounts for moneys received for copying public records, and for providing public access to public records and images, or other sources.

Juneteenth Heritage and Jazz Festival – Accounts for donations for expenses incurred in the Juneteenth celebration.

Secretary of State's Investor Education – Accounts for moneys to be used as a source of funding in support of activities related to the Secretary of State's investor education responsibilities.

State Document Preservation – Accounts for moneys to be used to preserve State documents and making them available to the public.

Missouri Supplemental Tax Increment Financing – Accounts for moneys generated by redevelopment projects and income taxes withheld by jobs created by redevelopment projects to be used to pay loans for the project.

Premium – Accounts for moneys received from parents or guardians of uninsured children.

World War II Memorial Trust – Accounts for contributions to be used to participate in the funding of the National World War II Memorial.

Workers Memorial – Accounts for contributions to be used for a memorial for workers who have been killed or permanently disabled and reimbursement of expenses to committee members.

Secretary of State Institution Gift Trust – Accounts for moneys derived from gifts, bequests, or donations to the Secretary of State to carry out the objectives of the gift, bequest, or donation.

**STATE OF MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2005
(In Thousands of Dollars)**

	Professional Registration	Judicial Protection and Assistance	Agriculture and State Fair	Social Assistance	Unemployment and Workers' Compensation	Reimbursements and Other	Totals June 30, 2005
ASSETS							
Cash and Cash Equivalents	\$ 11,702	\$ 8,532	\$ 1,000	\$ 14,173	\$ 22,932	\$ 14,377	\$ 72,716
Investments	28,852	21,025	5,805	44,608	56,450	35,441	192,181
Accounts Receivable, Net	---	1,424	93	3,874	3,052	1,915	10,358
Interest Receivable	---	81	13	181	450	205	930
Due from Other Funds	---	220	5	---	---	3	228
Inventories	26	1	---	6	---	510	543
Loans Receivable	---	---	615	---	---	---	615
Total Assets	<u>\$ 40,580</u>	<u>\$ 31,283</u>	<u>\$ 7,531</u>	<u>\$ 62,842</u>	<u>\$ 82,884</u>	<u>\$ 52,451</u>	<u>\$ 277,571</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 234	\$ 472	\$ 48	\$ 3,035	\$ 278	\$ 3,349	\$ 7,416
Accrued Payroll	178	310	77	237	425	1,816	3,043
Due to Other Funds	140	174	29	110	240	624	1,317
Deferred Revenue	---	38	2	1,133	2,554	102	3,829
Total Liabilities	<u>552</u>	<u>994</u>	<u>156</u>	<u>4,515</u>	<u>3,497</u>	<u>5,891</u>	<u>15,605</u>
Fund Balances:							
Reserved for:							
Inventories	26	1	---	6	---	510	543
Loans Receivable	---	---	615	---	---	---	615
Unreserved	40,002	30,288	6,760	58,321	79,387	46,050	260,808
Total Fund Balances	<u>40,028</u>	<u>30,289</u>	<u>7,375</u>	<u>58,327</u>	<u>79,387</u>	<u>46,560</u>	<u>261,966</u>
Total Liabilities and Fund Balances	<u>\$ 40,580</u>	<u>\$ 31,283</u>	<u>\$ 7,531</u>	<u>\$ 62,842</u>	<u>\$ 82,884</u>	<u>\$ 52,451</u>	<u>\$ 277,571</u>

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
NON-MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

	Professional Registration	Judicial Protection and Assistance	Agriculture and State Fair	Social Assistance	Unemployment and Workers' Compensation	Reimbursements and Other	Totals June 30, 2005
Revenues:							
Taxes	\$ 181	\$ 1	\$ 1,134	\$ 57,566	\$ 97,145	\$ 15	\$ 156,042
Licenses, Fees and Permits	18,714	14,347	4,248	16,278	1	100,049	153,637
Sales	---	1	---	904	1	548	1,454
Services	73	136	---	4	---	5	218
Contributions and Intergovernmental	---	134	7	13,075	---	287	13,503
Investment Earnings:							
Net Increase (Decrease) in the Fair Value of Investments	7	18	---	271	(16)	22	302
Interest	---	217	74	922	15,208	916	17,337
Penalties and Unclaimed Properties	368	12,967	---	1,548	3,251	1,741	19,875
Cost Reimbursement/Miscellaneous	17	1,315	110	145,813	212	23,913	171,380
Total Revenues	<u>19,360</u>	<u>29,136</u>	<u>5,573</u>	<u>236,381</u>	<u>115,802</u>	<u>127,496</u>	<u>533,748</u>
Expenditures:							
Current:							
General Government	206	14,525	108	5,485	4,955	7,354	32,633
Education	83	1	11	2,008	33	288	2,424
Natural and Economic Resources	15,216	6,867	10,220	10,257	92,203	60,482	195,245
Transportation and Law Enforcement	---	9,601	5	3,844	22	16,804	30,276
Human Services	5	9	55	133,720	446	24,190	158,425
Capital Outlay:							
Current Expenditures	152	3,742	22	305	716	2,429	7,366
Capital Lease Purchases	---	---	---	---	---	129	129
Debt Service:							
Principal	---	---	---	11	---	479	490
Interest	---	---	---	---	---	277	277
Intergovernmental	---	383	---	22	---	714	1,119
Total Expenditures	<u>15,662</u>	<u>35,128</u>	<u>10,421</u>	<u>155,652</u>	<u>98,375</u>	<u>113,146</u>	<u>428,384</u>
Excess Revenues (Expenditures)	<u>3,698</u>	<u>(5,992)</u>	<u>(4,848)</u>	<u>80,729</u>	<u>17,427</u>	<u>14,350</u>	<u>105,364</u>
Other Financing Sources (Uses):							
Proceeds from Capital Leases	---	---	---	---	---	129	129
Transfers In	34	3,659	5,368	6,059	31	43,896	59,047
Transfers Out	(910)	(7)	(2)	(89,079)	(58)	(61,022)	(151,078)
Total Other Financing Sources (Uses)	<u>(876)</u>	<u>3,652</u>	<u>5,366</u>	<u>(83,020)</u>	<u>(27)</u>	<u>(16,997)</u>	<u>(91,902)</u>
Net Change in Fund Balances	2,822	(2,340)	518	(2,291)	17,400	(2,647)	13,462
Fund Balances – Beginning	37,206	32,631	6,857	60,619	61,987	49,314	248,614
Decrease in Reserve for Inventory	---	(2)	---	(1)	---	(107)	(110)
Fund Balances – Ending	<u>\$ 40,028</u>	<u>\$ 30,289</u>	<u>\$ 7,375</u>	<u>\$ 58,327</u>	<u>\$ 79,387</u>	<u>\$ 46,560</u>	<u>\$ 261,966</u>

STATE OF MISSOURI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

	Professional Registration			Judicial Protection and Assistance			Agriculture and State Fair			Social Assistance		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:												
Taxes:												
Cigarette	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 33,930	\$ 34,388	\$ 458
Liquor	---	---	---	---	---	---	1,164	1,134	(30)	---	---	---
Reimbursement/Miscellaneous	169	181	12	1	1	---	---	---	---	22,932	23,241	309
Total Taxes	169	181	12	1	1	---	1,164	1,134	(30)	56,862	57,629	767
Licenses, Fees and Permits	17,308	18,557	1,249	13,047	14,346	1,299	4,580	4,464	(116)	16,388	16,609	221
Sales	---	---	---	---	---	---	---	---	---	892	904	12
Services	68	73	5	124	136	12	---	---	---	5	5	---
Contributions and Intergovernmental	1	1	---	2,656	2,920	264	2	2	---	12,279	12,445	166
Interest	---	---	---	172	190	18	19	19	---	905	917	12
Penalties and Unclaimed Property	343	368	25	11,603	12,758	1,155	---	---	---	1,513	1,533	20
Cost Reimbursement/Miscellaneous	18	19	1	1,261	1,386	125	369	360	(9)	144,144	146,086	1,942
Total Revenues	17,907	19,199	1,292	28,864	31,737	2,873	6,134	5,979	(155)	232,988	236,128	3,140
Expenditures:												
Current:												
General Government	12	4	8	16,784	13,099	3,685	20	11	9	8,221	5,486	2,735
Education	125	82	43	---	---	---	---	---	---	10,015	2,089	7,926
Natural and Economic Resources	9,346	7,167	2,179	7,589	6,697	892	13,974	9,924	4,050	12,804	9,975	2,829
Transportation and Law Enforcement	---	---	---	14,604	12,300	2,304	5	---	5	5,569	3,496	2,073
Human Services	---	---	---	---	---	---	---	---	---	137,537	128,010	9,527
Capital Outlay	204	156	48	4,674	3,756	918	32	23	9	564	314	250
Debt Service	---	---	---	---	---	---	---	---	---	---	---	---
Intergovernmental	---	---	---	455	383	72	---	---	---	24	22	2
Total Expenditures	9,687	7,409	2,278	44,106	36,235	7,871	14,031	9,958	4,073	174,734	149,392	25,342
Excess Revenues (Expenditures)	8,220	11,790	3,570	(15,242)	(4,498)	10,744	(7,897)	(3,979)	3,918	58,254	86,736	28,482
Other Financing Sources (Uses):												
Transfers In	214	214	---	3,660	3,660	---	17,166	5,368	(11,798)	6,148	6,059	(89)
Transfers Out	(11,223)	(9,093)	2,130	(2,172)	(1,838)	334	(1,398)	(801)	597	(171,267)	(94,923)	76,344
Total Other Financing Sources (Uses)	(11,009)	(8,879)	2,130	1,488	1,822	334	15,768	4,567	(11,201)	(165,119)	(88,864)	76,255
Net Change in Fund Balances	(2,789)	2,911	5,700	(13,754)	(2,676)	11,078	7,871	588	(7,283)	(106,865)	(2,128)	104,737
Fund Balances – Beginning	31,894	37,737	5,843	14,444	32,301	17,857	451	2,884	2,433	22,783	51,354	28,571
Fund Balances – Ending	\$ 29,105	\$ 40,648	\$ 11,543	\$ 690	\$ 29,625	\$ 28,935	\$ 8,322	\$ 3,472	\$ (4,850)	\$ (84,082)	\$ 49,226	\$ 133,308
Reconciling Items:												
Reclassifying Cash Equivalents as Investments		(28,946)			(21,093)			(2,472)			(35,053)	
Investments at Fair Value		28,852			21,025			5,805			44,608	
Receivables		---			1,505			721			4,055	
Due from Other Funds		---			220			5			---	
Inventories		26			1			---			6	
Accounts Payable		(234)			(472)			(48)			(3,035)	
Accrued Payroll		(178)			(310)			(77)			(237)	
Due to Other Funds		(140)			(174)			(29)			(110)	
Deferred Revenue		---			(38)			(2)			(1,133)	
Fund Balance per GAAP		\$ 40,028			\$ 30,289			\$ 7,375			\$ 58,327	

This schedule is continued on pages 102–103.

	Unemployment and Workers' Compensation			Reimbursements and Other			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:									
Taxes:									
Cigarette	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 33,930	\$ 34,388	\$ 458
Liquor	---	---	---	---	---	---	1,164	1,134	(30)
Reimbursement/Miscellaneous	96,482	97,329	847	1	1	---	119,585	120,753	1,168
Total Taxes	96,482	97,329	847	1	1	---	154,679	156,275	1,596
Licenses, Fees and Permits	1	1	---	97,446	100,252	2,806	148,770	154,229	5,459
Sales	---	---	---	526	541	15	1,418	1,445	27
Services	---	---	---	5	5	---	202	219	17
Contributions and Intergovernmental	1,528	1,542	14	672	692	20	17,138	17,602	464
Interest	14,904	15,035	131	845	869	24	16,845	17,030	185
Penalties and Unclaimed Property	3,223	3,251	28	1,600	1,646	46	18,282	19,556	1,274
Cost Reimbursement/Miscellaneous	296	298	2	23,854	24,541	687	169,942	172,690	2,748
Total Revenues	116,434	117,456	1,022	124,949	128,547	3,598	527,276	539,046	11,770
Expenditures:									
Current:									
General Government	5,260	3,381	1,879	16,216	4,500	11,716	46,513	26,481	20,032
Education	---	---	---	375	273	102	10,515	2,444	8,071
Natural and Economic Resources	92,419	88,473	3,946	67,508	49,610	17,898	203,640	171,846	31,794
Transportation and Law Enforcement	---	---	---	18,270	14,806	3,464	38,448	30,602	7,846
Human Services	144	136	8	37,233	24,475	12,758	174,914	152,621	22,293
Capital Outlay	824	710	114	5,296	2,390	2,906	11,594	7,349	4,245
Debt Service	---	---	---	15	11	4	15	11	4
Intergovernmental	---	---	---	1,544	686	858	2,023	1,091	932
Total Expenditures	98,647	92,700	5,947	146,457	96,751	49,706	487,662	392,445	95,217
Excess Revenues (Expenditures)	17,787	24,756	6,969	(21,508)	31,796	53,304	39,614	146,601	106,987
Other Financing Sources (Uses):									
Transfers In	32	32	---	71,853	43,921	(27,932)	99,073	59,254	(39,819)
Transfers Out	(8,859)	(7,763)	1,096	(85,701)	(77,163)	8,538	(280,620)	(191,581)	89,039
Total Other Financing Sources (Uses)	(8,827)	(7,731)	1,096	(13,848)	(33,242)	(19,394)	(181,547)	(132,327)	49,220
Net Change in Fund Balances	8,960	17,025	8,065	(35,356)	(1,446)	33,910	(141,933)	14,274	156,207
Fund Balances – Beginning	35,730	62,539	26,809	8,896	51,337	42,441	114,198	238,152	123,954
Fund Balances – Ending	\$ 44,690	\$ 79,564	\$ 34,874	\$ (26,460)	\$ 49,891	\$ 76,351	\$ (27,735)	\$ 252,426	\$ 280,161
Reconciling Items:									
Reclassifying Cash Equivalents as Investments		(56,632)			(35,514)			(179,710)	
Investments at Fair Value		56,450			35,441			192,181	
Receivables		3,502			2,120			11,903	
Due from Other Funds		---			3			228	
Inventories		---			510			543	
Accounts Payable		(278)			(3,349)			(7,416)	
Accrued Payroll		(425)			(1,816)			(3,043)	
Due to Other Funds		(240)			(624)			(1,317)	
Deferred Revenue		(2,554)			(102)			(3,829)	
Fund Balance per GAAP		\$ 79,387			\$ 46,560			\$ 261,966	

This schedule is continued from pages 100–101.



*The **Debt Service Funds** account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.*

Debt Service Funds:

Water Pollution Control Bond and Interest – Accounts for moneys used to pay the principal of the Water Pollution Control Bonds and the interest thereon.

Third State Building Bond Interest and Sinking – Accounts for moneys used to pay the principal of the Third State Building Bonds and the interest thereon.

Fourth State Building Bond and Interest – Accounts for moneys used to pay the principal of the Fourth State Building Bonds and the interest thereon.

Stormwater Control Bond and Interest – Accounts for moneys used to pay the principal of the Stormwater Control Bonds and the interest thereon.

**STATE OF MISSOURI
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
June 30, 2005
(In Thousands of Dollars)**

	Water Pollution Control Bond and Interest	Third State Building Bond Interest and Sinking	Fourth State Building Bond and Interest	Stormwater Control Bond and Interest	Totals June 30, 2005
ASSETS					
Cash and Cash Equivalents	\$ 6,863	\$ 9,594	\$ 2,852	\$ 608	\$ 19,917
Investments	29,403	41,100	12,217	2,605	85,325
Interest Receivable	233	317	100	20	670
Total Assets	<u>\$ 36,499</u>	<u>\$ 51,011</u>	<u>\$ 15,169</u>	<u>\$ 3,233</u>	<u>\$ 105,912</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Deferred Revenue	\$ 108	\$ 147	\$ 47	\$ 9	\$ 311
Total Liabilities	<u>108</u>	<u>147</u>	<u>47</u>	<u>9</u>	<u>311</u>
Fund Balances:					
Reserved for Debt Service	<u>36,391</u>	<u>50,864</u>	<u>15,122</u>	<u>3,224</u>	<u>105,601</u>
Total Fund Balances	<u>36,391</u>	<u>50,864</u>	<u>15,122</u>	<u>3,224</u>	<u>105,601</u>
Total Liabilities and Fund Balances	<u>\$ 36,499</u>	<u>\$ 51,011</u>	<u>\$ 15,169</u>	<u>\$ 3,233</u>	<u>\$ 105,912</u>

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

	Water Pollution Control Bond and Interest	Third State Building Bond Interest and Sinking	Fourth State Building Bond and Interest	Stormwater Control Bond and Interest	Totals June 30, 2005
Revenues:					
Investment Earnings:					
Net Increase (Decrease) in the Fair Value of Investments	\$ (72)	\$ (65)	\$ 2	\$ (3)	\$ (138)
Interest	676	950	322	60	2,008
Total Revenues	604	885	324	57	1,870
Expenditures:					
Debt Service:					
Principal	13,075	33,930	7,410	1,145	55,560
Interest	14,905	12,603	10,043	2,037	39,588
Underwriter's Discount	197	---	94	35	326
Total Expenditures	28,177	46,533	17,547	3,217	95,474
Excess Expenditures	(27,573)	(45,648)	(17,223)	(3,160)	(93,604)
Other Financing Sources (Uses):					
Issuance of Refunding Bonds	95,100	---	45,330	17,175	157,605
Payments to Refunded Bonds					
Escrow Agent	(105,592)	---	(50,809)	(19,152)	(175,553)
Bond Premium	10,689	---	5,573	2,012	18,274
Transfers In	35,138	49,367	13,650	3,123	101,278
Total Other Financing Sources (Uses)	35,335	49,367	13,744	3,158	101,604
Net Change in Fund Balances	7,762	3,719	(3,479)	(2)	8,000
Fund Balances – Beginning	28,629	47,145	18,601	3,226	97,601
Fund Balances – Ending	<u>\$ 36,391</u>	<u>\$ 50,864</u>	<u>\$ 15,122</u>	<u>\$ 3,224</u>	<u>\$ 105,601</u>

STATE OF MISSOURI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

	Water Pollution Control Bond and Interest			Third State Building Bond Interest and Sinking			Fourth State Building Bond and Interest			Stormwater Control Bond and Interest			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:															
Interest	\$ 415	\$ 603	\$ 188	\$ 709	\$ 867	\$ 158	\$ 241	\$ 303	\$ 62	\$ 49	\$ 55	\$ 6	\$ 1,414	\$ 1,828	\$ 414
Total Revenues	415	603	188	709	867	158	241	303	62	49	55	6	1,414	1,828	414
Expenditures:															
Debt Service	27,980	27,980	---	46,533	46,533	---	17,453	17,453	---	3,182	3,182	---	95,148	95,148	---
Total Expenditures	27,980	27,980	---	46,533	46,533	---	17,453	17,453	---	3,182	3,182	---	95,148	95,148	---
Excess Expenditures	(27,565)	(27,377)	188	(45,824)	(45,666)	158	(17,212)	(17,150)	62	(3,133)	(3,127)	6	(93,734)	(93,320)	414
Other Financing Sources:															
Transfers In	35,154	35,138	(16)	49,367	49,367	---	13,650	13,650	---	3,123	3,123	---	101,294	101,278	(16)
Total Other Financing Sources	35,154	35,138	(16)	49,367	49,367	---	13,650	13,650	---	3,123	3,123	---	101,294	101,278	(16)
Net Change in Fund Balances	7,589	7,761	172	3,543	3,701	158	(3,562)	(3,500)	62	(10)	(4)	6	7,560	7,958	398
Fund Balances – Beginning	27,634	28,715	1,081	46,221	47,286	1,065	18,789	18,656	(133)	3,247	3,236	(11)	95,891	97,893	2,002
Fund Balances – Ending	\$ 35,223	\$ 36,476	\$ 1,253	\$ 49,764	\$ 50,987	\$ 1,223	\$ 15,227	\$ 15,156	\$ (71)	\$ 3,237	\$ 3,232	\$ (5)	\$ 103,451	\$ 105,851	\$ 2,400
Reconciling Items:															
Reclassifying Cash Equivalents as Investments		(29,613)			(41,393)			(12,304)			(2,624)			(85,934)	
Investments at Fair Value		29,403			41,100			12,217			2,605			85,325	
Interest Receivable		233			317			100			20			670	
Deferred Revenues		(108)			(147)			(47)			(9)			(311)	
Fund Balances – GAAP Basis		\$ 36,391			\$ 50,864			\$ 15,122			\$ 3,224			\$ 105,601	



*The **Capital Projects Funds** account for financial resources to be used for the acquisition or construction of major capital facilities.*

Non-Major Capital Projects Funds:

Veterans' Homes Capital Improvement – Accounts for fees collected from the sale of bingo cards to be used for the construction or renovation of veterans' homes and cemeteries in the State.

Water Pollution Control – Accounts for bond sale proceeds to be used for the protection of the environment through the control of water pollution.

Fourth State Building – Accounts for bond sale proceeds to be used for capital improvements of institutions of higher education, the Department of Corrections and the Division of Youth Services.

Stormwater Control – Accounts for bond sale proceeds to be used for financing and construction of stormwater control.

Board of Public Building Revenue Bond – Accounts for bond sale proceeds to be used for renovating state buildings and structures.

**STATE OF MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2005
(In Thousands of Dollars)**

	Veterans' Homes Capital Improvement	Water Pollution Control	Fourth State Building	Stormwater Control	Board of Public Building Revenue Bond	Totals June 30, 2005
ASSETS						
Cash and Cash Equivalents	\$ 2,753	\$ 2,503	\$ 1,588	\$ 3,200	\$ 10,476	\$ 20,520
Investments	6,788	10,724	6,803	13,711	44,880	82,906
Interest Receivable	65	99	53	116	487	820
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 9,606</u>	<u>\$ 13,326</u>	<u>\$ 8,444</u>	<u>\$ 17,027</u>	<u>\$ 55,843</u>	<u>\$ 104,246</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 18	\$ ---	\$ ---	\$ ---	\$ ---	\$ 18
Accrued Payroll	41	---	---	---	---	41
Due to Other Funds	26	---	---	---	158	184
Deferred Revenue	30	46	24	54	226	380
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>115</u>	<u>46</u>	<u>24</u>	<u>54</u>	<u>384</u>	<u>623</u>
Fund Balances:						
Unreserved	<u>9,491</u>	<u>13,280</u>	<u>8,420</u>	<u>16,973</u>	<u>55,459</u>	<u>103,623</u>
Total Fund Balances	<u>9,491</u>	<u>13,280</u>	<u>8,420</u>	<u>16,973</u>	<u>55,459</u>	<u>103,623</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 9,606</u>	<u>\$ 13,326</u>	<u>\$ 8,444</u>	<u>\$ 17,027</u>	<u>\$ 55,843</u>	<u>\$ 104,246</u>

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

	Veterans' Homes Capital Improvement	Water Pollution Control	Fourth State Building	Stormwater Control	Board of Public Building Revenue Bond	Totals June 30, 2005
Revenues:						
Contributions and Intergovernmental	\$ 156	\$ ---	\$ ---	\$ ---	\$ ---	\$ 156
Investment Earnings:						
Net Increase (Decrease) in the Fair Value of Investments	31	59	(7)	12	251	346
Interest	365	390	158	386	1,791	3,090
Cost Reimbursement/ Miscellaneous	---	---	---	---	1	1
Total Revenues	552	449	151	398	2,043	3,593
Expenditures:						
Current:						
General Government	95	---	---	---	45,186	45,281
Education	3	---	---	---	---	3
Natural and Economic Resources	1	---	---	---	6	7
Transportation and Law Enforcement	2,780	---	---	---	68	2,848
Human Services	12	---	6	---	206	224
Capital Outlay:						
Current Expenditures	4,823	---	240	---	18,963	24,026
Intergovernmental	---	9,946	---	6,217	---	16,163
Total Expenditures	7,714	9,946	246	6,217	64,429	88,552
Excess Expenditures	(7,162)	(9,497)	(95)	(5,819)	(62,386)	(84,959)
Other Financing Sources (Uses):						
Transfers In	9,000	---	---	---	---	9,000
Transfers Out	(12,000)	(4,634)	---	---	---	(16,634)
Total Other Financing Sources (Uses)	(3,000)	(4,634)	---	---	---	(7,634)
Net Change in Fund Balances	(10,162)	(14,131)	(95)	(5,819)	(62,386)	(92,593)
Fund Balances – Beginning	19,653	27,411	8,515	22,792	117,845	196,216
Fund Balances – Ending	\$ 9,491	\$ 13,280	\$ 8,420	\$ 16,973	\$ 55,459	\$ 103,623



*The **Permanent Funds** account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.*

Permanent Funds:

Arrow Rock State Historic Site Endowment – Accounts for moneys transferred from the State Parks Earnings Fund, as well as other moneys or property received by grant, gift, donation, or bequest specified for the enhancement of the Arrow Rock State Historic Site.

Confederate Memorial Park – Accounts for the income from investments acquired by gifts, donations and bequests to be used for the maintenance of the Confederate Memorial Park.

State Public School – Accounts for all moneys, bonds, lands and other properties belonging to or donated to the State for public school use in establishing and maintaining free public schools.

Smith Memorial Endowment Trust – Accounts for moneys bequeathed for the use and benefit of the Crippled Children's Service.

Missouri Investment Trust – Accounts for moneys transferred from the Missouri Arts Council Trust Fund, the Missouri Humanities Council Trust Fund, the Johnson-Travis Memorial Trust Fund, and the Secretary of State Wolfner Library Fund to be invested by the Missouri Investment Trust's Board of Trustees.

**STATE OF MISSOURI
COMBINING BALANCE SHEET
PERMANENT FUNDS
June 30, 2005
(In Thousands of Dollars)**

	Arrow Rock State Historic Site Endowment	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Missouri Investment Trust	Totals June 30, 2005
ASSETS						
Cash and Cash Equivalents	\$ 7	\$ 41	\$ 264	\$ 110	\$ ---	\$ 422
Investments	16	102	23,270	272	23,743	47,403
Interest Receivable	---	1	---	2	---	3
Total Assets	<u>\$ 23</u>	<u>\$ 144</u>	<u>\$ 23,534</u>	<u>\$ 384</u>	<u>\$ 23,743</u>	<u>\$ 47,828</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Deferred Revenue	\$ ---	\$ ---	\$ ---	\$ 1	\$ ---	\$ 1
Total Liabilities	<u>---</u>	<u>---</u>	<u>---</u>	<u>1</u>	<u>---</u>	<u>1</u>
Fund Balances:						
Reserved for Trust Principal	23	75	23,534	365	23,743	47,740
Unreserved	---	69	---	18	---	87
Total Fund Balances	<u>23</u>	<u>144</u>	<u>23,534</u>	<u>383</u>	<u>23,743</u>	<u>47,827</u>
Total Liabilities and Fund Balances	<u>\$ 23</u>	<u>\$ 144</u>	<u>\$ 23,534</u>	<u>\$ 384</u>	<u>\$ 23,743</u>	<u>\$ 47,828</u>

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

	Arrow Rock State Historic Site Endowment	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Missouri Investment Trust	Totals June 30, 2005
Revenues:						
Investment Earnings:						
Net Increase in the Fair Value of Investments Interest	\$ --- 1	\$ --- 3	\$ 113 4	\$ --- 8	\$ 1,791 ---	\$ 1,904 16
Penalties and Unclaimed Properties	---	---	169	---	---	169
Total Revenues	1	3	286	8	1,791	2,089
Expenditures:						
Human Services	---	---	---	5	---	5
Total Expenditures	---	---	---	5	---	5
Excess Revenues	1	3	286	3	1,791	2,084
Other Financing Sources:						
Transfers In	---	---	900	---	---	900
Total Other Financing Sources	---	---	900	---	---	900
Net Change in Fund Balances	1	3	1,186	3	1,791	2,984
Fund Balances – Beginning	22	141	22,348	380	21,952	44,843
Fund Balances – Ending	\$ 23	\$ 144	\$ 23,534	\$ 383	\$ 23,743	\$ 47,827

STATE OF MISSOURI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
ALL APPROPRIATED PERMANENT FUNDS
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

	Arrow Rock State Historic Site Endowment			Confederate Memorial Park			State Public School			Smith Memorial Endowment Trust		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:												
Interest	\$ ---	\$ 1	\$ 1	\$ 3	\$ 4	\$ 1	\$ ---	\$ 132	\$ 132	\$ 7	\$ 7	\$ ---
Penalties and Unclaimed Property	---	---	---	---	---	---	---	168	168	---	---	---
Cost Reimbursement/Miscellaneous	---	---	---	---	---	---	---	1	1	---	---	---
Total Revenues	---	1	1	3	4	1	---	301	301	7	7	---
Expenditures:												
Human Services	---	---	---	---	---	---	---	---	---	35	5	30
Total Expenditures	---	---	---	---	---	---	---	---	---	35	5	30
Excess Revenues (Expenditures)	---	1	1	3	4	1	---	301	301	(28)	2	30
Other Financing Sources:												
Transfers In	---	---	---	---	---	---	2,500	900	(1,600)	---	---	---
Total Other Financing Sources	---	---	---	---	---	---	2,500	900	(1,600)	---	---	---
Net Change in Fund Balances	---	1	1	3	4	1	2,500	1,201	(1,299)	(28)	2	30
Fund Balances – Beginning	22	22	---	141	141	---	4,530	3,279	(1,251)	363	380	17
Fund Balances – Ending	<u>\$ 22</u>	<u>\$ 23</u>	<u>\$ 1</u>	<u>\$ 144</u>	<u>\$ 145</u>	<u>\$ 1</u>	<u>\$ 7,030</u>	<u>\$ 4,480</u>	<u>\$ (2,550)</u>	<u>\$ 335</u>	<u>\$ 382</u>	<u>\$ 47</u>
Reconciling Items:												
Reclassifying Cash Equivalents as Investments		(16)			(104)			(4,216)			(272)	
Investments at Fair Value		16			102			23,270			272	
Interest Receivable		---			1			---			2	
Deferred Revenue		---			---			---			(1)	
Fund Balance – GAAP Basis		<u>\$ 23</u>			<u>\$ 144</u>			<u>\$ 23,534</u>			<u>\$ 383</u>	

Note: The Missouri Investment Trust Fund is not presented on the budgetary comparison schedule because it is a non-appropriated fund, and does not have a legally adopted budget.

This schedule is continued on page 114.

	Totals		
	Budget	Actual	Variance
Revenues:			
Interest	\$ 10	\$ 144	\$ 134
Penalties and Unclaimed Property	---	168	168
Cost Reimbursement/Miscellaneous	---	1	1
Total Revenues	10	313	303
Expenditures:			
Human Services	35	5	30
Total Expenditures	35	5	30
Excess Revenues (Expenditures)	(25)	308	333
Other Financing Sources:			
Transfers In	2,500	900	(1,600)
Total Other Financing Sources	2,500	900	(1,600)
Net Change in Fund Balances	2,475	1,208	(1,267)
Fund Balances – Beginning	5,056	3,822	(1,234)
Fund Balances – Ending	<u>\$ 7,531</u>	<u>\$ 5,030</u>	<u>\$ (2,501)</u>
Reconciling Items:			
Reclassifying Cash Equivalents as Investments		(4,608)	
Investments at Fair Value		23,660	
Interest Receivable		3	
Deferred Revenue		(1)	
Fund Balance – GAAP Basis		<u>\$ 24,084</u>	

Note: The Missouri Investment Trust Fund is not presented on the budgetary comparison schedule because it is a non-appropriated fund, and does not have a legally adopted budget.

This schedule is continued from page 113.



*The **Enterprise Funds** account for operations that are financed and operated in a manner similar to private business enterprises.*

Non-Major Enterprise Funds:

State Fair Fees – Accounts for the fairground admission fees used to improve the grounds and to pay the operating costs of the state fair.

State Parks – Accounts for park concessions and contributions which are used to acquire and operate state parks.

Natural Resources Revolving Services – Accounts for moneys received from the delivery of services and the sale or resale of maps, plats, reports, studies, records and other publications and documents.

Historic Preservation Revolving – Accounts for gifts, grants, and contributions used to acquire, preserve, restore, maintain or operate any historical properties.

Missouri Veterans' Homes – Accounts for fees to provide services for persons confined to one of the veterans' homes.

State Agency for Surplus Property – Accounts for the surplus property operation.

Department of Revenue Information – Accounts for fees received by the Department of Revenue for publications and used to pay the costs of providing this information.

**STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
June 30, 2005
(In Thousands of Dollars)**

	State Fair Fees	State Parks	Natural Resources Revolving Services	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Totals June 30, 2005
ASSETS								
Current Assets:								
Cash and Cash Equivalents	\$ 97	\$ 526	\$ 185	\$ 243	\$ 160	\$ 556	\$ 276	\$ 2,043
Investments	238	1,260	457	598	403	1,376	652	4,984
Accounts Receivable, Net	---	3	24	---	199	207	61	494
Interest Receivable	2	---	---	5	10	---	---	17
Due from Other Funds	2	1	35	---	---	---	---	38
Inventories	---	517	447	---	282	342	---	1,588
Prepaid Items	---	---	22	---	---	1	---	23
Loans Receivable	---	---	---	500	---	---	---	500
Noncurrent Assets:								
Assets Held for Resale	---	---	---	115	---	---	---	115
Capital Assets:								
Construction in Progress	---	5,832	---	4	---	---	---	5,836
Land	---	5,395	---	---	---	---	---	5,395
Land Improvements	59	4,552	---	---	38	169	---	4,818
Buildings	3	20,906	---	480	164	161	---	21,714
Equipment	292	9,402	14,871	39	4,899	687	377	30,567
Less Accumulated Depreciation	(243)	(16,030)	(11,922)	(129)	(2,995)	(928)	(355)	(32,602)
Total Capital Assets (Net of Accumulated Depreciation)	111	30,057	2,949	394	2,106	89	22	35,728
Total Assets	450	32,364	4,119	1,855	3,160	2,571	1,011	45,530
LIABILITIES								
Current Liabilities:								
Accounts Payable	8	104	21	---	32	16	19	200
Accrued Payroll	33	49	3	2	1,395	23	10	1,515
Due to Other Funds	7	26	27	1	561	18	5	645
Unearned Revenue	---	---	41	---	---	---	---	41
Compensated Absences	2	44	4	1	1,601	55	14	1,721
Noncurrent Liabilities:								
Compensated Absences	---	---	2	---	---	5	---	7
Total Liabilities	50	223	98	4	3,589	117	48	4,129
NET ASSETS								
Invested in Capital Assets, Net of Related Debt	111	30,057	2,949	394	2,106	89	22	35,728
Unrestricted	289	2,084	1,072	1,457	(2,535)	2,365	941	5,673
Total Net Assets	\$ 400	\$ 32,141	\$ 4,021	\$ 1,851	\$ (429)	\$ 2,454	\$ 963	\$ 41,401

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

	State Fair Fees	State Parks	Natural Resources Revolving Service	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Totals June 30, 2005
Operating Revenues:								
Licenses, Fees and Permits	2,762	4,752	21	---	---	---	---	7,535
Sales	---	691	151	3	202	2,549	1,858	5,454
Leases and Rentals	989	1,844	---	---	---	---	---	2,833
Charges for Services	---	---	70	---	21,412	---	---	21,482
Cost Reimbursement/Miscellaneous	---	22	54	---	2	---	---	78
Total Operating Revenues	3,751	7,309	296	3	21,616	2,549	1,858	37,382
Operating Expenses:								
Cost of Goods Sold	---	---	---	---	---	1,078	---	1,078
Personal Service	925	1,167	84	33	43,526	926	603	47,264
Operations	2,530	4,954	670	37	9,215	502	458	18,366
Inventories	3	19	48	---	4,848	10	69	4,997
Specific Programs	24	18	---	---	405	---	---	447
Depreciation	47	1,365	938	12	518	31	22	2,933
Other Charges	165	192	5	---	233	---	42	637
Total Operating Expenses	3,694	7,715	1,745	82	58,745	2,547	1,194	75,722
Operating Income (Loss)	57	(406)	(1,449)	(79)	(37,129)	2	664	(38,340)
Non-Operating Revenues (Expenses):								
Contributions and Intergovernmental	90	257	1,199	---	24,771	---	42	26,359
Investment Earnings:								
Net Increase (Decrease) in the								
Fair Value of Investments	---	7	---	---	3	1	(2)	9
Interest	8	---	---	24	45	44	---	121
Penalties and Unclaimed Properties	---	1	---	---	---	---	---	1
Disposal of Capital Assets	---	---	(2)	(185)	(11)	---	---	(198)
Miscellaneous Revenues	---	---	---	---	---	87	---	87
Total Non-Operating Revenues (Expenses)	98	265	1,197	(161)	24,808	132	40	26,379
Income (Loss) Before Transfers	155	(141)	(252)	(240)	(12,321)	134	704	(11,961)
Transfers In	---	---	---	---	12,000	---	---	12,000
Transfers Out	(1)	(3)	---	---	(12)	(40)	(1)	(57)
Change in Net Assets	154	(144)	(252)	(240)	(333)	94	703	(18)
Total Net Assets - Beginning	246	32,285	4,273	2,091	(96)	2,360	260	41,419
Total Net Assets - Ending	\$ 400	\$ 32,141	\$ 4,021	\$ 1,851	\$ (429)	\$ 2,454	\$ 963	\$ 41,401

STATE OF MISSOURI
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

	State Fair Fees	State Parks	Natural Resources Revolving Service	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Totals June 30, 2005
Cash Flows from Operating Activities:								
Receipts from Customers and Users	\$ 3,751	\$ 7,284	\$ 229	\$ 3	\$ 21,583	\$ 2,514	\$ 1,867	\$ 37,231
Payments to Suppliers	(2,612)	(6,201)	(712)	(36)	(14,997)	(1,863)	(443)	(26,864)
Payments to Employees	(1,030)	(14)	(83)	(33)	(43,192)	(926)	(649)	(45,927)
Payments Made for Program Expense	(24)	(18)	---	---	(405)	---	---	(447)
Other Receipts (Payments)	(165)	(170)	49	---	(231)	---	(42)	(559)
Net Cash Provided (Used) by Operating Activities	<u>(80)</u>	<u>881</u>	<u>(517)</u>	<u>(66)</u>	<u>(37,242)</u>	<u>(275)</u>	<u>733</u>	<u>(36,566)</u>
Cash Flows from Non-Capital Financing Activities:								
Loans Made to Outside Entities	---	---	---	12	---	---	---	12
Due to/from Other Funds	(10)	12	124	1	76	(1)	(14)	188
Contributions and Intergovernmental	90	257	1,199	---	24,771	---	42	26,359
Transfers to/from Other Funds	(1)	(3)	---	---	11,988	(40)	(1)	11,943
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>79</u>	<u>266</u>	<u>1,323</u>	<u>13</u>	<u>36,835</u>	<u>(41)</u>	<u>27</u>	<u>38,502</u>
Cash Flows from Capital and Related Financing Activities:								
Purchases and Construction of Capital Assets	(60)	(3,501)	(583)	(1)	(662)	(7)	---	(4,814)
Disposal of Capital Assets	---	1	(2)	---	---	---	---	(1)
Net Cash Used by Capital and Related Financing Activities	<u>(60)</u>	<u>(3,500)</u>	<u>(585)</u>	<u>(1)</u>	<u>(662)</u>	<u>(7)</u>	<u>---</u>	<u>(4,815)</u>
Cash Flows from Investing Activities:								
Proceeds from Investment Maturities	34	1,635	---	14	713	111	---	2,507
Purchase of Investments	---	---	(163)	---	---	---	(517)	(680)
Interest and Dividends Received	7	---	---	21	40	44	---	112
Penalties and Other Receipts	---	---	---	---	---	87	---	87
Net Cash Provided (Used) by Investing Activities	<u>41</u>	<u>1,635</u>	<u>(163)</u>	<u>35</u>	<u>753</u>	<u>242</u>	<u>(517)</u>	<u>2,026</u>
Net Increase (Decrease) in Cash	(20)	(718)	58	(19)	(316)	(81)	243	(853)
Cash and Cash Equivalents, Beginning of Year	117	1,244	127	262	476	637	33	2,896
Cash and Cash Equivalents, End of Year	<u><u>\$ 97</u></u>	<u><u>\$ 526</u></u>	<u><u>\$ 185</u></u>	<u><u>\$ 243</u></u>	<u><u>\$ 160</u></u>	<u><u>\$ 556</u></u>	<u><u>\$ 276</u></u>	<u><u>\$ 2,043</u></u>
 Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:								
Operating Income (Loss)	\$ 57	\$ (406)	\$ (1,449)	\$ (79)	\$ (37,129)	\$ 2	\$ 664	\$ (38,340)
Depreciation Expense	47	1,365	938	12	518	31	22	2,933
Changes in Assets and Liabilities:								
Accounts Receivable	---	(3)	(13)	---	(31)	(35)	9	(73)
Inventories	---	(33)	(11)	---	(24)	(109)	69	(108)
Accounts Payable	(79)	(28)	17	---	(910)	(164)	15	(1,149)
Accrued Payroll	(28)	(13)	1	1	203	(2)	(16)	146
Compensated Absences	(77)	(1)	---	---	131	2	(30)	25
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (80)</u></u>	<u><u>\$ 881</u></u>	<u><u>\$ (517)</u></u>	<u><u>\$ (66)</u></u>	<u><u>\$ (37,242)</u></u>	<u><u>\$ (275)</u></u>	<u><u>\$ 733</u></u>	<u><u>\$ (36,566)</u></u>



*The **Internal Service Funds** account for the financing of goods or services provided by one department or agency to other departments or agencies of the State on a cost-reimbursement basis.*

Internal Service Funds:

Natural Resources Cost Allocation – Accounts for the administrative costs of the Department of Natural Resources.

Mental Health Interagency Payments – Accounts for moneys received through interagency agreements for services provided by other agencies.

State Facility Maintenance and Operation – Accounts for moneys transferred or paid to the Office of Administration as operating expenses, and for rent expenses of certain state-owned facilities.

Office of Administration Revolving – Accounts for the following operations: printing services, flight operations, vehicle management, garage services, data processing and telecommunication services, building and grounds, insurance services, postage, and personnel administration.

Working Capital Revolving – Accounts for the operation of correctional industry programs and correctional farm programs.

General Government Revolving – Accounts for various service operations of the House of Representatives, Supreme Court, Adjutant General, Senate, Treasurer and Department of Corrections.

Social Services Administrative Trust – Accounts for moneys transferred or paid to the Department of Social Services from any governmental entity or the public for goods and services provided.

Economic Development – Administrative – Accounts for moneys collected for goods and services provided to other divisions and used to pay the cost of providing such services.

Professional Registration Fees – Accounts for moneys received from the professional boards for administrative services.

Conservation Employees' Insurance Plan – Accounts for health insurance coverage on a self-insured basis and life insurance coverage by a third party provider for the Department of Conservation employees.

Transportation Self-Insurance Plan – Accounts for highway and highway patrol moneys used to pay workers' compensation claims. Moneys are also used to pay auto claims against the Department of Transportation.

Missouri State Employees' Insurance Plan – Accounts for long-term disability and death benefits provided on a self-insured basis for state employees.

Missouri Consolidated Health Care Plan – Accounts for medical care benefits provided on a self-insured basis for state employees.

Highway and Transportation Employees' and Highway Patrol Insurance Plan – Accounts for the medical coverage provided on a self-insured basis and death benefits provided on an insured basis to Department of Transportation employees and members of the Missouri State Highway Patrol.

STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2005
(In Thousands of Dollars)

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fees	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	Highway and Transportation Employees' and Highway Patrol Insurance Plan	Totals June 30, 2005
ASSETS															
Current Assets:															
Cash and Cash Equivalents	\$ 273	\$ 202	\$ 384	\$ 2,855	\$ 2,111	\$ 496	\$ 54	\$ 114	\$ 59	\$ 5,391	\$ ---	\$ ---	\$ 129,012	\$ 23,800	\$ 164,751
Investments	649	498	946	8,345	5,208	1,224	134	276	145	---	40,256	1,942	---	8,906	68,529
Accounts Receivable, Net	---	---	---	1,331	643	8,647	---	15	---	394	90	1,036	2,754	142	15,052
Interest Receivable	---	---	---	---	---	---	---	---	---	---	285	---	---	---	285
Due from Other Funds	---	546	34	3,544	958	---	644	15	---	---	---	1	12,693	---	18,435
Inventories	---	16	---	241	10,906	---	124	2	12	---	---	---	---	---	11,301
Prepaid Items	---	---	---	---	---	---	---	---	---	---	---	---	51	---	51
Noncurrent Assets:															
Restricted Assets:															
Cash and Cash Equivalents	---	---	5,694	914	---	---	---	---	---	---	---	---	---	---	6,608
Investments	---	---	---	---	---	---	---	---	---	---	198	---	---	---	198
Capital Assets:															
Construction in Progress	239	---	163,346	7,202	49	---	---	---	---	---	---	---	---	---	170,836
Land	---	---	8,332	---	103	---	---	---	---	---	---	---	---	---	8,435
Land Improvements	---	---	2,958	---	---	---	---	---	---	---	---	---	---	---	2,958
Buildings	---	---	223,083	7,310	6,459	---	---	---	2,300	---	---	---	---	---	239,152
Equipment	5,408	2,628	6,161	33,644	23,661	68	523	775	1,693	---	---	---	2,446	---	77,007
Less Accumulated Depreciation	(4,070)	(819)	(134,456)	(32,151)	(22,478)	(49)	(325)	(602)	(1,651)	---	---	---	(1,944)	---	(198,545)
Total Capital Assets (Net of Accumulated Depreciation)	1,577	1,809	269,424	16,005	7,794	19	198	173	2,342	---	---	---	502	---	299,843
Total Assets	2,499	3,071	276,482	33,235	27,620	10,386	1,154	595	2,558	5,785	40,829	2,979	145,012	32,848	585,053
LIABILITIES															
Current Liabilities:															
Accounts Payable	7	16	217	3,238	---	2	36	4	32	---	96	2,642	6,688	1,169	14,147
Accrued Payroll	219	4	215	450	288	37	2	48	112	---	---	---	---	---	1,375
Due to Other Funds	90	10	103	169	130	17	10	20	50	---	---	---	---	---	599
Unearned Revenue	---	---	---	245	---	---	---	---	---	---	---	---	17,094	6,708	24,047
Claims Liability	---	---	---	---	---	---	---	---	---	2,548	13,725	---	36,707	8,100	61,080
Obligations under Lease Purchase	---	---	73	924	---	---	---	---	---	---	---	---	44	---	1,041
Compensated Absences	385	---	516	851	602	68	2	93	212	---	---	---	157	---	2,886
Noncurrent Liabilities:															
Claims Liability	---	---	---	---	---	---	---	---	---	---	32,202	---	---	1,019	33,221
Obligations under Lease Purchase	---	---	983	364	---	---	---	---	---	---	---	---	87	---	1,434
Compensated Absences	159	---	---	302	74	18	5	---	---	---	---	---	28	---	586
Total Liabilities	860	30	2,107	6,543	1,094	142	55	165	406	2,548	46,023	2,642	60,805	16,996	140,416
NET ASSETS															
Invested in Capital Assets, Net of Related Debt	1,577	1,809	268,368	14,717	7,794	19	198	173	2,342	---	---	---	371	---	297,368
Restricted for:															
Revenue Bonds	---	---	5,694	---	---	---	---	---	---	---	---	---	---	---	5,694
Other Purposes	---	---	---	914	---	---	---	---	---	---	198	---	---	---	1,112
Unrestricted	62	1,232	313	11,061	18,732	10,225	901	257	(190)	3,237	(5,392)	337	83,836	15,852	140,463
Total Net Assets	\$ 1,639	\$ 3,041	\$ 274,375	\$ 26,692	\$ 26,526	\$ 10,244	\$ 1,099	\$ 430	\$ 2,152	\$ 3,237	\$ (5,194)	\$ 337	\$ 84,207	\$ 15,852	\$ 444,637

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fees	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	Highway and Transportation Employees' and Highway Patrol Insurance Plan	Totals June 30, 2005
Operating Revenues:															
Employer Contributions	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 8,007	\$ 18,519	\$ ---	\$ 340,471	\$ 61,148	\$ 428,145
Employee Contributions	---	---	---	---	---	---	---	---	---	4,724	---	27,305	79,113	26,025	137,167
Licenses, Fees and Permits	---	---	---	---	---	2,079	---	---	---	---	---	---	---	---	2,079
Sales	2	---	1	---	27,425	23	8	1	6	---	---	---	---	---	27,466
Leases and Rentals	---	---	20,167	---	103	8	233	---	---	---	---	---	---	---	20,511
Charges for Services	9,776	5,140	588	71,649	---	2,849	4,383	2,085	6,452	---	---	---	---	---	102,922
Cost Reimbursement/Miscellaneous	2	---	---	762	4	35	---	76	38	488	199	437	---	564	2,605
Total Operating Revenues	9,780	5,140	20,756	72,411	27,532	4,994	4,624	2,162	6,496	13,219	18,718	27,742	419,584	87,737	720,895
Operating Expenses:															
Cost of Goods Sold	---	---	---	4,021	10,720	---	---	---	---	---	---	---	---	---	14,741
Personal Service	6,819	187	8,565	14,812	10,933	1,184	34	1,650	3,661	---	---	356	3,921	---	52,122
Operations	2,856	1,692	18,555	47,158	6,373	2,148	4,180	489	2,156	1,624	1,620	143	16,337	8,348	113,679
Inventories	53	8	77	762	717	4	---	17	99	---	---	---	---	---	1,737
Specific Programs	12	2,066	9	---	16	---	---	1	---	---	---	---	---	---	2,104
Insurance Benefits	---	---	---	---	---	---	---	---	---	9,900	20,378	27,272	370,454	73,999	502,003
Depreciation	732	512	7,870	3,249	1,440	10	49	71	302	---	---	---	195	---	14,430
Other Charges	150	61	58	1,142	1,526	30	---	15	55	43	---	---	---	127	3,207
Total Operating Expenses	10,622	4,526	35,134	71,144	31,725	3,376	4,263	2,243	6,273	11,567	21,998	27,771	390,907	82,474	704,023
Operating Income (Loss)	(842)	614	(14,378)	1,267	(4,193)	1,618	361	(81)	223	1,652	(3,280)	(29)	28,677	5,263	16,872
Non-Operating Revenues (Expenses):															
Contributions and Intergovernmental	---	---	192	---	---	20	---	---	---	---	---	---	---	---	212
Interest Expense	---	---	(446)	(105)	---	---	---	---	---	---	---	---	---	---	(551)
Investment Earnings:															
Net Increase (Decrease) in the Fair Value of Investments	2	1	5	---	9	(1)	---	---	---	---	98	---	---	7	121
Interest	---	---	273	---	---	---	---	---	---	104	1,131	49	2,492	651	4,700
Penalties and Unclaimed Properties	---	---	---	---	---	---	1	---	---	---	---	---	---	---	1
Disposal of Capital Assets	(1)	---	(6)	(29)	(27)	---	---	(2)	(50)	---	---	---	---	---	(115)
Total Non-Operating Revenues (Expenses)	1	1	18	(134)	(18)	19	1	(2)	(50)	104	1,229	49	2,492	658	4,368
Income (Loss) Before Transfers	(841)	615	(14,360)	1,133	(4,211)	1,637	362	(83)	173	1,756	(2,051)	20	31,169	5,921	21,240
Transfers Out	---	---	---	(2)	(2)	(1)	---	---	---	---	---	---	---	---	(5)
Change in Net Assets	(841)	615	(14,360)	1,131	(4,213)	1,636	362	(83)	173	1,756	(2,051)	20	31,169	5,921	21,235
Total Net Assets – Beginning	2,480	2,426	288,735	25,561	30,739	8,608	737	513	1,979	1,481	(3,143)	317	53,038	9,931	423,402
Total Net Assets – Ending	\$ 1,639	\$ 3,041	\$ 274,375	\$ 26,692	\$ 26,526	\$ 10,244	\$ 1,099	\$ 430	\$ 2,152	\$ 3,237	\$ (5,194)	\$ 337	\$ 84,207	\$ 15,852	\$ 444,637

STATE OF MISSOURI
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fees	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	Highway and Transportation Employees' and Highway Patrol Insurance Plan	Totals June 30, 2005
Cash Flows from Operating Activities:															
Receipts from Customers and Users	\$ 9,778	\$ 5,140	\$ 20,756	\$ 72,298	\$ 27,932	\$ 3,793	\$ 4,624	\$ 2,170	\$ 6,458	\$ 12,723	\$ 18,430	\$ 27,196	\$ 423,269	\$ 87,539	\$ 722,106
Payments to Suppliers	(2,912)	(1,733)	(18,858)	(51,799)	(17,295)	(2,160)	(4,216)	(522)	(2,377)	(1,624)	(1,797)	(9)	(29,013)	(8,591)	(142,906)
Payments to Employees	(6,732)	(183)	(8,659)	(14,787)	(10,975)	(1,180)	(27)	(1,658)	(3,661)	---	---	(356)	(3,924)	---	(52,142)
Payments Made for Program Expense	(12)	(2,066)	(9)	---	(16)	---	---	(1)	---	(9,538)	(14,399)	(27,272)	(348,198)	(73,130)	(474,641)
Other Receipts (Payments)	(148)	(61)	(58)	(380)	(1,522)	5	---	61	(17)	445	199	437	---	437	(602)
Net Cash Provided (Used) by Operating Activities	(26)	1,097	(6,828)	5,332	(1,876)	458	381	50	403	2,006	2,433	(4)	42,134	6,255	51,815
Cash Flows from Non-Capital Financing Activities:															
Due to/from Other Funds	13	67	(605)	(17)	1,042	2	(543)	(7)	(9)	---	---	137	276	---	356
Contributions and Intergovernmental	---	---	192	---	---	20	---	---	---	---	---	---	---	---	212
Transfers to Other Funds	---	---	---	(2)	(2)	(1)	---	---	---	---	---	---	---	---	(5)
Net Cash Provided (Used) by Non-Capital Financing Activities	13	67	(413)	(19)	1,040	21	(543)	(7)	(9)	---	---	137	276	---	563
Cash Flows from Capital and Related Financing Activities:															
Interest Expense	---	---	(446)	(105)	---	---	---	---	---	---	---	---	---	---	(551)
Purchase or Construction of Capital Assets	(495)	(1,293)	(15,695)	(1,904)	(1,722)	(2)	---	(61)	(463)	---	---	---	(268)	---	(21,903)
Capital Lease Downpayment/Obligations	---	---	(10)	(1,296)	---	---	---	---	---	---	---	---	131	---	(1,175)
Disposal of Capital Assets	(1)	---	5,842	(659)	1	---	---	(2)	1	---	---	---	---	---	5,182
Net Cash Used by Capital and Related Financing Activities	(496)	(1,293)	(10,309)	(3,964)	(1,721)	(2)	---	(63)	(462)	---	---	---	(137)	---	(18,447)
Cash Flows from Investing Activities:															
Proceeds from Sales and Investment Maturities	352	83	14,758	---	1,707	---	110	11	45	---	5,449	499,067	---	6,000	527,582
Purchase of Investments	---	---	---	(1,092)	---	(354)	---	---	---	---	(8,942)	(499,246)	---	(2,974)	(512,608)
Interest and Dividends Received	---	---	273	---	---	---	---	---	---	104	1,060	49	2,492	649	4,627
Penalties and Other Receipts	---	---	---	---	---	---	1	---	---	---	---	---	---	---	1
Net Cash Provided (Used) by Investing Activities	352	83	15,031	(1,092)	1,707	(354)	111	11	45	104	(2,433)	(130)	2,492	3,675	19,602
Net Increase (Decrease) in Cash	(157)	(46)	(2,519)	257	(850)	123	(51)	(9)	(23)	2,110	---	3	44,765	9,930	53,533
Cash and Cash Equivalents, Beginning of Year	430	248	8,597	3,512	2,961	373	105	123	82	3,281	---	(3)	84,247	13,870	117,826
Cash and Cash Equivalents, End of Year	\$ 273	\$ 202	\$ 6,078	\$ 3,769	\$ 2,111	\$ 496	\$ 54	\$ 114	\$ 59	\$ 5,391	\$ ---	\$ ---	\$ 129,012	\$ 23,800	\$ 171,359

Reconciliation of Operating Income of Net Cash
Provided (Used) by Operating Activities:

Operating Income (Loss)	\$ (842)	\$ 614	\$ (14,378)	\$ 1,267	\$ (4,193)	\$ 1,618	\$ 361	\$ (81)	\$ 223	\$ 1,652	\$ (3,280)	\$ (29)	\$ 28,677	\$ 5,263	\$ 16,872
Depreciation Expense	732	512	7,870	3,249	1,440	10	49	71	302	---	---	---	195	---	14,430
Changes in Assets and Liabilities:															
Accounts Receivable	---	---	---	480	404	(1,166)	---	84	---	(8)	(90)	(109)	32	(117)	(490)
Inventories	---	---	---	(30)	569	---	(3)	---	(1)	---	---	---	---	---	535
Prepaid Items	---	---	---	---	---	---	---	---	---	---	---	---	2	---	2
Accounts Payable	(3)	(33)	(226)	172	(54)	(8)	(33)	(16)	(121)	---	(177)	134	(12,678)	(244)	(13,287)
Accrued Payroll	22	4	(33)	(13)	(28)	4	1	(1)	(3)	---	---	---	---	---	(47)
Unearned Revenue	---	---	---	169	---	---	---	---	---	---	---	---	3,653	484	4,306
Claims Liability	---	---	---	---	---	---	---	---	---	362	5,980	---	22,256	869	29,467
Compensated Absences	65	---	(61)	38	(14)	---	6	(7)	3	---	---	---	(3)	---	27
Net Cash Provided (Used) by Operating Activities	\$ (26)	\$ 1,097	\$ (6,828)	\$ 5,332	\$ (1,876)	\$ 458	\$ 381	\$ 50	\$ 403	\$ 2,006	\$ 2,433	\$ (4)	\$ 42,134	\$ 6,255	\$ 51,815

Non-Cash Financing Activities:

During fiscal year 2005, a capital lease agreement was renegotiated in the Office of Administration Revolving Fund for Central Printing.
This resulted in a \$17,000 increase to the obligation under lease purchase in this fund as of June 30, 2005.



*The **Fiduciary Funds** account for assets held by the State in a trustee or agent capacity.*

Pension (and Other Employee Benefit) Trust Funds:

Missouri State Employees' Retirement System:

Missouri State Employees' Plan – Accounts for retirement, survivor and disability benefits paid to employees of the State who are not covered under another state-sponsored retirement plan.

Administrative Law Judges' and Advisors' Plan – Accounts for retirement, survivor and disability benefits paid to individuals appointed as administrative law judges or legal advisors in the Division of Workers' Compensation, members of the Labor and Industrial Relations Commission and their attorneys, the chairperson of the State Board of Mediation, and administrative hearing commissioners.

Judicial Plan – Accounts for retirement, survivor and disability benefits to judges in the State of Missouri.

Missouri Department of Transportation and Patrol Employees' Retirement System – Accounts for retirement, survivor and disability benefits paid to Department of Transportation employees and members of the Missouri State Highway Patrol.

Missouri State Employees' Deferred Compensation Incentive (IRC 401a) Plan – Accounts for retirement benefits paid to employees of the State.

Missouri State Public Employees' Deferred Compensation (IRC 457) Plan – Accounts for deposits from State employees, which are invested for the benefit of the employees until properly authorized to distribute.

Private-Purpose Trust Funds:

Alternative Care Trust – Accounts for all moneys received and spent by the Division of Family Services on behalf of children in their custody.

Johnson-Travis Memorial Trust – Accounts for all moneys, stocks and securities given to the State by Miss Pansy Johnson or for the benefit of the Pansy Johnson-Travis Memorial State Gardens. Moneys will be used solely to establish, develop and maintain the gardens.

Unclaimed Property – Accounts for moneys unpaid or unclaimed within one year after final settlement of any executor or administrator, assignee, sheriff or receiver and all unclaimed deposits, dividends and interest of banks unable to locate the owners.

Agency Funds:

State Retirement Contributions – Accounts for the receipt of contributions from various state funds which are to be transferred to the Missouri State Employees' Retirement Plan Trust Fund.

Social Security Contributions – Accounts for the receipt of contributions from various state funds for the State's share of social security contributions, which are due to the Federal Social Security Administration.

Missouri State Employees' Deferred Compensation Incentive Plan Administration – Accounts for moneys to be used for the payment by the State to deferred compensation investment companies on behalf of qualified state employees.

Missouri Consolidated Health Care Plan Benefit – Accounts for the receipt of contributions from various state funds, which are to be transferred to the Missouri Consolidated Health Care Plan Fund.

Missouri State Employees' Voluntary Life Insurance – Accounts for moneys withheld from employees' compensation for the contracts entered into with life insurance companies.

Program – Accounts for the receipt of various taxes, refundable deposits and other moneys to be held until the State has the right or obligation to distribute them to various entities or individuals.

Institution – Accounts for deposits to various institutional accounts and other receipts held by the State until there is proper authorization to disburse them directly to others.

STATE OF MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
June 30, 2005
(In Thousands of Dollars)

	Missouri State Employees' Retirement System		Missouri Department of Transportation and Patrol Employees' Retirement System	Deferred Compensation		Totals
	Missouri State Employees' Plan*	Judicial Plan		401 (a) Plan	457 Plan	June 30, 2005
ASSETS						
Cash and Cash Equivalents	\$ 556,731	\$ 4,129	\$ 1,503	\$ ---	\$ 2,475	\$ 564,838
Investments at Fair Value	5,910,510	43,831	1,416,616	209,427	940,859	8,521,243
Receivables:						
Accounts Receivable	544,566	4,941	28,416	70	---	577,993
Interest Receivable	17,110	127	3,022	---	---	20,259
Due from Other Funds	8,082	---	---	401	---	8,483
Invested Securities						
Lending Collateral	1,091,746	8,096	158,193	---	---	1,258,035
Prepaid Expenses	43	---	8	---	---	51
Capital Assets:						
Land	265	2	84	---	---	351
Buildings	3,327	25	582	---	---	3,934
Equipment	1,943	15	121	---	---	2,079
Accumulated Depreciation	(2,103)	(16)	(96)	---	---	(2,215)
Total Capital Assets, Net	3,432	26	691	---	---	4,149
Total Assets	8,132,220	61,150	1,608,449	209,898	943,334	10,955,051
LIABILITIES						
Accounts Payable	609,363	4,519	9,108	---	---	622,990
Securities Lending Collateral	1,091,514	8,095	158,193	---	---	1,257,802
Obligations under Lease Purchase	---	---	14	---	---	14
Compensated Absences	310	2	79	---	---	391
Total Liabilities	1,701,187	12,616	167,394	---	---	1,881,197
Net Assets Held in Trust for Benefits	\$ 6,431,033	\$ 48,534	\$ 1,441,055	\$ 209,898	\$ 943,334	\$ 9,073,854

*Administrative Law Judges' and Advisors' Plan was terminated April 26, 2005 per Senate Bill 202. All net assets were transferred to Missouri State Employees' Plan. See Note 2-Reporting Changes and Reclassifications.

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

	Missouri State Employees' Retirement System			Missouri Department of Transportation and Patrol Employees' Retirement System	Deferred Compensation		Totals
	Missouri State Employees' Plan	Administrative Law Judges' and Advisors' Plan*	Judicial Plan		401 (a) Plan	457 Plan	June 30, 2005
Additions:							
Contributions:							
Employer	\$ 194,524	\$ 1,125	\$ 21,853	\$ 102,240	\$ 11,249	\$ ---	\$ 330,991
Plan Member	4,122	---	---	---	---	61,230	65,352
Other	29	---	---	365	25,873	---	26,267
Total Contributions	<u>198,675</u>	<u>1,125</u>	<u>21,853</u>	<u>102,605</u>	<u>37,122</u>	<u>61,230</u>	<u>422,610</u>
Investment Earnings:							
Increase/decrease in Appreciation of Assets	778,853	2,203	5,792	152,403	10,990	71,983	1,022,224
Securities Lending Income	26,120	74	194	3,793	---	---	30,181
Total Investment Earnings	<u>804,973</u>	<u>2,277</u>	<u>5,986</u>	<u>156,196</u>	<u>10,990</u>	<u>71,983</u>	<u>1,052,405</u>
Less Investment Expenses:							
Investment Activity Expense	(54,730)	(155)	(407)	(8,268)	---	---	(63,560)
Securities Lending Expense	(22,902)	(65)	(170)	(3,287)	---	---	(26,424)
Total Investment Expense	<u>(77,632)</u>	<u>(220)</u>	<u>(577)</u>	<u>(11,555)</u>	<u>---</u>	<u>---</u>	<u>(89,984)</u>
Net Investment Earnings	<u>727,341</u>	<u>2,057</u>	<u>5,409</u>	<u>144,641</u>	<u>10,990</u>	<u>71,983</u>	<u>962,421</u>
Cost Reimbursement/ Miscellaneous	<u>1,232</u>	<u>4</u>	<u>9</u>	<u>31</u>	<u>---</u>	<u>---</u>	<u>1,276</u>
Total Additions	<u>927,248</u>	<u>3,186</u>	<u>27,271</u>	<u>247,277</u>	<u>48,112</u>	<u>133,213</u>	<u>1,386,307</u>
Deductions:							
Benefits	367,431	749	18,396	157,742	12,619	---	556,937
Administrative Expenses	5,968	17	44	1,883	50	---	7,962
Program Distributions	---	---	---	---	---	49,546	49,546
Service Transfer Payments	199	---	---	---	---	---	199
Depreciation	261	1	2	34	---	---	298
Total Deductions	<u>373,859</u>	<u>767</u>	<u>18,442</u>	<u>159,659</u>	<u>12,669</u>	<u>49,546</u>	<u>614,942</u>
Net Increase before transfer	553,389	2,419	8,829	87,618	35,443	83,667	771,365
Transfer per Senate Bill 202	<u>18,157</u>	<u>(18,157)</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Change in Net Assets	571,546	(15,738)	8,829	87,618	35,443	83,667	771,365
Net Assets Held in Trust for Benefits							
Beginning of Year	<u>5,859,487</u>	<u>15,738</u>	<u>39,705</u>	<u>1,353,437</u>	<u>174,455</u>	<u>859,667</u>	<u>8,302,489</u>
End of Year	<u>\$ 6,431,033</u>	<u>\$ ---</u>	<u>\$ 48,534</u>	<u>\$ 1,441,055</u>	<u>\$ 209,898</u>	<u>\$ 943,334</u>	<u>\$ 9,073,854</u>

*Administrative Law Judges' and Advisors' Plan was terminated April 26, 2005 per Senate Bill 202. All net assets were transferred to Missouri State Employees' Plan. See *Note 2*—Reporting Changes and Reclassifications.

STATE OF MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
June 30, 2005
(In Thousands of Dollars)

	Alternative Care Trust	Johnson- Travis Memorial Trust	Unclaimed Property	Totals June 30, 2005
ASSETS				
Cash and Cash Equivalents	\$ 1,007	\$ 8	\$ 5,707	\$ 6,722
Investments at Fair Value	2,483	68	14,070	16,621
Interest Receivable	20	---	---	20
Advance to Other Funds	---	---	61,607	61,607
Capital Assets:				
Equipment	---	---	24	24
Less: Accumulated Depreciation	---	---	(17)	(17)
Total Capital Assets, Net	---	---	7	7
Total Assets	3,510	76	81,391	84,977
LIABILITIES				
Accounts Payable	660	---	24	684
Escheats/Unclaimed Property	---	---	71,092	71,092
Due to Other Funds	---	---	12	12
Total Liabilities	660	---	71,128	71,788
NET ASSETS				
Net Assets Held in Trust for Other Purposes	\$ 2,850	\$ 76	\$ 10,263	\$ 13,189

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

	Alternative Care Trust	Johnson- Travis Memorial Trust	Unclaimed Property	Totals June 30, 2005
Additions:				
Increase/Decrease in Appreciation of Assets	\$ 86	\$ 9	\$ (30)	\$ 65
Unclaimed Property	---	---	30,404	30,404
Cost Reimbursement/Miscellaneous	10,266	5	---	10,271
Transfers In	---	---	1,401	1,401
Total Additions	10,352	14	31,775	42,141
Deductions:				
Administrative Expenses	---	---	1,209	1,209
Program Distributions	9,824	---	---	9,824
Depreciation	---	---	2	2
Transfers Out	---	---	20,301	20,301
Total Deductions	9,824	---	21,512	31,336
Change in Net Assets	528	14	10,263	10,805
Net Assets – Beginning	2,322	62	---	2,384
Net Assets – Ending	<u>\$ 2,850</u>	<u>\$ 76</u>	<u>\$ 10,263</u>	<u>\$ 13,189</u>

**STATE OF MISSOURI
COMBINING BALANCE SHEET
AGENCY FUNDS
June 30, 2005
(In Thousands of Dollars)**

	State Retirement Contributions	Social Security Contributions	Missouri State Employees' Deferred Compensation Incentive Plan Administration	Missouri Consolidated Health Care Plan Benefit	Program	Institution	Totals June 30, 2005
ASSETS							
Cash and Cash Equivalents	\$ ---	\$ 23	\$ ---	\$ ---	\$ 30,656	\$ 18,814	\$ 49,493
Investments at Fair Value	---	78	1	6	276,867	1,065	278,017
Receivables:							
Accounts Receivable	---	---	---	---	208,514	263	208,777
Interest Receivable	---	---	---	---	609	---	609
Due from Other Funds	8,083	5,123	400	12,687	---	---	26,293
Total Assets	<u>\$ 8,083</u>	<u>\$ 5,224</u>	<u>\$ 401</u>	<u>\$ 12,693</u>	<u>\$ 516,646</u>	<u>\$ 20,142</u>	<u>\$ 563,189</u>
LIABILITIES							
Accounts Payable	\$ ---	\$ ---	\$ ---	\$ ---	\$ 26	\$ ---	\$ 26
Due to Other Entities	---	5,224	---	---	487,111	---	492,335
Due to Individuals	---	---	---	---	29,494	20,142	49,636
Due to Other Funds	8,083	---	401	12,693	15	---	21,192
Total Liabilities	<u>\$ 8,083</u>	<u>\$ 5,224</u>	<u>\$ 401</u>	<u>\$ 12,693</u>	<u>\$ 516,646</u>	<u>\$ 20,142</u>	<u>\$ 563,189</u>

NOTE: The Missouri State Employees' Voluntary Life Insurance is not included in the Agency Funds Combining Balance Sheet because there were no assets or liabilities at June 30, 2005.

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
STATE RETIREMENT CONTRIBUTIONS				
ASSETS				
Cash and Cash Equivalents	\$ ---	\$ 200,383	\$ 200,383	\$ ---
Investments at Fair Value	11	1	12	---
Due from Other Funds	6,944	8,083	6,944	8,083
Total Assets	<u>\$ 6,955</u>	<u>\$ 208,467</u>	<u>\$ 207,339</u>	<u>\$ 8,083</u>
LIABILITIES				
Due to Other Funds	<u>\$ 6,955</u>	<u>\$ 608,372</u>	<u>\$ 607,244</u>	<u>\$ 8,083</u>
SOCIAL SECURITY CONTRIBUTIONS				
ASSETS				
Cash and Cash Equivalents	\$ 34	\$ 144,905	\$ 144,916	\$ 23
Investments at Fair Value	77	78	77	78
Due from Other Funds	5,663	5,123	5,663	5,123
Total Assets	<u>\$ 5,774</u>	<u>\$ 150,106</u>	<u>\$ 150,656</u>	<u>\$ 5,224</u>
LIABILITIES				
Due to Other Entities	<u>\$ 5,774</u>	<u>\$ 440,290</u>	<u>\$ 440,840</u>	<u>\$ 5,224</u>
DEFERRED COMPENSATION				
INCENTIVE PLAN ADMINISTRATION				
ASSETS				
Cash and Cash Equivalents	\$ ---	\$ 11,403	\$ 11,403	\$ ---
Investments at Fair Value	1	1	1	1
Due from Other Funds	461	400	461	400
Total Assets	<u>\$ 462</u>	<u>\$ 11,804</u>	<u>\$ 11,865</u>	<u>\$ 401</u>
LIABILITIES				
Due to Other Funds	<u>\$ 462</u>	<u>\$ 34,668</u>	<u>\$ 34,729</u>	<u>\$ 401</u>
MISSOURI CONSOLIDATED HEALTH CARE PLAN BENEFIT				
ASSETS				
Cash and Cash Equivalents	\$ 4	\$ 326,553	\$ 326,557	\$ ---
Investments at Fair Value	8	6	8	6
Due from Other Funds	12,957	12,687	12,957	12,687
Total Assets	<u>\$ 12,969</u>	<u>\$ 339,246</u>	<u>\$ 339,522</u>	<u>\$ 12,693</u>
LIABILITIES				
Due to Other Funds	<u>\$ 12,969</u>	<u>\$ 991,918</u>	<u>\$ 992,194</u>	<u>\$ 12,693</u>
MISSOURI STATE EMPLOYEES' VOLUNTARY LIFE INSURANCE PROGRAM				
ASSETS				
Cash and Cash Equivalents	\$ ---	\$ 601	\$ 601	\$ ---
LIABILITIES				
Due to Other Entities	<u>\$ ---</u>	<u>\$ 601</u>	<u>\$ 601</u>	<u>\$ ---</u>
ASSETS				
Cash and Cash Equivalents	\$ 23,026	\$ 4,179,403	\$ 4,171,773	\$ 30,656
Investments at Fair Value	256,505	1,294,723	1,274,361	276,867
Receivables:				
Accounts Receivable	193,122	15,599	207	208,514
Interest Receivable	178	3,589	3,158	609
Total Assets	<u>\$ 472,831</u>	<u>\$ 5,493,314</u>	<u>\$ 5,449,499</u>	<u>\$ 516,646</u>
LIABILITIES				
Accounts Payable	\$ 27	\$ 342	\$ 343	\$ 26
Due to Other Entities	445,582	4,573,161	4,531,632	487,111
Due to Individuals	27,045	914,731	912,282	29,494
Due to Other Funds	177	14	176	15
Total Liabilities	<u>\$ 472,831</u>	<u>\$ 5,488,248</u>	<u>\$ 5,444,433</u>	<u>\$ 516,646</u>
INSTITUTION				
ASSETS				
Cash and Cash Equivalents	\$ 16,046	\$ 130,734	\$ 127,966	\$ 18,814
Investments at Fair Value	1,055	36	26	1,065
Accounts Receivable	209	74	20	263
Total Assets	<u>\$ 17,310</u>	<u>\$ 130,844</u>	<u>\$ 128,012</u>	<u>\$ 20,142</u>
LIABILITIES				
Due to Individuals	<u>\$ 17,310</u>	<u>\$ 130,844</u>	<u>\$ 128,012</u>	<u>\$ 20,142</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	\$ 39,110	\$ 4,993,982	\$ 4,983,599	\$ 49,493
Investments at Fair Value	257,657	1,294,845	1,274,485	278,017
Receivables:				
Accounts Receivable	193,331	15,673	227	208,777
Interest Receivable	178	3,589	3,158	609
Due from Other Funds	26,025	26,293	26,025	26,293
Total Assets	<u>\$ 516,301</u>	<u>\$ 6,334,382</u>	<u>\$ 6,287,494</u>	<u>\$ 563,189</u>
LIABILITIES				
Accounts Payable	\$ 27	\$ 342	\$ 343	\$ 26
Due to Other Entities	451,356	5,014,052	4,973,073	492,335
Due to Individuals	44,355	1,045,575	1,040,294	49,636
Due to Other Funds	20,563	1,634,972	1,634,343	21,192
Total Liabilities	<u>\$ 516,301</u>	<u>\$ 7,694,941</u>	<u>\$ 7,648,053</u>	<u>\$ 563,189</u>



*The **Component Units** account for all transactions relating to legally separate entities which for reporting purposes are a part of the State.*

Non-Major Component Units:

Missouri Development Finance Board – Accounts for moneys from bond proceeds, gifts and grants to make loans for industrial development.

Agricultural and Small Business Development Authority – Accounts for moneys from bond proceeds, gifts and grants to make loans for property acquisitions/renovations and pollution control facilities.

Fulton 54 Transportation Corporation – Accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

Missouri Transportation Finance Corporation – Accounts for moneys from federal, state or local sources and from bond proceeds to be used for projects approved by the Missouri Highways and Transportation Commission.

Missouri Highway 179 Transportation Corporation – Accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

Missouri Highway 63 Transportation Corporation – Accounts for moneys from sales tax proceeds to pay for projects under the Missouri Transportation Corporation Act.

Springfield, MO State Highway Improvement Corporation – Accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

Wentzville Parkway Transportation Corporation – Accounts for moneys from bond proceeds to promote and develop public transportation facilities under the Missouri Transportation Corporation Act.

STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS
June 30, 2005
(In Thousands of Dollars)

	Missouri Development Finance Board	Agricultural and Small Business Development Authority	Fulton 54 Transportation Corporation	Missouri Transportation Finance Corporation	Missouri Highway 179 Transportation Corporation	Missouri Highway 63 Transportation Corporation	Springfield, MO State Highway Improvement Corporation	Wentzville Parkway Transportation Corporation	Totals June 30, 2005
ASSETS									
Current Assets:									
Cash and Cash Equivalents	\$ 2,519	\$ 6,472	\$ ---	\$ 6,834	\$ 5,568	\$ 293	\$ ---	\$ 5	\$ 21,691
Investments	16,121	---	874	---	177	---	---	---	17,172
Accounts Receivable, Net	---	---	1,244	---	---	---	---	---	1,244
Interest Receivable	265	25	1	302	1,073	---	---	11	1,677
Prepaid Items	68	---	---	---	---	---	---	---	68
Due from Other Governments	---	---	---	---	---	1,079	1,581	100	2,760
Due from Primary Government/Component Unit	---	---	2,165	1,690	2,764	59	3,667	---	10,345
Loans Receivable	2,365	565	---	4,993	---	---	---	---	7,923
Noncurrent Assets:									
Advance to Other Governments	---	---	---	---	---	7,677	---	3,509	11,186
Advance to Primary Government/Component Unit	---	---	3,365	22,179	9,871	---	---	8,850	44,265
Loans Receivable	4,987	2,579	---	6,096	---	---	---	---	13,662
Restricted Assets:									
Cash and Cash Equivalents	25,333	382	6	13,332	---	---	---	2,946	41,999
Investments	41,891	---	---	20,793	---	---	---	1,317	64,001
Deferred Charges	9	---	---	---	---	---	---	144	153
Capital Assets:									
Construction in Progress	10,421	---	---	---	---	---	---	---	10,421
Land	9,271	---	---	---	---	---	---	---	9,271
Buildings	26,769	---	---	---	---	---	---	---	26,769
Equipment	115	---	---	---	---	---	---	---	115
Less Accumulated Depreciation	(2,482)	---	---	---	---	---	---	---	(2,482)
Total Capital Assets (Net of Accumulated Depreciation)	44,094	---	---	---	---	---	---	---	44,094
Total Assets	137,652	10,023	7,655	76,219	19,453	9,108	5,248	16,882	282,240
LIABILITIES									
Current Liabilities:									
Accounts Payable	2,054	19	---	10	2	59	---	---	2,144
Due to Primary Government/Component Unit	---	655	---	---	---	1,168	1,690	---	3,513
Interest Payable	71	79	104	---	359	---	88	235	936
Bonds Payable	---	---	2,165	---	2,420	---	3,470	100	8,155
Noncurrent Liabilities:									
Advance from Primary Government/Component Unit	---	3,570	---	---	6,000	7,942	---	---	17,512
Deposits and Reserves	31,439	---	---	---	---	---	---	---	31,439
Bonds Payable	34,600	---	4,375	---	7,960	---	---	12,325	59,260
Total Liabilities	68,164	4,323	6,644	10	16,741	9,169	5,248	12,660	122,959
NET ASSETS									
Invested in Capital Assets, Net	9,494	---	---	---	---	---	---	---	9,494
Restricted for:									
Other Purposes	35,785	4,745	---	69,164	---	---	---	---	109,694
Unrestricted	24,209	955	1,011	7,045	2,712	(61)	---	4,222	40,093
Total Net Assets	\$ 69,488	\$ 5,700	\$ 1,011	\$ 76,209	\$ 2,712	\$ (61)	\$ ---	\$ 4,222	\$ 159,281

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
NON-MAJOR COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

	Missouri Development Finance Board	Agricultural and Small Business Development Authority	Fulton 54 Transportation Corporation	Missouri Transportation Finance Corporation	Missouri Highway 179 Transportation Corporation	Missouri Highway 63 Transportation Corporation	Springfield, MO State Highway Improvement Corporation	Wentzville Parkway Transportation Corporation	Totals June 30, 2005
Operating Revenues:									
Licenses, Fees and Permits	\$ 1,098	\$ 302	\$ ---	\$ 2	\$ ---	\$ ---	\$ ---	\$ ---	\$ 1,402
Interest on Receivables	233	195	---	1,262	117	---	---	---	1,807
Leases and Rentals	1,901	---	---	---	---	---	---	---	1,901
Cost Reimbursement/Miscellaneous	54	52	---	---	---	4,307	232	568	5,213
Total Operating Revenues	<u>3,286</u>	<u>549</u>	<u>---</u>	<u>1,264</u>	<u>117</u>	<u>4,307</u>	<u>232</u>	<u>568</u>	<u>10,323</u>
Operating Expenses:									
Personal Service	603	218	---	49	---	---	---	---	870
Operations	1,651	113	---	10	---	4,312	---	1	6,087
Specific Programs	---	1,831	---	---	---	---	---	---	1,831
Interest Expense	---	61	413	---	755	---	232	567	2,028
Depreciation	679	---	---	---	---	---	---	---	679
Amortization	4	---	---	---	---	---	---	22	26
Bad Debt Expense	9,449	---	---	---	---	---	---	---	9,449
Other Charges	43	---	109	7	---	---	---	---	159
Total Operating Expenses	<u>12,429</u>	<u>2,223</u>	<u>522</u>	<u>66</u>	<u>755</u>	<u>4,312</u>	<u>232</u>	<u>590</u>	<u>21,129</u>
Operating Income (Loss)	<u>(9,143)</u>	<u>(1,674)</u>	<u>(522)</u>	<u>1,198</u>	<u>(638)</u>	<u>(5)</u>	<u>---</u>	<u>(22)</u>	<u>(10,806)</u>
Non-Operating Revenues (Expenses):									
Contributions and Intergovernmental	20,514	1,693	---	---	---	---	---	---	22,207
Investment Earnings:									
Increase in Fair Value of Investments	---	---	---	96	---	---	---	---	96
Interest	1,242	95	385	637	---	31	---	35	2,425
Bond Interest and Related Expenses	(551)	---	---	---	---	---	---	---	(551)
Total Non-Operating Revenues (Expenses)	<u>21,205</u>	<u>1,788</u>	<u>385</u>	<u>733</u>	<u>---</u>	<u>31</u>	<u>---</u>	<u>35</u>	<u>24,177</u>
Income (Loss) Before Transfers	<u>12,062</u>	<u>114</u>	<u>(137)</u>	<u>1,931</u>	<u>(638)</u>	<u>26</u>	<u>---</u>	<u>13</u>	<u>13,371</u>
Transfers In	---	21	---	---	---	---	---	---	21
Change in Net Assets	<u>12,062</u>	<u>135</u>	<u>(137)</u>	<u>1,931</u>	<u>(638)</u>	<u>26</u>	<u>---</u>	<u>13</u>	<u>13,392</u>
 Total Net Assets – Beginning	 <u>57,426</u>	 <u>5,565</u>	 <u>1,148</u>	 <u>74,278</u>	 <u>3,350</u>	 <u>(87)</u>	 <u>---</u>	 <u>4,209</u>	 <u>145,889</u>
Total Net Assets – Ending	<u>\$ 69,488</u>	<u>\$ 5,700</u>	<u>\$ 1,011</u>	<u>\$ 76,209</u>	<u>\$ 2,712</u>	<u>\$ (61)</u>	<u>\$ ---</u>	<u>\$ 4,222</u>	<u>\$ 159,281</u>

STATE OF MISSOURI
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005
(In Thousands of Dollars)

	Missouri Development Finance Board	Agriculture and Small Business Development Authority	Fulton 54 Transportation Corporation	Missouri Transportation Finance Corporation	Missouri Highway 179 Transportation Corporation	Missouri Highway 63 Transportation Corporation	Springfield, MO State Highway Improvement Corporation	Wentzville Parkway Transportation Corporation	Totals June 30, 2005
Cash Flows from Operating Activities:									
Receipts from Customers and Users	\$ 3,185	\$ 570	\$ (234)	\$ 1,220	\$ 594	\$ 4,307	\$ 99	\$ 653	\$ 10,394
Loans to Outside Entities	10,742	(69)	---	1,412	---	---	---	---	12,085
Payments to Vendors and Suppliers	(1,988)	(101)	---	4	---	(5)	---	(1)	(2,091)
Payments to Employees	(542)	(218)	---	(49)	---	---	---	---	(809)
Payments Made for Program Expenses	---	(1,831)	---	---	---	(4,384)	---	---	(6,215)
Payments Made for Interest Expenses	---	(74)	(446)	---	(790)	---	(331)	(568)	(2,209)
Other Receipts (Payments)	---	---	(110)	(17)	---	(4,307)	232	(11)	(4,213)
Net Cash Provided (Used) by Operating Activities	<u>11,397</u>	<u>(1,723)</u>	<u>(790)</u>	<u>2,570</u>	<u>(196)</u>	<u>(4,389)</u>	<u>---</u>	<u>73</u>	<u>6,942</u>
Cash Flows from Non-Capital Financing Activities:									
Loans Receivable Principal Receipts	897	---	---	---	---	---	---	---	897
Loans Receivable Issuance	(5,716)	---	---	---	---	---	---	---	(5,716)
Due to/from Other Component Units and Primary Government	7,700	32	---	(1,690)	(175)	(48)	5,357	---	11,176
Advance to/from Other Component Units and Primary Government	---	(20)	2,165	(1,026)	2,764	4,296	(357)	---	7,822
Contributions and Intergovernmental	---	1,693	---	---	---	---	---	---	1,693
Transfers from Other Funds	---	21	---	---	---	---	---	---	21
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>2,881</u>	<u>1,726</u>	<u>2,165</u>	<u>(2,716)</u>	<u>2,589</u>	<u>4,248</u>	<u>5,000</u>	<u>---</u>	<u>15,893</u>
Cash Flows from Capital and Related Financing Activities:									
Interest Expense	(496)	---	---	---	---	31	---	---	(465)
Purchases and Construction of Capital Assets	(6,484)	---	---	---	---	---	---	---	(6,484)
Bond Principal Payments (Receipts)	8,800	---	(2,165)	---	(2,315)	---	(5,000)	(85)	(765)
Contributions for Tax Credit Program	4,714	---	---	---	---	---	---	---	4,714
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>6,534</u>	<u>---</u>	<u>(2,165)</u>	<u>---</u>	<u>(2,315)</u>	<u>31</u>	<u>(5,000)</u>	<u>(85)</u>	<u>(3,000)</u>
Cash Flows from Investing Activities:									
Proceeds from Investment Maturities	197,966	---	---	---	---	---	---	---	197,966
Purchase or Increase in Fair Value of Investments	(205,915)	---	---	(20,697)	(177)	---	---	(1,317)	(228,106)
Interest	1,175	95	383	637	---	---	---	35	2,325
Net Cash Provided (Used) by Investing Activities	<u>(6,774)</u>	<u>95</u>	<u>383</u>	<u>(20,060)</u>	<u>(177)</u>	<u>---</u>	<u>---</u>	<u>(1,282)</u>	<u>(27,815)</u>
Net Increase (Decrease) in Cash	14,038	98	(407)	(20,206)	(99)	(110)	---	(1,294)	(7,980)
Cash and Cash Equivalents, Beginning of Year	13,814	6,756	413	40,372	5,667	403	---	4,245	71,670
Cash and Cash Equivalents, End of Year	<u>\$ 27,852</u>	<u>\$ 6,854</u>	<u>\$ 6</u>	<u>\$ 20,166</u>	<u>\$ 5,568</u>	<u>\$ 293</u>	<u>\$ ---</u>	<u>\$ 2,951</u>	<u>\$ 63,690</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities:									
Operating Income (Loss)	\$ (9,143)	\$ (1,674)	\$ (522)	\$ 1,198	\$ (638)	\$ (5)	\$ ---	\$ (22)	\$ (10,806)
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:									
Depreciation/Amortization Expense	683	---	---	---	---	---	---	22	705
Changes in Assets and Liabilities:									
Accounts Receivable	9,449	21	(234)	---	---	---	---	---	9,236
Interest Receivable	(22)	(25)	(1)	(44)	477	---	---	(11)	374
Prepaid Items	52	---	---	---	---	---	---	---	52
Due to/from and Advances to/from Other Governments	---	---	---	---	---	(4,384)	99	85	(4,200)
Loans Receivable	---	(44)	---	1,412	---	---	---	---	1,368
Accounts Payable	(346)	12	---	4	---	---	---	---	(330)
Deposit and Reserve	10,724	---	---	---	---	---	---	---	10,724
Interest Payable	---	(13)	(33)	---	(35)	---	(99)	(1)	(181)
Net Cash Provided (Used) by Operating Activities	<u>\$ 11,397</u>	<u>\$ (1,723)</u>	<u>\$ (790)</u>	<u>\$ 2,570</u>	<u>\$ (196)</u>	<u>\$ (4,389)</u>	<u>\$ ---</u>	<u>\$ 73</u>	<u>\$ 6,942</u>



*The **Statistical Section** presentations include comparisons of economic and social characteristics and financial trends over a ten-year period. The statistical data presented is intended to provide report users with a broader understanding of the environment in which the State operates.*

STATE OF MISSOURI
REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS (1)
For the Last Ten Fiscal Years
(In Thousands of Dollars)

Revenues by Source	Fiscal Years Ended June 30									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Taxes	\$ 9,646,452	\$ 9,133,320	\$ 8,629,303	\$ 8,596,690	\$ 8,894,790	\$ 8,115,787	\$ 8,711,625	\$ 7,885,370	\$ 7,595,565	\$ 7,151,671
Licenses, Fees and Permits	588,513	567,550	557,986	543,824	558,439	509,953	516,032	517,813	506,412	463,290
Sales	16,849	16,645	14,579	16,082	22,525	21,528	21,919	20,100	20,583	24,454
Leases and Rentals	2,143	4,069	551	732	7,275	2,202	4,907	4,597	3,715	5,556
Services	182,112	160,528	190,663	152,232	131,283	161,184	208,680	209,765	211,750	137,751
Contributions and Intergov- ernmental	7,901,122	7,402,596	7,112,532	6,435,840	5,720,071	5,349,315	4,970,880	4,503,133	4,021,224	4,095,494
Investment Earnings, Penalties and Unclaimed Properties	98,129	42,966	108,880	122,896	181,949	186,289	192,987	206,074	178,371	151,582
Miscellaneous Revenues	440,640	472,573	557,513	783,035	821,560	307,321	114,615	92,465	91,257	110,761
Total Revenues	18,875,960	17,800,247	17,172,007	16,651,331	16,337,892	14,653,579	14,741,645	13,439,317	12,628,877	12,140,559
Expenditures by Function										
General Government	546,696	522,612	505,556	521,915	476,351	365,872	839,252	446,466	404,239	370,800
Education	5,663,301	5,371,054	5,299,208	4,544,947	4,346,419	4,096,797	3,878,866	3,742,716	3,474,767	3,234,542
Natural and Economic Resources	551,251	444,618	513,127	536,194	553,760	484,432	490,761	494,247	460,792	431,458
Transportation and Law Enforcement	955,967	882,119	911,932	861,789	829,251	766,534	1,501,163	1,336,898	1,366,067	1,299,962
Human Services	9,725,765	8,788,125	8,487,926	7,988,081	7,540,546	6,668,492	6,433,590	5,663,384	5,151,585	4,973,129
Capital Outlay	1,068,190	1,163,186	1,268,908	1,308,980	1,228,401	1,281,802	314,903	335,027	404,043	302,058
Debt Service	237,040	200,739	255,169	189,276	166,971	150,851	126,674	138,946	202,245	132,174
Article X Distribution	---	---	5,950	---	98,856	178,842	318,792	376,283	---	---
Intergov- ernmental	698,611	714,451	592,168	571,652	439,442	457,744	358,181	334,252	363,882	349,327
Total Expenditures	19,446,821	18,086,904	17,839,944	16,522,834	15,679,997	14,451,366	14,262,182	12,868,219	11,827,620	11,093,450
Excess Revenues (Expenditures)	\$ (570,861)	\$ (286,657)	\$ (667,937)	\$ 128,497	\$ 657,895	\$ 202,213	\$ 479,463	\$ 571,098	\$ 801,257	\$ 1,047,109

(1) Includes general, special revenue, debt service, capital projects, and permanent funds.

Note: For comparability with past years data, "Investment Earnings" and "Penalties and Unclaimed Properties" have been combined above under "Revenues by Source."

STATE OF MISSOURI
REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
GENERAL FUND – GENERAL
For the Last Ten Fiscal Years
(In Thousands of Dollars)

Revenues by Source	Fiscal Years Ended June 30									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Taxes	\$ 7,340,540	\$ 6,863,914	\$ 6,446,934	\$ 6,545,160	\$ 6,796,005	\$ 6,127,541	\$ 6,740,665	\$ 6,019,057	\$ 5,830,807	\$ 5,507,457
Licenses, Fees and Permits	70,998	70,430	64,956	65,123	65,581	64,061	53,802	51,138	48,373	46,721
Sales	2,566	2,792	1,647	783	748	825	1,187	1,177	1,164	2,418
Leases and Rentals	2,021	3,939	314	411	5,909	870	650	537	122	487
Services	102,017	101,764	138,917	122,859	100,397	102,948	203,545	209,422	211,476	137,498
Contributions and Intergov- ernmental	1,172,742	1,049,146	1,113,104	704,966	694,938	240,677	599,422	549,649	413,094	477,080
Investment Earnings, Penalties and Unclaimed Properties	32,054	18,281	32,599	54,692	81,265	96,576	108,285	119,789	104,947	84,870
Miscellaneous Revenues	69,736	87,604	190,548	392,256	249,850	36,607	24,090	20,910	16,354	33,291
Total Revenues	8,792,674	8,197,870	7,989,019	7,886,250	7,994,693	6,670,105	7,731,646	6,971,679	6,626,337	6,289,822
Expenditures by Function										
General Government	394,673	338,676	423,456	434,817	379,780	264,579	748,230	375,332	330,882	302,813
Education	1,041,212	1,018,257	1,062,014	430,398	455,434	539,009	732,129	680,582	609,344	631,686
Natural and Economic Resources	42,489	45,474	54,014	60,290	75,909	77,663	76,679	59,388	54,685	68,650
Transportation and Law Enforcement	60,413	52,170	53,740	53,593	62,160	59,796	55,505	54,931	43,792	37,493
Human Services	4,917,109	4,363,332	4,276,203	4,013,189	3,873,992	2,978,688	3,276,374	2,922,627	2,694,660	2,474,625
Capital Outlay	48,382	62,438	97,789	81,019	171,240	225,090	141,148	143,947	187,816	126,915
Debt Service	59,838	59,483	104,846	46,440	41,937	33,868	14,065	23,889	98,999	37,785
Article X Distribution	---	---	5,950	---	98,856	178,842	318,792	376,283	---	---
Intergov- ernmental	84,529	87,544	89,621	90,833	76,277	84,694	67,535	48,691	51,812	41,840
Total Expenditures	6,648,645	6,027,374	6,167,633	5,210,579	5,235,585	4,442,229	5,430,457	4,685,670	4,071,990	3,721,807
Excess Revenues	\$ 2,144,029	\$ 2,170,496	\$ 1,821,386	\$ 2,675,671	\$ 2,759,108	\$ 2,227,876	\$ 2,301,189	\$ 2,286,009	\$ 2,554,347	\$ 2,568,015

Note: For comparability with past years data, "Investment Earnings" and "Penalties and Unclaimed Properties" have been combined above under "Revenues by Source."

**STATE OF MISSOURI
TAXES**

The Constitution of Missouri, Article X, Section 8, provides general guidelines for property taxes within the State. It limits the State tax on real and tangible personal property to ten cents on each hundred dollars assessed valuation, excluding any tax necessary to pay any bonded debt of the State.

Presently there is a State property tax of three cents on each hundred dollars assessed valuation on all real estate and tangible personal property in the State. This tax collects approximately 23 million dollars a year and is paid into the Blind Pension Fund, a special revenue fund.

**Assessed and Estimated Actual Value of Taxable Property
For the Last Ten Years
(In Thousands of Dollars)**

Year (3)	Assessed Value			Total Taxable Property	
	Real Estate	Tangible Personal Property	Distributable Property of Public Utility Companies	Assessed Value (1)	Estimated Actual Value (2)
2004	\$ 54,781,401	\$ 16,554,582	\$ 3,520,951	\$ 74,856,934	\$ 322,738,367
2003	53,329,893	16,758,009	3,379,705	73,467,607	315,711,999
2002	48,990,936	16,827,556	3,523,243	69,341,735	296,021,155
2001	48,091,934	16,630,805	3,648,150	68,370,889	291,443,564
2000	43,450,656	15,893,447	3,531,220	62,875,323	267,060,094
1999	42,064,375	14,797,778	3,461,735	60,323,888	257,151,302
1998	39,066,562	13,961,314	3,279,016	56,306,892	239,898,361
1997	37,902,282	13,236,610	3,249,863	54,388,755	232,113,244
1996	34,138,325	12,458,792	3,153,027	49,750,144	211,382,255
1995	33,181,619	11,269,545	3,078,181	47,529,345	202,537,140

(1) Data Source: State Tax Commission of Missouri.

(2) Based on residential property assessed at 19%, agricultural property assessed at 12% and commercial property assessed at 32%.

(3) The data for 2005 was not available at publication date.

**STATE OF MISSOURI
DEBT**

The limitations on State debts and bond issues are contained in the Constitution of Missouri, Article III, Section 37. This section restricts the general assembly from contracting or authorizing the contracting of any liability of the State or the issuing of bonds therefore, except:

1. To refund outstanding bonds, the refunding bonds must have a maturity date of not more than twenty-five years from the date of issue.
2. Upon the recommendation of the governor for a temporary liability incurred by an unforeseen emergency or casual deficiency in revenues for an amount not to exceed one million dollars for any one year and to be paid in five years or less.
3. When the liability exceeds one million dollars, the general assembly as on constitutional amendments, or the people by the initiative, may submit a measure containing the amount, purpose and terms of the liability, and if the measure is approved by a majority of those voting, the liability may be incurred.

Computation of Legal Debt Margin
June 30, 2005
(In Thousands of Dollars)

General Obligation Bonds Authorized	\$ 1,775,000
Unforeseen Emergency or Casual Deficiency	1,000
Less: General Obligation Bonds Issued	<u>(1,439,494)</u>
Legal Debt Margin	<u><u>\$ 336,506</u></u>

STATE OF MISSOURI
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED
DEBT TO TOTAL EXPENDITURES
ALL GOVERNMENTAL FUNDS (1)
For the Last Ten Fiscal Years
(In Thousands of Dollars Except Ratio Data)

<u>For the Fiscal Year Ended June 30</u>	<u>Debt Service (2)</u>	<u>Total Expenditures</u>	<u>Ratio</u>
2005	\$ 236,714	\$ 19,446,821	1.22%
2004	198,629	18,086,904	1.10
2003	252,648	17,839,944	1.42
2002	186,670	16,522,834	1.13
2001	166,971	15,679,997	1.06
2000	150,851	14,451,366	1.04
1999	126,674	14,262,182	0.89
1998	138,946	12,868,219	1.08
1997	202,245	11,827,620	1.71
1996	132,174	11,093,450	1.19

(1) Includes general, special revenue, debt service, capital projects, and permanent funds.

(2) Does not include bond issuance costs, underwriter's discount, or arbitrage rebates.

STATE OF MISSOURI
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL BONDED DEBT PER CAPITA
For the Last Ten Fiscal Years
(In Thousands of Dollars Except Ratio and Per Capita Data)

For the Fiscal Year Ended June 30	Population (1)	Assessed Value (2)	General Bonded Debt			Net General Bonded Debt	
			Total	Less Debt Service Moneys Available	Net	Ratio to Assessed Value	Per Capita
2005	5,790	\$ N/A	\$ 2,367,910	\$ 106,320	\$ 2,261,590	N/A	\$ 390.60
2004	5,755	74,856,934	2,483,625	107,070	2,376,555	3.17	412.95
2003	5,719	73,467,607	2,311,700	80,130	2,231,570	3.04	390.20
2002	5,680	69,341,735	1,978,210	88,970	1,889,240	2.72	332.61
2001	5,643	68,370,889	1,612,340	90,477	1,521,863	2.23	269.69
2000	5,595	62,875,323	1,269,225	63,002	1,206,223	1.92	215.59
1999	5,562	60,323,888	1,273,113	64,610	1,208,503	2.00	217.28
1998	5,522	56,306,892	1,333,318	60,205	1,273,113	2.26	230.55
1997	5,481	54,388,755	1,288,678	58,746	1,229,932	2.26	224.40
1996	5,432	49,750,144	1,187,926	56,055	1,131,871	2.28	208.37

Includes general obligation bonds and other bonds which relate to governmental funds.

N/A – Information not available.

Data Sources:

- (1) U.S. Department of Commerce – Bureau of Economic Analysis. Fiscal year 2000 amounts come from the official decennial census.
- (2) State Tax Commission of Missouri – For the year ended December 31.

**STATE OF MISSOURI
ECONOMIC DATA**

Industrial Growth

<u>Fiscal Year</u>	<u>Expanding Companies</u>	<u>New Companies</u>	<u>New Jobs</u>	<u>Investment (In Thousands)</u>
2005	49	26	7,983	\$ 2,612,721
2004	75	35	10,696	1,524,343
2003	44	27	7,399	695,461
2002	83	39	12,176	1,531,699
2001	69	29	10,246	849,447
2000	129	53	11,732	1,204,065
1999	301	28	7,687	1,582,768
1998	303	78	11,322	2,404,156
1997	245	48	13,593	2,503,116
1996	162	85	8,291	1,154,439

Data Source: Missouri Department of Economic Development.

Bank Deposits
(In Millions)

<u>Fiscal Year</u>	<u>State Banks</u>	<u>National Banks</u>	<u>Total Deposits</u>
2005	\$ 45,968	\$ 23,028	\$ 68,996
2004	43,893	20,992	64,885
2003	41,407	21,039	62,446
2002	41,184	21,768	62,952
2001	32,950	20,219	53,169
2000	29,990	30,618	60,608
1999	31,634	34,945	66,579
1998	31,111	22,370	53,481
1997	28,167	20,002	48,169
1996	29,303	33,705	63,008

Data Source: Missouri Department of Economic Development.

**STATE OF MISSOURI
ECONOMIC DATA**

**Retail Sales by Store Group
(In Thousands)**

<u>Year</u>	<u>Food</u>	<u>General Merchandise</u>	<u>Furniture, Furnishings and Appliances</u>	<u>Automotive</u>	<u>Health/ Personal Care</u>	<u>All Other</u>	<u>Totals</u>
2005	\$ 9,671,031	\$ 12,731,225	\$ 3,747,790	\$ 21,257,849	\$ 3,814,331	\$ 18,645,209	\$ 69,867,435
2004	9,048,443	11,570,652	3,490,705	20,556,129	3,560,535	17,246,443	65,472,907
2003	8,023,131	10,447,515	3,369,425	20,291,535	2,669,433	15,523,282	60,324,321
2002	7,866,518	9,848,102	3,251,995	18,897,240	2,549,175	15,203,018	57,616,048
2001	7,741,561	9,676,695	3,200,033	18,572,559	2,508,497	14,946,218	56,645,563
2000	9,708,109	9,978,604	3,278,017	18,666,625	2,188,964	11,906,129	55,726,448
1999	9,912,908	9,525,196	3,210,288	16,561,707	1,892,555	10,923,604	52,026,258
1998	9,619,227	8,992,504	2,925,982	15,507,470	1,858,292	10,461,323	49,364,798
1997	10,377,890	8,578,221	2,496,712	12,683,473	1,844,231	10,626,251	46,606,778
1996	6,909,793	5,341,199	1,644,656	8,431,367	1,220,947	7,069,636	30,617,598

Data Source: Copyright VNU Business Media, Inc. Reprinted with permission from Editor and Publisher Market Guide.

**STATE OF MISSOURI
ECONOMIC DATA**

Privately Owned Housing Units Authorized by Building Permits

<u>Year</u>	<u>Number of Units</u>	<u>Valuation (In Thousands)</u>
2004	32,791	\$ 4,286,161
2003	29,309	3,596,524
2002	28,255	3,186,632
2001	24,739	2,750,047
2000	24,321	2,569,405
1999	26,840	2,739,418
1998	25,657	2,424,875
1997	25,156	2,265,005
1996	26,298	2,275,667
1995	24,282	2,032,503

Data Source: U.S. Department of Commerce – Bureau of the Census.

Major Private Employers

The State's major private employers and the approximate number employed by each in 2004 were as follows:

<u>Employer</u>	<u>Number Employed</u>
1. Wal-Mart Associates, Inc.	25,000 +
2. Washington University	10,000 – 25,000
3. Boeing Corporation	10,000 – 25,000
4. Schnuck Markets, Inc.	7,500 – 10,000
5. Barnes-Jewish Hospital	7,500 – 10,000
6. Ford Motor Company	7,500 – 10,000
7. May Department Stores	7,500 – 10,000
8. Lester E Cox Medical	5,000 – 7,500
9. Daimler Chrysler	5,000 – 7,500
10. St. John's Regional Health Center	5,000 – 7,500
11. St. John's Mercy Health	5,000 – 7,500
12. Southwestern Bell	5,000 – 7,500
13. St. Louis University	5,000 – 7,500
14. United Parcel Service, Inc.	5,000 – 7,500
15. Walgreen Co. Illinois	5,000 – 7,500

Data Source: Missouri Department of Economic Development.

**STATE OF MISSOURI
DEMOGRAPHIC STATISTICS**

Population Statistics

<u>Year</u>	<u>Population (In Thousands)</u>	<u>% Change</u>	<u>% of Total</u>	
			<u>Urban</u>	<u>Rural</u>
2000	5,595	9.3%	67.8%	32.2%
1990	5,117	4.1	68.7	31.3
1980	4,917	5.1	68.1	31.9
1970	4,677	8.3	70.1	29.9
1960	4,320	9.2	66.6	33.4
1950	3,955	4.5	61.5	38.5
1940	3,785	4.3	51.8	48.2
1930	3,629	6.6	51.2	48.8
1920	3,404	3.4	46.6	53.4
1910	3,293	6.0	42.3	57.7

Data Sources: U.S. Department of Commerce – Bureau of the Census.

Office of Social and Economic Data Analysis: Demographics.

School Enrollment
(In Thousands)

<u>Academic Year</u>	<u>Elementary and Secondary Enrollment (1)</u>	<u>Higher Education Enrollment (2)</u>	<u>Totals</u>	<u>% Change From Prior Year</u>
2004-05	892	235	1,127	0.3%
2003-04	893	231	1,124	0.5
2002-03	894	224	1,118	1.4
2001-02	890	213	1,103	0.3
2000-01	894	206	1,100	0.2
1999-00	895	203	1,098	0.5
1998-99	895	198	1,093	0.6
1997-98	893	194	1,087	1.4
1996-97	883	189	1,072	1.1
1995-96	874	186	1,060	1.0
1994-95	862	188	1,050	0.9

Data Sources: (1) Missouri Department of Elementary and Secondary Education.

(2) Missouri Department of Higher Education. These statistics are based on full-time equivalent enrollment and do not include professional/technical schools.

**STATE OF MISSOURI
DEMOGRAPHIC STATISTICS**

Personal Income

<u>Year</u>	<u>Missouri Total Personal Income (In Millions)</u>	<u>U.S. Total Personal Income (In Millions)</u>	<u>Missouri Per Capita Personal Income</u>	<u>U.S. Per Capita Personal Income</u>	<u>Missouri % Change From Prior Year</u>	<u>U.S. % Change From Prior Year</u>
2004	\$ 175,611	\$ 9,702,525	\$ 30,516	\$ 33,041	4.5%	4.9%
2003	166,998	9,156,108	29,199	31,487	2.9	2.2
2002	161,093	8,872,521	28,363	30,814	2.0	0.8
2001	156,937	8,716,992	27,813	30,575	2.1	2.4
2000	152,722	8,422,074	27,241	29,845	6.0	6.8
1999	142,925	7,796,137	25,697	27,939	3.1	3.9
1998	137,619	7,415,709	24,923	26,883	5.1	6.1
1997	129,992	6,907,332	23,716	25,334	5.2	4.8
1996	122,469	6,512,485	22,548	24,175	4.6	4.8
1995	115,948	6,144,741	21,559	23,076	3.4	4.1

Data Source: U.S. Department of Commerce – Bureau of Economic Analysis.

Employment
(In Thousands Except Unemployment Rates Data)

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Total Employed</u>	<u>Total Unemployed</u>	<u>Missouri Unemployment Rate</u>	<u>U.S. Unemployment Rate</u>
2004	3,028	2,867	161	5.3%	5.5%
2003	3,021	2,850	170	5.6	6.0
2002	2,990	2,825	165	5.5	5.8
2001	2,970	2,830	140	4.7	4.7
2000	2,930	2,828	102	3.5	4.0
1999	2,841	2,745	96	3.4	4.2
1998	2,854	2,735	119	4.2	4.5
1997	2,891	2,769	122	4.2	4.9
1996	2,905	2,772	133	4.6	5.4
1995	2,833	2,698	135	4.8	5.6

Data Source: Missouri State Web Page – Missouri Economic Research and Information Center and U.S. Labor Market Information Web Page.

STATE OF MISSOURI
SCHEDULE OF MISCELLANEOUS STATISTICS
As of June 30, 2005

Adoption of State Constitution 1821, 1865, 1877, 1945

Land Area (Square Miles)68,945

Miles of State Highway32,402

State Highway Patrol Protection:

Number of Troops (Stations)9

Number of Commissioned Highway Patrol Officers1,043

Higher Education:

Public Community Colleges –

Number of Campuses 18

Number of Students [average annual full-time equivalent (FTE)]52,204

Number of Regular Term Teaching Positions (FTE)1,291

State Technical College –

Number of Campuses 1

Number of Students (FTE) 854

Number of Regular Term Teaching Positions (FTE)50

State Colleges/Universities –

Number of Campuses 14

Number of Regular Term Students (FTE)100,717

Number of Regular Term Teaching Positions (FTE)4,597

Recreation:

Number of State Parks and Historic Sites 84

Acres of State Parks and Historic Sites200,416

Number of State Conservation Areas.....1,140

Acres of State Conservation Areas981,139

Sources:

Land Area Missouri State Manual

Miles of Highway..... Department of Transportation

State Highway Patrol Protection Department of Public Safety/Highway Patrol

Higher Education Department of Higher Education

Recreation..... Department of Conservation
Department of Natural Resources/Division of State Parks

STATE OF MISSOURI
ACKNOWLEDGEMENTS

Report Prepared by:

Financial Reporting Section

Mark A. Kaiser, *Assistant Director*
Karen G. Harms, *CPA, CGFM, Manager*
Stacy M. Neal, *CPA, Supervisor*
Beverly A. Grote, *Analyst*
Maria O. Hays, *Analyst*
Diane M. Jurgensmeyer, *Analyst*
Dianne M. Luter, *Analyst*
Shawn P. McCauley, *CGFM, Analyst*
Krista G. Porter, *Analyst*
Jessica K. Prater, *Accountant*
Velda M. Staley, *Administrative Assistant*



Claire McCaskill
Missouri State Auditor

January 2006

City of Excelsior Estates,
Missouri

Year Ended December 31, 2004



Office Of
Missouri State Auditor
Claire McCaskill

January 2006

The following problems were discovered as a result of an audit conducted by our office of the City of Excelsior Estates, Missouri.

The city of Excelsior Estates is in poor financial condition and appears to be subsidizing the Sewer Fund with restricted receipts. The city's cash balance has declined over the past several years, and at December 31, 2004 was \$1,259. Liabilities to the Mayor exceeded \$2,700 for unreimbursed expenses and services provided by a business owned by the Mayor. In addition, \$32,000 in delinquent sewer billings has not been collected and significant legal costs were incurred to file lawsuits to collect on these accounts. Significant unplanned repairs and improvements were required to the sewer system during 2004 to settle a lawsuit with the Attorney General's Office, which also impacted the city's financial position.

The city has not established a fund accounting system, but rather accounts for most activity from one bank account, which combines the General, Sewer, and Street Funds. As a result, the city is unable to determine if receipts for each fund are sufficient to fund like operations. The sewer fee was increased from \$15 to \$30 per month in August 2004, but it is unclear if this increase was adequate, due to the lack of record keeping.

The mayor engaged in activities which appear to be conflicts of interest and a former board member was paid to fill in as City Clerk. The city borrowed \$1,500 from a company owned by the mayor and paid a company owned by the mayor over \$2,500 to perform various sewer and flood control projects during January 2005. Documentation was not maintained for quotes solicited from other lending institutions and the sewer work was not bid until February 2005.

Monthly financial reports presented to the board are in need of improvement. While the mayor has improved these reports since taking over in April 2004, the reports currently prepared are not always complete and are not presented to the board for review or approval. The Mayor serves as the City Treasurer and beginning in March 2005 was responsible for most record keeping duties of the city, but no review of the work performed by the mayor was done by an independent person.

Receipt slips are not issued for some monies received, checks and money orders are not restrictively endorsed immediately upon receipt, some city officials with access to cash are not bonded, and bank reconciliations are not performed monthly.

(over)

YELLOW SHEET

The board minutes do not normally contain indication of board approval for disbursements and the board does not normally review invoices before payment. In addition, the Mayor has been purchasing items for the city with his personal funds, without board approval, and then requesting reimbursement. From January 2004 through May 2005, the Mayor requested reimbursements totaling approximately \$5,300. Additionally, the city does not have a formal bidding policy, or formal written agreements with some companies and individuals providing services.

The cost study prepared by the mayor to support increasing the sewer fee shows the proposed sewer rate would not be sufficient to fund the estimated sewer system costs. While costs were estimated at approximately \$34,000, the cost study only estimated receipts at \$27,600. The board had not followed adopted ordinances related to sewer late fees or disconnections. While delinquent sewer bills total over \$30,000, no disconnections have been performed, as required by city ordinance. Additionally, the city does not perform monthly reconciliations of total billings, payments received, and delinquent amounts for sewer services, which would help ensure accounting records balance, transactions have been properly recorded, and errors are detected and corrected on a timely basis.

Also included in the report are recommendations related to budgets and financial reporting, restricted revenues, meeting minutes and ordinances, and street maintenance.

The mayor and board believe that the city is in excellent financial condition given their recent challenges. They provided explanations and reasons for some audit findings, but failed to produce documentation supporting some of their contentions. Additionally, there were several issues to which the board simply chose not to respond.

All reports are available on our website: www.auditor.mo.gov

CITY OF EXCELSIOR ESTATES

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Board of Alderman
City of Excelsior Estates

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Excelsior Estates, Missouri. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2004. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide

reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Excelsior Estates, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 16, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Tania Williams

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF EXCELSIOR ESTATES
MANAGEMENT ADVISORY REPORT –
STATE AUDITOR'S FINDINGS

1. Financial Condition

The city of Excelsior Estates is in poor financial condition due to inadequate oversight and monitoring by the Board of Alderman, numerous internal control weaknesses, lax controls over expenditures, and improper uses of restricted receipts.

The city's cash balance has declined over the past several years, and at December 31, 2004 was \$1,259. The city had liabilities to the Mayor of approximately \$1,330 for unreimbursed expenses and to a business owned by the Mayor of over \$1,450 for sewer work. In addition, \$32,000 in delinquent sewer billings has not been collected and lawsuits associated with these delinquent accounts have been filed, which has increased legal costs. Another reason for the low cash balance is that significant unplanned repairs and improvements were required to the sewer system during 2004 due to a lawsuit the city settled with the Attorney General's Office.

The city accounts for all general and operating expenses from one bank account, which combines the General Fund, Sewer Fund, and Street Fund. The city's two other funds, Police and Water Quality Fees, are maintained in separate bank accounts, but had been depleted by year end due to transfers to the combined General, Sewer and Street Fund. Except for the General Fund, receipts are restricted for specified purposes; however, it appears the city may be using some restricted monies to subsidize the Sewer Fund. The city has not established a fund accounting system to track the receipts, disbursements and cash balances of the various funds and the annual budget was not separated by fund and lacked many of the required elements. As a result, the city is unable to determine if receipts for each fund are sufficient to fund like operations. The city increased the sewer fee from \$15 to \$30 in August 2004, but the overall lack of record keeping has not allowed the city to clearly establish whether the full increase was adequate, since it appears the General and Street Funds' receipts are subsidizing the Sewer Fund.

The board must monitor the financial condition of the city and develop a long range plan which will allow the city to reduce its disbursements and/or increase receipts to operate the city within its available resources. The city has begun legal action to collect on delinquent sewer bills, but has not received a significant portion of the amount due. The board needs to segregate the Sewer and Street Funds, replenish the Police and Water Quality Fee Funds, and ensure that these receipts are only used to pay disbursements for providing these services. The recommendations contained in the remaining MAR's, if implemented, will help the city establish procedures to operate within its available resources.

WE RECOMMEND the Board of Alderman develop a long term plan to operate within its available resources. In addition, the board must closely monitor the financial

condition of the city by preparing a detailed operating budget and periodically comparing budgeted and actual receipts and disbursements.

AUDITEE'S RESPONSE

The City of Excelsior Estates is in excellent financial condition considering the challenges of 2004. The board faced the following after the April 2004 election:

A lawsuit from the Attorney General and Department of Natural Resources (DNR) threatened the existence of the city due to non-compliance of the sewer plant discharge. (filed Jan. '04 – this has been an issue for more than 10 years.)

Heavy rains and neglected maintenance of the sewer system resulted in multiple sewer problems requiring immediate repair.

Quick action by the Mayor, with the support of the board, resulted in fixing the sewer plant and bringing it into compliance with the DNR discharge specifications, settling the lawsuit by October 15, 2004, and the sewer repairs were accomplished at minimal cost considering the magnitude of the problems. The sewer system and sewer treatment plant repairs of \$12,666 and legal expense of \$4,718 are higher than 2003, which were \$1,585 and \$878, respectively.

Also accomplished by the new council, was the increase of the monthly sewer fee from \$15 to \$30, after 3 months of study and often heated debates. The city's cash position at year end did decline by \$5,854, but the nearly \$15,000 increase in costs tend to explain. The extra legal expense was primarily due to legal action to collect past due sewer fees, which yielded some results, but not from Red Rock Land Co., which owes over \$20,000, having not paid since 1999.

Road repairs for 2004 totaled \$6,862, up from \$2,529 in 2003. An increase of \$4,333 brings the cost increase to over \$19,000 vs. 2003. However, Road Fund receipts of \$11,000 indicate non-compliance with requirements for this restricted fund, but a substantial improvement over 2003 (Road Fund receipts of \$10,658). When the past due sewer fees are collected, they will be used to settle up with the Road Fund.

From the above, it should be clear that careful planning and teamwork by the board yielded the above extraordinary result.

The City used "cost centers" which is the general business equivalent of "Fund". Prior to "QuickBooks" software being implemented by this council, there was no accounting system. Admittedly, no one on the council has prior municipal accounting background, just minimal bookkeeping for sewer accounts. This council supported a fully integrated system, which was put in place for 2004 and will be continued, including the means to provide "FUND" accountability.

The main checking account was researched to get a history of expenses and income for 2001, 2002, and 2003. This was not a huge undertaking since a typical month had only 5 deposits and 15 checks. From this a "Proforma" budget was prepared for various scenarios looking forward.

A firm budget was hard to pin down due to the variables of legal expense and unknown results from past due sewer fees.

Budget analysis and implementation is a "Process", and this process was begun immediately after the books were turned over after the April 2004 election. At the time, there were questions about needing a budget or not being able to budget due to limited resources, but efforts continued with several studies, but in view of the above "challenges" no formal budget was approved.

There was a lot of effort put into arriving at the sewer fee increase, over several months time. Initially, some council members were for a very small increase out of concerns for the residents. Others wanted the sewer fee to cover all costs of the sewer plant and sewer system. Logic and commonsense finally prevailed, and a reasonable and needed increase was approved.

At the hearing, a "straw" vote was taken of the approximately 15 residents in attendance, and the increase was accepted by all.

The Auditor was furnished a checking account print-out which explicitly states which fund the deposits belong to. This is our standard practice ongoing to segregate the income by fund.

No one on the board had any "formal" municipal training, therefore once the "Fund" concept and Dual Financial Procedure was explained by the Auditor, both were addressed and adopted to extent resources allowed. Since the city already had "QuickBooks" on the computer, completely implemented for 2004 including sewer billings, it was decided to stick with it (prior years there was no General Ledger Accounting system at all), and extract the "fund" information from "QuickBooks", which was done and continues. Municipal accounting software typically costs \$3000 and up (not in the budget), and would exceed available resources to implement.

2.

Conflict of Interest

The mayor engaged in activities which appear to be conflicts of interest, including a business he owns loaning money to the city and a company he owns performing sewer work for the city without bid. In addition, a former board member was paid to temporarily fill in as City Clerk, which violates state law.

- In September 2004, the city entered into a short-term loan agreement to borrow \$1,500 from a company owned by the mayor. The mayor's company charged eight percent interest on the loan, which amounted to less than \$5 due to the short term nature of the loan. The mayor provided a copy of a request for a quote from a local bank, but the quote was not maintained.
- The city hired a company owned by the mayor to perform various sewer and flood control projects during 2005 and 2004 and billings totaling over \$6,800 have been submitted during that time. Bids were solicited in February 2005 for this type of work and the mayor's business was the only bidder. However, during January

2005, before bids were solicited, this business completed three projects related to the sewer, at a cost of \$2,457, which exceeded the statutory limit of \$1,500 without soliciting bids. The amount paid for work performed during 2004 was less than \$1,500. Section 105.454, RSMo, prohibits financial transactions between a city and an officer or employee (or spouse, dependent child, or business and corporate interest of the officer or employee) of that city that involved more than \$1,500 per year or \$500 per transaction unless there had been public notice to solicit proposals and (except for real property) competitive bidding, provided that the bid or offer was the lowest received. Effective August 28, 2005, the threshold for financial transactions between a city and an officer or employee was increased to \$5000 per year.

- A former board member was paid \$350 to temporarily serve as City Clerk in April 2004. Section 105.458, RSMo, states "no member of any legislative or governing body of any political subdivision of the state shall: (1) Perform any service for such political subdivision or any agency of the political subdivision for any consideration other than the compensation provided for the performance of his official duties".

Because the Mayor is an elected city officer and is responsible for procuring services for the city, these situations involving the mayor give the appearance of a conflict of interest. City officials should avoid any type of involvement in city decisions that relate to them or businesses in which they have an interest. Discussions and decisions concerning transactions where a potential conflict of interest exists should be completely documented to provide assurance that no city official or relative has profited improperly. In addition, the Board does not have a written policy addressing this situation, and should consider establishing an ordinance which addresses this type of situation and provides a code of conduct for city officials.

WE RECOMMEND the Board of Alderman avoid transactions that represent actual conflicts of interest or the appearance of conflicts of interest. City officials who have a conflict that is unavoidable should fully disclose their interest and should not vote on matters which involve them personally. Such matters and transactions should be completely documented so that the public has assurance that no city official or agent has profited improperly. City officials should ensure strict compliance with the law when conducting city business and should consider adopting a code of conduct for city officials.

AUDITEE'S RESPONSE

The work in question was essential to compliance with the DNR agreement, and was pursued the prior 8 months, and no one would even give a bid. The risk was entirely born by the mayor's company, (VSI), and if they had not been the successful bidder (after the fact), then the bill could not have been submitted without breaking the law. The bill was not submitted until after the board approved the VSI bid.

The Mayor is the only one involved in potential conflict of interest due to work done for the city, and never voted on anything.

3.

Accounting Controls and Procedures

Financial reports need to be complete and reviewed by the board monthly. The city has not adequately segregated duties, has not issued receipt slips for some monies received, and does not restrictively endorse checks and money orders immediately upon receipt. In addition, city officials are not bonded, dual signatures are not required on all checks, and bank reconciliations are not performed on a timely basis.

- A. Monthly financial reports are in need of improvement. During our audit period, only a listing of paid bills and bills to be paid was provided to the board for their review. The mayor has now developed a cash flow report that does provide the cash balance, a listing of deposits, disbursement made during the previous month, and some estimates of the following months anticipated receipts and disbursements, but there is no indication in the minutes these reports are reviewed by the board and some paid bills were not included on the reports. Complete financial reports, showing receipts, disbursements, and beginning and ending cash balances for each fund, would not only provide the board with critical data necessary to make financial decisions for the city, but would allow the public to be informed about the city's financial position. Due to the various other weaknesses noted and overall lack of record keeping, board members need to be receiving detailed financial reports monthly to help improve accountability over funds.
- B. The Mayor serves as the City Treasurer and beginning in March 2005 was responsible for most record keeping duties of the city. The Mayor was responsible for receiving, recording and depositing of receipts. In addition, the Mayor signed all checks and recorded all disbursements, performed bank reconciliations, and prepared financial reports. The mayor also receipted and recorded sewer payments and credit adjustments, and deposited sewer receipts. No personnel independent of the cash custody and the record-keeping functions provided adequate supervision or review the work performed by the Mayor. The current city clerk is now retrieving mail in payments and issuing receipt slips for those payment, and has begun reconciling the bank account.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receipting and depositing monies from that of preparing bills, and recording payments. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the reconciliations between the bank deposits and recorded payments.

- C. Receipts slips are only issued to persons paying in cash. During the year ended December 31, 2004, several receipt books were used and the numerical sequence of receipt slips issued was not accounted for. Receipts are kept in a money bag at the Mayor or City Clerk's house until they are posted to the city computer system, which is typically done on a weekly basis. Without receipts slips supporting all amounts received, there is less assurance amounts received have been accurately posted to the system and deposited. To adequately account for all monies received, official prenumbered receipt slips should be issued for all monies received and the numerical sequence should be accounted for properly.
- D. Checks and money orders received are not restrictively endorsed immediately upon receipt. The endorsement is applied when the deposit is prepared. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- E. The Mayor and current city officials are authorized to sign checks; however, these officials are not bonded. Failure to properly bond employees and city officials exposes the city to an unnecessary risk of loss.
- F. Bank reconciliations have not been performed on a monthly basis. Bank reconciliations for January 2004 to March 2005 were performed by the Mayor in April 2005. Monthly bank reconciliations are necessary to ensure the accounting records are in agreement with the bank records and to help detect errors on a timely basis.

WE RECOMMEND the Board of Alderman:

- A. Require the City Treasurer prepare monthly financial reports summarizing receipts, disbursements, and changes in the cash balance of each fund and ensure these reports are reviewed.
- B. Segregate the duties of receipting and depositing monies from that of preparing bills, recording payments and following up on delinquent accounts. If a proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the reconciliation between receipts and deposits.
- C. Issue prenumbered receipt slips for all monies received and ensure the numerical sequence of all receipt slips is accounted for properly.
- D. Ensure checks and money orders are restrictively endorsed immediately upon receipt.
- E. Obtain bond coverage for all officials with access to cash.
- F. Ensure formal bank reconciliations are prepared on a monthly basis. Any differences should be investigated and resolved in a timely manner.

AUDITEE'S RESPONSE

A, D

&F. *The board provided no response.*

B. *Dual control, as recommended by the Auditor, was implemented immediately in May 2005.*

C. *Issuing sequential receipts was implemented immediately after recommended by the Auditor.*

E. *The Mayor has been bonded since January 2005, and Judy Conklin was also bonded until she retired. Unexplained difficulties were experienced by Nancy Lewis in obtaining a bond. Rita Wheeler has a bond application submitted.*

4. Expenditures

Board approval for disbursements is not normally given and the mayor routinely makes purchases for the city without board approval. The city does not have a bidding policy and failed to take bids for some purchases, does not have contracts for some services, and does not issue 1099-MISC forms when required. In addition, the city paid \$250 each to three individuals upon the death of a spouse, which does not appear to be a prudent use of public funds.

A. The board minutes do not normally contain indication of board approval for disbursements and the board does not normally review invoices before payment. A listing of bills, some paid and some still due, was apparently provided to the board in the past, although this listing was not made a part of the official minutes. The mayor now prepares a cash flow report, which includes a summary of the prior month's disbursements and bills to be paid; however, this report is not reviewed and approved by the board and the majority of bills have been paid at the time it is prepared. In addition, the Mayor has been purchasing items for the city with his personal funds and then requesting reimbursement for those expenses since January 2004. None of these purchases appeared to be approved by the board. There were several instances where expenses would accumulate for several months before the Mayor would request reimbursement. From January 2004 through May 2005, the Mayor requested reimbursements totaling approximately \$5,300.

To adequately document the board's review and approval of all disbursements, a complete and detailed listing of bills should be prepared, signed or initialed by the board members to denote their approval, and retained with the official minutes. In addition, supporting documentation should be reviewed by the board or someone independent of the disbursement process before payment is made. Failure to properly review all invoices and supporting documentation, and to

document authorization, increases the possibility of inappropriate disbursements occurring.

- B. The city does not have a formal bidding policy. As a result, the decision of whether to solicit proposals is made on an item-by-items basis. Bids were not solicited in several instances, including grading roads (\$1,170), sewer clean out (\$1,240), and snow removal (\$1,076).

Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives a fair value by contracting with the lowest and best bidders. Competitive bidding helps ensure all parties are given an opportunity to participate in the city's business. Bids/proposals can be handled by telephone quotation, by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids/proposals received and reasons noted why the bid/proposal was selected.

- C. The city did not have formal written agreements with some companies and individuals providing services. During the year ended December 31, 2004, \$8,450 to sewer plant operators, and \$4,348 to the city attorney, were paid for services without a contract.

Formal written agreements are necessary to document each parties duties and responsibilities and to prevent misunderstandings. Section 432.070, RSMo, requires contracts for political subdivisions to be in writing. The city should enter into written contracts for services rendered or obtained. A written contract, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties.

- D. The City does not issue W-2 Forms or Forms 1099-MISC as required. The city paid the city clerk \$2,450 and the two sewer plant operators \$8,450, but did not issue W-2 forms or 1099-MISC forms to these individuals. The city has not established procedures to identify employee wages, which are subject to state and federal withholdings and should be reported on a W-2 form and non-employee wages which require a 1099-MISC form.

Federal and state regulations require that proper withholdings be made from all salaries and wages and that gross wages be reported on a W-2 form. If these type payments are not considered salaries and wages, Sections 6041 through 6051 of the Internal Revenue Code require that nonwage payments of at least \$600 in one year to an individual or unincorporated business be reported to the federal government on Form 1099-MISC.

- E. The city paid \$750 in total for bereavement contributions to three citizens upon the death of their spouse in 2004. The mayor indicated that these types of payments have been made in the past upon the death of a resident's spouse.

Such payments appear to violate Article VI, Section 23 of the Missouri Constitution which prohibits any political subdivision of the state from granting or lending money to an individual, and may not be a prudent use of city resources.

WE RECOMMEND the Board of Alderman:

- A. Ensure the approval of all disbursements is adequately documented by including a listing of all disbursements in the board minutes, and requiring supporting documentation be reviewed by the board or someone independent of the disbursements process before payment is made.
- B. Establish formal bidding policies and procedures. Documentation should be maintained of bids obtained including the justification of why bids were selected or rejected.
- C. Enter into written contractual agreements for professional services.
- D. Ensure payments totaling greater than \$600 are either considered wages and subjected to withholdings and proper reporting or are reported as payments to non-employees and unincorporated businesses and are properly reported to the Internal Revenue Service.
- E. Ensure all expenditures of city monies are a prudent use of public funds and discontinue bereavement payments to citizens.

AUDITEE'S RESPONSE

- A. *To the extent possible, with one meeting a month, expenditures were presented to the council prior to their payment. Some payments, during the course of dealing with the city maintenance, were presented to the council after the fact and approved.*
- B. *Time constraints do not allow formal bidding for most of the work the city needs:*
- *Rain damage to the roads, which requires immediate attention. We would buy gravel from Missouri Rock (phone bids are taken, and they are always low bidder). VSI uses the city's unloader to spread the gravel. The cost is half or less the bid used in early 2004.*
 - *A manhole runs over, so VSI fixes it. VSI was the only bidder for maintenance work.*

In January 2004, several hundred dollars were spent bidding roadwork. The only bid was the same company that did it before, but at a much higher cost than current.

The Sewer Disconnect Cleanouts were advertised bids – VSI was the only bidder.

C&D. The board provided no response.

E. The bereavement payments were a tradition with prior history. It has been discontinued.

AUDITOR'S COMMENT

- B. The city provided no bid documentation of phone bids taken for gravel purchases or street work performed in early 2004.

5. Sewer System

The cost study prepared by the mayor to support increasing the sewer fee shows the proposed sewer rate would not be sufficient to fund the estimated sewer system costs. In addition, ordinances related to late fees and delinquencies should be enforced and a reconciliation of total billings, payments received and delinquent amounts is not performed.

- A. The cost study prepared by the mayor to support increasing the sewer fee shows that the anticipated revenues from increasing the sewer rate to \$30 per customer would not be sufficient to fund the costs of the sewer system. The city's sewer fees have been \$15 per customer for the past several years, but in August 2004, the city increased the sewer fee to \$30 per customer. The cost study estimates sewer revenue of \$27,600, but total costs of the sewer system were estimated at approximately \$34,000, leaving the shortfall in sewer receipts to be subsidized by the General and Street Fund. The city needs to ensure the sewer rate is adequate to cover the costs of providing the related service, as required by state law.

Section 67.042, RSMo, provides that fees may be increased if supported by a statement of the costs necessary to maintain the funding of such service. Sewer fees are user charges which should cover the cost of providing the related services.

- B. The Board of Aldermen has not followed the adopted ordinances regarding late fees and disconnections for customers who do not pay their bill. City ordinance states that any billing to residents which is not paid by the due date of billing, the 15th of each month, shall be charged a \$3.00 late fee. Sixteen sewer billings from October, November, and December 2004 were reviewed and six accounts were not charged late fees although they were not paid by the 15th of the month. Delinquent sewer bills total over \$30,000, but no disconnections have been performed, as required by ordinance.

To reduce delinquencies, ensure delinquent accounts are properly handled, and ensure equitable treatment of all customers, the city should enforce their ordinance regarding shut-off procedures and ensure delinquent penalties are charged in a consistent manner and in accordance with city ordinance.

- C. The city does not perform monthly reconciliations of total billings, payments received, and delinquent amounts for sewer services. No one reviews or compares monthly statements with monthly reports of amounts billed to each customer, total deposits made, and cumulative delinquent balances for each applicable customer. At May 1, 2005, the city reported a total of \$32,301 was due from sewer customers, including delinquent penalties.

Monthly reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. Complete documentation of the reconciliations should be retained to support conclusions and any corrections made.

WE RECOMMEND the Board of Alderman:

- A. Ensure the sewer rate is adequate to cover the costs of providing sewer service.
- B. Enforce the sewer ordinance and ensure delinquent penalties are charged in a consistent manner and for the amounts set in the ordinance, and ensure adequate measures are taken to collect delinquent accounts, including the enforcement of shut-off procedures.
- C. Perform monthly reconciliations of the amounts billed to amounts collected and delinquent accounts.

AUDITEE'S RESPONSE

The board provided no response.

6. Budgets and Financial Reporting

The city's annual budget combined all funds into one budget and lacked many of the elements required by state law. In addition, the city does not prepare or publish semi-annual financial statements and annual audits have not been obtained.

- A. Annual budgets are in need of improvement. Budgets had not been prepared for city funds in the past, but the mayor prepared a budget for the combined general, sewer, and street fund in June 2004. The mayor indicated this budget covered the year ended December 31, 2004, but the budget document did not indicate the year covered. Proposed disbursements exceeded anticipated revenues and because cash balances were not part of the budget, a deficit budget was presented. A 2005

budget was prepared by the mayor which showed estimates of income and expenses separated for the general, sewer, and street funds, but this budget was not prepared until May 2005, according to the mayor. Neither the 2005 or 2004 budget contained a budget message, the previous two years actual receipts and disbursements, a budget summary, nor cash balances. There is no documentation in the minutes to indicate either of the budgets were presented to the board for review and we saw no evidence they were approved by the board.

Section 67.101, RSMo, requires the preparation of an annual budget which shall present a complete financial plan for the ensuing budget year, and include the estimated revenues and proposed expenditures.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A budget could also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures. A complete budget should include appropriate revenue and expenditures estimations by classification, and include the beginning available resources and reasonable estimates of the ending available resources. The budget should also include a budget message and comparisons of actual revenues and expenditures for preceding fiscal years.

- B. The city does not prepare or publish semiannual financial statements. In addition, the city has not submitted an annual financial report to the State Auditor's office since December 31, 2003. Section 79.160, RSMo, requires the Board of Aldermen to prepare and publish semi-annual financial statements. These financial statements are to include a statement of receipts and expenditures and indebtedness of the city for the preceding six-month period. Section 79.165 RSMo, states the city cannot legally disburse funds until the financial statement is published. In addition, Section 105.145, RSMo, requires each political subdivision to file an annual report of its financial transactions with the State Auditor's office.
- C. The city has not obtained annual independent audits as required by state law. Considering the various internal control weaknesses noted and lack of financial reporting to the board and public, the city should at least consider obtaining periodic audits of their financial statements. Section 250.150, RSMo, requires an annual audit of all city sewerage system accounts whenever rates and charges are established and collected for such services.

WE RECOMMEND the Board of Alderman:

- A. Prepare a budget in compliance with state law, and make periodic comparisons between budgeted and actual expenditures.

- B. Prepare and publish semi-annual financial statements as required by state law. In addition, submit annual financial reports to the State Auditor's office.
- C. Require an annual independent audit be performed of all city funds.

AUDITEE'S RESPONSE

The board provided no response.

7. Restricted Revenues

The city has not established a separate accounting for motor vehicle-related revenues and sewer user fees and some restricted revenues were inappropriately transferred to the General Fund without board approval.

- A. The city has not established a separate accounting for the motor vehicle-related or the sewer user receipts and related disbursements. Motor vehicle-related revenues and sewer user fees are deposited by the city into the General Fund. Article IV, Section 30 of the Missouri Constitution, requires that motor vehicle related revenues apportioned by the state of Missouri be expended for street-related purposes including policing, signing, lighting, and cleaning of roads and streets. Section 250.150, RSMo, requires the revenues of a sewer system be segregated from all other revenues or funds of the city.
- B. Some restricted revenues were transferred to the Sewer Fund inappropriately and board approval for these transfers was not documented. Approximately \$3,400 was transferred in June 2004 from the Police Fund to the Sewer Fund, and approximately \$262 was transferred in July 2004 from the Water Quality Fee Fund to the Sewer Fund. The mayor indicated the transfer from the Police Fund was made due to the financial condition of the Sewer Fund and because the monies were not needed for their restricted purpose. The establishment of the Police Fund was voter approved and is funded with one of the franchise fees collected by the city. The mayor indicated the transfer from the Water Quality Fee Fund was to correct an error made when depositing sewer funds in the past, but this was not documented. The Water Quality Fee Fund is funded by an additional fee assessed on sewer bills. These monies were not intended for the general operating expenses of the city and there was no documentation to indicate the board authorized the transfer of these funds.

Revenues restricted for a specific purpose should not be used for general operating expenses of the city. The General, Sewer, and Street Fund owes the Police Fund approximately \$3,400 and the Water Quality Fee Fund approximately \$262.

WE RECOMMEND the Board of Alderman:

- A. Establish the necessary records to account for those monies restricted for specified purposes and allocate expenditures to the appropriate funds.
- B. Establish procedures to document the approval of all inter-fund transfers and consider repaying the monies transferred improperly into the General, Sewer, and Street Fund.

AUDITEE'S RESPONSE

- A. *The "QuickBooks" system has reported expenses by "Cost Center" (equivalent to "Fund") for road maintenance, sewer treatment plant operation, and sewer system maintenance since the beginning of 2004. The accountability is there, even though there is only one bank account.*
- B. *Monies were transferred to the Sewer Fund because it was not adequately funded due to low sewer fees and unusual expenses.*

8. Meeting Minutes and Ordinances

The Board of Aldermen has not developed a formal policy regarding public access to city records, board meeting minutes were not maintained for several meetings, and other minutes were not signed by the clerk and mayor. In addition, ordinances have not been adopted to establish the duties and compensation of all elected and appointed officials and employees.

- A. The city does not have a formal policy regarding public access to city records. A formal policy regarding access to and copies of the city records would establish reasonable guidelines for the city to make the records available to the public. This policy should establish a contact person, an address for mailing such requests, and the cost for providing copies of public records.

Section 610.023, RSMo, lists requirements for making city records available to the public. Section 610.026, RSMo, allows the city to charge fees for copying public records, not to exceed the city's actual cost of document search and duplication.

- B. Board meeting minutes were not maintained for several meetings. Minutes of January, February and April 2004, and March 2005, could not be located. Section 79.320, RSMo, requires the city clerk to keep a record of all proceedings of the board of aldermen.

Complete and accurate minutes of the board's meetings are necessary to retain a record of the business conducted by the board and to show the approval or disapproval of the issues discussed at the meetings.

- C. Board minutes are usually prepared by the city clerk; however, they are not signed by the city clerk and mayor. The board minutes should be signed when prepared by the city clerk. The minutes should also be signed by the mayor to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.
- D. The City has not adopted ordinances to establish the compensation and duties of elected and appointed officials and employees. Section 79.270, RSMo, requires the compensation of officials and employees to be set by ordinance, and the salary of an official shall not be changed during the term of election or appointment. Section 79.290, RSMo, requires the duties of all officials be set by ordinance.

Compensation rates set by ordinance, in addition to meeting statutory requirements, document the approved amounts to be paid and eliminate potential misunderstandings on the amount each city official and employee is to receive, and is necessary to ensure the compensation of an official is not changed during the term of office. Ordinance hearings provide for public input and information concerning the compensation paid. In addition, documentation of duties and job descriptions would clarify the duties and responsibilities of each official and employee and prevent misunderstandings.

WE RECOMMEND the Board of Aldermen:

- A. Develop written policies regarding procedures to obtain public access to, or copies of, public city records.
- B. Ensure minutes of the board meetings are maintained.
- C. Require the board minutes be signed by the city clerk upon preparation and the mayor upon approval.
- D. Establish ordinances setting the compensation and duties for all elected and appointed officials and employees as required by state law.

AUDITEE'S RESPONSE

- A. *The policy of this board has been to provide access to city records by posting them on the internet on the city's website (www.excelsiorestates.org). However, other priorities have precluded this, such as the DNR lawsuit, the Red Rock lawsuit, State of Missouri audit, not to mention fixing the sewer plant, maintaining the roads, making city hall usable, all within the "budget". The board will develop a policy regarding public access to city records.*

B&C. The board provided no response.

D. Existing ordinances establish compensation of the Mayor and Aldermen as "unpaid".

AUDITOR'S COMMENT

D. The city did not provide the ordinances referred to in their response.

9. Street Maintenance Plan

A formal street maintenance plan for the city streets has not been prepared annually. A financial report prepared by the mayor at our request indicated that approximately \$5,800 was spent on street maintenance in 2004. In January 2005, the mayor prepared a maintenance summary report for 2004 and a maintenance forecast report for 2005 which included some general information about road maintenance. These reports contained very little detail about what roadwork was done during 2004 or the proposed work for the upcoming year. In addition, there is no documentation to support that these reports were reviewed by the board.

A street maintenance plan should be prepared in conjunction with the annual budget and include a description of the streets to be worked on, the type of work to be performed, a cost estimate, the dates such work could begin, and any other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

WE RECOMMEND the Board of Alderman prepare a formal maintenance plan for the city streets at the beginning of the year and periodically update the plan throughout the year. In addition, the board should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects.

AUDITEE'S RESPONSE

The \$11,000 nominal Road Fund annual income only allows for "band aid" fixes of the almost 3 miles of roads in the city. Typically this means adding gravel to alleviate ruts and potholes monthly in response to spot deterioration due to rain, etc. We now have a pickup snowplow/sand spreader for winter, which requires insurance and maintenance. This equipment was given to the city by North Kansas City, Missouri in the spring of 2005.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF EXCELSIOR ESTATES, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The City of Excelsior Estates, Missouri, is located in Clay and Ray Counties. The city was incorporated in November 1986, and is currently a fourth-class city. The population of the city in 2000 was 263.

The city government consists of a mayor and four-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a two-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen and other officials during the year ended December 31, 2004, are identified below. The members of the Board of Aldermen and Mayor serve without compensation.

Board of Trustees	Dates of Service During the Year Ended December 31, 2004	Compensation Paid for the Year Ended December 31, 2004
Gary Fesenmeyer, Sr., Mayor (1)	April 2004 to December 2004	
Steve Crowell, Jr, Mayor	January 2004 to April 2004	
Dean Coffman, Alderman (2)	January 2004 to December 2004	
Robert Tabberer, Alderman (3)	June 2004 to December 2004	
Kris Karnes, Alderman (4)	January 2004 to December 2004	
Judy Conklin, Alderman (5)	January 2004 to December 2004	\$350

Other Principal Officials	Dates of Service During the Year Ended December 31, 2004	Compensation Paid for the Year Ended December 31, 2004
Kelly Crowell, City Clerk	January 2004 to April 2004	\$1,050
Nancy Lewis, City Clerk (6)	May 2004 to December 2004	\$2,450
Barton, Hall & Schnieders, City Attorney	January 2004 to December 2004	\$4,348

(1) Serves as the City Treasurer.

(2) Reelected in April 2005 but resigned in October 2005. Mary Slankard was appointed in November 2005.

(3) Appointed in June 2004 to fill the unexpired vacant seat created when the member-elect never took her oath of office.

(4) Reelected in April 2005.

- (5) Served as the City Clerk temporarily for April 2004 after Kelly Crowell resigned. Resigned in March 2005. A replacement has not yet been appointed.
- (6) Appointed in May 2004. Nancy resigned in July 2005 and Rita Wheeler was appointed in November 2005.

A summary of the city's financial activity for the year ended December 31, 2004.

	General, Sewer & Street Fund	Police Fund	Water Quality Fee	Total
RECEIPTS				
Franchise fees	\$ 7,412	0	0	7,412
Dog tags	45	0	0	45
Road fees	10,946	0	0	10,946
Sewer fees	19,853	0	0	19,853
Permits	120	0	0	120
Interest	8	8	0	16
Loan principal	1,500	0	0	1,500
Transfer in	3,662	0	0	3,662
Total Receipts	<u>43,545</u>	<u>8</u>	<u>0</u>	<u>43,553</u>
DISBURSEMENTS				
Auto expense	229	12	0	241
Bank service charge	125	0	0	125
Contracted services	12,300	0	0	12,300
Interest	469	0	0	469
Maintenance	16,917	0	0	16,917
Municipal charges	196	0	0	196
Office supplies	405	0	0	405
Postage and delivery	492	0	0	492
Printing	348	0	0	348
Professional fees	4,718	0	0	4,718
Telephone	715	0	0	715
Utilities	2,639	0	0	2,639
Contributions	750	0	0	750
Loan principal	5,418	0	0	5,418
Transfers out	0	3,400	262	3,662
Total Disbursements	<u>45,723</u>	<u>3,412</u>	<u>262</u>	<u>49,397</u>
Receipts Over (Under) Disbursements	(2,178)	(3,404)	(262)	(5,844)
Cash Balance, January 1	3,428	3,413	262	7,103
Cash Balance, December 31	<u>\$ 1,250</u>	<u>9</u>	<u>0</u>	<u>1,259</u>



Claire McCaskill

Missouri State Auditor

January 2006

Missouri State Employees' Retirement System

Four Years Ended
June 30, 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

January 2006

The following items were noted as a result of an audit conducted by our office of the Missouri State Employees' Retirement System.

In fiscal year 2005, the retirement system board began providing its employees the same guaranteed annual cost of living adjustments (COLA) as provided to system retirees and survivors. Fiscal year 2005 COLA increases, which totaled approximately \$56,000, were less than the state pay plan. In years when the state pay plan provides no, or smaller, COLA increases, the new policy may provide raises to Missouri State Employees' Retirement System (MOSERS) employees significantly higher than available to all other state employees. Additionally, once every two years the board adjusts salaries based on a salary survey conducted by MOSERS employees. The 2004 salary survey process provided for total annual increased compensation of approximately \$78,500 for 28 employees, effective January 1, 2005. The next salary survey is to be performed in 2006.

The board also provides its employees with significant potential annual performance incentive payments which are generally not available to other state employees. If the retirement fund performance benchmarks are met or exceeded, the Chief Investment Officer and investment section employees are eligible for various incentive amounts based on quantitative and/or qualitative measures. For example, the Chief Investment Officer's employment contract provides for an annual incentive payment of 30 percent of base pay in addition to the incentive payment received under the investment employees incentive program. Effective in fiscal year 2005, the board implemented an incentive compensation program for all other staff, based on various other quantitative and qualitative measures. Additionally, the Executive Director's employment contract, effective March 2004, provides for an annual incentive payment up to \$20,000 as determined by the Board of Trustees. In his response to the audit recommendations, MOSERS' Executive Director stated "the pay plan was designed to attract and retain the high caliber talent needed to effectively and efficiently administer a multi-billion dollar pension plan" and cited information regarding MOSERS' investment and operational performance. The complete response is included in the audit report.

MOSERS spent approximately \$314,000, \$311,000, \$275,000, and \$363,000 on travel and meeting expenses during fiscal years 2004, 2003, 2002, and 2001. Although the board has established travel policies, the policies do not provide limits on the amounts that will be reimbursed for certain travel expenses. The board also has not established a system for reporting travel expenses and gifts that board members and employees have accepted from third parties. Accepting meal expenses or other gifts, including those allowed by MOSERS current policy, from entities which MOSERS contracts with or could potentially contract with could give the appearance of a conflict of interest.

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YELLOW SHEET

MISSOURI STATE EMPLOYEES'
RETIREMENT SYSTEM

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Board of Trustees
and
Gary Findlay, Executive Director
Missouri State Employees' Retirement System
Jefferson City, MO 65109

The State Auditor is required under Section 104.480.4, RSMo 2000, to review the audits of the Missouri State Employees' Retirement System. The system engaged KPMG, LLP, Certified Public Accountants (CPAs), to audit the system's financial statements for the years ended June 30, 2004, 2003, 2002, and 2001. We reviewed the reports and substantiating working papers of the CPA firm. The scope of our review included, but was not necessarily limited to, the years ended June 30, 2004, 2003, 2002, and 2001. The objectives of this review were to:

1. Review compliance with certain legal provisions.
2. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the system, as well as certain external parties; testing selected transactions; and analyzing comparative data obtained from the system.

In addition, we obtained an understanding of internal controls significant to the review objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our procedures and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the review objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we

designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our procedures and accordingly, we do not express such an opinion.

Our review was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the system's management and was not subjected to the procedures applied in the review of the system.

The accompanying Management Advisory Report presents our findings arising from our review of the Missouri State Employees' Retirement System.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 29, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Kim Spraggs, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Salary Issues
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Despite recent state budget constraints, Missouri State Employees' Retirement System's (MOSERS) Board of Trustees (board) has provided its employees significant pay raises and lump-sum payments beyond cost of living adjustments (COLA) given to other state employees.

During the past several years, the board has provided various types of pay raises and incentive payments to its employees:

- Prior to fiscal year 2005, the board provided its employees with the same COLA increases as other state employees were given. Beginning in fiscal year 2005, the board adopted a new employee compensation and benefits policy, providing its employees with the same guaranteed annual COLA as provided to system retirees and survivors. MOSERS employees, with the exception of the Executive Director and the Chief Investment Officer, now receive an annual COLA equal to 80 percent of the increase in the consumer price index, subject to a maximum of 5 percent of pay. Fiscal year 2005 COLA increases totaled approximately \$56,000 while the \$1,200 annual COLA increase available to other state employees under the state pay plan would have provided approximately \$82,000. However, in years such as fiscal year 2006 when the state pay plan provides no, or smaller, COLA increases, the new policy may provide raises to MOSERS employees significantly higher than available to all other state employees.

In addition to the COLA increases mentioned above, once every two years the board adjusts salaries based on a salary survey conducted by MOSERS employees. The survey participants are generally other statewide public employee or teacher retirement systems, including some other Missouri systems and systems from other states. The 2004 salary survey process provided for total annual increased compensation of approximately \$78,500 for 28 employees, effective January 1, 2005. The 2002 salary survey process provided for a total annual increased compensation in the amount of approximately \$37,000 for 21 operations employees, effective July 1, 2003. A salary survey conducted for investment staff in 2002 and an investments section reorganization during fiscal year 2003 resulted in five investments section staff receiving annual increased compensation totaling \$48,000 effective December 2002 and January 2003. Under current board policy, the next salary survey will be performed in 2006.

- The board provides its employees with significant annual incentive payments. The investment section employees' incentive program provides for an annual incentive pool for payment to all investment section employees, other than the

investment operations employees, of up to 20 percent of the employee's base pay if retirement fund performance benchmarks are met. If fund performance benchmarks are not met, no incentive pool is available. When distributing the incentive pool money, each investment employee, other than the investment operations employees, automatically receives 50 percent of his or her applicable incentive award. The other 50 percent of the award is based on a qualitative evaluation of the achievement of the system goals and dedication to overall enhancement of the investment program, as determined by the Chief Investment Officer.

Also, if retirement fund performance benchmarks are met, an amount equaling ten percent of the total incentive pool payments distributed to the investment section employees is set aside in an incentive pool for investment operations employees. Each investment operations employee is eligible to receive a prorated share of the investment operations incentive pool based on the percentage his or her salary represents of the total investment operations employees' salaries. The incentive payment earned is based 100 percent on the same qualitative evaluation used by the Chief Investment Officer for the other investment staff.

In addition, effective in fiscal year 2005, the board implemented an incentive compensation program for all other staff (operations staff). Under this program, all other staff may receive incentive payments up to 10 percent of their base pay based on various quantitative and qualitative measures. An employee may receive 4 percent of his or her base pay for accomplishment of MOSERS' overall performance objectives as measured by an outside entity, and up to 6 percent of his or her base pay for accomplishment of individual performance objectives as evaluated by their supervisor. The first incentive payments under this program were planned for June 2005.

The Executive Director's employment contract, effective March 2004, provides for an annual incentive payment up to \$20,000 as determined by the Board of Trustees. If the retirement fund performance benchmarks are met, the Chief Investment Officer's employment contract, effective February 2004, provides for an annual incentive payment of 30 percent of base pay in addition to the incentive payment received under the investment employees incentive program discussed above.

Incentive payments relating to calendar years 2002, 2003, and 2004 are summarized below:

Table I: Incentive Payments				
Employee(s)		Year Ended December 31,		
		2004	2003	2002
Executive Director (1)	\$	18,000	N/A	N/A
Chief Investment Officer (1)		91,200	27,000	27,000
Investment staff (2)		78,400	75,000	58,860
Total Incentive Payments	\$	187,600	102,000	85,860

Source: MOSERS calculations.

- (1) The Executive Director and Chief Investment Officer began receiving contracted incentives in 2004. The Chief Investment Officer's contracted incentive amount was \$57,000 for 2004.
- (2) There were eight investment staff in 2004 and 2002, and seven investment staff in 2003.

The raises and payments the board provided its employees, with the exception of the COLA increases prior to fiscal year 2005, have generally not been available to other state employees. Although Section 104.500, RSMo 2000 gives the board exclusive jurisdiction to set employee compensation, Section 104.460, RSMO 2000 also defines MOSERS employees as state employees. MOSERS officials have indicated they consider MOSERS staff to be state employees for the purpose of eligibility for employee benefits only and they believe the pay increases and lump sum payments have been necessary to maintain high levels of fund performance and customer service, and to retain quality staff. Given the fact that other state employees have generally not received such pay increases and do not receive incentive payments, the board should reevaluate the necessity of such raises and payments.

WE RECOMMEND MOSERS' Board of Trustees review the various compensation programs and reconsider providing future pay increases over and above those provided to all other state employees.

AUDITEE'S RESPONSE

The Executive Director provided the following response:

The members of the board of trustees, in their capacity as fiduciaries, have been given statutory authority to fix the compensation of staff. The applicable statutes read as follows:

Section 104.460.4 RSMo - Employees of the system shall receive such salaries as shall be fixed by the board and their necessary travel expense within and without the state as shall be authorized by the board.

Section 104.500.5 RSMo - Subject to the provisions of the constitution and sections 104.010 and 104.320 to 104.800, the board of trustees shall have exclusive jurisdiction and control over the funds and property of the system and may employ and fix the compensation of necessary employees.

The board members have acted as responsible fiduciaries and exercised their authority in establishing a pay plan that addresses COLAs, salary adjustments if supported by biennial salary surveys, and incentive compensation. The SAO concluded that the pay plan should be reconsidered because it differs from the pay plan applicable to other state employees. The pay plan was designed to attract and retain the high caliber talent needed to effectively and efficiently administer a multi-billion dollar pension plan. In that regard, the Attorney General had this to say (in the context of the board's authority to determine travel expenses):

“the duties of MOSERS employees are highly complex and technical, requiring familiarity with the intricacies of the financial world and an ability to react quickly to financial events....We believe that the General Assembly acknowledged the realities of MOSERS management needs by its passage of §104.460.4 Clearly the MOSERS Board of Trustees is in the best position to determine the proper limits of travel expenses for MOSERS employees.” This opinion can be found by referring to Mo. Atty. Gen. Op. No. 99 (1982).

The pay plan is based on solid business fundamentals:

- 1. It establishes salary levels based on market analysis.*
- 2. It provides a COLA to help ensure that salaries stay at or near market over periods of time.*
- 3. It rewards performance based on results.*

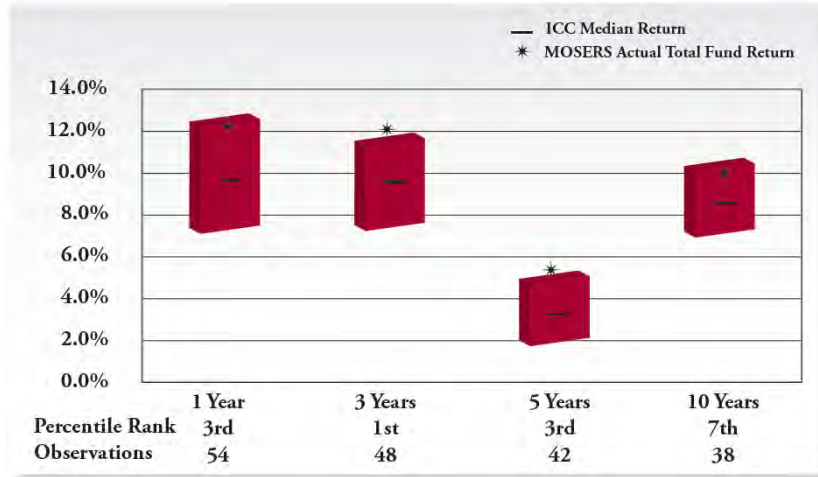
The board has made reasonable policy decisions in establishing a pay plan for staff based on the broad statutory authority established by the General Assembly.

We believe that the real question being asked by the State Auditor is simply this. “Are the members of the system and the taxpayers who support the system getting value for what is being spent?” To me, the proof is in the results, which I believe you were remiss in not including in your report but which I will address momentarily.

The bottom line is that we have saved the taxpayers hundreds of millions of dollars relative to the median performance of the public retirement fund universe and have provided the highest level of customer service at below median industry costs. Our staff turnover is a small fraction of what is being experienced in state government generally. In my opinion, our ability to attract and retain the talent that has produced these results is a direct function of our pay plan – a plan that serves as a model for stellar performance and cost effective service delivery.

Investment Performance

For the past three and five year periods ending June 30, 2005, MOSERS had either the highest or near the highest annualized rates of return in a universe consisting of the largest and most sophisticated public retirement funds around the country. The following chart illustrates this point:



*The chart above provides information from a peer group of public pension funds as tabulated by the Independent Consultants Cooperative (ICC). The red boxes illustrate the range of investment returns. MOSERS return for FY 2005, was 12.6%.

This translates into real dollars and cents. Relative to the median investment performance of public retirement funds (funds with over \$1 billion in assets), MOSERS performance over the past five years has resulted in an additional \$658 million of income. That is \$658 million in additional pension fund income for our members and retirees and \$658 million that the taxpayers will not be required to pay in the form of additional contributions made by the state to the system.

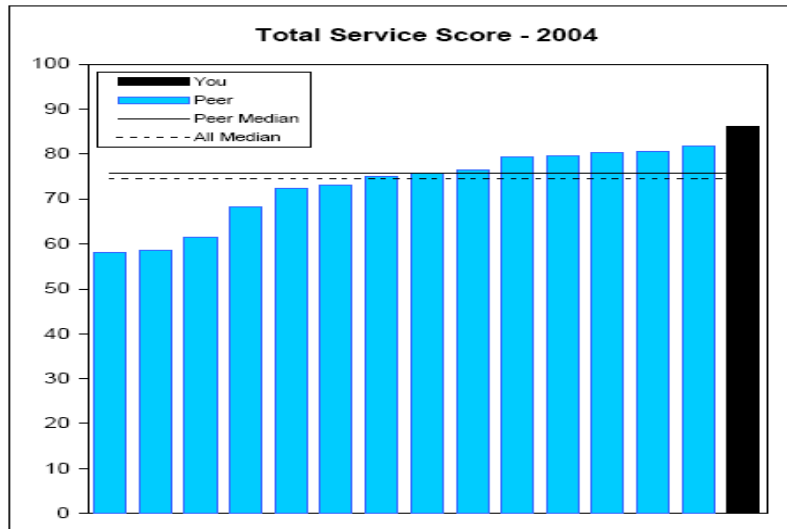
Defined benefit pension funding is really a simple equation:

*Benefit Payments + **Administrative Costs** = **Investment Income** + Contribution Income*

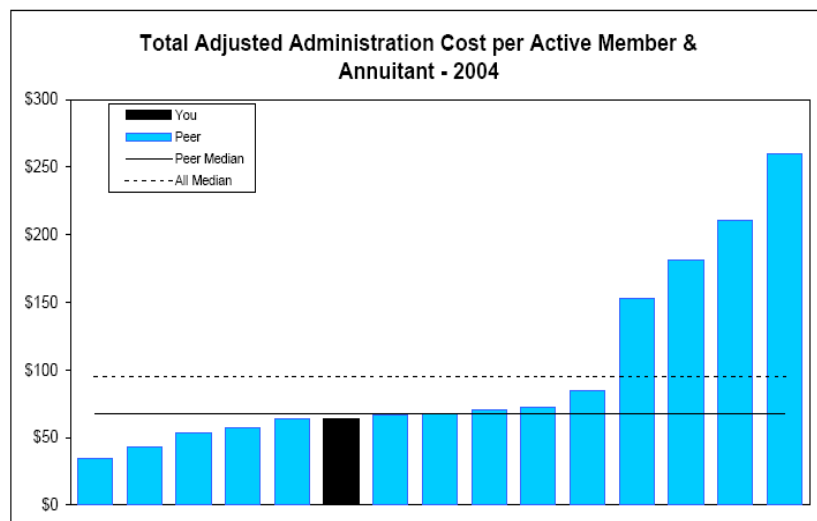
As one can see, if investment income increases, contribution income can decrease and the equation will remain in balance. I addressed “investment income” above, and I will address “administrative costs” next.

Operational Performance

*In order to determine whether or not we are using our resources efficiently, we contract with a firm to compare our administrative costs to the costs incurred by other public pension funds. Based on an independent evaluation by the firm, Cost Effectiveness Measurement (CEM), MOSERS has been judged as having the **highest** level of customer service in our peer group (15 public pension funds) at **below** median cost. The following tables, prepared by CEM, illustrates these points:*



Note: Service score is calculated by CEM and provides a numeric grade on issues such as prompt payment of benefits, counseling, financial control, and service to employers.



Note: Administration cost represents all costs to operate MOSERS excluding any investment related costs.

This is particularly noteworthy considering that most of the plans in our peer group are substantially larger than MOSERS. In fact, MOSERS is the fourth smallest in the peer group. This means that we do not have the benefit of the economies of scale of the others in our peer group. Logically, this would push our cost above median rather than below median.

The service level speaks to the dedication of our employees in providing the highest quality of service possible, and the cost (at below median level) speaks to the efficiency in using pension fund resources (tax payer dollars) wisely.

2.**Travel Expense Limits**

The board has not established limits for travel expenses, such as lodging and meals. MOSERS spent approximately \$314,000, \$311,000, \$275,000, and \$363,000 on travel and meeting expenses during fiscal years 2004, 2003, 2002, and 2001.

We reviewed 14 employee and board member expense reports paid during fiscal year 2004. We noted several instances where lodging or meal reimbursements appeared excessive. In two instances lodging costs related to due diligence monitoring visits were over the federal per diem lodging rate. The Office of Administration has adopted the per diem rates established by the federal General Services Administration as guidelines for state employee travel. The charges for one night's lodging in Los Angeles and Memphis were \$175 and \$109, respectively, which exceeded the federal per diem rates for these cities by \$69 and \$28, respectively. MOSERS personnel indicated for the Los Angeles trip, the employee stayed at a hotel in a centralized location of the three money managers being monitored; however, the details supporting this justification were not documented. For the Memphis trip, MOSERS personnel could not provide an explanation of why the employee chose to stay at a hotel at this rate.

We also noted three instances when reimbursements for meal expenses were over the federal per diem meal rate. We noted reimbursements for lunch of \$29 and \$17, which exceeded the applicable federal rate of \$11 and \$12; and a dinner of \$30, which exceeded the federal rate of \$26.

Although the board has established travel policies, the policies do not provide limits on the amounts that will be reimbursed for certain travel expenses. The board should adopt reasonable lodging and meal rates and require a written explanation when costs are claimed that exceed these rates.

WE RECOMMEND the Board of Trustees adopt reasonable lodging and meal rates and require a written explanation as to any reasons necessitating costs which exceed these rates.

AUDITEE'S RESPONSE

The Executive Director provided the following response:

The board of trustees has been given statutory authority to control the salaries and travel expenses of the staff members. The applicable statute reads as follows:

Section 104.460.4 RSMo - Employees of the system shall receive such salaries as shall be fixed by the board and their necessary travel expense within and without the state as shall be authorized by the board.

The authority of the board of trustees to set the travel expense policies for staff is also supported by the opinion issued by the Attorney General cited earlier in which the Attorney General discussed the justification for operational differences between MOSERS and the executive branch in the context of travel regulations.

Although our travel policy clearly states that all expenses must be approved by a supervisor, which implies that some level of reasonableness test was applied, we have initiated a change in our travel policy based on the State Auditor's recommendation. The travel policy will stipulate that hotels and meals must be held to a reasonable level, based on the location of the travel. Any deviations from these new limits will have to be documented on the travel expense reimbursement form and, therefore, subject to supervisory approval. As a practical matter, this step simply represents documenting what has been common practice.

3. Acceptance of Gifts from Third Parties

MOSERS officials indicated, and our follow up on expense reports confirmed, that board members and employees periodically receive paid travel expenses (i.e. meals, lodging, and conference fees) from investment managers while attending conferences or conducting monitoring reviews. The board has not established a system for reporting and monitoring gifts that board members and employees have accepted from third parties, such as investment managers or other vendors which do business with retirement systems.

Our review of 14 expense reports found many instances where certain travel expenses were not claimed for overnight trips taken, and there was no documentation indicating how these expenses were paid (i.e. included in conference registration or lodging fees, or paid for by a third party). In response to our inquiries, MOSERS employees indicated many of the expenses were paid for by third parties. In some cases, MOSERS employees were not able to clearly tell us who paid the expenses.

The board's conflict of interest policy allows employees to accept the following items from third parties:

- 1) an item or service valued at less than \$50
- 2) food
- 3) beverages
- 4) admission to social, art, or sporting events and activities
- 5) travel expenses to attend educational conferences
- 6) travel expenses and honorarium paid to an employee who provides educational services/information to a public pension fund, national pension fund organization, or a nonprofit organization
- 7) informational material
- 8) other gifts, as long as the total of such gifts does not exceed \$200 per calendar year

Section 104.500, RSMo 2000 states that any trustee or employee accepting any gratuity or compensation for the purpose of influencing his action with respect to the investment of the funds of the system shall thereby forfeit his office, and be subject to other penalties established by law. Accepting meal expenses or other gifts, including those allowed by the current policy, from entities which MOSERS contracts with or could potentially contract with could give the appearance of a conflict of interest. MOSERS officials stated they do not consider the acceptance of the items listed above a conflict of interest because the employees or board members receiving the items would not have otherwise incurred personal out-of-pocket expenses; these expenses would have been paid for by MOSERS. By allowing the acceptance of any items from third parties, it is difficult to determine how MOSERS officials could monitor whether someone's actions had been influenced.

The board should re-evaluate their policy which allows the acceptance of gifts by system officials and employees. If acceptance of gifts is allowed, a system should be established for reporting and monitoring those items received. Records should document the name of the third party, their relationship to MOSERS, expenses paid or gifts received, the name of the recipient, the date, and the estimated value of the item received. These records should be periodically reviewed by the board and staff to ensure such items are reasonable.

WE RECOMMEND the Board of Trustees re-evaluate their policy to determine whether the acceptance of any gifts or other items of value by system officials and employees should be allowed. If allowed, the board should establish a system for reporting gifts which are accepted from third parties and monitor those items for compliance with state law.

AUDITEE'S RESPONSE

The Executive Director provided the following response:

The executive director has established a gift and conflict of interest policy for MOSERS staff which is included in MOSERS personnel policy handbook. The exceptions from the definitions of "gifts" noted by the State Auditor are based on Missouri State law. Specifically, Section 105.485 (8) states as follows:

105.485(8) The name and address of each source from which such person received a gift or gifts, or honorarium or honoraria in excess of two hundred dollars in value per source during the year covered by the statement other than gifts from persons within the third degree of consanguinity or affinity of the person filing the financial interest statement. For the purposes of this section, a gift shall not be construed to mean political contributions otherwise required to be reported by law or hospitality such as food, beverages or admissions to social, art, or sporting events or the like, or informational material. For the purposes of this section, a gift shall include gifts to or by creditors of the individual for the purpose of canceling, reducing or otherwise forgiving the indebtedness of the individual to that creditor;.....

If we do decide to re-evaluate the travel policies and the policies relating to the acceptance of gifts, the policy will include a process for tracking any gifts received assuming the items received meet any new or modified definition of a “gift.” The employees are required to sign a form indicating that they have received their copy of the personnel policy, which includes the prohibition of receiving ANY gift that was given in an attempt to influence the employee’s action or inaction.

As an aside, the personnel policy is currently being revised to incorporate all ethics related requirements and policies into one comprehensive ethics policy. Staff will be given training on the new policy to ensure that they are fully aware of the issues related to ethics and ethical behavior. Again, this would not be seen as a change in what has been common practice.

With regard to the travel expense report documentation, we will revise the travel policy to require staff to document when meals or hotels are included in conference registration fees or paid by outside parties.

FOLLOW-UP ON PRIOR AUDIT FINDING

MISSOURI STATE EMPLOYEES'
RETIREMENT SYSTEM
FOLLOW-UP ON PRIOR AUDIT FINDING

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Missouri State Employees' Retirement System on the finding in the Management Advisory Report (MAR) of our prior audit report issued for the three years ended June 30, 2000.

Professional Services Contracts

The Missouri State Employees' Retirement System (MOSERS) Board of Trustees had not formally solicited proposals for the actuarial consulting service or the investment consulting service contracts in recent years.

Recommendation:

The MOSERS Board of Trustees periodically solicit proposals for all professional services.

Status:

Although MOSERS has not implemented procedures to periodically solicit proposals for all professional services, our review of contracts found MOSERS had either periodically solicited proposals for services or periodically reviewed contract rates to ensure fair pricing through either external or internal review. The results of these reviews were generally documented.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Missouri State Employees' Retirement System (MOSERS) was created September 1, 1957, under an act of the General Assembly to provide retirement benefits to most full-time state employees not covered under other retirement plans of the state, including members of the Water Patrol, members of the General Assembly, elected state officials, administrative law judges and legal advisors, and judges. The system provides retirement, survivor and disability benefits, and life insurance to its members. MOSERS administers, or contracts for the administration of, four retirement plans and an insurance plan: Missouri State Employees' Plan, Administrative Law Judges and Legal Advisors' Plan, Judicial Plan, College and University Retirement Plan, and Missouri State Insurance Plan.

The Missouri State Employees' Plan is a single employer, public employee, defined benefit retirement plan administered in accordance with Chapter 104, RSMo. Within the Missouri State Employees' Plan are two benefit structures known as the MSEP (closed plan) and MSEP 2000 (new plan). As of June 30, 2004, there were 55,914 active, 13,796 terminated vested, and 24,757 retired members and beneficiaries of the Missouri State Employees' Plan.

The Administrative Law Judges and Legal Advisors' Plan (ALJLAP) is a single employer, public employee, defined benefit retirement plan administered in accordance with Chapter 287, RSMo. As of June 30, 2004, there were 57 active, 29 terminated vested, and 25 retired members and beneficiaries of the ALJLAP.

The Judicial Plan is a single-employer, public employee, defined benefit retirement benefit plan administered in accordance with Chapter 476, RSMo. As of June 30, 2004, there were 391 active, 73 terminated vested, and 397 retired members and beneficiaries of the Judicial Plan.

The College and University Retirement Plan (CURP) is a defined contribution plan for education employees at regional colleges and universities in Missouri, and became effective July 1, 2002. The CURP is administered in accordance with Chapter 104, RSMo. MOSERS has been given the responsibility by law to implement and oversee the administration of the plan. MOSERS contracts with an outside service provider, TIAA-CREF, to administer the plan.

The Missouri State Insurance Plan is accounted for as an internal service fund of the State of Missouri and is administered by MOSERS. It provides basic life insurance for eligible members of the MSEP (except employees of the Missouri Department of Conservation, and certain state colleges and universities), members of the Judicial Plan, members of the ALJLAP, and certain members of the Public School Retirement System. The plan also provides duty-related death benefits, optional life insurance for active employees and retirees who are eligible for basic coverage, and a long-term disability plan for certain eligible members.

MOSERS has been a noncontributory plan since September 1, 1972, except for members of the General Assembly and elected state officials who became noncontributory effective September 1, 1976.

The responsibility for the operation and administration of the retirement system is vested in an eleven-member Board of Trustees. This Board consists of two members of the Senate appointed by the President Pro Tem of the Senate, two members of the House of Representatives appointed by the Speaker of the House, two members appointed by the Governor, the State Treasurer, the Commissioner of Administration, and three other members of the retirement system, one of whom must be retired, who are elected by a plurality vote of the membership to four-year terms. The members of the Board of Trustees as of June 30, 2004, were as follows:

Name	Position	Membership	Term Expires
Lori Strong-Goeke	Board Chair	Governor's Appointee	****
Marsha Buckner	Vice Chair	Elected Member	December 2006
Nancy Farmer	Ex-Officio Member	State Treasurer	*
Jacquelyn White	Ex-Officio Member	Commissioner of Administration	*
John Russell	Member	Senator	**
Ed Quick	Member	Senator	**
Bill Deeken	Member	Representative	***
Todd Smith	Member	Representative	***
Carol Gilstrap	Member	Governor's Appointee	****
Don Martin	Member	Elected Member	December 2006
Wayne Bill	Member	Elected Member	December 2006

* Term expires with expiration of office held. Nancy Farmer was replaced by Sarah Steelman as State Treasurer and Jacquelyn White was replaced by Michael Keathley as Commissioner of Administration in January 2005.

** Appointed by the President Pro Tem of the Senate. John Russell and Ed Quick were replaced by Timothy Green and Jason Crowell in January 2005.

*** Appointed by the Speaker of the House.

**** Appointed by the Governor, appointed for the term of the Governor. Carol Gilstrap was replaced by John Pelzer in April 2005 and Lori Strong-Goeke was replaced by John Russell in January 2005. Marsha Buckner was elected Board Chair and Todd Smith was elected Vice Chair in January 2005.

Gary Findlay has served as the Executive Director since his appointment on August 1, 1994. The Executive Director is responsible for employment of the retirement system staff, routine operation of the system, contracting for professional services, and advising the Board on all matters pertaining to the system. The executive staff and their annual compensation as of June 30, 2004, were as follows:

Name	Position	Annual Compensation
Gary Findlay	Executive Director	\$ 166,500 (1)
Rick Dahl	Deputy Executive Director – Chief Investment Officer	190,000 (2)
Karen Stohlgren	Deputy Executive Director – Chief Operations Officer	100,066
Jake McMahon	Chief Counsel	94,336

- (1) In addition to his base salary amount of \$166,500, Gary Findlay's employment contract provided for annual incentive compensation up to \$20,000 and the purchase of prior retirement service.
- (2) In addition to his base salary amount of \$190,000, beginning in 2004 Rick Dahl's employment contract provided for annual incentive compensation up to 30 percent of his base compensation, in addition to incentive payments available under the investment section employees' incentive program.

The Board of Trustees has appointed Gabriel, Roeder, Smith & Co., of Southfield, Michigan as actuarial consultants. Summit Strategies, Inc., of St. Louis, Missouri serves as the system's general asset investment consultant and TimberLink, LLC, of Atlanta, Georgia serves as the system's timberland investment consultant. Mellon Trust, of Boston, Massachusetts serves as the system's master custodian. Thompson Coburn, of St. Louis, Missouri serves as the system's external general counsel and Perkins Coie, of Seattle, Washington serves as the system's timberland counsel. Charlesworth & Associates, LLC of Overland Park, Kansas serves as the system's risk management consultant. Credit Suisse First Boston Corporation, of New York, New York; and Lehman Brothers, of New York, New York serve as securities lending program advisors. The Standard Insurance Company, of Overland Park, Kansas serves as the disability and life insurance administrator. TIAA-CREF, of Chicago, Illinois serves as the CURP administrator. KPMG, LLP, of Kansas City, Missouri serves as the system's independent auditor. Jack Pierce, of Jefferson City, Missouri serves as the system's legislative consultant.

As of June 30, 2004, the following firms managed external investments for MOSERS: AmeriCap Advisors, LLC, of New York, New York; BlackRock Financial Management, of New York, New York; Blackstone Alternative Asset Management, LP, of New York, New York; Blackstone Real Estate Advisors, LP, of New York, New York; Blackstone Bridge Advisors, LP, of New York, New York; Blakeney Management, of London, England; Blum Capital Partners, LP, of San Francisco, California; The Campbell Group, of Portland, Oregon; Capital Guardian Trust Company, of Los Angeles, California; Catterton Partners, of Greenwich, Connecticut; DDJ Capital Management, LLC, of Wellesley, Massachusetts; Dimensional Fund Advisors, Inc., of Santa Monica, California; Grantham, Mayo, Van Otterloo & Co., LLC, of Boston, Massachusetts and Berkeley, California; Hoisington Investment Management Co., of Austin, Texas; Legg Mason Capital Management, Inc., of Baltimore, Maryland; Mastholm Asset Management, LLC, of Bellevue, Washington; Merrill Lynch Asset Management Group, of New York, New York; MHR Fund Management, LLC, of New York, New York; NISA Investment Advisors, LLC, of

St. Louis, Missouri; Oak Associates, Ltd., of Akron, Ohio; OakBrook Investments, of Lisle, Illinois; Oaktree Capital Management, LLC, of Los Angeles, California; Relational Investors, LLC, of San Diego, California; Resource Management Services, LLC, of Birmingham, Alabama; Silchester International Investors, of London, England and New York, New York; Silver Lake Partners, of Menlo Park, California; Trust Company of the West, of Los Angeles, California; and Wayzata Investment Partners, LLC, of Wayzata, Minnesota. A portion of MOSERS investment portfolio is managed in-house by MOSERS staff.

Membership, required contributions, and benefits provided under the MSEP, ALJLAP, and the Judicial Plan are generally as follows:

Missouri State Employees' Plan

The Missouri State Employees' Plan consists of two benefit structures known as the Missouri State Employees' Plan (MSEP) and the Missouri State Employees' Plan 2000 (MSEP 2000). The MSEP 2000 became effective July 1, 2000.

Eligibility

All employees of the state hired for the first time on or after July 1, 2000, whose position normally requires at least one thousand hours of work per year, and who are not simultaneously accumulating creditable service under another retirement program supported by state contributions (other than social security), are eligible and required to participate in the MSEP 2000. Those employees hired prior to July 1, 2000, who meet the requirements above, and do not elect to transfer to the MSEP 2000, participate in the MSEP. MOSERS active members, vested former members, and retirees and survivors under the MSEP may elect to transfer to the MSEP 2000 within established guidelines.

Contributions

The Missouri State Employees' Plan is a non-contributory plan, with the entire cost paid by the State of Missouri. The contribution rate paid by the State for fiscal years 2004, 2003, 2002, and 2001 was 9.35, 8.81, 11.59, and 11.59 percent, respectively, of the Missouri State Employees' Plan membership payroll. Prior to September 1, 1972, contributions by members were required.

Service Retirement Benefits

Service retirement benefits are payable to members who have terminated covered employment and who have met certain eligibility requirements. All service retirement benefits for members in the general employee plan are the greater of an amount based on a formula which multiplies the average monthly pay of the highest thirty-six consecutive months of salary, by the applicable formula factor, by the years of creditable service, and in the case of early retirement, an age reduction factor, or \$15 times the full years of creditable service.

Creditable service is a combination of the creditable prior service a member has accrued before becoming a member of MOSERS and the years and full months of service the member has as a

member of MOSERS. A regular member is fully vested upon completion of five years of service; a General Assembly member is fully vested upon completion of three full biennial assemblies; and a Statewide Elected Official member is fully vested upon completion of four years of service.

NORMAL RETIREMENT

MSEP

General state employees may retire under the standard (.016) formula factor with full benefits at age sixty-five with five years of service (four years if he/she is retiring directly from active employment), or at age sixty with fifteen years of service. Members may retire at age forty-eight or later with full benefits if their combined age and service equal eighty (Rule of 80).

A uniformed Water Patrol member may retire with full benefits at age fifty-five with five years of service (four years of service if he/she is retiring directly from active employment), or at age forty-eight or later under the Rule of 80. Water Patrol members' base benefit is calculated under the standard (.016) formula factor and this amount is then increased by 33-1/3 percent to determine their normal retirement annuity.

General Assembly members may retire with full benefits at age fifty-five with three full-biennial assemblies and receive \$150 times the number of biennial assemblies.

Elected officials may retire with full benefits at age sixty-five with four years of service, at age sixty with fifteen years of service, or at age fifty or later under the Rule of 80. Elected officials with less than twelve years of service as an elected official receive a benefit based on a formula which multiplies the average monthly pay of their highest thirty-six consecutive months of salary, by the standard (.016) formula factor, and by the years of creditable service. Elected officials with twelve or more years of service receive 50 percent of the current statutory salary paid to the elected official in the highest position which the retiree previously held.

MSEP 2000

General state employees and members of the uniformed Water Patrol may retire under the standard (.017) formula factor with full benefits at age sixty-two with five years of service, or at age forty-eight or later under the Rule of 80. General state employees and members of the uniformed Water Patrol who retire under the Rule of 80 are eligible for an additional temporary benefit until they reach the age of sixty-two. The temporary benefit is calculated the same as the normal benefit using an 0.8 percent formula factor.

General Assembly members may retire with full benefits at age fifty-five with three full-biennial assemblies, or at age fifty or later under the Rule of 80 with three full-biennial assemblies. General Assembly members receive one twenty-fourth of the current monthly salary of an active member of the General Assembly multiplied by years of

service. The monthly benefit is capped at 100 percent of an active legislator's monthly pay.

Elected officials may retire with full benefits at age fifty-five with four years of service, or at age fifty or later under the Rule of 80. Elected officials receive one twenty-fourth of the current monthly salary of an active elected state official in the highest position held multiplied by years of service. The monthly benefit is capped at twelve years of service or 50 percent of an active elected state official's pay in the highest position held.

EARLY RETIREMENT

MSEP

General state employees and elected officials may retire with reduced benefits at age fifty-five with ten years of service. There are no early retirement provisions for General Assembly members and uniformed members of the Water Patrol.

MSEP 2000

General state employees and uniformed members of the Water Patrol may retire with reduced benefits at age fifty-seven with five years of service. There are no early retirement provisions for General Assembly members and elected officials.

BackDROP

Effective January 1, 2002, MSEP and MSEP 2000 members may elect a "BackDROP" option at retirement that would allow for a lump sum payment in addition to the retirement benefits which are calculated as if the member had retired at a previous date. To be eligible to participate in the BackDROP, a member must be actively employed in a MOSERS covered position on the date first eligible for normal retirement and have been eligible to retire under normal age and/or service conditions for at least two years. A retroactive starting date is selected by the member, which must be on or after the date first eligible for normal retirement benefits and within the five-year period immediately prior to the actual retirement date. This results in a BackDROP period of one to five years depending on the member's situation. The member is paid a lump sum in the amount of 90 percent of the value of the benefit payments that would have been paid during the BackDROP period beginning at retirement or as three equal annual installments beginning at the retirement date.

Members of the General Assembly and elected officials are not eligible for the BackDROP option.

PAYMENT OPTIONS

A retiring member may elect to receive an unreduced benefit with a life income annuity (with no provision for survivorship) or a 50 percent joint-and-survivor option (this option

provides for a reduced benefit under the MSEP 2000), or the member may elect to receive a reduced benefit with a 100 percent joint-and-survivor option. The survivor options provide survivor benefit coverage in varying degrees after the retiree's death.

Under any of the joint and survivor options that pay a reduced benefit, if the designated surviving spouse dies before the retiree, the retiree's benefit will "pop-up" or revert to the life income annuity amount effective the first of the month following the spouse's death.

These members may also choose an annuity under the MSEP with either 60 or 120 guaranteed monthly payments (120 or 180 guaranteed monthly payments for MSEP 2000 members). The member receives a reduced monthly benefit for life and if the member dies before receiving the designated number of payments, the beneficiary receives the remaining payments.

Cost-of-Living Adjustments (COLA)

For general employees and uniformed members of the Water Patrol hired prior to August 28, 1997, a COLA to the benefit amount is provided annually based on 80 percent of the previous year's increase in the Consumer Price Index (CPI) with a minimum of 4 percent and a maximum of 5 percent until the total of such COLA increases reaches a cap of 65 percent of the member's base benefit. After reaching this 65 percent cap, those members' annual COLA will be the same as for members who were hired after August 28, 1997, as discussed below.

For general employees and uniformed members of the Water Patrol hired after August 28, 1997, a COLA is based strictly on 80 percent of the increase in the CPI, with no cumulative cap, no annual minimum, and a 5 percent annual maximum.

The above mentioned COLA also apply to members of the General Assembly and elected officials with less than twelve years of service under the MSEP. For elected state officials with 12 or more years of service under the MSEP, all elected officials under the MSEP 2000, and members of the General Assembly under the MSEP 2000, the COLA is equal to the increase in the current pay of an active elected state official in the highest position held, or active member of the General Assembly.

Termination Benefit

If a member under the MSEP ceases to be a state employee, or if the membership is otherwise terminated, after vesting in the system, an accrued pension will commence upon application at the date first eligible for full accrual benefit. Under certain conditions, qualified vested members under the MSEP who terminated employment prior to September 1, 2002, may make a one-time election to receive the present value of their benefit in a lump sum payment. A member terminating state employment on or after August 27, 1997, will not be eligible for the lump sum option if the present value of the benefit exceeds \$10,000 on the date of application. To qualify, members must have terminated with less than ten years of service, and not be within five years of eligibility for receiving their benefit.

Death and Survivor Benefits

If a member (with the exception of members of the General Assembly under the MSEP) is fully vested, dies prior to retirement, and the death is nonduty-related, a joint-and-100 percent survivor benefit, based on the member's accrued benefit, will be paid to the eligible surviving spouse. With no surviving spouse, the member's minor children will receive 80 percent of the fully vested member's accrued benefit. For members of the General Assembly under the MSEP, the survivor receives 50 percent of the benefit the member would have received if the member had been normal retirement age on the date of death. Survivors are eligible to receive COLAs.

If the death is duty-related, the eligible surviving spouse or children receive a benefit no less than 50 percent of the member's current pay.

Administrative Law Judges' and Legal Advisors' Plan (ALJLAP)

Eligibility

Individuals appointed or employed as administrative law judges or legal advisors of the Division of Workers' Compensation, members or legal counsel of the Labor and Industrial Relations Commission, the chairperson of the State Board of Mediation, and administrative hearing commissioners are eligible for membership.

Contributions

ALJLAP is a non-contributory plan, with the entire cost paid by the State of Missouri. The contribution rate paid by the State for fiscal years 2004, 2003, 2002, and 2001 was 20.12, 20.02, 22.32, and 22.32 percent, respectively, of the ALJLAP membership payroll.

Service Retirement Benefits

Service retirement benefits are payable to members who have terminated covered employment and who have met certain eligibility requirements. ALJLAP members at least age sixty-two with twelve or more years of creditable service, at least age sixty with fifteen years of creditable service, or at least age fifty-five with twenty or more years of creditable service receive a monthly benefit of one-half of their average monthly salary based on their highest twelve consecutive months of salary. ALJLAP members age sixty-five with less than twelve years of service receive a reduced benefit based upon the years of service relative to twelve years.

Creditable service is a combination of the creditable prior service accrued before becoming a member and the years and full months of service ALJLAP members have as a member of the retirement plan. ALJLAP members are immediately vested.

Cost-of Living Adjustments

For members hired prior to August 28, 1997, a COLA to the benefit amount is provided annually based on 80 percent of the increase in the CPI with a minimum of 4 percent and a maximum of 5

percent until the total of such COLA increases reaches a cap of 65 percent of the member's original benefit. After reaching this 65 percent cap, those members' annual COLA will be the same as for members who were hired after August 28, 1997, as discussed below.

For members hired on or after August 28, 1997, a COLA is based strictly on 80 percent of the increase in the CPI, with no cumulative cap, no annual minimum, and a 5 percent annual maximum.

Termination Benefit

An employee who terminates employment with twelve or more years of creditable service can receive his accrued benefit at age sixty-two. Under certain conditions, qualified vested members under the MSEP who terminated employment prior to September 1, 2002, may make a one-time election to receive the present value of their benefit in a lump sum payment. A member terminating state employment on or after August 27, 1997, will not be eligible for the lump sum option if the present value of the benefit exceeds \$10,000 on the date of application. To qualify, members must have terminated with less than ten years of service, and not be within five years of eligibility for receiving their benefit.

Death and Survivor Benefits

The surviving spouse of an ALJLAP member who dies before retirement receives up to 50 percent of the benefit the member would have received based on service to age 70 relative to twelve years. The benefit payable to the surviving spouse of a retired ALJLAP member who dies is 50 percent of the member's accrued benefit. Survivors are eligible to receive COLAs.

Judicial Plan

Eligibility

Individuals appointed or elected as a judge or commissioner of the supreme court or of the court of appeals; a judge of any circuit court, probate court, magistrate court, court of common pleas, or court of criminal corrections; a justice of the peace; or a commissioner or deputy commissioner of the circuit court after February 29, 1972 are eligible for membership.

Contributions

The Judicial Plan is a non-contributory plan, with the entire cost paid by the State of Missouri. The contribution rate paid by the State for fiscal years 2004, 2003, 2002, and 2001 was 51.68, 52.12, 55.30, and 55.30 percent, respectively, of the Judicial Plan membership payroll. Prior to the Judicial Plan becoming funded on an actuarial basis in fiscal year 1999, the plan was funded on a pay-as-you-go basis.

Service Retirement Benefits

Service retirement benefits are payable to members who have terminated covered employment and who have met certain eligibility requirements. Judicial Plan members at least age sixty-two with twelve or more years of creditable service, at least age sixty with fifteen years of creditable service, or at least age fifty-five with twenty or more years of creditable service receive a monthly benefit of one-half of the salary at the time of termination for the highest judicial position ever held. Judicial Plan members at least age sixty-two with less than twelve years of creditable service or at least age sixty with less than fifteen years of creditable service may retire early and receive a reduced benefit based upon the years of service relative to twelve or fifteen years, respectively.

Creditable service is a combination of the creditable prior service accrued before becoming a member and the years and full months of service the Judicial Plan members have as a member of the retirement plan. Judicial Plan members are immediately vested.

Cost-of-Living Adjustments

For members hired prior to August 28, 1997, a COLA to the benefit amount is provided annually based on 80 percent of the previous year's increase in the CPI with a minimum of 4 percent and a maximum of 5 percent until the total of such COLA increases reaches a cap of 65 percent of the member's base benefit. After reaching this 65 percent cap, those members' annual COLA will be the same as for members who were hired after August 28, 1997, as discussed below.

For a member hired after August 28, 1997, a COLA is based strictly on 80 percent of the increase in the CPI, with no cumulative cap, no annual minimum, and a 5 percent annual maximum.

Termination Benefit

An employee who terminates employment with twelve or more years of creditable service can receive his accrued benefit at age sixty-two. Under certain conditions, qualified vested members under the MSEP who terminated employment prior to September 1, 2002, may make a one-time election to receive the present value of their benefit in a lump sum payment. A member terminating state employment on or after August 27, 1997, will not be eligible for the lump sum option if the present value of the benefit exceeds \$10,000 on the date of application. To qualify, members must have terminated with less than ten years of service, and not be within five years of eligibility for receiving their benefit.

Death and Survivor Benefits

The surviving spouse of a Judicial Plan member who dies before retirement receives up to 50 percent of the benefit the member would have received based on service to age 70 relative to twelve years. The benefit payable to the surviving spouse of a retired Judicial Plan member who dies is 50 percent of the member's accrued benefit. Survivors are eligible to receive COLAs.

Insurance Plans

Long-Term Disability

Members of MOSERS in a position normally requiring one thousand hours of work a year are covered under the Long-Term Disability Plan, unless they work for a state agency which has its own long-term disability plan. Eligible participants receive 60 percent of their compensation minus primary Social Security, Worker's Compensation, and any employer-provided income. The benefit commences after 90 days of disability or after sick leave expires, whichever occurs last. Long-term disability benefits cease when the disability ends, when retirement benefits begin, when the member returns to work, or upon the member's death. Additional partial disability provisions may also apply.

Uniformed Water Patrol members who are eligible for statutory occupational disability receive benefits equal to 50 percent of compensation at the time of disability. For nonoccupational disabilities, eligible participants receive the same benefit as general employees.

Judges who become disabled receive one-half of their salary on the date of disability. This is a constitutionally-provided disability benefit paid until his/her term expires. Judges are also eligible for the above noted Long-Term Disability Plan.

Basic Life Insurance

All active employees covered under the MOSERS life insurance plan receive Basic Life Insurance in the amount of one-times the employee's annual salary, with a minimum of \$15,000, while actively employed. The cost of the Basic Life Insurance is paid by the State. Eligible members, who immediately retire from active employment, are provided \$5,000 of Basic Life Insurance by the State at no cost to the member. Terminating employees may convert Basic Life Insurance to an individual policy at their own cost, subject to certain restrictions.

Duty-Related Death Benefit

Active employees covered under the MOSERS' life insurance plan whose death is determined to be duty related receive an amount equal to two-times the employee's annual salary in addition to the basic life insurance amount payable to the beneficiaries of the member.

Optional Life Insurance

Members working for an agency covered under MOSERS' life insurance plan are eligible for Optional Life Insurance. Members are responsible for paying the entire cost of their Optional Life Insurance. Terminating employees may convert Optional Life Insurance and Dependent Insurance to an individual policy at their own cost, subject to certain restrictions.

The maximum amount of Optional Life Insurance coverage available to active employees is six-times the employee's annual salary, up to a maximum of \$800,000. The law also enables MOSERS to make dependent spouse and children coverage available to eligible members.

MSEP members who immediately retire from active employment may retain up to the lesser of \$60,000 or the amount of Optional Life Insurance coverage held at the time of retirement at the group rate, and may convert any remaining Basic and Optional Life Insurance at individual rates. MSEP 2000 members who retire under the Rule of 80 may retain the amount of coverage prior to retirement at the group rate until age sixty-two, at which time coverage is reduced to \$60,000, and may convert any remaining Basic and Optional Life Insurance at individual rates. Dependent coverage for spouse or children ends at the member's retirement and may be converted to individual policies.

MOSERS contracts with an outside service provider, Standard Insurance Company, to administer the long-term disability and life insurance and plans.

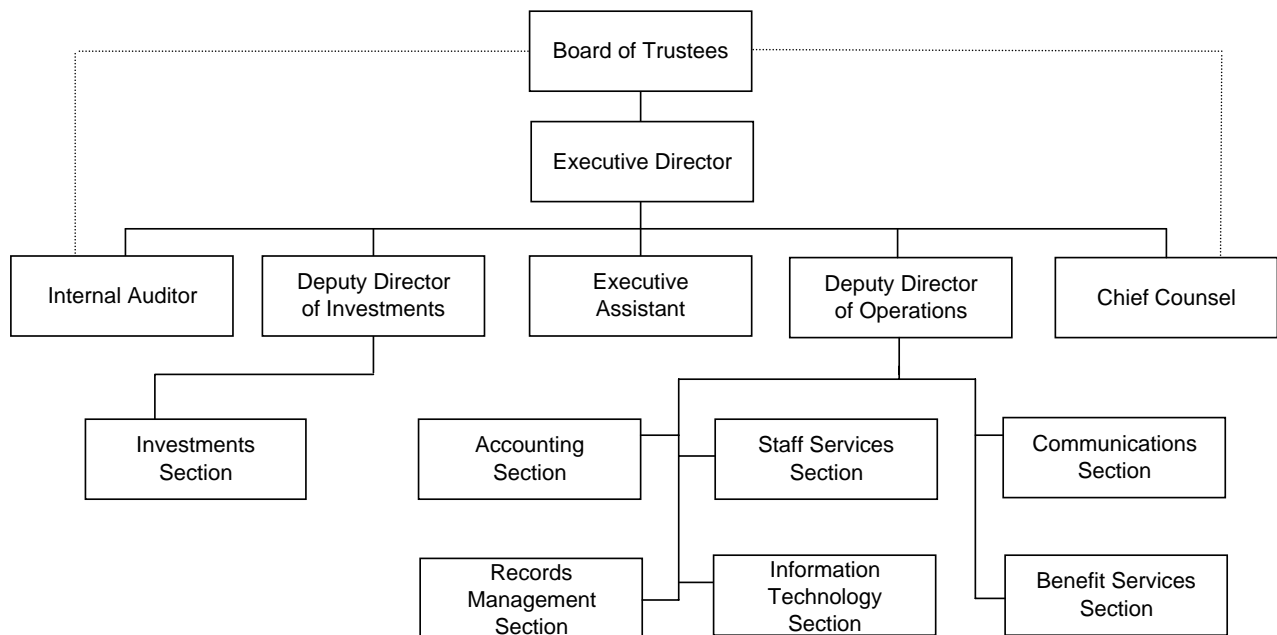
Subsequent Events

Senate Bill 202, effective April 26, 2005, merged the Administrative Law Judges' and Legal Advisors' Plan into the Missouri State Employees' Plan. The legislation provides that any administrative law judge or legal advisor who is originally employed as such on or after the effective date will no longer be eligible to participate in the ALJLAP. Instead, such persons will be covered under MSEP. Administrative law judges or legal advisors who were employed or retired before April 26, 2005 will not be affected by this legislation.

During the 2005 legislative session, House Bill 333 and Senate Bill 275 were introduced which proposed the consolidation of the Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS) with MOSERS. Such a consolidation could result in a shift of costs and personnel, depending on how the consolidation was implemented. These bills did not pass during the 2005 legislative session.

At June 30, 2004, MOSERS had 70 full-time employees. An organization chart follows:

MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM
ORGANIZATION CHART
June 30, 2004





Claire McCaskill
Missouri State Auditor

January 2006

JUDICIARY

Office of State Courts Administrator



Office Of The
State Auditor Of Missouri
Claire McCaskill

January 2006

The following areas of concern were noted in our audit of the Office of State Courts Administrator.

The Office of State Courts Administrator (OSCA) lacks a formal long-range comprehensive plan of costs related to the court automation program. A formal long-range plan should be developed and updated as necessary. This plan should be provided to the General Assembly for consideration during the overall budgeting process.

- The OSCA has not formally documented the estimated long-range maintenance, repair, and upgrade costs of court automation once the Justice Information System (JIS) and Juvenile Management System (JMS) are implemented in all Missouri circuit courts. Implementation of these systems is expected to be completed by June 30, 2007.
- As a result of a federal mandate related to the reporting of Commercial Driver's License convictions, the OSCA is currently pursuing implementation of an integrated case management system in pilot municipal courts. The OSCA's budget request for the year ended June 30, 2006, indicates failure to comply with the mandate by September 30, 2005, would result in the annual loss of five percent of all Federal Aid Highway Funds beginning October 1, 2007, and ten percent each subsequent year. The budget request further provides, "...this translates to a loss of \$44 million in Federal Aid Highway Funds by fiscal year 2010". The costs associated with implementation of the integrated case management system in pilot courts should be used to develop a long-range plan, including cost estimates of implementing and maintaining the system in municipal courts statewide. If it is determined that implementation in municipal courts is cost-effective and necessary, since Federal Aid Highway Funds are at risk, the OSCA should work with the General Assembly and the Missouri Department of Transportation (MoDOT) to investigate funding options.

Our report also notes that although certain aspects of contract requirements are monitored, the OSCA has not routinely monitored the receipt and disbursement functions of the Fine Collection Center (FCC) contractor. During the year ended June 30, 2005, the FCC collected approximately \$11 million. Formal monitoring procedures of receipts and disbursements should be developed, performed on a routine basis, and results documented.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

OFFICE OF STATE COURTS ADMINISTRATOR

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Members of the Supreme Court of Missouri
and
Michael Buenger, State Courts Administrator
Jefferson City, MO 65102

We have audited the Office of State Courts Administrator. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2005 and 2004. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the office, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office's management and was not subjected to the procedures applied in the audit of the office.

The accompanying Management Advisory Report presents our findings arising from our audit of the Office of State Courts Administrator.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

October 13, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Robyn Lamb
Audit Staff:	Terri Crader
	Jason Ashley
	Kate Lindemann

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

OFFICE OF STATE COURTS ADMINISTRATOR
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Court Automation Program
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The Office of State Courts Administrator (OSCA) lacks a formal long-range comprehensive plan of costs related to the court automation program. During our review we noted the following instances in which long-range estimates of costs would be beneficial:

- A. The OSCA has not formally documented the estimated long-range maintenance, repair, and upgrade costs (personal service and expense and equipment) of court automation once the Justice Information System (JIS) and Juvenile Management System (JMS) are implemented in all Missouri circuit courts. OSCA management indicated implementation of these systems is expected to be completed during the year ended June 30, 2007. Currently, monies are appropriated each year from the state's General Revenue Fund and the Crime Victims Compensation Fund to sustain such costs in the courts which are already automated.
- B. The OSCA is currently pursuing implementation of the integrated case management system in pilot municipal courts. Based upon actual costs associated with implementation and maintenance of the system in circuit courts, implementation in municipal courts statewide will require a significant financial commitment by the state.

In response to a federal mandate, the state was awarded a one-time federal award of approximately \$500,000 through the United States Department of Transportation for the period June 2005 through September 2006, to implement an integrated case management system in pilot municipal courts. Pursuant to 49 CFR Section 384.225 (2002) all Commercial Driver's License convictions must be reported to the Commercial Driver's License Information System within ten days of conviction. The OSCA's budget request for the year ended June 30, 2006, indicates that failure to comply with this mandate by September 30, 2005, would result in the annual loss of five percent of all Federal Aid Highway Funds beginning October 1, 2007, and ten percent in each subsequent Federal Fiscal Year. The budget further provides, "...this translates to a loss of \$44 million in Federal Aid Highway Funds by fiscal year 2010". The OSCA management indicated compliance with the mandate can only be accomplished through implementation of the integrated case management system in all courts including municipal courts.

Although still in the planning stages, the costs associated with implementing the integrated case management system in the pilot courts should be used to develop a long-range plan, including cost estimates of implementing and maintaining the

system in municipal courts statewide. Such a plan is essential in providing the General Assembly with the information necessary to determine the long-term cost effectiveness of the program to the state. If it is determined that implementation of an integrated case management system in municipal courts is cost-effective and necessary, since Federal Aid Highway Funds are at risk, the OSCA should work with the General Assembly and the Missouri Department of Transportation (MoDOT) to investigate funding options.

A formal long-range comprehensive court automation plan is especially important given changes in federal and state regulations and the nature of automation. An ongoing long-range plan which is reviewed and updated annually will help ensure critical needs of the court automation program are identified and priorities are established. In addition, a long-range plan is necessary to ensure the General Assembly is aware of the state's total potential financial commitment prior to funding new features of the court automation program.

WE RECOMMEND the State Courts Administrator develop a formal long-range comprehensive court automation plan. The plan should be a work-in-progress and updated as necessary based on unexpected occurrences and actual costs. This plan should also be provided to the General Assembly for consideration during the overall budgeting process. In addition, to protect federal highway funds, the State Courts Administrator should work with the General Assembly and MoDOT to investigate funding options for implementation of the integrated case management system in the municipal courts.

AUDITEE'S RESPONSE

As we have discussed before, the Office of State Courts Administrator constantly engages in ongoing planning and the implementation of court automation and communicates this information with the Missouri General Assembly. Information is exchanged in public hearings, with individual members of the General Assembly, and within the organization. As we have in the past, we will continue to make every effort to keep the General Assembly informed of all present and future plans for the court automation program.

2. Fine Collection Center Monitoring

The OSCA has not routinely monitored the receipt and disbursement functions of the Fine Collection Center (FCC) contractor.

The FCC processes most traffic, conservation, and watercraft offenses for counties that voluntarily join the program. Effective April 20, 2004, the OSCA contracted with a private company to administer the FCC for the state. During the year ended June 30, 2005, the FCC collected approximately \$11 million.

The FCC Director and Accounting Specialist positions were retained by the state to oversee contractor performance and aid in policy decisions, customer service, and

enrollment functions. They routinely monitor certain aspects of contract requirements, such as accuracy of charge codes and timeliness of processing, including data entry, collection, and case disposition.

However, one area of contractor performance that is not currently being monitored is the receipt and disbursement functions of the contractor. The Accounting Specialist stated he plans to perform a review of the contractor's procedures and transactions after the contract has been in place for approximately two years. To ensure the contractor's procedures are in place and functioning as expected, formal monitoring procedures of receipts and disbursements should be developed, performed on a routine basis, and results documented.

WE RECOMMEND the State Courts Administrator ensure formal receipt and disbursement monitoring procedures are developed, performed on a routine basis, and adequately documented.

AUDITEE'S RESPONSE

Although formal procedures are not written to address this concern, we do have several individuals involved in monitoring the work of the FCC contractor at all levels of performance. However, we agree that more formal procedures would serve to clarify responsibilities and would be helpful in future audits.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

OFFICE OF STATE COURTS ADMINISTRATOR FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Office of State Courts Administrator (OSCA) on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended June 30, 2001.

Although the unimplemented recommendations are not repeated, the OSCA should consider implementing those recommendations.

1. Court Automation Program

The Committee on Legislative Research, Oversight Division, prepared a fiscal note associated with Senate Bill 420 with information obtained from the OSCA. The fiscal note was unclear and provided incomplete information. Although fiscal notes present financial information for only a three-year period, the fiscal impact of a long-term program such as court automation was not requested by the Oversight Division or the General Assembly. As a result, the fiscal note did not consider the long-term financial impact of the court automation program to the General Revenue Fund-State or local governments.

The costs of this program were in excess of the amounts noted when the program was first considered by the legislature. It appeared the potential total costs of this program were not documented or considered when the court automation program was initially considered and authorized by the legislature. The OSCA and Missouri Court Automation Committee needed to find a significant funding source if all benefits envisioned as a result of court automation were going to be achieved.

Recommendation:

The Office of the State Courts Administrator discuss with the Missouri Court Automation Committee the possibility of pursuing other sources of funding, such as increasing the court automation fee. In addition, the cost benefit to the state and local governments should be seriously considered prior to implementing and maintaining other features of a statewide court automation system. Finally, in future amendments to the court automation project, we recommend the OSCA go beyond the current requirements for fiscal notes and provide additional details as to the long-term fiscal impact of the program. This approach will ensure clear, accurate, and complete information on the amendment and will enable the legislature to review actual costs with projected costs at any future date.

Status:

Partially implemented. Senate Bill No. 491, First Regular Session, 93rd General Assembly, was introduced in the 2005 legislative session, which provided increased court

automation fees based upon which division a case was filed in and how a case was disposed; however, this legislation was not approved by the General Assembly. The former Director of Administration and Budget indicated fiscal notes have not been prepared for the implementation and maintenance of other features of a statewide court automation system. Although not repeated in the current MAR, our recommendation remains as stated above. See MAR finding number 1 for related comments.

2. Travel Costs

- A. An OSCA consultant did not purchase airline tickets in advance, and as a result, may have been reimbursed for excessive airfare costs during 2001. In March 2002, the OSCA revised their contractor policy to provide that contractors must purchase tickets in advance at a cost of no more than \$600, unless they obtain written approval from the State Courts Administrator.
- B. Seventeen of thirty-eight expense accounts reviewed claimed reimbursement at the maximum amount allowed for nearly all meals claimed. In addition, although the maximum amount allowed was not claimed, four other expense accounts claimed the same amount for each breakfast, lunch, and dinner.
- C. Twenty-two of thirty-one expense accounts reviewed which claimed breakfast or evening meals when leaving and/or returning to the official domicile did not indicate that an early departure or late arrival was necessary to conduct state business.
- D. Excessive lodging rates were reimbursed for out-of-state lodging.
- E. The OSCA held a retreat for 25 senior managers domiciled in Jefferson City at a resort at the Lake of the Ozarks. Meals and lodging totaled approximately \$5,700 for the two-day retreat. If the retreat had been held in Jefferson City, some costs could have been avoided, including lodging, mileage, and some, if not all, meals.

Recommendation:

The Office of the State Courts Administrator:

- A. Review all airfare reimbursement requests to ensure compliance with the updated contractor policy.
- B. Review all meal costs claimed on expense reports for reasonableness.
- C. Ensure documentation of early departure and/or late arrival is included on expense account claim forms when applicable.
- D. Develop and adopt a formal out-of-state travel policy establishing reasonable lodging rates such as those provided by federal reimbursement guidelines.

- E. Ensure expenditures are necessary for the operation of the office.

Status:

A&B. Implemented.

- C. Not implemented. Expense accounts reviewed which claimed breakfast or evening meals when leaving and/or returning to the official domicile did not indicate an early departure or late arrival. Although not repeated in the current MAR, our recommendation remains as stated above.
- D. Not implemented. A formal out-of-state travel policy has not been developed; however, out-of-state lodging costs claimed on expense accounts that we reviewed were within reasonable limits. Although not repeated in the current MAR, our recommendation remains as stated above.
- E. The former Director of Administration and Budget indicated there were no out of domicile retreats during our audit period. In addition, our review of expenditures and expense accounts revealed no such expenditures.

3. General Fixed Assets

- A. Physical inventories of general fixed assets were not conducted annually.
- B. Seventeen laptop computers, along with other hardware, were overstated in the Statewide Advantage System for Missouri (SAM II) Fixed Asset Tracker by approximately \$4,500.
- C. General fixed assets totaling approximately \$172,000 could not be traced to the SAM II Fixed Asset Tracker.

Recommendation:

The Office of the State Courts Administrator:

- A. Ensure annual physical inventories of general fixed assets are performed.
- B&C. Ensure all general fixed assets are recorded in the SAM II Fixed Asset Tracker at actual cost.

Status:

- A. Partially implemented. A physical inventory is currently being conducted, and the OSCA is attempting to resolve differences on the SAM II Fixed Asset Tracker. Once the OSCA identifies and resolves all differences and adjusts the SAM II Fixed Asset Tracker numbers for accuracy, the former Director of

Administration and Budget indicated annual physical inventories will be conducted. Although not repeated in the current MAR, our recommendation remains as stated above.

B&C. General fixed assets purchased during the two years ended June 30, 2005, that we reviewed were recorded in the SAM II Fixed Asset Tracker at actual cost.

4. Bidding Procedures

Bids were not always solicited and documentation of quotes was not always retained for various purchases made by the OSCA during the audit period.

Recommendation:

The Office of the State Courts Administrator ensure bids are solicited in accordance with the internal purchasing policy. In addition, the OSCA should retain documentation of all bids and quotes received.

Status:

For expenditures reviewed, the OSCA complied with its internal purchasing policy.

5. Agency Provided Meals

During the six months ended December 31, 2001, and the years ended June 30, 2001 and 2000, the OSCA supplied food at various events totaling approximately \$102,000, \$248,000, and \$192,000, respectively. Various expenditures were noted for food provided to state employees for which the cost per person did not appear reasonable.

Recommendation:

The Office of the State Courts Administrator develop and adopt a policy regarding state agency-provided food purchases. The policy should establish guidelines regarding maximum costs allowable and purchases that are proper and necessary for the operation of the office.

Status:

Not implemented. However, the OSCA has developed guidelines for food provided during OSCA meetings to be limited to salad and sandwiches or soup and sandwiches. In addition, for non-OSCA meetings, such as judicial colleges, the OSCA has taken steps to reduce the overall costs of the conferences by alternating the location of the meetings where the majority of the judges are domiciled. Although not repeated in the current MAR, our recommendation remains as stated above.

6. Cellular Telephones

- A. Division personnel responsible for the review and payment of cellular telephone services did not consistently review cellular usage, resulting in costs that could have been avoided.
- B. It did not appear necessary to have a cellular telephone in each OSCA vehicle. Some cellular telephones assigned to state owned vehicles had low usage. In addition, there were twenty-eight individuals assigned a cellular telephone who would have had no need for a telephone specifically assigned to a vehicle.
- C. Cellular telephone invoices were not processed in a timely manner.

Recommendation:

The Office of the State Courts Administrator:

- A. Develop procedures to ensure the most effective cellular telephone plans are selected based on actual usage by OSCA employees. In addition, the OSCA should consider whether cellular telephones with significantly low usage are necessary for the operation of the office.
- B. Consider reducing the number of cellular telephones assigned to vehicles and adopt a checkout policy for cellular telephones to be used in OSCA vehicles.
- C. Develop procedures to pay cellular telephone invoices in a timely manner.

Status:

Implemented. The OSCA developed procedures to review cellular telephone plans on a monthly basis and has reduced the number of cellular telephones. In addition, cellular telephones are no longer assigned to vehicles, and procedures have been developed to ensure invoices are paid timely.

7. Circuit Court Payroll

- A. Thirteen employees in various counties were the appointing authority and payroll designee or alternate payroll designee.
- B. The OSCA regional accounting coordinators entered personnel change authorizations, employee time worked, and leave used into the SAM II HR system for some circuit court employees. In addition, they distributed direct deposit advices or payroll checks to these employees.

Recommendation:

The Office of the State Courts Administrator:

- A. Ensure the payroll designee and appointing authority functions, where possible, are segregated in each court.
- B. Segregate the accounting and cash distribution functions for all circuit court employees.

Status:

- A. Partially implemented. Our review of payroll designees noted five courts where the appointing authority was also the payroll designee. However, the former Director of Administration and Budget contacted these courts and the appointing authorities of all five courts authorized a change in the payroll designee to remedy the problem. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented. The regional accounting coordinators no longer distribute direct deposit advices or payroll checks for circuit court employees. Employees of the OSCA's Fiscal section now perform this function.

8. Information System Access Controls

The Fiscal Administrator, who was responsible for assigning and removing access rights, was not notified by the Personnel Division of staff who had terminated employment with the OSCA. As a result, SAM II IDs and access may not have always been properly removed.

Recommendation:

The Office of the State Courts Administrator require the Personnel Division to notify the Fiscal Administrator when staff terminates employment with the OSCA. The Fiscal Administrator should then immediately request removal of SAM II IDs and access rights for the terminated employee.

Status:

Implemented. Currently, when staff terminates employment with the OSCA, the SAM II Administrator is notified and subsequently requests removal of SAM II IDs and access rights through the state's Office of Administration.

9. Title IV-D Reimbursement Claims

The OSCA had not submitted Title IV-D reimbursement claims for circuit clerk activity on a timely basis.

Recommendation:

The Office of the State Courts Administrator submit Title IV-D reimbursement claims at least quarterly as required by the Child Support Cooperative Agreement.

Status:

Implemented. In March 2002, the OSCA began submitting reimbursement claims quarterly for personnel expenses related to OSCA employees and monthly for Circuit Court employees and Family Court Commissioners.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

OFFICE OF STATE COURTS ADMINISTRATOR HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Office of State Courts Administrator (OSCA) is responsible for providing administrative and technical support to the courts of Missouri. The duties and responsibilities assigned to the state courts administrator are broad in scope and relate to all levels of the state court system.

Since the appointment of the first state courts administrator in 1970, the office has been responsible for providing technical assistance, personnel and management services, education and training programs, data processing and systems analysis, administrative procedure evaluation, compilation of statistics, and case processing support to the courts. OSCA also assists courts in developing and implementing court improvement projects in such areas as child abuse and neglect, juvenile services, family preservation, criminal history reporting, crime victims' rights, mediation services, alcohol and drug abuse treatment and prevention, and the implementation of time standards for case disposition. Since 1994, the office has worked on the Statewide Court Automation program which is a multi-year plan to automate all courts in the state. The office is organized into five divisions: Administration and Budget, Court Services, Information Technology, Juvenile and Adult Court Programs, and Judicial Department Education.

ADMINISTRATION AND BUDGET

Administration and Budget staff provide administrative services essential to office management and maintain programs developed to assist the judiciary in a variety of areas. The budget section compiles and organizes the judicial branch's annual state appropriation request. It prepares fiscal notes for proposed legislation that affects the judicial system, and provides support to the Supreme Court's Circuit and Appellate Court Budget committees. Other sections include personnel, fiscal, contract, and sponsored programs.

Administration and Budget staff also provides legislative support to the judiciary, performs office management functions for OSCA, and handles a wide array of requests for information from the legislature, governor's office, other public officials, and the general public.

COURT SERVICES

The Court Services Division acts as a service bureau for all court personnel statewide by providing direct assistance to trial courts in a number of areas including: developing procedures related to case processing and financial management; developing and updating procedural handbooks on case processing for court clerks; providing on-site case processing reviews, examining administrative and financial procedures to make recommendations for improved efficiency; managing statewide debt collection efforts, and collecting criminal history dispositions data for the criminal records repository maintained by the Missouri State Highway Patrol.

The advent of the Statewide Court Automation Program has created a major new responsibility within the division. Court Services staff worked closely with the software provider and court staff from around the state to “customize” the software and continually monitor changing practices and legal requirements over time so that the software is revised as necessary. Court Services staff works with the courts prior to implementing automation by assisting the courts with preparation for computerized case management and financial accounting.

The Statistics Section is responsible for compiling and utilizing caseload information from the trial courts.

INFORMATION TECHNOLOGY

The Information Technology (OSCA-IT) division provides information technology management support for all Missouri courts and OSCA. The division is responsible for technical analysis, design, development, implementation, maintenance, quality assurance, and technical support for the systems that Missouri courts require as a business need.

In 1994, Missouri Revised Statutes Section 476.055, RSMo established a statewide court automation program and some offset funding with a \$7 per-case court fee. The Program oversight was given to the Missouri Court Automation Committee, under the Supreme Court. OSCA-IT has been actively involved with the Court Automation Committee in implementing this project.

OSCA-IT also provides additional technical support for the office in the areas of judicial transfer, fiscal notes and inventory control. The staff develops special reports to assist in workload analysis, judicial research and special legislative requests.

JUVENILE AND ADULT COURT PROGRAMS

In 1997, the 89th General Assembly approved the creation of the Division of Juvenile and Adult Court Programs within OSCA. Early division efforts centered on providing continued education and training standards for juvenile court personnel, developing a standardized assessment and classification system that recommends graduated sanctions and services aimed at reducing juvenile offender recidivism, and evaluating the effects of tighter protective custody timelines in child abuse and neglect cases.

Division projects include expanding communication networks, better assessment of juvenile offenders, and better evaluation of offender data through automated systems. In addition, the division is also working to establish alternative treatment programs, and works on child abuse and neglect cases, foster care and adoption, divorce education programs for parent and children and alternative dispute resolution such as mediation in child custody and visitation disputes, child abuse and neglect cases, and in juvenile victim/offender situations to improve court services to the public. The success of adult drug courts as an alternative treatment to substance abuse problems has led to the development of juvenile and family drug courts.

The division provides additional technical assistance to courts relating to security and Americans with Disabilities Act Access, assisting in disaster preparedness, certifying Spanish speaking interpreters for the courts, and locating and providing services for non-English speaking parties and those parties and customers covered by the Americans with Disabilities Act.

JUDICIAL DEPARTMENT EDUCATION

The Division of Judicial Department Education is responsible for coordinating education services for almost four thousand state court employees and judges. These services are designed to ensure the courts have access to a highly skilled, professional workforce that is technologically literate, conversant with practices that aid in the internal management of the courts, oriented towards a high level of customer service, and forward thinking in improving that level of service in a rapidly changing environment.

The Division is responsible for implementing the policies and programs established by the Coordinating Commission for Judicial Department Education and its six education committees. The Education Division consists of three service delivery areas: Continuing Education, Automation Training, and Education Technology. The Continuing Education Section offers a broad range of education courses and certificate programs for court personnel.

The Automation Training Section, working in conjunction with the Missouri Court Automation program, designs, coordinates and delivers a comprehensive court automation training program.

The Education Technology Section is responsible for developing, implementing and evaluating alternative delivery methods of educational programming through the use of technology.

RECENT DEVELOPMENTS

Two significant changes have occurred recently within the organization. HB 600, passed in 2003, allowed the courts to engage private collection agencies to collect unpaid court costs, fees, and fines. There was an estimated \$23.4 million in unpaid costs and fees subject to collection in 2004. Working with the Circuit Court Budget Committee, OSCA combined the circuit court debt collection process and the Fine Collection Center (originally a part of OSCA) in a privatization bid which will save the state approximately \$170,000 annually and reduce the state workforce by 23 FTE.

In another effort to cut expenses, the office began, in FY 2005, to contract transcription services and reduced the number of FTE required to fulfill its statutory mandate to transcribe certain court proceedings.

Michael Buenger currently serves as State Courts Administrator.

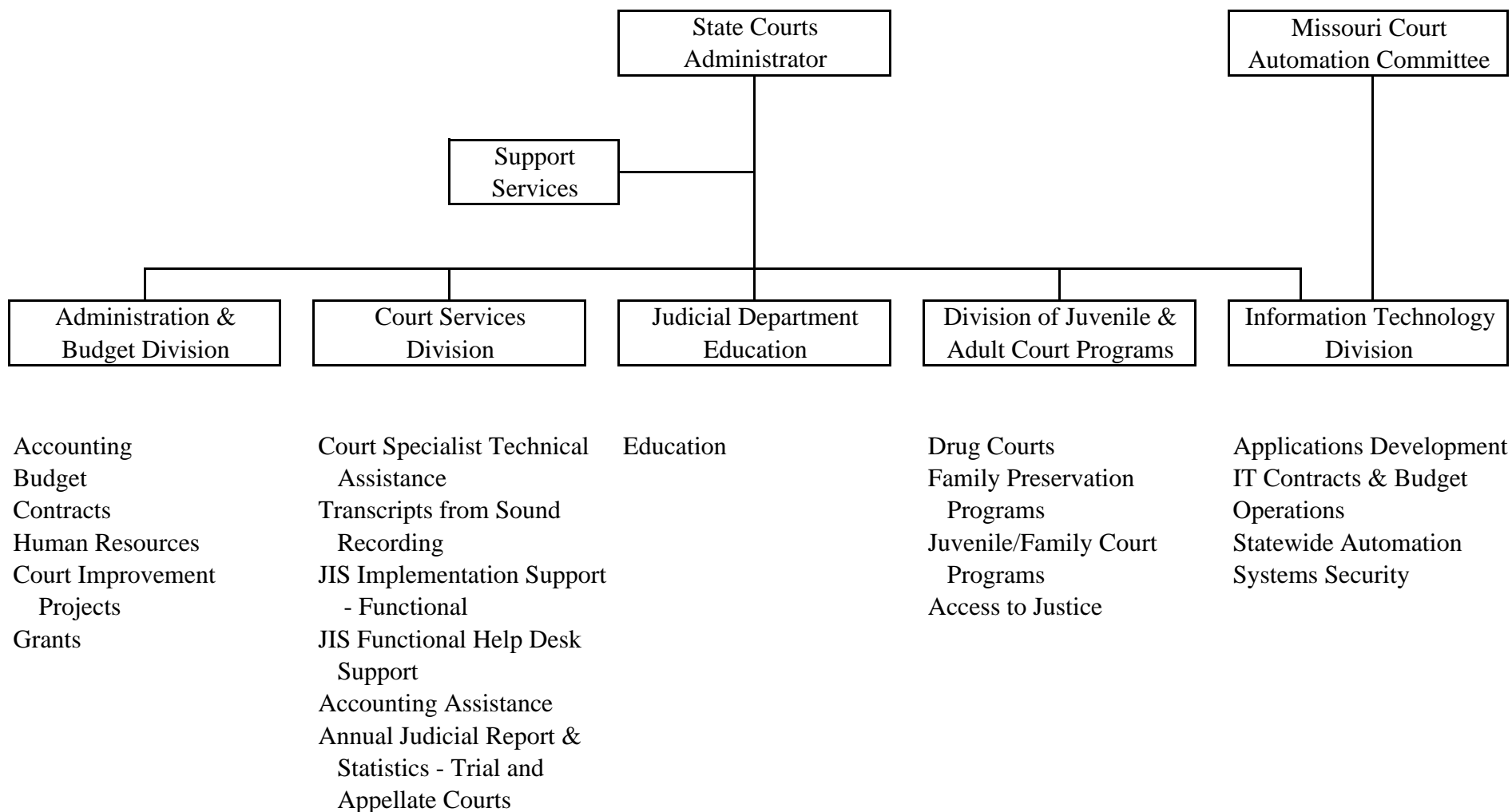
The Office of State Courts Administrator included 71.0 FTE (full time equivalents) at June 30, 2005. The court administrator also supervises 43.25 FTE in various federally funded programs and 1 FTE funded by the Basic Civil Legal Services Fund, and provides administrative support for 100 FTE of the Statewide Court Automation Program and 13 FTE of the Judicial Education and Training Program under the direction of the Missouri Court Automation Committee and the Judicial Education and Training Committee, respectively.

In addition to administering the payroll for all regular employees of its own office, the State Courts Administrator administered the payroll for the following state employees at June 30, 2005:

<u>Description</u>	<u>Number</u>
Circuit court judges	136
Presiding judges' secretaries	45
Circuit court clerks	116
Associate division judges	187
Probate, deputy probate, family court and drug court commissioners	33
Court reporters	136
Juvenile officers	10
Circuit court classified personnel	<u>2,244</u>
Total	<u>2,907</u>

An organization chart follows:

OFFICE OF STATE COURTS ADMINISTRATOR
 ORGANIZATION CHART
 JUNE 30, 2005



Appendix A

OFFICE OF STATE COURTS ADMINISTRATOR
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES
(INCLUDES CIRCUIT COURT)

	Year Ended June 30,					
	2005			2004		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances ***
GENERAL REVENUE FUND						
State Courts Administration Expense and Equipment	\$ 616,013	615,843	170	616,013	584,816	31,197
State Courts Administration Personal Service	2,971,344	2,969,675	1,669	3,066,830	3,062,273	4,557
Court Automation Personal Service	2,811,008	2,809,742	1,266	2,731,808	2,727,967	3,841
Judges Salaries Circuit *	14,949,300	14,949,229	71	14,912,000	14,811,908	100,092
Associate Judges Salaries *	20,624,800	20,624,800	0	20,736,000	20,717,739	18,261
Circuit Personnel Personal Service *	72,869,440	72,869,277	163	69,910,964	69,855,989	54,975
Court Automation Expense and Equipment	4,348,499	4,348,499	0	4,348,499	4,337,832	10,667
Circuit Personnel Expense and Equipment *	1,856,082	1,854,693	1,389	3,174,000	2,899,647	274,353
Entitlement Programs Expense and Equipment *	1,551,918	1,551,918	0	0	0	0
New Judges Salary	40,000	40,000	0	0	0	0
Total General Revenue Fund	122,638,404	122,633,676	4,728	119,496,114	118,998,171	497,943
THIRD PARTY LIABILITY COLLECTIONS FUND						
Circuit Personnel Personal Service	228,873	155,223	73,650	219,873	148,564	71,309
Circuit Personnel Expense and Equipment	128,039	99,392	28,647	128,039	124,116	3,923
Total Third Party Liability Collections Fund	356,912	254,615	102,297	347,912	272,680	75,232
JUDICIARY - FEDERAL FUND						
Court Improvement Project Expense and Equipment	11,736,828	2,345,966	9,390,862	11,686,908	3,056,921	8,629,987
Circuit Personnel Personal Service **	1,325,375	441,178	884,197	1,255,619	439,764	815,855
Circuit Personnel Expense and Equipment **	308,805	0	308,805	289,661	0	289,661
Drug Courts Expense and Equipment	1,125,000	1,125,000	0	1,125,000	1,106,877	18,123
Judicial Training and Education Expense and Equipment	225,000	3,008	221,992	0	0	0
Court Improvement Project Personal Service	1,922,169	1,408,447	513,722	1,870,269	1,443,559	426,710
Total Judiciary - Federal Fund	16,643,177	5,323,599	11,319,578	16,227,457	6,047,121	10,180,336
STATEWIDE COURT AUTOMATION FUND						
Court Automation Personal Service	1,414,819	1,213,977	200,842	1,374,019	1,281,836	92,183
Court Automation Expense and Equipment	3,595,125	2,536,413	1,058,712	3,333,900	3,049,771	284,129
Total Statewide Court Automation Fund	5,009,944	3,750,390	1,259,554	4,707,919	4,331,607	376,312
MISSOURI COURT APPOINTED SPECIAL ADVOCATE FUND						
Court Automation Special Advocate Programs	200,000	80,041	119,959	200,000	101,332	98,668
Total Missouri Court Appointed Special Advocate Fund	200,000	80,041	119,959	200,000	101,332	98,668
CRIME VICTIMS COMPENSATION FUND						
Court Automation Expense and Equipment	632,000	632,000	0	352,000	351,999	1
Total Crime Victims Compensation Fund	632,000	632,000	0	352,000	351,999	1
DRUG COURT RESOURCES FUND						
Drug Courts Expense and Equipment	1,985,185	1,946,002	39,183	2,235,185	1,538,935	696,250
Drug Courts Personal Service	216,115	49,436	166,679	211,315	68,646	142,669
Total Drug Court Resources Fund	2,201,300	1,995,438	205,862	2,446,500	1,607,581	838,919

Appendix A

OFFICE OF STATE COURTS ADMINISTRATOR
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES
(INCLUDES CIRCUIT COURT)

	Year Ended June 30,					
	2005			2004		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances ***
DEBT OFFSET ESCROW FUND						
Debt Offset	500,000	263,676	236,324	100,000	68,531	31,469
Total Debt Offset Escrow Fund	500,000	263,676	236,324	100,000	68,531	31,469
BASIC CIVIL LEGAL SERVICES FUND						
Basic Civil Legal Services Court Improvement Projects - Personal Service	28,044	24,482	3,562	21,033	0	21,033
Basic Civil Legal Services Court Improvement Projects - Expense and Equipment	300	0	300	5,266	0	5,266
Total Basic Civil Legal Services Fund	28,344	24,482	3,862	26,299	0	26,299
STATE COURT ADMINISTRATION REVOLVING FUND						
State Courts Administration Expense and Equipment	30,000	11,958	18,042	30,000	18,464	11,536
Circuit Personnel Expense and Equipment **	150,000	119,851	30,149	140,000	77,602	62,398
Total State Court Administration Revolving Fund	180,000	131,809	48,191	170,000	96,066	73,934
JUDICIARY EDUCATION AND TRAINING FUND						
Judicial Training and Education Personal Service	560,554	455,586	104,968	614,111	428,312	185,799
Judicial Training and Education Expense and Equipment	1,114,522	686,197	428,325	1,757,698	704,742	1,052,956
Total Judiciary Education and Training Fund	1,675,076	1,141,783	533,293	2,371,809	1,133,054	1,238,755
DOMESTIC RELATIONS RESOLUTION FUND						
Domestic Relations	500,000	329,831	170,169	500,000	398,280	101,720
Circuit Personnel Personal Service **	71,544	62,501	9,043	82,500	60,335	22,165
Circuit Personnel Expense and Equipment **	20,856	20,856	0	50,000	20,854	29,146
Total Domestic Relations Resolution Fund	592,400	413,188	179,212	632,500	479,469	153,031
FINE COLLECTIONS CENTER INTEREST REVOLVING FUND						
Circuit Personnel Expense and Equipment	0	0	0	25,000	0	25,000
Total Fine Collections Center Interest Revolving Fund	0	0	0	25,000	0	25,000
Total All Funds	\$ 150,657,557	136,644,697	14,012,860	147,103,510	133,487,611	13,615,899

* In fiscal years 2005 and 2004, the Office of State Courts Administrator was allowed partial flexibility to transfer excess General Revenue Fund Personal Service appropriations to Expense and Equipment. The fiscal year 2005 appropriations presented for Judges Salaries Circuit, Associate Judges Salaries, Circuit Personnel Personal Service, Circuit Personnel Expense and Equipment, and Entitlement Programs Expense and Equipment include the transfers made during the fiscal year. The fiscal year 2004 appropriations presented for Judges Salaries Circuit, Circuit Personnel Personal Service, and Circuit Personnel Expense and Equipment include the transfers made during the fiscal year.

** House Bill No. 613, First Regular Session, 92nd General Assembly, (Section 476.058, RSMo), authorized the Circuit Courts to use the State Court Administration Revolving Fund to collect and pay for the preparation of court transcripts. The bill was passed after the budget process was complete; therefore, the Circuit Courts did not have adequate spending authority to meet their statutory requirement. In addition, the Family Court Commission approved the establishment of two Alternative Dispute Resolution FTE as a pilot program at the end of fiscal year 2003. The Family Court Commission approval came too late in the fiscal year 2004 budget process to establish the spending authority in the Domestic Relations Resolution Fund. Therefore, the state's Office of Administration approved the transfer of empty spending authority from the Federal Fund to the State Court Administration Revolving and Domestic Relations Resolution Funds to provide adequate spending authority.

*** The fiscal year 2004 lapsed balances included the following withholdings made at the Governor's request

THIRD PARTY LIABILITY COLLECTIONS FUND

Circuit Personnel Personal Service \$ 70,000

Appendix B

OFFICE OF STATE COURTS ADMINISTRATOR
COMPARATIVE STATEMENT OF EXPENDITURES
(FROM APPROPRIATIONS) INCLUDES CIRCUIT COURT

	Year Ended June 30,				
	2005	2004	2003	2002	2001
Salaries and wages	\$ 118,031,851	115,046,893	115,446,782	115,696,578	114,194,560
Travel, in-state	1,246,542	1,218,660	1,610,639	1,718,056	1,753,913
Travel, out-of-state	25,513	19,228	58,759	202,327	165,680
Fuel and utilities	181,967	570,945	139,844	139,500	117,810
Supplies	355,076	335,503	486,059	410,399	0
Administrative supplies	0	0	0	0	347,221
Repair, maintenance, and usage supplies	0	0	0	0	37,156
Specific use supplies	0	0	0	0	16,895
Professional development	106,687	157,574	363,519	353,618	558,365
Communication services and supplies	2,350,828	2,135,510	1,927,235	1,194,699	1,526,464
Business services	0	0	0	0	272,312
Professional services	6,547,572	6,691,861	6,318,326	6,064,589	7,089,099
Housekeeping and janitorial services	71,167	54,159	68,714	68,744	61,129
Maintenance and repair services	3,683,041	3,638,754	3,681,905	2,296,912	0
Equipment maintenance and repair services	0	0	0	0	1,857,383
Transportation maintenance and repair services	0	0	0	0	3,321
Computer equipment	2,112,558	2,868,260	2,784,062	3,761,436	6,648,313
Educational equipment	0	0	0	0	31,484
Electronic and photographic equipment	0	0	0	0	262,975
Motorized equipment	45,257	29,040	52,415	47,957	72,400
Office equipment	22,469	34,597	80,479	30,492	236,342
Other equipment	86,952	35,229	77,607	41,984	0
Specific use equipment	0	0	0	0	38,289
Property and improvements	5,392	11,153	53,517	15,936	77,080
Real property rentals and leases	47,839	33,385	32,173	61,511	703,856
Equipment rental and leases	10,999	35,598	21,593	31,661	0
Equipment lease payments	0	0	0	0	6,654
Building and equipment rentals	0	0	0	0	110,783
Rebillable expenses	661,961	0	29,291	929,475	361,898
Refunds	263,704	68,956	590	75	0
Miscellaneous expenses	118,049	156,026	230,256	194,086	250,181
Program distributions	669,273	346,280	500,284	497,726	80,919
Total Expenditures	\$ 136,644,697	133,487,611	133,964,049	133,757,761	136,882,482

Appendix C

OFFICE OF STATE COURTS ADMINISTRATOR
COLLECTIONS AND GUILTY PLEAS BY COUNTY FOR TICKETS PROCESSED BY THE FINE COLLECTION CENTER

County	Year Ended June 30,							
	2005		2004		2003		2002	
	Total Collections	Guilty Pleas	Total Collections	Guilty Pleas	Total Collections	Guilty Pleas	Total Collections	Guilty Pleas
Andrew	\$ 124,369	1,203	\$ 127,859	1,202	\$ 132,378	1,372	\$ 119,675	1,2
Atchison	260,894	1,858	245,660	1,649	218,051	1,600	1,974	
Audrain	79,832	729	100,458	955	87,191	742	68,444	6
Barry	63,850	750	68,261	798	65,458	766	86,843	9
Barton	68,132	652	81,205	756	55,715	574	37,802	4
Benton	125,420	1,242	229,049	2,386	214,967	2,446	211,715	2,2
Bollinger	8,255	110	6,820	77	6,549	95	11,418	2
Boone	464,365	4,414	366,819	3,734	360,769	3,839	327,637	3,3
Buchanan	205,340	1,821	176,550	1,647	231,559	2,308	230,398	2,3
Butler	133,693	1,579	118,520	1,520	97,383	1,198	141,195	1,7
Caldwell	48,074	483	47,186	490	57,923	648	50,750	5
Callaway	185,481	1,854	173,573	1,746	185,663	1,884	144,870	1,4
Camden	86,893	891	23,294	253	N/A	N/A	N/A	1
Cape Girardeau	115,159	1,278	155,146	1,544	148,726	1,654	120,898	1,3
Carroll	831	12	N/A	N/A	N/A	N/A	N/A	1
Cass	377,649	3,071	362,147	2,484	273,832	2,156	237,810	2,0
Chariton	58,019	662	35,936	431	N/A	N/A	N/A	1
Christian	96,258	1,128	89,842	519	N/A	N/A	N/A	1
Clay	N/A	N/A	N/A	N/A	328,564	2,622	175,824	1,3
Cole	147,081	1,453	115,665	1,166	92,802	971	47,165	5
Cooper	96,115	862	82,772	759	107,398	1,094	121,924	1,1
Crawford	97,942	1,006	86,216	962	82,114	924	97,245	1,0
Dekalb	36,454	406	41,813	429	45,880	483	43,409	4
Dent	46,724	617	52,475	665	55,181	730	44,361	5
Douglas	847	8	N/A	N/A	N/A	N/A	N/A	1
Dunklin	\$ 64,242	608	\$ 69,437	664	\$ 56,269	598	\$ 39,683	4

Appendix C

OFFICE OF STATE COURTS ADMINISTRATOR
COLLECTIONS AND GUILTY PLEAS BY COUNTY FOR TICKETS PROCESSED BY THE FINE COLLECTION CENTER

County	Year Ended June 30,							
	2005		2004		2003		2002	
	Total Collections	Guilty Pleas	Total Collections	Guilty Pleas	Total Collections	Guilty Pleas	Total Collections	Guilty Pleas
Franklin	785,648	5,485	635,495	4,534	516,706	3,700	521,817	3,9
Gasconade	53,201	559	41,642	385	32,880	343	3,915	
Greene	468,478	3,903	296,721	2,517	N/A	N/A	N/A	1
Henry	135,907	1,391	147,576	1,751	175,179	2,079	148,876	1,6
Holt	143,523	1,265	145,269	1,314	147,654	1,409	123,341	1,1
Howard	20,979	207	19,991	236	19,099	261	13,812	1
Iron	24,321	403	54,371	742	28,965	272	25,030	3
Jasper	183,284	1,925	176,798	1,848	123,618	1,311	92,898	1,0
Johnson	192,779	1,925	60,224	471	N/A	N/A	N/A	1
Knox	1,464	14	N/A	N/A	N/A	N/A	N/A	1
Laclede	161,677	1,598	197,821	1,819	110,850	1,146	133,351	1,4
Lafayette	1,240,414	7,442	1,165,780	7,303	1,099,863	7,769	827,612	6,0
Lawrence	88,556	941	103,353	1,098	89,591	1,038	66,569	7
Lewis	42,592	434	N/A	N/A	N/A	N/A	N/A	1
Lincoln	154,449	1,711	187,873	1,953	210,369	2,198	192,127	1,9
Linn	104,995	1,009	91,747	886	65,695	707	N/A	1
Macon	136,003	1,299	108,318	1,051	78,281	801	114,117	1,3
Madison	110,025	1,303	141,418	1,578	104,448	1,051	89,480	9
McDonald	102,381	962	87,496	854	54,285	532	N/A	1
Mississippi	140,537	824	127,964	865	140,636	980	141,338	1,0
Monroe	14,721	138	N/A	N/A	N/A	N/A	N/A	1
Montgomery	57,747	694	41,893	457	54,104	640	59,261	7
New Madrid	89,966	896	139,713	1,268	49,608	511	N/A	1
Newton	567,149	3,679	523,013	3,408	165,747	1,557	2,591	
Nodaway	\$ 190,171	2,079	\$ 171,571	1,802	\$ 131,886	1,564	\$ 130,551	1,6
Oregon	35,170	381	31,940	367	4,895	60	N/A	1

Appendix C

OFFICE OF STATE COURTS ADMINISTRATOR
COLLECTIONS AND GUILTY PLEAS BY COUNTY FOR TICKETS PROCESSED BY THE FINE COLLECTION CENTER

County	Year Ended June 30,							
	2005		2004		2003		2002	
	Total Collections	Guilty Pleas	Total Collections	Guilty Pleas	Total Collections	Guilty Pleas	Total Collections	Guilty Pleas
Osage	37,005	426	26,652	294	21,915	238	15,131	1
Ozark	701	8	N/A	N/A	N/A	N/A	N/A	1
Perry	169,346	1,409	164,469	1,417	95,852	868	94,555	8
Phelps	185,978	1,874	168,868	1,799	152,805	1,632	152,651	1,6
Pike	97,796	1,003	87,892	851	38,398	380	N/A	1
Polk	144,511	1,167	137,596	1,028	79,930	702	69,806	6
Ralls	N/A	N/A	22,426	231	48,334	536	39,636	4
Randolph	209,156	1,998	131,821	1,405	90,366	931	89,316	1,0
Ray	1,373	12	N/A	N/A	N/A	N/A	N/A	1
Ripley	44,147	614	44,656	659	32,719	498	23,671	3
Saline	143,557	1,393	93,481	1,080	73,903	869	84,431	1,0
Shannon	52,394	665	59,490	660	44,978	528	40,634	4
Shelby	48,014	517	36,789	388	24,568	300	33,043	4
St. Charles	796,574	5,507	648,256	4,885	534,479	4,490	547,798	4,4
St. Francois	174,410	1,576	152,900	1,312	158,914	1,397	124,853	1,2
Ste. Genevieve	134,692	1,169	133,705	1,196	105,478	977	104,254	1,0
Stone	45,055	627	46,818	594	6,885	110	N/A	1
Sullivan	63,768	708	N/A	N/A	N/A	N/A	N/A	1
Taney	113,641	1,184	1,542	21	N/A	N/A	N/A	1
Vernon	59,705	587	57,922	637	48,231	511	46,250	5
Warren	199,637	1,806	135,872	1,154	83,373	781	N/A	1
Washington	53,875	517	56,623	502	42,470	421	43,926	4
Wayne	43,140	532	72,591	980	38,847	514	28,018	3
Webster	\$ 73,612	785	\$ 78,805	807	\$ 59,539	772	\$ 84,604	9
Wright	101,393	995	77,508	845	11,249	143	N/A	1
	<u>\$ 11,231,536</u>	<u>98,243</u>	<u>\$ 9,991,372</u>	<u>88,088</u>	<u>\$ 8,101,964</u>	<u>76,231</u>	<u>\$ 6,670,303</u>	<u>64,6</u>

Appendix C

OFFICE OF STATE COURTS ADMINISTRATOR COLLECTIONS AND GUILTY PLEAS BY COUNTY FOR TICKETS PROCESSED BY THE FINE COLLECTION CENTER

County	Year Ended June 30,							
	2005		2004		2003		2002	
	Total Collections	Guilty Pleas	Total Collections	Guilty Pleas	Total Collections	Guilty Pleas	Total Collections	Guilty Pleas

Note: The numbers presented above may not be comparable between fiscal years. The counties joined the Fine Collection Center at various times. The N/A listed for total collections and total guilty pleas in fiscal years 2002, 2003, or 2004 represent counties which joined Fine Collection Center in a subsequent fiscal year. In addition, the N/A listed for total collections and total guilty pleas for Clay and Ralls Counties represent counties in which newly elected judges made the determination to withdraw from the Fine Collection Center.